

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NUMBER: 001-33097

**GLADSTONE COMMERCIAL CORP ORATION**

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of  
incorporation or organization)

02-0681276

(I.R.S. Employer  
Identification No.)

1521 Westbranch Drive, Suite 100

22102

McLean, Virginia

(Address of principal executive offices)

(Zip Code)

( 703 ) 287-5800

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	GOOD	The Nasdaq Stock Market LLC
6.625% Series E Cumulative Redeemable Preferred Stock, par value \$0.001 per share	GOODN	The Nasdaq Stock Market LLC
6.00% Series G Cumulative Redeemable Preferred Stock, par value \$0.001 per share	GOODO	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the registrant's common stock, \$0.001 par value, outstanding as of November 4, 2024 was 43,919,309 .

GLADSTONE COMMERCIAL CORPORATION  
FORM 10-Q FOR THE QUARTER ENDED  
September 30, 2024

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**PART I – FINANCIAL INFORMATION**  
**Item 1. Financial Statements**  
**Gladstone Commercial Corporation**  
**Condensed Consolidated Balance Sheets**  
(Dollars in Thousands, Except Share and Per Share Data)  
(Unaudited)

	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
Real estate, at cost	\$ 1,214,288	\$ 1,221,364
Less: accumulated depreciation	<u>313,730</u>	<u>299,662</u>
Total real estate, net	900,558	921,702
Lease intangibles, net	97,802	101,048
Real estate and related assets held for sale	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	<u>11,910</u>	<u>12,389</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,096,315</u></b>	<b><u>\$ 1,133,471</u></b>
<b>LIABILITIES, MEZZANINE EQUITY AND EQUITY</b>		
<b>LIABILITIES</b>		
Mortgage notes payable, net	\$ 271,621	\$ 295,853
Borrowings under Revolver	<u>53,250</u>	<u>75,750</u>
Borrowings under Term Loan A, Term Loan B and Term Loan C, net	367,776	367,258
Deferred rent liability, net	23,599	29,324
Operating lease liabilities	4,123	5,093
Asset retirement obligation	5,027	4,928
Accounts payable and accrued expenses	15,666	13,588
Liabilities related to assets held for sale	169	676
Due to Adviser and Administrator (1)	3,063	2,556
Other liabilities	<u>12,934</u>	<u>14,138</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 757,228</u></b>	<b><u>\$ 809,164</u></b>
<b>Commitments and contingencies (2)</b>		
<b>MEZZANINE EQUITY</b>		
Series E and G redeemable preferred stock, net, par value \$ 0.001 per share; \$ 25 per share liquidation preference; 10,750,886 and 10,750,886 shares authorized; and 7,052,334 and 7,052,334 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively (3)	<u>\$ 170,041</u>	<u>\$ 170,041</u>
<b>TOTAL MEZZANINE EQUITY</b>	<b><u>\$ 170,041</u></b>	<b><u>\$ 170,041</u></b>
<b>EQUITY</b>		
Senior common stock, par value \$ 0.001 per share; 950,000 shares authorized; and 399,483 and 406,425 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively (3)	\$ 1	\$ 1
Common stock, par value \$ 0.001 per share, 62,384,569 and 62,326,818 shares authorized; and 43,728,098 and 40,000,596 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively (3)	43	40
Series F redeemable preferred stock, par value \$ 0.001 per share; \$ 25 per share liquidation preference; 25,914,545 and 25,972,296 shares authorized and 907,941 and 918,601 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively (3)	1	1
Additional paid in capital	780,205	730,256
Accumulated other comprehensive income	3,365	7,758
Distributions in excess of accumulated earnings	<u>( 614,698 )</u>	<u>( 584,776 )</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b><u>\$ 168,917</u></b>	<b><u>\$ 153,280</u></b>
OP Units held by Non-controlling OP Unitholders (3)	129	986
<b>TOTAL EQUITY</b>	<b><u>\$ 169,046</u></b>	<b><u>\$ 154,266</u></b>
<b>TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY</b>	<b><u>\$ 1,096,315</u></b>	<b><u>\$ 1,133,471</u></b>

(1) Refer to Note 2 "Related-Party Transactions"  
(2) Refer to Note 7 "Commitments and Contingencies"  
(3) Refer to Note 8 "Equity and Mezzanine Equity"

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Gladstone Commercial Corporation**  
**Condensed Consolidated Statements of Operations and Comprehensive Income**  
(Dollars in Thousands, Except Share and Per Share Data)  
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
<b>Operating revenues</b>				
Lease revenue	\$ 39,235	\$ 36,464	\$ 112,013	\$ 111,675
<b>Total operating revenues</b>	<b>\$ 39,235</b>	<b>\$ 36,464</b>	<b>\$ 112,013</b>	<b>\$ 111,675</b>
<b>Operating expenses</b>				
Depreciation and amortization	\$ 13,343	\$ 12,485	\$ 42,683	\$ 44,125
Property operating expenses	6,681	6,821	18,373	20,286
Base management fee (1)	1,528	1,597	4,580	4,808
Incentive fee (1)	1,146	—	3,562	—
Administration fee (1)	725	624	1,950	1,734
General and administrative	970	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	\$ 29,587	\$ 79,255	\$ 87,967
Incentive fee waiver (1)	( 396 )	—	( 1,417 )	—
<b>Total operating expenses</b>	<b>\$ 28,546</b>	<b>\$ 29,587</b>	<b>\$ 77,838</b>	<b>\$ 87,967</b>
<b>Other income (expense)</b>				
Interest expense	\$ ( 9,299 )	\$ ( 9,936 )	\$ ( 28,259 )	\$ ( 27,845 )
Gain on sale of real estate, net	10,319	4,696	10,554	4,245
Gain on debt extinguishment, net	—	—	300	—
Other income	12	155	73	262
Total other income (expense), net	\$ 1,032	\$ ( 5,085 )	\$ ( 17,332 )	\$ ( 23,338 )
<b>Net income</b>	<b>\$ 11,721</b>	<b>\$ 1,792</b>	<b>\$ 16,843</b>	<b>\$ 370</b>
Net (income) loss (available) attributable to OP Units held by Non-controlling OP Unitholders	( 44 )	( 3 )	( 35 )	78
<b>Net income available to the Company</b>	<b>\$ 11,677</b>	<b>\$ 1,789</b>	<b>\$ 16,808</b>	<b>\$ 448</b>
Distributions attributable to Series E, F, and G preferred stock	( 3,106 )	( 3,099 )	( 9,334 )	( 9,179 )
Distributions attributable to senior common stock	( 106 )	( 108 )	( 317 )	( 323 )
Gain (loss) on extinguishment of Series F preferred stock, net	2	( 1 )	( 4 )	( 12 )
Gain on repurchase of Series G preferred stock	—	—	—	3
Net income (loss) available (attributable) to common stockholders	\$ 8,467	\$ ( 1,419 )	\$ 7,153	\$ ( 9,063 )
<b>Income (loss) per weighted average share of common stock - basic &amp; diluted</b>				
Income (loss) available (attributable) to common stockholders	\$ 0.20	\$ ( 0.04 )	\$ 0.17	\$ ( 0.23 )
<b>Weighted average shares of common stock outstanding</b>				
Basic and Diluted	42,790,685	39,917,995	41,041,621	39,939,660
Earnings per weighted average share of senior common stock	\$ 0.27	\$ 0.27	\$ 0.79	\$ 0.79
Weighted average shares of senior common stock outstanding - basic	399,520	406,425	401,723	411,075
<b>Comprehensive income</b>				
Change in unrealized (loss) gain related to interest rate hedging instruments, net	\$ ( 10,456 )	\$ 5,089	\$ ( 4,568 )	\$ 7,218
Other comprehensive (loss) income	( 10,456 )	5,089	( 4,568 )	7,218
Net income	\$ 11,721	\$ 1,792	\$ 16,843	\$ 370
<b>Comprehensive income</b>	<b>\$ 1,265</b>	<b>\$ 6,881</b>	<b>\$ 12,275</b>	<b>\$ 7,588</b>
Comprehensive (income) loss (available) attributable to OP Units held by Non-controlling OP Unitholders	( 44 )	( 3 )	( 35 )	78
<b>Total comprehensive income available to the Company</b>	<b>\$ 1,221</b>	<b>\$ 6,878</b>	<b>\$ 12,240</b>	<b>\$ 7,666</b>

(1) Refer to Note 2 "Related-Party Transactions"

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Gladstone Commercial Corporation**  
**Condensed Consolidated Statements of Cash Flows**  
(Dollars in Thousands)  
(Unaudited)

	For the nine months ended September 30,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net income	\$ 16,843	\$ 370
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	42,683	44,125
Impairment charge	5,043	13,577
Gain on debt extinguishment, net	( 300 )	—
Gain on sale of real estate, net	( 10,554 )	( 4,245 )
Amortization of deferred financing costs	1,235	1,248
Amortization of deferred rent asset and liability, net	( 5,164 )	( 5,772 )
Amortization of discount and premium on assumed debt, net	26	31
Asset retirement obligation expense	99	94
Amortization of right-of-use asset from operating leases and operating lease liabilities, net	5	20
Bad debt expense	64	—
Operating changes in assets and liabilities		
(Increase) decrease in other assets	( 5,641 )	2,279
Decrease in deferred rent receivable	( 4,612 )	( 2,524 )
Increase in accounts payable and accrued expenses	1,372	2,320
Increase (decrease) in amount due to Adviser and Administrator	507	( 804 )
Decrease in other liabilities	( 2,873 )	( 894 )
Leasing commissions paid	( 4,567 )	( 1,336 )
<b>Net cash provided by operating activities</b>	<b>\$ 34,166</b>	<b>\$ 48,489</b>
<b>Cash flows from investing activities:</b>		
Acquisition of real estate and related intangible assets	\$ ( 22,122 )	\$ ( 17,539 )
Improvements of existing real estate	( 9,200 )	( 6,369 )
Proceeds from sale of real estate	35,132	22,174
Receipts from lenders for funds held in escrow	2,513	3,662
Payments to lenders for funds held in escrow	( 671 )	( 3,353 )
Receipts from tenants for reserves	793	352
Payments to tenants from reserves	2,193	( 2,165 )
Deposits on future acquisitions	—	( 350 )
<b>Net cash provided by (used in) investing activities</b>	<b>\$ 8,638</b>	<b>\$ ( 3,588 )</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of equity	\$ 50,902	\$ 9,775
Offering costs paid	( 737 )	( 500 )
Redemption of Series F preferred stock	( 1,322 )	( 413 )
Retirement of senior common stock	—	( 55 )
Repurchase of Series G preferred stock	—	( 12 )
Repurchase of common stock	—	( 998 )
Borrowings under mortgage notes payable	—	9,000
Payments for deferred financing costs	( 43 )	( 375 )
Principal repayments on mortgage notes payable	( 24,394 )	( 57,637 )
Borrowings from revolving credit facility	68,100	93,100
Repayments on revolving credit facility	( 90,600 )	( 45,400 )
Increase in security deposits	198	141
Distributions paid for common, senior common, preferred stock and Non-controlling OP Unitholders	( 46,513 )	( 45,445 )
<b>Net cash used in financing activities</b>	<b>\$ ( 44,409 )</b>	<b>\$ ( 38,819 )</b>
<b>Net (decrease) increase in cash, cash equivalents, and restricted cash</b>	<b>\$ ( 1,605 )</b>	<b>\$ 6,082</b>
<b>Cash, cash equivalents, and restricted cash at beginning of period</b>	<b>\$ 16,135</b>	<b>\$ 15,992</b>

Cash, cash equivalents, and restricted cash at end of period	\$ 14,530	\$ 22,074
<b>SUPPLEMENTAL AND NON-CASH INFORMATION</b>		
Tenant funded fixed asset improvements included in deferred rent liability, net	\$ (479)	\$ (1,312)
Unrealized gain related to interest rate hedging instruments, net	\$ (4,568)	\$ 7,218
Right-of-use asset from operating leases	\$ (686)	\$ —
Operating lease liabilities	\$ 795	\$ —
Capital improvements and leasing commissions included in accounts payable and accrued expenses	\$ 6,330	\$ 3,099
Dividends paid on Series F preferred stock via additional share issuances	\$ 385	\$ 355

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same amounts shown in the condensed consolidated statements of cash flows (dollars in thousands):

	For the nine months ended September 30,	
	2024	2023
Cash and cash equivalents	\$ 10,531	\$ 18,263
Restricted cash	3,999	3,811
<b>Total cash, cash equivalents, and restricted cash shown in the consolidated statement of cash flows</b>	<b>\$ 14,530</b>	<b>\$ 22,074</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Gladstone Commercial Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**1. Organization, Basis of Presentation and Significant Accounting Policies**

Gladstone Commercial Corporation is a real estate investment trust ("REIT") that was incorporated under the General Corporation Law of the State of Maryland on February 14, 2003. We focus on acquiring, owning and managing primarily industrial and office properties. Subject to certain restrictions and limitations, our business is managed by Gladstone Management Corporation, a Delaware corporation (the "Adviser"), and administrative services are provided by Gladstone Administration, LLC, a Delaware limited liability company (the "Administrator"), each pursuant to a contractual arrangement with us. Our Adviser and Administrator collectively employ all of our personnel and pay their salaries, benefits, and general expenses directly. Gladstone Commercial Corporation conducts substantially all of its operations through a subsidiary, Gladstone Commercial Limited Partnership, a Delaware limited partnership (the "Operating Partnership").

All references herein to "we," "our," "us" and the "Company" mean Gladstone Commercial Corporation and its consolidated subsidiaries, except where it is made clear that the term means only Gladstone Commercial Corporation.

*Interim Financial Information*

Our interim financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and pursuant to the requirements for reporting on Form 10-Q and in accordance with Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with GAAP are omitted. The year-end balance sheet data presented herein was derived from audited financial statements but does not include all disclosures required by GAAP. In the opinion of our management, all adjustments, consisting solely of normal recurring accruals, necessary for the fair statement of financial statements for the interim period, have been included. The interim financial statements and notes thereto should be read in conjunction with the financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the U.S. Securities and Exchange Commission (the "SEC") on February 21, 2024. The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for other interim periods or for the full 2024 fiscal year.

*Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

*Significant Accounting Policies*

The preparation of our financial statements in accordance with GAAP requires management to make judgments that are subjective in nature and requires management to make certain estimates and assumptions. Application of these accounting policies involves the exercise of judgment regarding the use of assumptions as to future uncertainties, and as a result, actual results could materially differ from these estimates. A summary of all of our significant accounting policies is provided in Note 1, "Organization, Basis of Presentation and Significant Accounting Policies," to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023. There were no material changes to our critical accounting policies during the three and nine months ended September 30, 2024.

*Recently Issued Accounting Pronouncements*

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting - Improvements to Reportable Segment Disclosures." The new standard improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The standard requires expanded disclosures regarding significant segments expense categories and a measure of profit or loss for each reportable segment. ASU 2023-08 is effective for fiscal years beginning after December 15, 2023. We are currently evaluating the impact from adopting ASU 2023-07, but we anticipate adopting this standard will not have a material impact to our consolidated financial statements.

## 2. Related-Party Transactions

### Gladstone Management and Gladstone Administration

We are externally managed pursuant to contractual arrangements with our Adviser and our Administrator, which collectively employ all of our personnel and pay their salaries, benefits, and general expenses directly. Both our Adviser and Administrator are affiliates of ours, as their parent company is owned and controlled by Mr. David Gladstone, our chairman and chief executive officer. Two of our executive officers, Mr. Gladstone and Mr. Terry Lee Brubaker (our chief operating officer) serve as directors and executive officers of our Adviser and our Administrator. Our president, Mr. Arthur "Buzz" Cooper, is also an executive vice president of commercial and industrial real estate of our Adviser. Mr. Michael LiCalsi, our general counsel and secretary, also serves as our Administrator's president, general counsel and secretary, as well as executive vice president of administration of our Adviser. We have entered into an advisory agreement with our Adviser, as amended from time to time (the "Advisory Agreement"), and an administration agreement with our Administrator (the "Administration Agreement"). The services and fees under the Advisory Agreement and Administration Agreement are described below. As of September 30, 2024 and December 31, 2023, \$ 3.1 million and \$ 2.6 million, respectively, was collectively due to our Adviser and Administrator. Our entrance into the Advisory Agreement and each amendment thereto has been approved unanimously by our board of directors ("Board of Directors"). Our Board of Directors reviews and considers renewing the agreements with our Adviser and Administrator annually, typically during the month of July. During its July 2024 meeting, our Board of Directors reviewed and renewed the Administration Agreement for an additional year, through August 31, 2025.

#### *Base Management Fee*

On July 14, 2020, we amended and restated the Advisory Agreement, which replaced the previous calculation of the base management fee with a calculation based on Gross Tangible Real Estate. The revised base management fee is payable quarterly in arrears and calculated at an annual rate of 0.425 % (0.10625 % per quarter) of the prior calendar quarter's "Gross Tangible Real Estate," defined in the Advisory Agreement as the current gross value of our property portfolio (meaning the aggregate of each property's original acquisition price plus the cost of any subsequent capital improvements thereon). The calculation of the other fees in the Advisory Agreement was unchanged.

For the three and nine months ended September 30, 2024, we recorded a base management fee of \$ 1.5 million and \$ 4.6 million, respectively. For the three and nine months ended September 30, 2023, we recorded a base management fee of \$ 1.6 million and \$ 4.8 million, respectively.

#### *Incentive Fee*

Pursuant to the Advisory Agreement, the calculation of the incentive fee rewards the Adviser in circumstances where our quarterly Core FFO (defined at the end of this paragraph), before giving effect to any incentive fee, or pre-incentive fee Core FFO, exceeds 2.0 % quarterly, or 8.0 % annualized, of adjusted total stockholders' equity (after giving effect to the base management fee but before giving effect to the incentive fee). We refer to this as the hurdle rate. The Adviser will receive 15.0 % of the amount of our pre-incentive fee Core FFO that exceeds the hurdle rate. However, in no event shall the incentive fee for a particular quarter exceed 15.0 % (the cap) the average quarterly incentive fee paid by us for the previous four quarters (excluding quarters for which no incentive fee was paid). Core FFO, as defined in the Advisory Agreement, is GAAP net (loss) income (attributable) available to common stockholders, excluding the incentive fee, depreciation and amortization, any realized and unrealized gains, losses or other non-cash items recorded in net (loss) income (attributable) available to common stockholders for the period, and one-time events pursuant to changes in GAAP.

On January 10, 2023, the Company amended and restated the Advisory Agreement by entering into the Seventh Amended and Restated Investment Advisory Agreement between the Company and the Adviser (the "Seventh Amended Advisory Agreement"), as approved unanimously by our Board of Directors, including specifically, our independent directors. The Seventh Amended Advisory Agreement contractually eliminated the payment of the incentive fee for the quarters ended March 31, 2023 and June 30, 2023. The calculation of the other fees was unchanged.

On July 11, 2023, the Company amended and restated the Advisory Agreement by entering into the Eighth Amended and Restated Investment Advisory Agreement between the Company and the Adviser (the "Eighth Amended Advisory Agreement"), as approved unanimously by our Board of Directors, including specifically, our independent directors. The Eighth Amended Advisory Agreement contractually eliminated the payment of the incentive fee for the quarters ended September 30, 2023 and December 31, 2023. In addition, the Eighth Amended Advisory Agreement also clarified that for any future quarter whereby an incentive fee would exceed by greater than 15 % the average quarterly incentive fee paid, the

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measurement would be versus the last four quarters where an incentive fee was actually paid. The calculation of the other fees was unchanged.

For the three months ended September 30, 2024, we recorded an incentive fee of \$ 1.1 million, partially offset by credits related to non-contractual, unconditional, and irrevocable waivers issued by the Adviser of \$ 0.4 million. For the nine months ended September 30, 2024, we recorded an incentive fee of \$ 3.6 million, partially offset by credits related to non-contractual, unconditional, and irrevocable waivers issued by the Adviser of \$ 1.4 million. For the three and nine months ended September 30, 2023, the contractually eliminated incentive fee would have been \$ 0.9 million and \$ 3.4 million, respectively.

### *Capital Gain Fee*

Under the Advisory Agreement, we will pay to the Adviser a capital gain-based incentive fee that will be calculated and payable in arrears as of the end of each fiscal year (or upon termination of the Advisory Agreement). In determining the capital gain fee, we will calculate aggregate realized capital gains and aggregate realized capital losses for the applicable time period. For this purpose, aggregate realized capital gains and losses, if any, equals the realized gain or loss calculated by the difference between the sales price of the property, less any costs to sell the property and the current gross value of the property (equal to the property's original acquisition price plus any subsequent non-reimbursed capital improvements) of the disposed property. At the end of the fiscal year, if this number is positive, then the capital gain fee payable for such time period shall equal 15.0 % of such amount. No capital gain fee was recognized during the three and nine months ended September 30, 2024 or 2023.

### *Termination Fee*

The Advisory Agreement includes a termination fee clause whereby, in the event of our termination of the agreement without cause (with 120 days' prior written notice and the vote of at least two-thirds of our independent directors), a termination fee would be payable to the Adviser equal to two times the sum of the average annual base management fee and incentive fee earned by the Adviser during the 24-month period prior to such termination. A termination fee is also payable if the Adviser terminates the Advisory Agreement after we have defaulted and applicable cure periods have expired. The Advisory Agreement may also be terminated for cause by us (with 30 days' prior written notice and the vote of at least two-thirds of our independent directors), with no termination fee payable. Cause is defined in the Advisory Agreement to include if the Adviser breaches any material provisions thereof, the bankruptcy or insolvency of the Adviser, dissolution of the Adviser and fraud or misappropriation of funds.

### *Administration Agreement*

Under the terms of the Administration Agreement, we pay separately for our allocable portion of the Administrator's overhead expenses in performing its obligations to us including, but not limited to, rent and our allocable portion of the salaries and benefits expenses of our Administrator's employees, including, but not limited to, our chief financial officer, treasurer, chief compliance officer, general counsel and secretary (who also serves as our Administrator's president, general counsel and secretary), and their respective staffs. Our allocable portion of the Administrator's expenses are generally derived by multiplying our Administrator's total expenses by the approximate percentage of time the Administrator's employees perform services for us in relation to their time spent performing services for all companies serviced by our Administrator under contractual agreements. We believe that the methodology of allocating the Administrator's total expenses by approximate percentage of time services were performed among all companies serviced by our Administrator more closely approximates fees paid for actual services performed. For the three and nine months ended September 30, 2024, we recorded an administration fee of \$ 0.7 million and \$ 2.0 million, respectively. For the three and nine months ended September 30, 2023, we recorded an administration fee of \$ 0.6 million and \$ 1.7 million, respectively.

### Gladstone Securities

Gladstone Securities, LLC ("Gladstone Securities"), is a privately held broker dealer registered with the Financial Industry Regulatory Authority and insured by the Securities Investor Protection Corporation. Gladstone Securities is an affiliate of ours, as its parent company is owned and controlled by David Gladstone, our chairman and chief executive officer. Mr. Gladstone also serves on the board of managers of Gladstone Securities.

### *Mortgage Financing Arrangement Agreement*

We entered into an agreement with Gladstone Securities, effective June 18, 2013, for it to act as our non-exclusive agent to assist us with arranging mortgage financing for our owned properties. In connection with this engagement, Gladstone Securities will, from time to time, continue to solicit the interest of various commercial real estate lenders or recommend to us third-party

lenders offering credit products or packages that are responsive to our needs. We pay Gladstone Securities a financing fee in connection with the services it provides to us for securing mortgage financing on any of our properties. The amount of these financing fees, which are payable upon closing of the financing, are based on a percentage of the amount of the mortgage, generally ranging from 0.15 % to a maximum of 1.00 % of the mortgage obtained. The amount of the financing fees may be reduced or eliminated, as determined by us and Gladstone Securities, after taking into consideration various factors, including, but not limited to, the involvement of any third-party brokers and market conditions. We did not pay financing fees to Gladstone Securities during the three months ended September 30, 2024 and paid financing fees to Gladstone Securities of \$ 0.01 million during the nine months ended September 30, 2024, which are included in mortgage notes payable, net, in the condensed consolidated balance sheets, or 0.13 % of the mortgage principal secured. We paid financing fees to Gladstone Securities of \$ 0.03 million and \$ 0.1 million during the three and nine months ended September 30, 2023, which are included in mortgage notes payable, net, in the condensed consolidated balance sheets, or 0.38 % and 0.29 % of the mortgage principal secured. Our Board of Directors renewed the agreement for an additional year, through August 31, 2025, at its July 2024 meeting.

*Dealer Manager Agreement*

On February 20, 2020, we entered into a dealer manager agreement, as amended on February 9, 2023 (together, the "Dealer Manager Agreement"), whereby Gladstone Securities acts as the exclusive dealer manager in connection with our offering (the "Offering") of up to (i) 20,000,000 shares of 6.00 % Series F Cumulative Redeemable Preferred Stock, par value \$ 0.001 per share (the "Series F Preferred Stock"), on a "reasonable best efforts" basis (the "Primary Offering"), and (ii) 6,000,000 shares of Series F Preferred Stock pursuant to our distribution reinvestment plan (the "DRIP") to those holders of the Series F Preferred Stock who participate in such DRIP. Prior to the effectiveness of the Company's Registration Statement on Form S-3 (File No. 333-277877) (the "2024 Registration Statement"), the Series F Preferred Stock was registered with the SEC pursuant to an automatic shelf registration statement on Form S-3 (File No. 333-268549), as was amended and supplemented (the "2022 Registration Statement"), under the Securities Act of 1933, as amended, and was offered and sold pursuant to a prospectus supplement, dated February 9, 2023, and a base prospectus dated November 23, 2022 relating to the 2022 Registration Statement. During the years ended December 31, 2020, 2021 and 2022, the Series F Preferred Stock was registered with the SEC pursuant to a registration statement on Form S-3 (File No. 333-236143) (the "2020 Registration Statement"), and offered and sold pursuant to a prospectus supplement, dated February 20, 2020, and a base prospectus dated February 11, 2020.

Under the Dealer Manager Agreement, Gladstone Securities, as dealer manager, provides certain sales, promotional and marketing services to us in connection with the Offering, and we pay Gladstone Securities (i) selling commissions of 6.0 % of the gross proceeds from sales of Series F Preferred Stock in the Primary Offering (the "Selling Commissions"), and (ii) a dealer manager fee of 3.0 % of the gross proceeds from sales of Series F Preferred Stock in the Primary Offering (the "Dealer Manager Fee"). No Selling Commissions or Dealer Manager Fee are paid with respect to shares sold pursuant to the DRIP. Gladstone Securities may, in its sole discretion, re-allow for payment of a portion of the Dealer Manager Fee to participating broker-dealers in support of the Offering. We paid fees of \$ 0.01 million and \$ 0.07 million to Gladstone Securities during the three and nine months ended September 30, 2024, respectively, in connection with the Offering. We paid fees of \$ 0.1 million and \$ 0.5 million to Gladstone Securities during the three and nine months ended September 30, 2023, respectively, in connection with the Offering.

**3. Earnings (Loss) Per Share of Common Stock**

The following tables set forth the computation of basic and diluted earnings (loss) per share of common stock for the three and nine months ended September 30, 2024 and 2023. The operating partnership units in the Operating Partnership ("OP Units") held by holders who do not control the Operating Partnership ("Non-controlling OP Unitholders") (which may be redeemed for shares of common stock) have been excluded from the diluted earnings (loss) per share calculations, as there would be no effect on the amounts since the Non-controlling OP Unitholders' share of income (loss) would also be added back to net income (loss). Net income (loss) figures are presented net of such non-controlling interests in the income (loss) per share calculation.

We computed basic earnings (loss) per share for the three and nine months ended September 30, 2024 and 2023 using the weighted average number of shares outstanding during the respective periods. Diluted earnings (loss) per share for the three and nine months ended September 30, 2024 and 2023 reflects additional shares of common stock related to our convertible senior common stock (the "Senior Common Stock"), if the effect of conversion would be dilutive, that would have been outstanding if such dilutive potential shares of common stock had been issued, as well as an adjustment to net income (loss) available (attributable) to common stockholders as applicable to common stockholders that would result from their assumed issuance (dollars in thousands, except per share amounts).

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
<b>Calculation of basic earnings (loss) per share of common stock:</b>				
Net income (loss) available (attributable) to common stockholders	\$ 8,467	\$ (1,419)	\$ 7,153	\$ (9,063)
Denominator for basic weighted average shares of common stock (1)	42,790,685	39,917,995	41,041,621	39,939,660
Basic earnings (loss) per share of common stock	<u>\$ 0.20</u>	<u>\$ (0.04)</u>	<u>\$ 0.17</u>	<u>\$ (0.23)</u>
<b>Calculation of diluted earnings (loss) per share of common stock:</b>				
Net income (loss) available (attributable) to common stockholders	\$ 8,467	\$ (1,419)	\$ 7,153	\$ (9,063)
Net income (loss) available (attributable) to common stockholders plus assumed conversions (2)	\$ 8,467	\$ (1,419)	\$ 7,153	\$ (9,063)
Denominator for basic weighted average shares of common stock (1)	42,790,685	39,917,995	41,041,621	39,939,660
Effect of convertible Senior Common Stock (2)	—	—	—	—
Denominator for diluted weighted average shares of common stock (2)	42,790,685	39,917,995	41,041,621	39,939,660
Diluted earnings (loss) per share of common stock	<u>\$ 0.20</u>	<u>\$ (0.04)</u>	<u>\$ 0.17</u>	<u>\$ (0.23)</u>

(1) The weighted average number of OP Units held by Non-controlling OP Unitholders was 39,474 and 196,675 for the three and nine months ended September 30, 2024, respectively, and 391,468 and 391,468 for the three and nine months ended September 30, 2023, respectively.

(2) We excluded convertible shares of Senior Common Stock of 339,299 and 345,132 from the calculation of diluted earnings per share for the three and nine months ended September 30, 2024 and 2023, respectively, because they were anti-dilutive.

#### 4. Real Estate and Intangible Assets

##### Real Estate

The following table sets forth the components of our investments in real estate as of September 30, 2024 and December 31, 2023, respectively, excluding real estate held for sale (dollars in thousands):

	September 30, 2024	December 31, 2023
<b>Real estate:</b>		
Land (1)	\$ 139,916	\$ 143,442
Building and improvements	1,019,056	1,020,661
Tenant improvements	55,316	57,261
Accumulated depreciation	(313,730)	(299,662)
Real estate, net	<u>\$ 900,558</u>	<u>\$ 921,702</u>

(1) This amount includes \$ 2,711 of land value subject to land lease agreements which we may purchase at our option for a nominal fee.

Real estate depreciation expense on building and tenant improvements was \$ 9.8 million and \$ 29.8 million for the three and nine months ended September 30, 2024, respectively. Real estate depreciation expense on building and tenant improvements was \$ 8.9 million and \$ 31.2 million for the three and nine months ended September 30, 2023, respectively.

##### Acquisitions

We acquired six industrial properties during the nine months ended September 30, 2024, and acquired three industrial properties during the nine months ended September 30, 2023. The acquisitions are summarized below (dollars in thousands):

Nine Months Ended	Square Footage	Lease Term	Purchase Price	Capitalized Acquisition Expenses
September 30, 2024 (1)	192,227	21.0 years	\$ 22,122	\$ 435
September 30, 2023 (2)	183,803	18.7 years	\$ 17,539	\$ 349

(1) On May 7, 2024, we acquired a five -property, 142,125 square foot portfolio in Warfordsburg, Pennsylvania for \$ 12.0 million. The property is fully leased to one tenant and had 25.1 years of remaining lease term at the time we acquired the property. On August 29, 2024, we acquired a 50,102 square foot property in Midland, Texas for \$ 10.2 million. The property is fully leased to one tenant and had 15.0 years of remaining lease term at the time we acquired the property.

(2) On April 14, 2023, we acquired a 76,089 square foot property in Riverdale, Illinois for \$ 5.4 million. The property is fully leased to one tenant and had 20.0 years of remaining lease term at the time we acquired the property. On July 10, 2023, we

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acquired a 7,714 square foot property in Dallas-Fort Worth, Texas for \$ 3.0 million. The property is fully leased to one tenant and had 9.9 years of remaining lease term at the time we acquired the property. On July 28, 2023, we acquired a 100,000 square foot property in Dallas-Fort Worth, Texas for \$ 9.2 million. The property is fully leased to one tenant and had 20.0 years of remaining lease term at the time we acquired the property.

We determined the fair value of assets acquired and liabilities assumed related to the properties acquired during the nine months ended September 30, 2024 and 2023 as follows (dollars in thousands):

Acquired assets and liabilities	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023	
	Purchase price		Purchase price	
Land	\$ 1,694		\$ 2,714	
Building	15,665		11,423	
Tenant Improvements	374		692	
In-place Leases	1,616		1,001	
Leasing Costs	2,265		1,270	
Customer Relationships	418		439	
Above Market Leases	90	(1)	—	
Total Purchase Price	\$ 22,122		\$ 17,539	

(1) This amount includes \$ 90 of loans receivable included in Other assets on the condensed consolidated balance sheets.

*Future Lease Payments*

Future operating lease payments from tenants under non-cancelable leases, excluding tenant reimbursement of expenses, for the three months ending December 31, 2024 and each of the five succeeding fiscal years and thereafter is as follows (dollars in thousands):

Year	Tenant Lease Payments
Three Months Ending December 31, 2024	\$ 29,904
2025	120,765
2026	116,612
2027	102,150
2028	89,696
2029	81,671
Thereafter	387,395

In accordance with the lease terms, substantially all operating expenses are required to be paid by the tenant directly, or reimbursed to us from the tenant; however, we would be required to pay operating expenses on the respective properties in the event the tenants fail to pay them.

*Lease Revenue Reconciliation*

The table below sets forth the allocation of lease revenue between fixed contractual payments and variable lease payments for the three and nine months ended September 30, 2024 and 2023, respectively (dollars in thousands):

Lease revenue reconciliation	For the three months ended September 30,			
	2024	2023	\$ Change	% Change
Fixed lease payments	\$ 34,663	\$ 31,945	\$ 2,718	8.5 %
Variable lease payments	4,572	4,519	53	1.2 %
	<u>\$ 39,235</u>	<u>\$ 36,464</u>	<u>\$ 2,771</u>	<u>7.6 %</u>

Lease revenue reconciliation	For the nine months ended September 30,			
	2024	2023	\$ Change	% Change
Fixed lease payments	\$ 99,536	\$ 98,465	\$ 1,071	1.1 %
Variable lease payments	12,477	13,210	( 733 )	( 5.5 )%
	<b>\$ 112,013</b>	<b>\$ 111,675</b>	<b>\$ 338</b>	<b>0.3 %</b>

*Intangible Assets*

The following table summarizes the carrying value of intangible assets, liabilities and the accumulated amortization for each intangible asset and liability class as of September 30, 2024 and December 31, 2023, respectively, excluding real estate held for sale (dollars in thousands):

	September 30, 2024		December 31, 2023	
	Lease Intangibles	Accumulated Amortization	Lease Intangibles	Accumulated Amortization
In-place leases	\$ 96,824	\$ ( 64,278 )	\$ 98,615	\$ ( 63,269 )
Leasing costs	89,565	( 48,303 )	84,844	( 46,096 )
Customer relationships	60,884	( 36,890 )	63,185	( 36,231 )
	<b>\$ 247,273</b>	<b>\$ ( 149,471 )</b>	<b>\$ 246,644</b>	<b>\$ ( 145,596 )</b>
Above market leases	Deferred Rent Receivable/(Liability)	Accumulated (Amortization)/Accretion	Deferred Rent Receivable/(Liability)	Accumulated (Amortization)/Accretion
	\$ 12,747	\$ ( 10,488 )	\$ 13,431	\$ ( 10,675 )
Below market leases and deferred revenue	( 56,616 )	33,017	( 59,411 )	30,087

Total amortization expense related to in-place leases, leasing costs and customer relationship lease intangible assets was \$ 3.6 million and \$ 12.9 million for the three and nine months ended September 30, 2024, respectively, and \$ 3.6 million and \$ 12.9 million for the three and nine months ended September 30, 2023, respectively, and is included in depreciation and amortization expense in the condensed consolidated statements of operations and comprehensive income.

Total amortization related to above-market lease values was \$ 0.1 million and \$ 0.4 million for the three and nine months ended September 30, 2024, respectively, and \$ 0.1 million and \$ 0.4 million for the three and nine months ended September 30, 2023, respectively, and is included in lease revenue in the condensed consolidated statements of operations and comprehensive income. Total amortization related to below-market lease values was \$ 1.7 million and \$ 5.5 million for the three and nine months ended September 30, 2024, respectively, and \$ 1.8 million and \$ 6.2 million for the three and nine months ended September 30, 2023, respectively, and is included in lease revenue in the condensed consolidated statements of operations and comprehensive income.

The weighted average amortization periods in years for the intangible assets acquired and liabilities assumed during the nine months ended September 30, 2024 and 2023, were as follows:

Intangible Assets & Liabilities	September 30, 2024	September 30, 2023
In-place leases	21.3	18.0
Leasing costs	21.3	18.0
Customer relationships	25.1	22.7
Above market leases	25.1	0.0
All intangible assets & liabilities	22.2	19.6

**5. Real Estate Dispositions, Held for Sale and Impairment Charges**

*Real Estate Dispositions*

We sold six properties during the nine months ended September 30, 2024 and five properties during the nine months ended September 30, 2023.

During the nine months ended September 30, 2024, we continued to execute our capital recycling program, whereby we sold non-core properties. We expect to continue to execute our capital recycling program and sell non-core properties as reasonable disposition opportunities become available, and use the sales proceeds to acquire properties in our target, secondary growth markets or pay down outstanding debt. During the nine months ended September 30, 2024, we sold six non-core properties, located in Columbus, Ohio; Draper, Utah; Richardson, Texas; Egg Harbor, New Jersey; Cumming, Georgia; and Lawrenceville, Georgia, which are summarized in the table below (dollars in thousands):

Aggregate Square Footage Sold	Aggregate Sales Price	Aggregate Sales Costs	Nine Months Ended September 30, 2024	Aggregate Gain on Sale of Real Estate, net
412,767	\$ 36,325	\$ 1,193	\$ 493	\$ 10,554

Our dispositions during the nine months ended September 30, 2024 were not classified as discontinued operations because they did not represent a strategic shift in operations, nor will such dispositions have a major effect on our operations and financial results. Accordingly, the operating results of these properties are included within continuing operations for all periods reported.

The table below summarizes the components of operating income from real estate and related assets disposed of during the three and nine months ended September 30, 2024 and 2023 (dollars in thousands):

	For the three months ended September 30,		For the nine months ended September 30,	
	2024		2023	
	\$ 80	\$ 959	\$ 1,400	\$ 3,424
Operating revenue				
Operating expense	4	9,149 (2)	969 (3)	14,902 (5)
Other income (expense), net	10,319 (1)	(224)	10,636 (4)	(748)
Income (expense) from real estate and related assets sold	\$ 10,395	\$ (8,414)	\$ 11,067	\$ (12,226)

(1) Includes a \$ 10.3 million gain on sale of real estate, net, on the sale of two properties.

(2) Includes a \$ 6.8 million impairment charge on one property.

(3) Includes a \$ 0.5 million impairment charge on one property.

(4) Includes a \$ 10.6 million gain on sale of real estate, net, on the sale of six properties and a \$ 0.3 million gain on debt extinguishment, net, on the sale of two of those properties.

(5) Includes a \$ 10.0 million impairment charge on three properties.

#### Real Estate Held for Sale

At September 30, 2024, we had two properties classified as held for sale, located in Fridley, Minnesota and Tifton, Georgia. We consider these assets to be non-core to our long-term strategy. At December 31, 2023, we had three properties classified as held for sale, located in Richardson, Texas; Columbus, Ohio; and Tifton, Georgia.

The table below summarizes the components of the assets and liabilities held for sale at September 30, 2024 and December 31, 2023 reflected on the accompanying condensed consolidated balance sheets (dollars in thousands):

	September 30, 2024	December 31, 2023
Assets Held for Sale		
Total real estate held for sale	\$ 16,528	\$ 27,496
Lease intangibles, net	436	1,284
Deferred rent receivable, net	—	7
Total Assets Held for Sale	\$ 16,964	\$ 28,787
Liabilities Held for Sale		
Deferred rent liability, net	\$ 169	\$ 676
Total Liabilities Held for Sale	\$ 169	\$ 676

*Impairment Charges*

We evaluated our portfolio for triggering events to determine if any of our held and used assets were impaired during the nine months ended September 30, 2024 and did not recognize an impairment charge. We recognized impairment charges of \$ 5.0 million on two held for sale assets, located in Richardson, Texas and Fridley, Minnesota during the nine months ended September 30, 2024. In performing our held for sale assessments, the carrying value of these assets were above the fair value, less costs of sale. As a result, we impaired these properties to equal the fair market value less costs of sale. We recognized an impairment charge of \$ 9.0 million during the nine months ended September 30, 2023 on two held and used assets, located in Columbus, Ohio and Draper, Utah, and recognized an impairment charge of \$ 4.6 million on two held for sale assets, located in Richardson, Texas and Taylorsville, Utah. In performing our held for sale assessment, the carrying value of these assets were above the fair value, less costs of sale.

**6. Mortgage Notes Payable and Credit Facility**

Our \$ 125.0 million unsecured revolving credit facility ("Revolver"), \$ 160.0 million term loan facility ("Term Loan A"), \$ 60.0 million term loan facility ("Term Loan B"), and \$ 150.0 million term loan facility ("Term Loan C"), are collectively referred to herein as the "Credit Facility".

Our mortgage notes payable and Credit Facility as of September 30, 2024 and December 31, 2023 are summarized below (dollars in thousands):

	Encumbered properties at September 30, 2024	Carrying Value at		Stated Interest Rates at September 30, 2024	Scheduled Maturity Dates at September 30, 2024	
		September 30, 2024	December 31, 2023			
<b>Mortgage and other secured loans:</b>						
Fixed rate mortgage loans	44	\$ 266,121	\$ 298,122	(1)	(2)	
Variable rate mortgage loans	1	\$ 7,308	—	N/A	(2)	
Premiums and discounts, net	—	( 16 )	( 42 )	N/A	N/A	
Deferred financing costs, mortgage loans, net	—	( 1,792 )	( 2,227 )	N/A	N/A	
<b>Total mortgage notes payable, net</b>	<b>45</b>	<b>\$ 271,621</b>	<b>\$ 295,853</b>	<b>(3)</b>		
Variable rate revolving credit facility	87	\$ 53,250	\$ 75,750	SOFR + 1.35 %	(4)	8/18/2026
<b>Total revolver</b>	<b>87</b>	<b>\$ 53,250</b>	<b>\$ 75,750</b>			
Variable rate term loan facility A	—	( 6 ) \$ 160,000	\$ 160,000	SOFR + 1.30 %	(4)	8/18/2027
Variable rate term loan facility B	—	( 6 ) 60,000	60,000	SOFR + 1.30 %	(4)	2/11/2026
Variable rate term loan facility C	—	( 6 ) 150,000	150,000	SOFR + 1.30 %	(4)	2/18/2028
Deferred financing costs, term loan facility	—	( 2,224 )	( 2,742 )	N/A	N/A	
<b>Total term loan, net</b>	<b>N/A</b>	<b>\$ 367,776</b>	<b>\$ 367,258</b>			
<b>Total mortgage notes payable and credit facility</b>	<b>132</b>	<b>\$ 692,647</b>	<b>\$ 738,861</b>	<b>(5)</b>		

(1) As of September 30, 2024, interest rates on our fixed rate mortgage notes payable varied from 2.80 % to 6.63 %.

(2) As of September 30, 2024, we had 39 mortgage notes payable with maturity dates ranging from January 1, 2025 through August 1, 2037.

(3) The weighted average interest rate on the mortgage notes outstanding as of September 30, 2024 was approximately 4.23 %.

(4) As of September 30, 2024, the Secured Overnight Financing Rate ("SOFR") was approximately 4.96 %.

(5) The weighted average interest rate on all debt outstanding as of September 30, 2024 was approximately 5.47 %.

(6) The amount we may draw under our Credit Facility is based on a percentage of the fair value of a combined pool of 87 unencumbered properties as of September 30, 2024.

N/A - Not Applicable

**Mortgage Notes Payable**

As of September 30, 2024, we had 39 mortgage notes payable, collateralized by a total of 45 properties with a net book value of \$ 453.3 million. We have limited recourse liabilities that could result from any one or more of the following circumstances: a borrower voluntarily filing for bankruptcy, improper conveyance of a property, fraud or material misrepresentation, misapplication or misappropriation of rents, security deposits, insurance proceeds or condemnation proceeds, or physical waste or damage to the property resulting from a borrower's gross negligence or willful misconduct. As of September 30, 2024, we did not have any mortgages subject to recourse. We will also indemnify lenders against claims resulting from the presence of hazardous substances or activity involving hazardous substances in violation of environmental laws on a property.

During the nine months ended September 30, 2024, we repaid two mortgages, collateralized by two properties, which are summarized in the table below (dollars in thousands):

Fixed Rate Debt Repaid	Interest Rate on Fixed Rate Debt	
	Repaid	5.05 %
\$ 17,674		

During the nine months ended September 30, 2024, we extended the maturity date of one mortgage, collateralized by one property, which is summarized in the table below (dollars in thousands):

Variable Rate Debt Extended	Interest Rate on Variable Rate Debt Extended	Extension Term
\$ 7,386	SOFR +2.25 %	1.3 years

We did not make any payments for deferred financing costs during the three months ended September 30, 2024 and we made payments of \$ 0.04 million for deferred financing costs during the nine months ended September 30, 2024. We made payments of \$ 0.3 million and \$ 0.4 million for deferred financing costs during the three and nine months ended September 30, 2023, respectively.

Scheduled principal payments of mortgage notes payable for the three months ending December 31, 2024, and each of the five succeeding fiscal years and thereafter are as follows (dollars in thousands):

Year	Scheduled Principal Payments
Three Months Ending December 31, 2024	\$ 2,383
2025	34,346
2026	35,069
2027	95,090
2028	37,108
2029	20,911
Thereafter	48,522
<b>Total</b>	<b>\$ 273,429 (1)</b>

(1) This figure does not include \$( 0.02 ) million of premiums and (discounts), net, and \$ 1.8 million of deferred financing costs, which are reflected in mortgage notes payable, net on the condensed consolidated balance sheets.

We believe we will be able to address all mortgage notes payable maturing over the next 12 months through a combination of refinancing our existing indebtedness, cash from operations, proceeds from one or more equity offerings and availability on our Credit Facility.

**Interest Rate Cap and Interest Rate Swap Agreements**

We have entered into interest rate cap agreements that cap the interest rate on certain of our variable-rate debt and we have assumed or entered into interest rate swap agreements in which we hedged our exposure to variable interest rates by agreeing to pay fixed interest rates to our respective counterparty. We have adopted the fair value measurement provisions for our financial instruments recorded at fair value. The fair value guidance establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets;

Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. Generally, we will estimate the fair value of our interest rate caps and interest rate swaps, in the absence of observable market data, using estimates of value including estimated remaining life, counterparty credit risk, current market yield and interest rate spreads of similar securities as of the measurement date. At September 30, 2024 and December 31, 2023, our interest rate cap agreements and interest rate swaps were valued using Level 2 inputs.

The fair value of the interest rate cap agreements is recorded in other assets on our accompanying condensed consolidated balance sheets. We record changes in the fair value of the interest rate cap agreements quarterly based on the current market valuations at quarter end. If the interest rate cap qualifies for hedge accounting, then the change in the estimated fair value is recorded to accumulated other comprehensive income to the extent that it is effective, with any ineffective portion recorded to interest expense in our condensed consolidated statements of operations and comprehensive income. If the interest rate cap does not qualify for hedge accounting, or if it is determined the hedge is ineffective, then any change in the fair value is recognized in interest expense in our consolidated statements of operations and comprehensive income. During the next 12 months, we estimate that an additional \$ 1.0 million will be reclassified out of accumulated other comprehensive income into interest expense in our condensed consolidated statements of operations and comprehensive income, as a reduction to interest expense. The following table summarizes the interest rate caps at September 30, 2024 and December 31, 2023 (dollars in thousands):

Aggregate Cost	September 30, 2024			December 31, 2023		
	Aggregate Notional		Aggregate Fair Value	Aggregate Notional		Aggregate Fair Value
	Amount			Amount		
\$ 48 (1)	\$ 60,000	\$ 1	\$ 65,000	\$ 684		

(1) We have entered into an interest rate cap agreement on variable rate debt with a SOFR cap of 5.50 %.

We have assumed or entered into interest rate swap agreements in connection with certain of our mortgage financings and Credit Facility, whereby we will pay our counterparty a fixed interest rate on a monthly basis and receive payments from our counterparty equivalent to the stipulated floating rate. The fair value of our interest rate swap agreements is recorded in other assets or other liabilities on our accompanying condensed consolidated balance sheets. We have designated our interest rate swaps as cash flow hedges, and we record changes in the fair value of the interest rate swap agreement to accumulated other comprehensive income on the condensed consolidated balance sheets. We have designated our interest rate swaps as cash flow hedges, and we record changes in the fair value of the respective interest rate swap agreement to accumulated other comprehensive income on the consolidated balance sheets. We record changes in fair value on a quarterly basis, using current market valuations at quarter end. The following table summarizes our interest rate swaps at September 30, 2024 and December 31, 2023 (dollars in thousands):

September 30, 2024			December 31, 2023		
Aggregate Notional Amount	Aggregate Fair Value Asset	Aggregate Fair Value Liability	Aggregate Notional Amount	Aggregate Fair Value Asset	Aggregate Fair Value Liability
\$ 360,787	\$ 3,860	\$ (2,186)	\$ 361,676	\$ 6,222	\$ (670)

The following table presents the impact of our derivative instruments in the condensed consolidated financial statements (dollars in thousands):

Derivatives in cash flow hedging relationships	Amount of gain, net, recognized in Comprehensive Income			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest rate caps	\$ (62)	\$ (654)	\$ (690)	\$ (2,429)
Interest rate swaps	\$ (10,394)	\$ 5,743	\$ (3,878)	\$ 9,647
Total	\$ (10,456)	\$ 5,089	\$ (4,568)	\$ 7,218

The following table presents the reclassifications of our derivative instruments out of accumulated other comprehensive income into interest expense in the condensed consolidated financial statements (dollars in thousands):

	Amount reclassified out of Accumulated Other Comprehensive Income							
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	2023	2024	2023				
Interest rate caps	\$ 62	\$ 409	\$ 175	\$ 937				
Total	\$ 62	\$ 409	\$ 175	\$ 937				

The following table sets forth certain information regarding our derivative instruments (dollars in thousands):

Derivatives Designated as Hedging Instruments	Balance Sheet Location	Asset (Liability) Derivatives Fair Value at	
		September 30, 2024	December 31, 2023
Interest rate caps	Other assets	\$ 1	\$ 684
Interest rate swaps	Other assets	3,860	6,222
Interest rate swaps	Other liabilities	(2,186)	(670)
Total derivative liabilities, net		\$ 1,675	\$ 6,236

The fair value of all mortgage notes payable outstanding as of September 30, 2024 was \$ 247.5 million, as compared to the carrying value stated above of \$ 271.6 million. The fair value is calculated based on a discounted cash flow analysis, using management's estimate of market interest rates on long-term debt with comparable terms and loan to value ratios. The fair value was calculated using Level 3 inputs of the hierarchy established by ASC 820, "Fair Value Measurements and Disclosures."

#### Credit Facility

On August 18, 2022, we amended, extended and upsized our Credit Facility, increasing our Revolver from \$ 100.0 million to \$ 120.0 million (and its term to August 2026), adding the new \$ 140.0 million Term Loan C, decreasing the principal balance of Term Loan B to \$ 60.0 million and extending the maturity date of Term Loan A to August 2027. Term Loan C has a maturity date of February 18, 2028 and a SOFR spread ranging from 125 to 195 basis points, depending on our leverage. On September 27, 2022, we further increased the Revolver to \$ 125.0 million and Term Loan C to \$ 150.0 million, as permitted under the terms of the Credit Facility. We entered into multiple interest rate swap agreements on Term Loan C, which swap the interest rate to fixed rates from 3.15 % to 3.75 %. We incurred fees of approximately \$ 4.2 million in connection with extending and upsizing our Credit Facility. The net proceeds of the transaction were used to repay the then-outstanding borrowings on the Revolver, pay off mortgage debt, and fund acquisitions. The Credit Facility's current bank syndicate is comprised of KeyBank, Fifth Third Bank, The Huntington National Bank, Bank of America, Synovus Bank, United Bank, First Financial Bank, and S&T Bank.

As of September 30, 2024, there was \$ 423.3 million outstanding under our Credit Facility, at a weighted average interest rate of approximately 6.27 %, and no outstanding letters of credit. As of September 30, 2024, the maximum additional amount we could draw under the Credit Facility was \$ 70.2 million. We were in compliance with all covenants under the Credit Facility as of September 30, 2024.

The amount outstanding under the Credit Facility approximates fair value as of September 30, 2024.

#### 7. Commitments and Contingencies

##### Ground Leases

We are obligated as lessee under three ground leases. Future minimum rental payments due under the terms of these leases for the three months ending December 31, 2024 and each of the five succeeding fiscal years and thereafter are as follows (dollars in thousands):

Year	Future Lease Payments Due Under Operating Leases	
Three Months Ending December 31, 2024	\$ 115	
2025	457	
2026	460	
2027	467	
2028	470	
2029	470	
Thereafter	3,359	
Total anticipated lease payments	\$ 5,798	
Less: amount representing interest	( 1,675 )	
Present value of lease payments	\$ 4,123	

Rental expense incurred for properties with ground lease obligations during the three and nine months ended September 30, 2024 was \$ 0.1 million and \$ 0.2 million, respectively. Rental expense incurred for properties with ground lease obligations during the three and nine months ended September 30, 2023 was \$ 0.1 million and \$ 0.3 million, respectively. Our ground leases are treated as operating leases and rental expenses are reflected in property operating expenses on the condensed consolidated statements of operations and comprehensive income. Our ground leases have a weighted average remaining lease term of 13.4 years and a weighted average discount rate of 5.30 %.

*Letters of Credit*

As of September 30, 2024, there were no outstanding letters of credit.

**8. Equity and Mezzanine Equity**

Stockholders' Equity

The following table summarizes the changes in our equity for the three and nine months ended September 30, 2024 and 2023 (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Senior Common Stock</b>				
Balance, beginning of period	\$ 1	\$ 1	\$ 1	\$ 1
Issuance of senior common stock, net	—	—	—	—
Balance, end of period	\$ 1	\$ 1	\$ 1	\$ 1
<b>Common Stock</b>				
Balance, beginning of period	\$ 41	\$ 39	\$ 40	\$ 39
Issuance of common stock, net	2	—	3	1
Repurchase of common stock, net	—	—	—	( 1 )
Balance, end of period	\$ 43	\$ 39	\$ 43	\$ 39
<b>Series F Preferred Stock</b>				
Balance, beginning of period	\$ 1	\$ 1	\$ 1	\$ 1
Issuance of Series F preferred stock, net	—	—	—	—
Redemption of Series F preferred stock, net	—	—	—	—
Balance, end of period	\$ 1	\$ 1	\$ 1	\$ 1
<b>Additional Paid in Capital</b>				
Balance, beginning of period	\$ 742,114	\$ 728,580	\$ 730,256	\$ 721,327
Issuance of common stock and Series F preferred stock, net	37,066	690	47,911	6,725
Repurchase of common stock, net	—	—	—	998
Redemption of OP Units	—	—	3,865	—
Redemption of Series F preferred stock, net	1,008	183	1,318	401

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Retirement of senior common stock, net	—	—	—	52
Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership	17	(53)	(3,145)	(103)
Balance, end of period	\$ 780,205	\$ 729,400	\$ 780,205	\$ 729,400
<b>Accumulated Other Comprehensive Income</b>				
Balance, beginning of period	\$ 13,759	\$ 14,297	\$ 7,758	\$ 11,640
Comprehensive income	(10,456)	5,089	(4,568)	7,218
Reclassification into interest expense	62	409	175	937
Balance, end of period	\$ 3,365	\$ 19,795	\$ 3,365	\$ 19,795
<b>Distributions in Excess of Accumulated Earnings</b>				
Balance, beginning of period	\$ (610,209)	\$ (560,719)	\$ (584,776)	\$ (529,104)
Distributions declared to common, senior common, and preferred stockholders	(16,168)	(15,182)	(46,726)	(45,445)
Redemption of Series F preferred stock, net	2	(1)	(4)	(12)
Net income available to the Company	11,677	1,789	16,808	448
Balance, end of period	\$ (614,698)	\$ (574,113)	\$ (614,698)	\$ (574,113)
<b>Total Stockholders' Equity</b>				
Balance, beginning of period	\$ 145,707	\$ 182,199	\$ 153,280	\$ 203,904
Issuance of common stock and Series F preferred stock, net	37,068	690	47,914	6,726
Repurchase of common stock, net	—	—	—	997
Redemption of OP Units	—	—	3,865	—
Redemption of Series F preferred stock, net	1,010	182	1,314	389
Retirement of senior common stock, net	—	—	—	52
Distributions declared to common, senior common, and preferred stockholders	(16,168)	(15,182)	(46,726)	(45,445)
Comprehensive income	(10,456)	5,089	(4,568)	7,218
Reclassification into interest expense	62	409	175	937
Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership	17	(53)	(3,145)	(103)
Net income available to the Company	11,677	1,789	16,808	448
Balance, end of period	\$ 168,917	\$ 175,123	\$ 168,917	\$ 175,123
<b>Non-Controlling Interest</b>				
Balance, beginning of period	\$ 114	\$ 1,524	\$ 986	\$ 1,790
Distributions declared to Non-controlling OP Unit holders	(12)	(117)	(172)	(352)
Redemptions of OP Units	—	—	(3,865)	—
Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership	(17)	53	3,145	103
Net income (loss) available (attributable) to OP Units held by Non-controlling OP Unitholders	44	3	35	(78)
Balance, end of period	\$ 129	\$ 1,463	\$ 129	\$ 1,463
<b>Total Equity</b>	\$ 169,046	\$ 176,586	\$ 169,046	\$ 176,586

*Distributions*

We paid the following distributions per share for the three and nine months ended September 30, 2024 and 2023:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Common Stock and Non-controlling OP Units	\$ 0.30	\$ 0.30	\$ 0.90	\$ 0.90
Senior Common Stock	0.2625	0.2625	0.7875	0.7875
Series E Preferred Stock	0.414063	0.414063	1.242189	1.242189
Series F Preferred Stock	0.375	0.375	1.125	1.125
Series G Preferred Stock	0.375	0.375	1.125	1.125

**Recent Activity**

**Common Stock ATM Programs**

On February 22, 2022, we entered into Amendment No. 1 to our At-the-Market Equity Offering Sales Agreement with sales agents Robert W. Baird & Co. Incorporated ("Baird"), Goldman Sachs & Co. LLC ("Goldman Sachs"), Stifel, Nicolaus & Company, Incorporated ("Stifel"), BTIG, LLC, and Fifth Third Securities, Inc. ("Fifth Third"), dated December 3, 2019 (together, the "Prior Common Stock Sales Agreement"). The amendment permitted shares of common stock to be issued pursuant to the Prior Common Stock Sales Agreement under the 2020 Registration Statement, and future registration statements on Form S-3. We terminated the Prior Common Stock Sales Agreement effective as of February 10, 2023 in connection with the expiration of the 2020 Registration Statement on February 11, 2023.

On March 3, 2023, we entered into an At-the-Market Equity Offering Sales Agreement (the "2023 Common Stock Sales Agreement"), with BofA Securities, Inc. ("BofA"), Goldman Sachs, Baird, KeyBanc Capital Markets Inc. ("KeyBanc"), and Fifth Third (collectively the "Common Stock Sales Agents"). In connection with the 2023 Common Stock Sales Agreement, we filed prospectus supplements with the SEC dated March 3, 2023 and March 7, 2023, to the prospectus dated November 23, 2022, for the offer and sale of an aggregate offering amount of up to \$ 250.0 million of common stock. During the nine months ended September 30, 2024, we did not sell any shares of common stock under the 2023 Common Stock Sales Agreement.

On March 26, 2024, we entered into Amendment No. 1 to the 2023 Common Stock Sales Agreement (the "2024 Common Stock Sales Agreement"). The amendment permitted shares of common stock to be issued pursuant to the 2024 Common Stock Sales Agreement under the 2024 Registration Statement, and future registration statements on Form S-3. In connection with the 2024 Common Stock Sales Agreement, we filed a prospectus supplement with the SEC dated March 26, 2024, to the prospectus dated March 21, 2024, for the offer and sale of an aggregate offering amount of \$ 250.0 million of common stock. During the nine months ended September 30, 2024, we sold 3,450,500 shares of common stock, raising approximately \$ 49.5 million in net proceeds under the 2024 Common Stock Sales Agreement.

**Mezzanine Equity**

Our 6.625 % Series E Cumulative Redeemable Preferred Stock ("Series E Preferred Stock"), and our 6.00 % Series G Cumulative Redeemable Preferred Stock ("Series G Preferred Stock") are classified as mezzanine equity in our condensed consolidated balance sheets because both are redeemable at the option of the shareholder upon a change of control of greater than 50 %. A change in control of our company, outside of our control, is only possible if a tender offer is accepted by over 90 % of our shareholders. All other change in control situations would require input from our Board of Directors. In addition, our Series E Preferred Stock and Series G Preferred Stock are redeemable at the option of the applicable shareholder in the event a delisting event occurs. We will periodically evaluate the likelihood that a delisting event or change of control of greater than 50 % will take place, and if we deem this probable, we will adjust the Series E Preferred Stock, and Series G Preferred Stock presented in mezzanine equity to their redemption value, with the offset to gain (loss) on extinguishment. We currently believe the likelihood of a change of control of greater than 50 %, or a delisting event, is remote.

**Universal Shelf Registration Statements**

On November 23, 2022, we filed the 2022 Registration Statement. There was no limit on the aggregate amount of the securities that we could offer pursuant to the 2022 Registration Statement.

On March 13, 2024, we filed the 2024 Registration Statement, which was declared effective on March 21, 2024. The 2024 Registration Statement allows us to issue up to \$ 1.3 billion of securities and replaces the 2022 Registration Statement.

**Series F Preferred Stock**

On February 20, 2020, we filed with the Maryland Department of Assessments and Taxation Articles Supplementary (i) setting forth the rights, preferences and terms of the Series F Preferred Stock and (ii) reclassifying and designating 26,000,000 shares of our authorized and unissued shares of common stock as shares of Series F Preferred Stock. The reclassification decreased the number of shares classified as common stock from 86,290,000 shares immediately prior to the reclassification to 60,290,000 shares immediately after the reclassification. We sold 30,180 shares of our Series F Preferred Stock, raising \$ 0.7 million in net proceeds, during the nine months ended September 30, 2024.

**Non-controlling Interest in Operating Partnership**

As of September 30, 2024 and December 31, 2023, we owned approximately 99.9 % and 99.2 %, respectively, of the outstanding OP Units. During the nine months ended September 30, 2024, we redeemed 271,169 OP Units for an equivalent amount of common stock.

The Operating Partnership is required to make distributions on each OP Unit in the same amount as those paid on each share of our common stock, with the distributions on the OP Units held by us being utilized to make distributions to our common stockholders.

As of September 30, 2024 and December 31, 2023, there were 39,474 and 310,643 outstanding OP Units held by Non-controlling OP Unitholders, respectively.

**9. Subsequent Events**

*Distributions*

On October 8, 2024, our Board of Directors declared the following monthly distributions for the months of October, November and December of 2024:

Record Date	Payment Date	Common Stock and Non-controlling OP Unit Distributions per Share	Series E Preferred Distributions per Share	Series G Preferred Distributions per Share
October 22, 2024	October 31, 2024	\$ 0.10	\$ 0.138021	\$ 0.125
November 20, 2024	November 29, 2024	0.10	0.138021	0.125
December 20, 2024	December 31, 2024	0.10	0.138021	0.125
		\$ 0.30	\$ 0.414063	\$ 0.375

Senior Common Stock Distributions		
Payable to the Holders of Record During the Month of:	Payment Date	Distribution per Share
October	November 4, 2024	\$ 0.0875
November	December 4, 2024	0.0875
December	January 3, 2025	0.0875
		\$ 0.2625

Series F Preferred Stock Distributions		
Record Date	Payment Date	Distribution per Share
October 24, 2024	November 4, 2024	\$ 0.125
November 27, 2024	December 4, 2024	0.125
December 23, 2024	January 3, 2025	0.125
		\$ 0.375

*Equity Activity*

Subsequent to September 30, 2024 and through November 4, 2024, we raised \$ 2.9 million in net proceeds from the sale of 182,368 shares of common stock under our 2024 Common Stock Sales Agreement and we raised \$ 0.1 million in net proceeds from the sale of 4,000 shares of Series F Preferred Stock.

*Financing Activity*

On October 21, 2024, we fully repaid one mortgage with an outstanding balance of \$ 14.8 million collateralized by two properties. This mortgage had a fixed interest rate of 4.04 %.

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On October 21, 2024, we issued \$ 15.2 million of fixed rate mortgage debt, collateralized by two properties, at an interest rate of 5.60 % and a maturity date of August 31, 2029.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

All statements contained herein, other than historical facts, may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements may relate to, among other things, future events or our future performance or financial condition. In some cases, you can identify forward-looking statements by terminology such as "may," "might," "believe," "will," "provided," "anticipate," "future," "could," "growth," "plan," "intend," "expect," "should," "would," "if," "seek," "possible," "potential," "likely" or the negative of such terms or comparable terminology. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our business, financial condition, liquidity, results of operations, funds from operations or prospects to be materially different from any future business, financial condition, liquidity, results of operations, funds from operations or prospects expressed or implied by such forward-looking statements. For further information about these and other factors that could affect our future results, please see the captions titled "Forward-Looking Statements" and "Risk Factors" in this report and/or in our Annual Report on Form 10-K for the year ended December 31, 2023. We caution readers not to place undue reliance on any such forward-looking statements, which are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Quarterly Report on Form 10-Q.

This Quarterly Report includes statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. We have not independently verified the information contained in such sources.

All references to "we," "our," "us" and the "Company" in this Report mean Gladstone Commercial Corporation and its consolidated subsidiaries, except where otherwise noted or where the context indicates that the term means only Gladstone Commercial Corporation.

**General**

We are an externally advised real estate investment trust ("REIT") that was incorporated under the General Corporation Law of the State of Maryland on February 14, 2003. We focus on acquiring, owning, and managing primarily office and industrial properties. Our properties are geographically diversified and our tenants cover a broad cross section of business sectors and range in size from small to very large private and public companies, many of which are corporations that do not have publicly rated debt. We have historically entered into, and intend in the future to enter into, purchase agreements primarily for real estate having net leases with remaining terms of approximately seven to 15 years and contractual rental rate increases. Under a net lease, the tenant is required to pay most or all operating, maintenance, repair and insurance costs and real estate taxes with respect to the leased property.

We actively communicate with buyout funds, real estate brokers and other third parties to locate properties for potential acquisition or to provide mortgage financing in an effort to build our portfolio. We target secondary growth markets that possess favorable economic growth trends, diversified industries, and growing population and employment.

All references to annualized generally accepted accounting principles ("GAAP") rent are rents that each tenant pays in accordance with the terms of its respective lease reported evenly over the non-cancelable term of the lease.

As of November 4, 2024:

- we owned 135 properties totaling 16.8 million square feet of rentable space, located in 27 states;
- our occupancy rate was 98.5%;
- the weighted average remaining term of our mortgage debt was 3.7 years and the weighted average interest rate was 4.31%; and
- the average remaining lease term of the portfolio was 6.9 years.

## **Business Environment**

The commercial real estate sector faced uncertainty in the first half of 2024 followed by some normalization in the third quarter of 2024. Although the Federal Reserve hinted at potential interest rate cuts at the end of 2023, higher than expected consumer price index data (as reported by the U.S. Bureau of Labor Statistics for all urban consumers) delayed interest rate cuts until September 2024 when the Federal Reserve voted to lower the federal funds rate to 4.75% - 5.00%. The lower federal funds rate was countered by a less positive than expected federal jobs report, causing treasury rates to increase since early October. The prolonged period of interest rate volatility and higher interest rates slowed the mortgage market and consequently dampened acquisition activity. As a result, real estate transaction volumes have remained low, with tightened credit standards and rising capital costs preventing many investors from entering the market.

Despite capital markets volatility, the industrial sector continues to demonstrate strong fundamentals, consistently outperforming other real estate categories. Cushman & Wakefield plc ("Cushman") reported healthy industrial activity in the third quarter of 2024, with overall U.S. industrial net absorption of 29.4 million square feet, down from 46.3 million in the second quarter. Also, according to Cushman, new leasing activity measured 139.6 million square feet, which was up 1.8% compared to the second quarter of 2024 and 8.0% higher than the 10-year pre-pandemic average. Through September 2024, the U.S. recorded 433.6 million square feet of new transactions, with the market on pace to surpass 500.0 million square feet for the 10th straight year. Year-over-year, Cushman reports that industrial asking rents increased by 4.3% in the third quarter of 2024. Notably, Cushman reports that seven markets recorded absorption gains exceeding 3.0 million square feet in the third quarter of 2024, with significant contributions from Dallas-Fort Worth (10.5 million square feet), Savannah (6.6 million square feet), and Houston (6.2 million square feet).

The office sector in the third quarter of 2024 continued to recover from post-COVID lows. According to Jones Lang LaSalle Incorporated ("JLL"), the U.S. office availability rate declined for the first time in five years during the third quarter of 2024. In addition, office leasing over the past six months reflects 86% of pre-pandemic activity levels, and office attendance rates reached a post-pandemic record in the quarter. Despite these positive indicators, office concessions remain high according to JLL, symbolizing a gradual return and market that still has room for improvement.

Interest rates have fluctuated due to ongoing concerns about inflation, with the future direction of the Federal Reserve's rate changes remaining uncertain. The yield on the 10-year U.S. Treasury Note, which declined slightly in the third quarter of 2024, ended the quarter at 3.81%. In addition to inflation and interest rates, we remain cognizant of the U.S. November elections and developments around the globe, including in the Middle East and Ukraine, all of which will impact the macroeconomy.

Despite these uncertainties, we believe that we are well positioned to navigate the current business environment.

We collected 100% of all outstanding cash rents for the nine months ended September 30, 2024. We believe that we have a diverse tenant base, and specifically, we do not have significant exposure to tenants in the retail, hospitality, airlines, and oil and gas industries. Additionally, our properties are located across 27 states, which we believe mitigates our exposure to regional economic and weather-related issues, including regulations or laws implemented by state and local governments, in any one geographic market or area. In the past, we have received rent modification requests from certain of our tenants, and we may receive additional requests in the future.

We believe we currently have adequate liquidity in the near term, and we believe the availability on our Credit Facility is sufficient to cover all near-term debt obligations and operating expenses and to continue our industrial growth strategy. We are in compliance with all of our debt covenants as of September 30, 2024. We amended our Credit Facility in 2019 to increase our borrowing capacity and extend its maturity date. In addition, on August 18, 2022, we added a new \$150.0 million term loan component. Based on market observations and conversations we routinely have with lenders, we believe that credit continues to be available for well-capitalized borrowers. We continue to monitor our portfolio and intend to maintain a reasonably conservative liquidity position for the foreseeable future.

## **Other Business Environment Considerations**

The geopolitical landscape remains fractured due to recent world events. Many domestic manufacturing businesses seek to limit supply chain disruptions by bringing their operations back to the U.S. The COVID-19 pandemic is behind us, but a level of work-from-home trends appear to be here to stay, which may affect demand for commercial real estate. We expect that industrial demand will be further buoyed by government investment in infrastructure and advanced manufacturing operations. The Federal Reserve recently indicated it does not expect additional rate increases and has indicated possible interest rate cuts, but the timing of those cuts is unknown. These uncertain times create both risks and opportunities for us and our tenants, and we believe we are well-capitalized and positioned to take advantage. The environmental landscape remains unpredictable due to

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the increase in intensity of weather patterns, including hurricanes. We continue to monitor our properties and have not seen any significant impact to our properties in Florida, Georgia, North Carolina, South Carolina, and Tennessee from the recent hurricane season.

We continue to focus on re-leasing vacant space, renewing upcoming lease expirations, re-financing upcoming loan maturities, and acquiring additional properties with associated long-term leases. Currently, we have five partially vacant buildings and one fully vacant building. Our available vacant space at September 30, 2024 represents 1.5% of our total square footage and the annual carrying costs on the vacant space, including real estate taxes and property operating expenses, are approximately \$1.8 million. We continue to actively seek new tenants for these properties.

We believe our lease expiration schedule for the remainder of 2024 is manageable, as it equates to 1.8% of our lease revenue at September 30, 2024. Property acquisitions since the beginning of 2020 have totaled \$394.3 million and all but one transaction was industrial in nature, with a weighted average lease term of 14.0 years and a current weighted average lease term today of 10.8 years.

Our ability to make new investments is highly dependent upon our ability to procure financing. Our principal sources of financing generally include the issuance of equity securities, long-term mortgage loans secured by properties, borrowings under our \$125.0 million senior unsecured revolving credit facility ("Revolver"), with KeyBank National Association ("KeyBank"), which matures in August 2026, our \$160.0 million term loan facility ("Term Loan A"), which matures in August 2027, our \$60.0 million term loan facility ("Term Loan B"), which matures in February 2026, and our \$150.0 million term loan facility ("Term Loan C") which matures in February 2028. We refer to the Revolver, Term Loan A, Term Loan B and Term Loan C collectively herein as the "Credit Facility". While lenders' credit standards have tightened, we continue to look to national and regional banks, insurance companies and non-bank lenders to make mortgage loans to finance our real estate activities.

**Recent Developments**

*Sale Activity*

During the nine months ended September 30, 2024, we continued to execute our capital recycling program, whereby we sold non-core properties. We expect to continue to execute our capital recycling program and sell non-core properties as reasonable disposition opportunities become available, and use the sales proceeds to acquire properties in our target, secondary growth markets or pay down outstanding debt. During the nine months ended September 30, 2024, we sold six non-core properties, located in Columbus, Ohio; Draper, Utah; Richardson, Texas; Egg Harbor, New Jersey; Cumming, Georgia; and Lawrenceville, Georgia, which are summarized in the table below (dollars in thousands):

Aggregate Square Footage Sold	Aggregate Sales Price	Aggregate Sales Costs	2024	Aggregate Gain on Sale of Real Estate, net
412,767	\$ 36,325	\$ 1,193	\$ 493	\$ 10,554

*Acquisition Activity*

During the nine months ended September 30, 2024, we acquired six industrial properties located in Warfordsburg, Pennsylvania and Midland, Texas, which are summarized below (dollars in thousands):

Square Footage	Lease Term	Purchase Price	Capitalized Acquisition Expenses	Annualized GAAP Fixed Lease Payments
192,227	21.0 years	\$ 22,122	\$ 435	\$ 2,426

*Leasing Activity*

During and subsequent to the nine months ended September 30, 2024, we executed ten leases, which are summarized below (dollars in thousands):

Aggregate Square Footage	Weighted Average Remaining Lease Term	Aggregate Annualized GAAP Fixed Lease Payments	Aggregate Tenant Improvement	Aggregate Leasing Commissions
2,626,199	6.3 years	\$ 14,967	\$ 7,796	\$ 4,557

During the nine months ended September 30, 2024, we had three lease terminations, which are summarized below (dollars in thousands):

Aggregate Square Footage Reduced	Aggregate Accelerated Rent	Aggregate Accelerated Rent Recognized through September 30, 2024
93,937	\$ 589	\$ 589

*Financing Activity*

During the nine months ended September 30, 2024, we repaid two mortgages, collateralized by two properties, which are summarized in the table below (dollars in thousands):

Fixed Rate Debt Repaid	Interest Rate on Fixed Rate Debt Repaid
\$ 17,674	5.05 %

On October 21, 2024, we fully repaid one mortgage with an outstanding balance of \$14.8 million collateralized by two properties. This mortgage had a fixed rate of 4.04%.

During the nine months ended September 30, 2024, we extended the maturity date of one mortgage, collateralized by one property, which is summarized in the table below (dollars in thousands):

Variable Rate Debt Extended	Interest Rate on Variable Rate Debt Extended	Extension Term
\$ 7,386	SOFR +2.25%	1.3 years

On October 21, 2024, we issued \$15.2 million of fixed rate mortgage debt, collateralized by two properties, at an interest rate of 5.60% and a maturity date of August 31, 2029.

*Equity Activities*

Common Stock ATM Programs

On February 22, 2022, we entered into Amendment No. 1 to our At-the-Market Equity Offering Sales Agreement with sales agents Robert W. Baird & Co. Incorporated ("Baird"), Goldman Sachs & Co. LLC ("Goldman Sachs"), Stifel, Nicolaus & Company, Incorporated ("Stifel"), BTIG, LLC, and Fifth Third Securities, Inc. ("Fifth Third"), dated December 3, 2019 (together, the "Prior Common Stock Sales Agreement"). The amendment permitted shares of common stock to be issued pursuant to the Prior Common Stock Sales Agreement under the Company's Registration Statement on Form S-3 (File No. 333-236143) (the "2020 Registration Statement"), and future registration statements on Form S-3. We terminated the Prior Common Stock Sales Agreement effective as of February 10, 2023 in connection with the expiration of the 2020 Registration Statement on February 11, 2023.

On March 3, 2023, we entered into an At-the-Market Equity Offering Sales Agreement (the "2023 Common Stock Sales Agreement"), with BofA Securities, Inc. ("BofA"), Goldman Sachs, Baird, KeyBanc Capital Markets Inc. ("KeyBanc"), and Fifth Third (collectively the "Common Stock Sales Agents"). In connection with the 2023 Common Stock Sales Agreement, we filed prospectus supplements with the SEC dated March 3, 2023 and March 7, 2023, to the prospectus dated November 23, 2022, for the offer and sale of an aggregate offering amount of \$250.0 million of common stock. During the nine months ended September 30, 2024, we did not sell any shares of common stock under the 2023 Common Stock Sales Agreement.

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On March 26, 2024, we entered into Amendment No. 1 to the 2023 Common Stock Sales Agreement (the "2024 Common Stock Sales Agreement"). The amendment permitted shares of common stock to be issued pursuant to the 2024 Common Stock Sales Agreement under the Company's Registration Statement on Form S-3 (File No. 333-277877) (the "2024 Registration Statement"), and future registration statements on Form S-3. In connection with the 2024 Common Stock Sales Agreement, we filed a prospectus supplement with the SEC dated March 26, 2024, to the prospectus dated March 21, 2024, for the offer and sale of an aggregate offering amount of \$250.0 million of common stock. During the nine months ended September 30, 2024, we sold 3,450,500 shares of common stock, raising approximately \$49.5 million in net proceeds under the 2024 Common Stock Sales Agreement.

Universal Shelf Registration Statements

On November 23, 2022, we filed an automatic shelf registration statement on Form S-3 (File No. 333-268549) (the "2022 Registration Statement"). There was no limit on the aggregate amount of the securities that we could offer pursuant to the 2022 Registration Statement.

On March 13, 2024, we filed the 2024 Registration Statement, which was declared effective on March 21, 2024. The 2024 Registration Statement allows us to issue up to \$1.3 billion of securities and replaces the 2022 Registration Statement.

Series F Preferred Stock Continuous Offering

On February 20, 2020, we filed with the Maryland Department of Assessments and Taxation Articles Supplementary (i) setting forth the rights, preferences and terms of the 6.00% Series F Cumulative Redeemable Preferred Stock, par value \$0.001 per share, (the "Series F Preferred Stock") and (ii) reclassifying and designating 26,000,000 shares of our authorized and unissued shares of common stock as shares of Series F Preferred Stock. The reclassification decreased the number of shares classified as common stock from 86,290,000 shares immediately prior to the reclassification to 60,290,000 shares immediately after the reclassification. We sold 30,180 shares of our Series F Preferred Stock, raising \$0.7 million in net proceeds, during the nine months ended September 30, 2024.

Non-controlling Interest in Operating Partnership

Gladstone Commercial Corporation conducts substantially all of its operations through a subsidiary, Gladstone Commercial Limited Partnership, a Delaware limited partnership (the "Operating Partnership"). As of September 30, 2024 and December 31, 2023, we owned approximately 99.9% and 99.2%, respectively, of the outstanding operating partnership units in the Operating Partnership ("OP Units"). During the nine months ended September 30, 2024, we redeemed 271,169 OP Units for an equivalent amount of common stock.

As of September 30, 2024 and December 31, 2023, there were 39,474 and 310,643 outstanding OP Units held by holders who do not control the Operating Partnership ("Non-controlling OP Unitholders"), respectively.

## Diversity of Our Portfolio

Gladstone Management Corporation, a Delaware corporation (our "Adviser"), seeks to diversify our portfolio to avoid dependence on any one particular tenant, industry or geographic market. By diversifying our portfolio, our Adviser intends to reduce the adverse effect on our portfolio of a single under-performing investment or a downturn in any particular industry or geographic market. For the nine months ended September 30, 2024, our largest tenant comprised only 4.3% of total lease revenue. The table below reflects the breakdown of our total lease revenue by tenant industry classification for the three and nine months ended September 30, 2024 and 2023 (dollars in thousands):

Industry Classification	For the three months ended September 30,				For the nine months ended September 30,			
	2024		2023		2024		2023	
	Lease Revenue	Percentage of Lease Revenue	Lease Revenue	Percentage of Lease Revenue	Lease Revenue	Percentage of Lease Revenue	Lease Revenue	Percentage of Lease Revenue
Diversified/Conglomerate Services	\$ 7,704	19.7 %	\$ 4,588	12.6 %	\$ 17,541	15.9 %	\$ 13,780	12.3 %
Automotive	5,406	13.8	5,331	14.6	16,121	14.4	15,676	14.0
Buildings and Real Estate	3,768	9.6	2,511	6.9	11,111	9.9	7,131	6.4
Telecommunications	3,365	8.6	4,627	12.7	10,074	9.0	16,851	15.4
Diversified/Conglomerate Manufacturing	2,500	6.4	2,653	7.3	7,446	6.6	8,052	7.2
Personal, Food & Miscellaneous Services	2,381	6.1	2,345	6.4	7,099	6.3	7,038	6.3
Banking	2,373	6.0	2,527	6.9	7,069	6.3	7,136	6.4
Healthcare	1,822	4.6	2,683	7.4	6,548	5.8	8,636	7.7
Personal & Non-Durable Consumer Products	1,824	4.6	1,967	5.4	5,619	5.0	5,737	5.1
Machinery	2,000	5.1	1,487	4.1	5,477	4.9	4,305	3.9
Beverage, Food & Tobacco	1,427	3.6	1,441	4.0	4,360	3.9	4,274	3.8
Chemicals, Plastics & Rubber	1,422	3.6	1,365	3.7	4,065	3.6	4,048	3.6
Containers, Packaging & Glass	1,159	3.0	960	2.6	3,469	3.1	2,922	2.6
Childcare	573	1.5	573	1.6	1,719	1.5	1,718	1.5
Information Technology	571	1.5	579	1.6	1,717	1.5	1,869	1.7
Electronics	287	0.7	271	0.7	857	0.8	831	0.7
Printing & Publishing	266	0.7	229	0.6	799	0.7	688	0.6
Education	173	0.4	204	0.6	461	0.4	613	0.5
Home & Office Furnishings	123	0.3	123	0.3	370	0.3	370	0.3
Oil & Gas	91	0.2	—	—	91	0.1	—	—
<b>Total</b>	<b>\$ 39,235</b>	<b>100.0 %</b>	<b>\$ 36,464</b>	<b>100.0 %</b>	<b>\$ 112,013</b>	<b>100.0 %</b>	<b>\$ 111,675</b>	<b>100.0 %</b>

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The tables below reflect the breakdown of total lease revenue by state for the three and nine months ended September 30, 2024 and 2023 (dollars in thousands):

State	Lease Revenue for the three months ended September 30, 2024	Percentage of Lease Revenue	Number of Leases for the three months ended September 30, 2024	Lease Revenue for the three months ended September 30, 2023	Percentage of Lease Revenue	Number of Leases for the three months ended September 30, 2023
Pennsylvania	\$ 7,084	18.1 %	11	\$ 3,640	10.0 %	9
Texas	4,714	12.0	15	4,510	12.4	14
Florida	4,268	10.9	9	4,236	11.6	9
Ohio	3,089	7.9	15	3,660	10.0	16
Georgia	2,976	7.6	9	3,109	8.5	11
North Carolina	2,372	6.0	10	2,398	6.6	10
Alabama	2,170	5.5	6	2,168	5.9	6
Colorado	1,872	4.8	4	1,869	5.1	4
Michigan	1,745	4.4	6	1,638	4.5	6
Indiana	1,190	3.0	10	1,053	2.9	10
All Other States	7,755	19.8	38	8,183	22.5	42
<b>Total</b>	<b>\$ 39,235</b>	<b>100.0 %</b>	<b>133</b>	<b>\$ 36,464</b>	<b>100.0 %</b>	<b>137</b>

State	Lease Revenue for the nine months ended September 30, 2024	Percentage of Lease Revenue	Number of Leases for the nine months ended September 30, 2024	Lease Revenue for the nine months ended September 30, 2023	Percentage of Lease Revenue	Number of Leases for the nine months ended September 30, 2023
Pennsylvania	\$ 14,901	13.3 %	11	\$ 11,097	9.9 %	9
Texas	13,854	12.4	15	13,607	12.2	14
Florida	12,820	11.4	9	15,118	13.5	9
Ohio	9,340	8.3	15	10,772	9.6	16
Georgia	9,295	8.3	9	9,007	8.1	11
North Carolina	7,057	6.3	10	7,009	6.3	10
Alabama	6,511	5.8	6	6,653	6.0	6
Colorado	5,611	5.0	4	5,609	5.0	4
Michigan	5,084	4.5	6	4,850	4.3	6
Indiana	3,519	3.1	10	3,141	2.8	10
All Other States	24,021	21.6	38	24,812	22.3	42
<b>Total</b>	<b>\$ 112,013</b>	<b>100.0 %</b>	<b>133</b>	<b>\$ 111,675</b>	<b>100.0 %</b>	<b>137</b>

**Our Adviser and Administrator**

Our Adviser is led by a management team with extensive experience purchasing real estate and originating mortgage loans. Our Adviser and Gladstone Administration, LLC, a Delaware limited liability company (our "Administrator") are controlled by Mr. David Gladstone, who is also our chairman and chief executive officer. Mr. Gladstone also serves as the chairman and chief executive officer of both our Adviser and Administrator, as well as president and chief investment officer of our Adviser. Mr. Terry Lee Brubaker, our chief operating officer, is also the vice chairman and chief operating officer of our Adviser and Administrator and assistant secretary of our Adviser. Mr. Arthur "Buzz" Cooper, our president, also serves as executive vice president of commercial and industrial real estate of our Adviser. Our Administrator employs our chief financial officer, treasurer, chief compliance officer, general counsel and secretary, Mr. Michael LiCalsi (who also serves as our Administrator's president, general counsel, and secretary, as well as executive vice president of administration of our Adviser) and their respective staffs.

Our Adviser and Administrator also provide investment advisory and administrative services, respectively, to certain of our affiliates, including, but not limited to, Gladstone Capital Corporation and Gladstone Investment Corporation, both publicly-traded business development companies, as well as Gladstone Land Corporation, a publicly-traded REIT that primarily invests in farmland. With the exception of Mr. Gary Gerson, our chief financial officer, Mr. Jay Beckhorn, our treasurer, and Mr. Cooper, all of our executive officers and all of our directors serve as either directors or executive officers, or both, of Gladstone Capital Corporation and Gladstone Investment Corporation. In addition, with the exception of Messrs. Cooper and Gerson, all of our executive officers and all of our directors, serve as either directors or executive officers, or both, of Gladstone

Land Corporation. Messrs. Cooper and Gerson do not put forth any material efforts in assisting affiliated companies. In the future, our Adviser may provide investment advisory services to other companies, both public and private.

#### **Advisory and Administration Agreements**

We are externally managed pursuant to contractual arrangements with our Adviser and our Administrator, which collectively employ all of our personnel and pay their salaries, benefits, and general expenses directly. Both our Adviser and Administrator are affiliates of ours, as their parent company is owned and controlled by Mr. David Gladstone, our chairman and chief executive officer. We have entered into an advisory agreement with our Adviser, as amended from time to time (the "Advisory Agreement"), and an administration agreement with our Administrator (the "Administration Agreement"). The services and fees under the Advisory Agreement and Administration Agreement are described below.

Under the terms of the Advisory Agreement, we are responsible for all expenses incurred for our direct benefit. Examples of these expenses include legal, accounting, interest, directors' and officers' insurance, stock transfer services, stockholder-related fees, consulting and related fees. In addition, we are also responsible for all fees charged by third parties that are directly related to our business, which include real estate brokerage fees, mortgage placement fees, lease-up fees and transaction structuring fees (although we may be able to pass all or some of such fees on to our tenants and borrowers). Our entrance into the Advisory Agreement and each amendment thereto has been approved unanimously by our board of directors ("Board of Directors"). Our Board of Directors reviews and considers renewing the agreement with our Adviser annually, typically during the month of July. During its July 2024 meeting, our Board of Directors reviewed and renewed the Advisory Agreement and Administration Agreement for an additional year, through August 31, 2025.

##### *Base Management Fee*

On July 14, 2020, we amended and restated the Advisory Agreement, which replaced the previous calculation of the base management fee with a calculation based on Gross Tangible Real Estate. The revised base management fee is payable quarterly in arrears and calculated at an annual rate of 0.425% (0.10625% per quarter) of the prior calendar quarter's "Gross Tangible Real Estate," defined in the Advisory Agreement as the current gross value of our property portfolio (meaning the aggregate of each property's original acquisition price plus the cost of any subsequent capital improvements thereon). The calculations of the other fees in the Amended Agreement was unchanged.

Our Adviser does not charge acquisition or disposition fees when we acquire or dispose of properties as is common in other externally managed REITs; however, our Adviser may earn fee income from our borrowers, tenants or other sources.

##### *Incentive Fee*

Pursuant to the Advisory Agreement, the calculation of the incentive fee rewards the Adviser in circumstances where our quarterly Core FFO (defined at the end of this paragraph), before giving effect to any incentive fee, or pre-incentive fee Core FFO, exceeds 2.0% quarterly, or 8.0% annualized, of adjusted total stockholders' equity (after giving effect to the base management fee but before giving effect to the incentive fee). We refer to this as the hurdle rate. The Adviser will receive 15.0% of the amount of our pre-incentive fee Core FFO that exceeds the hurdle rate. However, in no event shall the incentive fee for a particular quarter exceed by 15.0% (the cap) the average quarterly incentive fee paid by us for the previous four quarters (excluding quarters for which no incentive fee was paid). Core FFO (as defined in the Advisory Agreement) is GAAP net (loss) income (attributable) available to common stockholders, excluding the incentive fee, depreciation and amortization, any realized and unrealized gains, losses or other non-cash items recorded in net (loss) income (attributable) available to common stockholders for the period, and one-time events pursuant to changes in GAAP.

On January 10, 2023, we amended and restated the Advisory Agreement by entering into the Seventh Amended Advisory Agreement, as approved unanimously by our Board of Directors, including specifically, our independent directors. The Seventh Amended Advisory Agreement contractually eliminated the payment of the incentive fee for the quarters ended March 31, 2023 and June 30, 2023. The calculation of the other fees was unchanged.

On July 11, 2023, we amended and restated the Advisory Agreement by entering into the Eighth Amended Advisory Agreement, as approved unanimously by our Board of Directors, including specifically, our independent directors. The Eighth Amended Advisory Agreement contractually eliminated the payment of the incentive fee for the quarters ended September 30, 2023 and December 31, 2023. In addition, the Eighth Amended Advisory Agreement also clarified that for any future quarter whereby an incentive fee would exceed by greater than 15% the average quarterly incentive fee paid, the measurement would be versus the last four quarters where an incentive fee was actually paid. The calculation of the other fees was unchanged.

#### **Capital Gain Fee**

Under the Advisory Agreement, we will pay to the Adviser a capital gain-based incentive fee that will be calculated and payable in arrears as of the end of each fiscal year (or upon termination of the Advisory Agreement). In determining the capital gain fee, we will calculate aggregate realized capital gains and aggregate realized capital losses for the applicable time period. For this purpose, aggregate realized capital gains and losses, if any, equals the realized gain or loss calculated by the difference between the sales price of the property, less any costs to sell the property and the current gross value of the property (equal to the property's original acquisition price plus any subsequent non-reimbursed capital improvements) of the disposed property. At the end of the fiscal year, if this number is positive, then the capital gain fee payable for such time period shall equal 15.0% of such amount. No capital gain fee was recognized during the three and nine months ended September 30, 2024 or 2023.

#### **Termination Fee**

The Advisory Agreement includes a termination fee clause whereby, in the event of our termination of the agreement without cause (with 120 days' prior written notice and the vote of at least two-thirds of our independent directors), a termination fee would be payable to the Adviser equal to two times the sum of the average annual base management fee and incentive fee earned by the Adviser during the 24-month period prior to such termination. A termination fee is also payable if the Adviser terminates the agreement after the Company has defaulted and applicable cure periods have expired. The agreement may also be terminated for cause by us (with 30 days' prior written notice and the vote of at least two-thirds of our independent directors), with no termination fee payable. Cause is defined in the Advisory Agreement to include if the Adviser breaches any material provisions of the agreement, the bankruptcy or insolvency of the Adviser, dissolution of the Adviser and fraud or misappropriation of funds.

#### **Administration Agreement**

Under the terms of the Administration Agreement, we pay separately for our allocable portion of our Administrator's overhead expenses in performing its obligations to us including, but not limited to, rent and our allocable portion of the salaries and benefits expenses of our Administrator's employees, including, but not limited to, our chief financial officer, treasurer, chief compliance officer, general counsel and secretary (who also serves as our Administrator's president, general counsel and secretary), and their respective staffs. Our allocable portion of the Administrator's expenses are generally derived by multiplying our Administrator's total expenses by the appropriate percentage of time the Administrator's employees perform services for us in relation to their time spent performing services for all companies serviced by our Administrator under contractual agreements.

#### **Significant Accounting Policies and Estimates**

The preparation of our financial statements in accordance with GAAP requires management to make judgments that are subjective in nature to make certain estimates and assumptions. Application of these accounting policies involves the exercise of judgment regarding the use of assumptions as to future uncertainties, and as a result, actual results could materially differ from these estimates. A summary of all of our significant accounting policies is provided in Note 1 to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2023, filed by us with the U.S. Securities and Exchange Commission (the "SEC") on February 21, 2024 (our "2023 Form 10-K"). There were no material changes to our critical accounting policies or estimates during the nine months ended September 30, 2024.

#### **Results of Operations**

The weighted average yield on our total portfolio, which was 8.5% and 8.0% as of September 30, 2024 and 2023, respectively, is calculated by taking the annualized straight-line rents plus operating expense recoveries, reflected as lease revenue on our condensed consolidated statements of operations and other comprehensive income, less property operating expenses, of each acquisition since inception, as a percentage of the acquisition cost plus subsequent capital improvements. The weighted average yield does not account for the interest expense incurred on the mortgages placed on our properties.

A comparison of our operating results for the three and nine months ended September 30, 2024 and 2023 is below (dollars in thousands, except per share amounts) :

	For the three months ended September 30,				
	2024	2023	\$ Change	% Change	
<b>Operating revenues</b>					
Lease revenue	\$ 39,235	\$ 36,464	\$ 2,771	7.6 %	
<b>Total operating revenues</b>	<b>\$ 39,235</b>	<b>\$ 36,464</b>	<b>\$ 2,771</b>	<b>7.6 %</b>	
<b>Operating expenses</b>					
Depreciation and amortization	\$ 13,343	\$ 12,485	\$ 858	6.9 %	
Property operating expenses	6,681	6,821	(140)	(2.1)%	
Base management fee	1,528	1,597	(69)	(4.3)%	
Incentive fee	1,146	—	1,146	100.0 %	
Administration fee	725	624	101	16.2 %	
General and administrative	970	1,306	(336)	(25.7)%	
Impairment charge	4,549	6,754	(2,205)	(32.6)%	
Total operating expense before incentive fee waiver	\$ 28,942	\$ 29,587	\$ (645)	(2.2)%	
Incentive fee waiver	(396)	—	(396)	100.0 %	
<b>Total operating expenses</b>	<b>\$ 28,546</b>	<b>\$ 29,587</b>	<b>\$ (1,041)</b>	<b>(3.5)%</b>	
<b>Other income (expense)</b>					
Interest expense	\$ (9,299)	\$ (9,936)	\$ 637	(6.4)%	
Gain on sale of real estate, net	10,319	4,696	5,623	119.7 %	
Other income	12	155	(143)	(92.3)%	
<b>Total other income (expense), net</b>	<b>\$ 1,032</b>	<b>\$ (5,085)</b>	<b>\$ 6,117</b>	<b>(120.3)%</b>	
<b>Net income</b>	<b>\$ 11,721</b>	<b>\$ 1,792</b>	<b>\$ 9,929</b>	<b>554.1 %</b>	
Distributions attributable to Series E, F, and G preferred stock	(3,106)	(3,099)	(7)	0.2 %	
Distributions attributable to senior common stock	(106)	(108)	2	(1.9)%	
Gain (loss) on extinguishment of Series F preferred stock	2	(1)	3	(300.0)%	
Net income (loss) available (attributable) to common stockholders and Non-controlling OP Unitholders	\$ 8,511	\$ (1,416)	\$ 9,927	(701.1)%	
Net income (loss) available (attributable) to common stockholders and Non-controlling OP Unitholders per weighted average share and unit - basic & diluted	\$ 0.20	\$ (0.04)	\$ 0.24	(600.0)%	
FFO available to common stockholders and Non-controlling OP Unitholders - basic (1)	\$ 16,084	\$ 13,127	\$ 2,957	22.5 %	
FFO available to common stockholders and Non-controlling OP Unitholders - diluted (1)	\$ 16,190	\$ 13,235	\$ 2,955	22.3 %	
FFO per weighted average share of common stock and Non-controlling OP Units - basic (1)	\$ 0.38	\$ 0.33	\$ 0.05	15.2 %	
FFO per weighted average share of common stock and Non-controlling OP Units - diluted (1)	\$ 0.38	\$ 0.33	\$ 0.05	15.2 %	

(1) Refer to the "Funds from Operations" section below within the Management's Discussion and Analysis section for the definition of FFO.

	For the nine months ended September 30,				
	2024	2023	\$ Change	% Change	
<b>Operating revenues</b>					
Lease revenue	\$ 112,013	\$ 111,675	\$ 338		0.3 %
<b>Total operating revenues</b>	<b>\$ 112,013</b>	<b>\$ 111,675</b>	<b>\$ 338</b>		<b>0.3 %</b>
<b>Operating expenses</b>					
Depreciation and amortization	\$ 42,683	\$ 44,125	\$ (1,442)		(3.3)%
Property operating expenses	18,373	20,286	(1,913)		(9.4)%
Base management fee	4,580	4,808	(228)		(4.7)%
Incentive fee	3,562	—	3,562		100.0 %
Administration fee	1,950	1,734	216		12.5 %
General and administrative	3,064	3,437	(373)		(10.9)%
Impairment charge	5,043	13,577	(8,534)		(62.9)%
Total operating expense before incentive fee waiver	\$ 79,255	\$ 87,967	\$ (8,712)		(9.9)%
Incentive fee waiver	(1,417)	—	(1,417)		100.0 %
<b>Total operating expenses</b>	<b>\$ 77,838</b>	<b>\$ 87,967</b>	<b>\$ (10,129)</b>		<b>(11.5)%</b>
<b>Other income (expense)</b>					
Interest expense	\$ (28,259)	\$ (27,845)	\$ (414)		1.5 %
Gain on sale of real estate, net	10,554	4,245	6,309		148.6 %
Gain on debt extinguishment, net	300	—	300		100.0 %
Other income	73	262	(189)		(72.1)%
Total other expense, net	\$ (17,332)	\$ (23,338)	\$ 6,006		(25.7)%
<b>Net income</b>	<b>\$ 16,843</b>	<b>\$ 370</b>	<b>\$ 16,473</b>		<b>4,452.2 %</b>
Distributions attributable to Series E, F, and G preferred stock	(9,334)	(9,179)	(155)		1.7 %
Distributions attributable to senior common stock	(317)	(323)	6		(1.9)%
Loss on extinguishment of Series F preferred stock	(4)	(12)	8		(66.7)%
Gain on repurchase of Series G preferred stock	—	3	(3)		(100.0)%
Net income (loss) available (attributable) to common stockholders and Non-controlling OP Unitholders	\$ 7,188	\$ (9,141)	\$ 16,329		(178.6)%
Net income (loss) available (attributable) to common stockholders and Non-controlling OP Unitholders per weighted average share and unit - basic & diluted	\$ 0.17	\$ (0.23)	\$ 0.40		(173.9)%
FFO available to common stockholders and Non-controlling OP Unitholders - basic (1)	\$ 44,060	\$ 44,316	\$ (256)		(0.6)%
FFO available to common stockholders and Non-controlling OP Unitholders - diluted (1)	\$ 44,377	\$ 44,639	\$ (262)		(0.6)%
FFO per weighted average share of common stock and Non-controlling OP Unit - basic (1)	\$ 1.07	\$ 1.10	\$ (0.03)		(2.7)%
FFO per weighted average share of common stock and Non-controlling OP Unit - diluted (1)	\$ 1.07	\$ 1.10	\$ (0.03)		(2.7)%

(1) Refer to the "Funds from Operations" section below within the Management's Discussion and Analysis section for the definition of FFO.

#### Same Store Analysis

For the purposes of the following discussion, "same store properties" are properties we owned as of January 1, 2023, which have not been subsequently vacated or disposed of. "Acquired & disposed properties" are properties which were acquired, disposed of or classified as held for sale at any point subsequent to December 31, 2022. "Properties with vacancy" are properties that were fully vacant or had greater than 5.0% vacancy, based on square footage, at any point subsequent to January 1, 2023.

*Operating Revenues*

Lease Revenues	For the three months ended September 30,			
	(Dollars in Thousands)			
	2024	2023	\$ Change	% Change
Same Store Properties	\$ 32,847	\$ 29,798	\$ 3,049	10.2 %
Acquired & Disposed Properties	2,078	2,304	(226)	(9.8) %
Properties with Vacancy	4,310	4,362	(52)	(1.2) %
	<b>\$ 39,235</b>	<b>\$ 36,464</b>	<b>\$ 2,771</b>	<b>7.6 %</b>

Lease Revenues	For the nine months ended September 30,			
	(Dollars in Thousands)			
	2024	2023	\$ Change	% Change
Same Store Properties	\$ 92,271	\$ 91,037	\$ 1,234	1.4 %
Acquired & Disposed Properties	6,863	7,791	(928)	(11.9) %
Properties with Vacancy	12,879	12,847	32	0.2 %
	<b>\$ 112,013</b>	<b>\$ 111,675</b>	<b>\$ 338</b>	<b>0.3 %</b>

Lease revenues consist of rental income and operating expense recoveries earned from our tenants. Lease revenues from same store properties increased for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, due to a settlement received at one of our properties related to deferred maintenance. Lease revenues from same store properties increased for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, due to a settlement received at one of our properties related to deferred maintenance, partially offset by accelerated rent attributable to a lease termination during the nine months ended September 30, 2023. Lease revenues decreased for acquired and disposed of properties for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, primarily due to the loss of variable lease payments from the eight property sales subsequent to September 30, 2023, minimally offset by lease revenue from the eight properties acquired subsequent to September 30, 2023. Lease revenues decreased for acquired and disposed of properties for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, primarily due to the loss of variable lease payments from the eight property sales subsequent to September 30, 2023, minimally offset by lease revenue from the eight properties acquired subsequent to September 30, 2023 and accelerated rent attributable to a lease termination on a property that was sold during the nine months ended September 30, 2024. Lease revenues decreased for our properties with vacancy for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, mainly due to a loss of rental revenue from increased vacancy, partially offset by an increase in variable lease payments. Lease revenues increased for our properties with vacancy for the nine months ended September 30, 2024 from the comparable 2023 period, due to an increase in variable lease payments.

*Operating Expenses*

Depreciation and amortization expense increased for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, due to an increase in depreciation and amortization expense on the eight properties acquired subsequent to September 30, 2023. Depreciation and amortization expense decreased for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, due to the reduced depreciation and amortization expense from the eight property sales subsequent to September 30, 2023.

Property Operating Expenses	For the three months ended September 30,			
	(Dollars in Thousands)			
	2024	2023	\$ Change	% Change
Same Store Properties	\$ 4,306	\$ 3,938	\$ 368	9.3 %
Acquired & Disposed Properties	164	900	(736)	(81.8) %
Properties with Vacancy	2,211	1,983	228	11.5 %
	<b>\$ 6,681</b>	<b>\$ 6,821</b>	<b>\$ (140)</b>	<b>(2.1) %</b>

Property Operating Expenses	For the nine months ended September 30,				
	(Dollars in Thousands)				
	2024	2023	\$ Change	% Change	
Same Store Properties	\$ 11,954	\$ 11,414	\$ 540	4.7 %	
Acquired & Disposed Properties	860	3,294	(2,434)	(73.9)%	
Properties with Vacancy	5,559	5,578	(19)	(0.3)%	
	<b>\$ 18,373</b>	<b>\$ 20,286</b>	<b>\$ (1,913)</b>	<b>(9.4)%</b>	

Property operating expenses consist of franchise taxes, property management fees, insurance, ground lease payments, property maintenance and repair expenses paid on behalf of certain of our properties. The increase in property operating expenses for same store properties for the three and nine months ended September 30, 2024, from the comparable 2023 period, was a result of general cost increases due to the inflationary environment during the three and nine months ended September 30, 2024. The decrease in property operating expenses for acquired and disposed of properties for the three and nine months ended September 30, 2024, from the comparable 2023 period, is a result of a decrease in property operating expenses from the eight property sales subsequent to September 30, 2023, minimally offset by the property operating expense from the eight properties acquired subsequent to September 30, 2023. The increase in property operating expenses for properties with vacancy for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, is a result of increased repair expense. The decrease in property operating expenses for properties with vacancy for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, is a result of a lower reduction in real estate taxes due to successful appeals as compared to the prior period.

The base management fee paid to the Adviser decreased for the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023, due to a decrease in Gross Tangible Real Estate over the three and nine months ended September 30, 2024 from property sales as compared to Gross Tangible Real Estate during the three and nine months ended September 30, 2023. The calculation of the base management fee is described in detail above in subheading *“Advisory and Administration Agreements.”*

The incentive fee paid to the Adviser increased for the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023, due to the payment of the incentive fee being contractually eliminated for the quarters ended March 31, 2023 through September 30, 2023, as outlined in the Seventh Amended Advisory Agreement and Eighth Amended Advisory Agreement. We recorded an incentive fee, which was partially waived, during the three and nine months ended September 30, 2024. The calculation of the incentive fee is described in detail above in subheading *“Advisory and Administration Agreements.”*

The administration fee paid to the Administrator increased for the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023, due to our Administrator incurring greater costs that are allocated to us. The calculation of the administration fee is described in detail above in subheading *“Advisory and Administration Agreements.”*

General and administrative expenses decreased for the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023 mainly due to a reduction in legal fee expenses.

#### *Other Income and Expenses*

Interest expense decreased for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023. This decrease was primarily a result of costs associated with the maturity of several interest rate caps in the previous period. Interest expense increased for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023. This increase was primarily a result of increased interest costs on variable rate debt, as global interest rates increased through most of the period in reaction to growing inflation, partially offset with costs associated with the maturity of several interest rate caps in the prior period.

We sold six non-core office properties during the nine months ended September 30, 2024, and as a result, incurred a gain on sale of real estate, net, and a gain on debt extinguishment, net. We sold five non-core office properties during the nine months ended September 30, 2023, and as a result, incurred a gain on sale of real estate, net.

Other income decreased for the three and nine months ended September 30, 2024, as compared to the three and nine months ended September 30, 2023, due to nonrecurring income items that occurred in the three and nine months ended September 30, 2023.

**Net Income Available to Common Stockholders and Non-controlling OP Unitholders**

Net income available to common stockholders and Non-controlling OP Unitholders increased for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, primarily due to settlement revenue related to deferred maintenance in the current period, higher impairment charges in the prior period, and a gain on sale, net, during the current period. This was partially offset by the incentive fee payable to the Adviser accrued in the current period, which was contractually eliminated in the prior period. Net income available to common stockholders and Non-controlling OP Unitholders increased for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, primarily due to a decrease in depreciation and amortization as well as property operating expenses from the eight property sales subsequent to September 30, 2023, higher impairment charges in the prior period, and a gain on sale, net, during the current period. This was partially offset by the incentive fee payable to the Adviser accrued in the current period, which was contractually eliminated in the prior period.

**Liquidity and Capital Resources**

*Overview*

Our sources of liquidity include cash flows from operations, cash and cash equivalents, borrowings under our Credit Facility, and additional issuances of equity and/or debt securities. Our available liquidity as of September 30, 2024 was \$80.7 million, consisting of approximately \$10.5 million in cash and cash equivalents and available borrowing capacity of \$70.2 million under our Credit Facility. Our available borrowing capacity under the Credit Facility increased to \$73.5 million as of November 4, 2024.

*Future Capital Needs*

We actively seek conservative investments that we expect are likely to produce income to pay distributions to our stockholders. We intend to use the proceeds received from future equity raised and debt capital borrowed to continue to invest in industrial and office real property, make mortgage loans, or pay down outstanding borrowings under our Revolver. Accordingly, to ensure that we are able to effectively execute our business strategy, we routinely review our liquidity requirements and continually evaluate all potential sources of liquidity. Our short-term liquidity needs include proceeds necessary to fund our distributions to stockholders, pay the debt service costs on our existing long-term mortgages, refinance maturing debt and fund our current operating costs. Our long-term liquidity needs include proceeds necessary to grow and maintain our portfolio of investments.

We believe that our available liquidity is sufficient to fund our distributions to stockholders, pay the debt service costs on our existing long-term mortgages and fund our current operating costs in the near term. We also believe we will be able to refinance our mortgage debt as it matures. Additionally, to satisfy our short-term obligations, we may request credits to our management fees that are issued from our Adviser, although our Adviser is under no obligation to provide any such credits, either in whole or in part. We further believe that our cash flows from operations coupled with the financing capital available to us in the future are sufficient to fund our long-term liquidity needs.

*Equity Capital*

During the nine months ended September 30, 2024, we raised net proceeds of \$49.5 million of common equity under the 2024 Common Stock Sales Agreement. We raised net proceeds of \$0.7 million from sales of our Series F Preferred Stock during the nine months ended September 30, 2024.

As of November 4, 2024, we had the ability to raise up to \$1.0 billion of additional equity capital through the sale and issuance of securities that are registered under the 2024 Registration Statement, in one or more future public offerings. We expect to continue to use our 2024 Common Stock Sales Agreement as a source of liquidity for the remainder of 2024.

*Debt Capital*

As of September 30, 2024, we had 39 mortgage notes payable in the aggregate principal amount of \$273.4 million, collateralized by a total of 45 properties with a remaining weighted average maturity of 3.5 years. The weighted-average interest rate on the mortgage notes payable as of September 30, 2024 was 4.23%.

We continue to see banks and other non-bank lenders willing to issue mortgages for properties comparable to those held in our portfolio on terms that are commercially reasonable. Consequently, we remain focused on obtaining mortgages through insurance companies, regional banks, non-bank lenders and, to a lesser extent, the commercial mortgage-backed securities market.

As of September 30, 2024, we had mortgage debt in the aggregate principal amount of \$2.4 million payable during the remainder of 2024 and \$34.3 million payable during 2025. The 2024 principal amount payable includes amortizing principal payments only, as there are no balloon principal payments due during the remaining three months of 2024. We anticipate being able to refinance our mortgages that come due during 2025 with a combination of new mortgage debt, availability under our Credit Facility, the issuance of additional equity securities under our 2024 Common Stock Sales Agreement, the sale and issuance of other equity securities (including our Series F Preferred Stock) that are registered under the 2024 Registration Statement, or the sale and issuance of unregistered equity or debt securities.

#### *Operating Activities*

Net cash provided by operating activities during the nine months ended September 30, 2024, was \$34.2 million, as compared to net cash provided by operating activities of \$48.5 million for the nine months ended September 30, 2023. The majority of cash from operating activities is generated from the lease revenues that we receive from our tenants. We utilize this cash to fund our property-level operating expenses and use the excess cash primarily for debt and interest payments on our mortgage notes payable, interest payments on our Credit Facility, distributions to our stockholders, management fees to our Adviser, Administration fees to our Administrator and other entity-level operating expenses.

#### *Investing Activities*

Net cash provided by investing activities during the nine months ended September 30, 2024, was \$8.6 million, which primarily consisted of proceeds from six property sales coupled with lender release of funds from escrow and tenant reserve payments, partially offset by six property acquisitions and capital improvements performed at certain of our properties. Net cash used in investing activities during the nine months ended September 30, 2023, was \$3.6 million, which primarily consisted of two property acquisitions, coupled with capital improvements performed at certain of our properties, partially offset by proceeds from five property sales.

#### *Financing Activities*

Net cash used in financing activities during the nine months ended September 30, 2024, was \$44.4 million, which primarily consisted of \$24.4 million of mortgage principal repayments, net borrowings on our credit facility, Series F Preferred Stock redemptions, and distributions paid to common, senior common and preferred shareholders, partially offset by the issuance of \$50.9 million of equity. Net cash used in financing activities for the nine months ended September 30, 2023, was \$38.8 million, which primarily consisted of \$57.6 million of mortgage debt repayments, and distributions paid to common, senior common and preferred shareholders, partially offset by the issuance of \$9.8 million of equity, issuances of \$9.0 million of new mortgage debt, and net borrowings on our Credit Facility.

#### *Credit Facility*

On August 18, 2022, we amended, extended and upsized our Credit Facility, increasing our Revolver from \$100.0 million to \$120.0 million (and its term to August 2026), adding the new \$140.0 million Term Loan C, decreasing the principal balance of Term Loan B to \$60.0 million and extending the maturity date of Term Loan A to August 2027. Term Loan C has a maturity date of February 18, 2028 and a SOFR spread ranging from 125 to 195 basis points, depending on our leverage. On September 27, 2022, we further increased the Revolver to \$125.0 million and the Term Loan C to \$150.0 million, as permitted under the terms of the Credit Facility. We entered into multiple interest rate swap agreements on Term Loan A and Term Loan C, which swap the interest rate to fixed rates from 3.15% to 3.75%. We incurred fees of approximately \$4.2 million in connection with extending and upsizing our Credit Facility. The net proceeds of the transaction were used to repay the then-outstanding borrowings on the Revolver, pay off mortgage debt, and fund acquisitions. The Credit Facility's current bank syndicate is comprised of KeyBank, Fifth Third Bank, The Huntington National Bank, Bank of America, Synovus Bank, United Bank, First Financial Bank, and S&T Bank.

As of September 30, 2024, there was \$423.3 million outstanding under our Credit Facility at a weighted average interest rate of approximately 6.27% and no outstanding letters of credit. As of November 4, 2024, the maximum additional amount we could draw under the Credit Facility was \$73.5 million. We were in compliance with all covenants under the Credit Facility as of September 30, 2024.

## Contractual Obligations

The following table reflects our material contractual obligations as of September 30, 2024 (dollars in thousands):

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Debt Obligations (1)	\$ 696,679	\$ 31,279	\$ 407,960	\$ 208,403	\$ 49,037
Interest on Debt Obligations (2)	109,836	37,600	59,400	10,580	2,256
Operating Lease Obligations (3)	5,798	457	924	941	3,476
Purchase Obligations (4)	9,558	3,371	6,187	—	—
	<b>\$ 821,871</b>	<b>\$ 72,707</b>	<b>\$ 474,471</b>	<b>\$ 219,924</b>	<b>\$ 54,769</b>

(1) Debt obligations represent borrowings under our Revolver, which represents \$53.3 million of the debt obligation due in 2026, our Term Loan A, which represents \$160.0 million of the debt obligation due in 2027, our Term Loan B, which represents \$60.0 million of the debt obligation due in 2026, our Term Loan C, which represents \$150.0 million of the debt obligation due in 2028 and mortgage notes payable that were outstanding as of September 30, 2024. This figure does not include \$(0.02) million of premiums and (discounts), net and \$4.0 million of deferred financing costs, net, which are reflected in mortgage notes payable, net and borrowings under Term Loan, net on the condensed consolidated balance sheets.

(2) Interest on debt obligations includes estimated interest on borrowings under our Revolver and Term Loan and mortgage notes payable. The balance and interest rate on our Revolver, Term Loan A, Term Loan B and Term Loan C is variable; thus, the interest payment obligation calculated for purposes of this table was based upon rates and balances as of September 30, 2024.

(3) Operating lease obligations represent the ground lease payments due on three of our properties.

(4) Purchase obligations consist of tenant and capital improvements at 11 of our properties.

## Off-Balance Sheet Arrangements

We did not have any material off-balance sheet arrangements as of September 30, 2024.

## Funds from Operations

The National Association of Real Estate Investment Trusts ("NAREIT") developed Funds from Operations ("FFO") as a relevant non-GAAP supplemental measure of operating performance of an equity REIT to recognize that income-producing real estate historically has not depreciated on the same basis determined under GAAP. FFO, as defined by NAREIT, is net income (computed in accordance with GAAP), excluding gains or losses from sales of property and impairment losses on property, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures.

FFO does not represent cash flows from operating activities in accordance with GAAP, which, unlike FFO, generally reflects all cash effects of transactions and other events in the determination of net income. FFO should not be considered an alternative to net income as an indication of our performance or to cash flows from operations as a measure of liquidity or ability to make distributions. Comparison of FFO, using the NAREIT definition, to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs.

FFO available to common stockholders is FFO adjusted to subtract distributions made to holders of preferred stock and senior common stock. We believe that net income available to common stockholders is the most directly comparable GAAP measure to FFO available to common stockholders.

Basic funds from operations per share ("Basic FFO per share"), and diluted funds from operations per share ("Diluted FFO per share"), is FFO available to common stockholders divided by the number of weighted average shares of common stock outstanding and FFO available to common stockholders divided by the number of weighted average shares of common stock outstanding on a diluted basis, respectively, during a period. We believe that FFO available to common stockholders, Basic FFO per share and Diluted FFO per share are useful to investors because they provide investors with a further context for evaluating our FFO results in the same manner that investors use net income and earnings per share ("EPS"), in evaluating net income available to common stockholders. In addition, because most REITs provide FFO available to common stockholders, Basic FFO and Diluted FFO per share information to the investment community, we believe these are useful supplemental measures when comparing us to other REITs. We believe that net income is the most directly comparable GAAP measure to

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FFO, Basic EPS is the most directly comparable GAAP measure to Basic FFO per share, and that Diluted EPS is the most directly comparable GAAP measure to Diluted FFO per share.

The following table provides a reconciliation of our FFO available to common stockholders for the three and nine months ended September 30, 2024 and 2023, respectively, to the most directly comparable GAAP measure, net income available to common stockholders, and a computation of basic and diluted FFO per weighted average share of common stock:

	For the three months ended September 30,		For the nine months ended September 30,	
	(Dollars in Thousands, Except for Per Share Amounts)		(Dollars in Thousands, Except for Per Share Amounts)	
	2024	2023	2024	2023
<b>Calculation of basic FFO per share of common stock and Non-controlling OP Unit</b>				
Net income	\$ 11,721	\$ 1,792	\$ 16,843	\$ 370
Less: Distributions attributable to preferred and senior common stock	(3,212)	(3,207)	(9,651)	(9,502)
Add/Less: Gain (loss) on extinguishment of Series F preferred stock, net	2	(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	\$ (1,416)	\$ 7,188	\$ (9,141)
<b>Adjustments:</b>				
Add: Real estate depreciation and amortization	\$ 13,343	\$ 12,485	\$ 42,683	\$ 44,125
Add: Impairment charge	4,549	6,754	5,043	13,577
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	\$ 13,127	\$ 44,060	\$ 44,316
Weighted average common shares outstanding - basic	42,790,685	39,917,995	41,041,621	39,939,660
Weighted average Non-controlling OP Units outstanding	39,474	391,468	196,675	391,468
Weighted average common shares and Non-controlling OP Units	42,830,159	40,309,463	41,238,296	40,331,128
Basic FFO per weighted average share of common stock and Non-controlling OP Unit	\$ 0.38	\$ 0.33	\$ 1.07	\$ 1.10
<b>Calculation of diluted FFO per share of common stock and Non-controlling OP Unit</b>				
Net income	\$ 11,721	\$ 1,792	\$ 16,843	\$ 370
Less: Distributions attributable to preferred and senior common stock	(3,212)	(3,207)	(9,651)	(9,502)
Add/Less: Gain (loss) on extinguishment of Series F preferred stock, net	2	(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	\$ (1,416)	\$ 7,188	\$ (9,141)
<b>Adjustments:</b>				
Add: Real estate depreciation and amortization	\$ 13,343	\$ 12,485	\$ 42,683	\$ 44,125
Add: Impairment charge	4,549	6,754	5,043	13,577
Add: Income impact of assumed conversion of senior common stock	106	108	317	323
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 plus assumed conversions	\$ 16,190	\$ 13,235	\$ 44,377	\$ 44,639
Weighted average common shares outstanding - basic	42,790,685	39,917,995	41,041,621	39,939,660
Weighted average Non-controlling OP Units outstanding	39,474	391,468	196,675	391,468
Effect of convertible senior common stock	339,299	345,132	339,299	345,132
Weighted average common shares and Non-controlling OP Units outstanding - diluted	43,169,458	40,654,595	41,577,595	40,676,260
Diluted FFO per weighted average share of common stock and Non-controlling OP Unit	\$ 0.38	\$ 0.33	\$ 1.07	\$ 1.10
Distributions declared per share of common stock and Non-controlling OP Unit	\$ 0.30	\$ 0.30	\$ 0.90	\$ 0.90

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. The primary risk that we believe we are and will be exposed to is interest rate risk. Certain of our leases contain escalations based on market indices, and the interest rate on our Credit Facility is variable. Although we seek to mitigate this risk by structuring such provisions of our loans and leases to contain a minimum interest rate or escalation rate, as applicable, these features do not eliminate this risk. To that end, we have entered into derivative contracts to cap interest rates for our variable rate notes payable, and we have entered into interest rate swaps whereby we pay a fixed interest rate to our respective counterparty, and receive SOFR in return. For details regarding our rate cap agreements and our interest rate swap agreements see Note 6, "Mortgage Notes Payable and Credit Facility" of the accompanying condensed consolidated financial statements.

To illustrate the potential impact of changes in interest rates on our net income for the nine months ended September 30, 2024, we have performed the following analysis, which assumes that our condensed consolidated balance sheets remain constant and that no further actions beyond a minimum interest rate or escalation rate are taken to alter our existing interest rate sensitivity.

The following table summarizes the annual impact of a 1%, 2% and 3% increase, and a 1%, 2% and 3% decrease in SOFR as of September 30, 2024. As of September 30, 2024, our effective average SOFR was 4.96%. The impact of these fluctuations is presented below (dollars in thousands).

Interest Rate Change	(Decrease) increase to Interest Expense	Net increase (decrease) to Net Income
3% Decrease to SOFR	\$ (3,667)	\$ 3,667
2% Decrease to SOFR	(2,445)	2,445
1% Decrease to SOFR	(1,222)	1,222
1% Increase to SOFR	614	(614)
2% Increase to SOFR	1,228	(1,228)
3% Increase to SOFR	1,842	(1,842)

As of September 30, 2024, the fair value of our mortgage debt outstanding was \$247.5 million. Interest rate fluctuations may affect the fair value of our debt instruments. If interest rates on our debt instruments, using rates at September 30, 2024, had been one percentage point higher or lower, the fair value of those debt instruments on that date would have decreased or increased by \$7.1 million and \$7.4 million, respectively.

The amount outstanding under the Credit Facility approximates fair value as of September 30, 2024.

In the future, we may be exposed to additional effects of interest rate changes, primarily as a result of our Revolver, Term Loans (i.e., Term Loan A, Term Loan B, and Term Loan C), or long-term mortgage debt, which we use to maintain liquidity and fund expansion of our real estate investment portfolio and operations. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve these objectives, we will borrow primarily at fixed rates or variable rates with the lowest margins available and, in some cases, with the ability to convert variable rates to fixed rates. We may also enter into derivative financial instruments such as interest rate swaps and caps to mitigate the interest rate risk on a related financial instrument. We will not enter into derivative or interest rate transactions for speculative purposes.

In addition to changes in interest rates, the value of our real estate is subject to fluctuations based on changes in local and regional economic conditions and changes in the creditworthiness of lessees and borrowers, all of which may affect our ability to refinance debt, if necessary.

**Item 4. Controls and Procedures.**

**a) Evaluation of Disclosure Controls and Procedures**

As of September 30, 2024, our management, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, the chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective as of September 30, 2024 in providing a reasonable level of assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable SEC rules and forms, including providing a reasonable level of assurance that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of necessarily achieving the desired control objectives, and management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

**b) Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings.

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us. However, from time to time we may be party to various litigation matters, typically involving ordinary course and routine claims incidental to our business, which we may not consider material.

### Item 1A. Risk Factors.

Our business is subject to certain risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. For a discussion of these risks, please refer to the section captioned "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023. There are no material changes to risks associated with our business or investment in our securities from those previously set forth in the report described above.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### *Sales of Unregistered Securities*

None.

#### *Issuer Purchases of Equity Securities*

None.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None. Without limiting the generality of the foregoing, during the three months ended September 30, 2024, no officer or director of the Company adopted or terminated any "Rule 10b5-1 trading agreement" or any "non-Rule 10b5-1 trading arrangement," as each item is defined in Item 408 of Regulation S-K.

### Item 6. Exhibits

#### Exhibit Index

Exhibit Number	Exhibit Description
3.1	<a href="#">Articles of Restatement of the Registrant, incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed January 12, 2017.</a>
3.2	<a href="#">Bylaws of the Registrant, incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-11 (File No. 333-106024), filed June 11, 2003.</a>
3.3	<a href="#">First Amendment to Bylaws of the Registrant, incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed July 10, 2007.</a>
3.4	<a href="#">Second Amendment to Bylaws of the Registrant, incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed December 1, 2016.</a>

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3.5	<a href="#">Third Amendment to Bylaws of the Registrant, incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed October 10, 2023.</a>
3.6	<a href="#">Articles Supplementary, incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed April 12, 2018.</a>
3.7	<a href="#">Articles of Amendment, incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed April 12, 2018.</a>
3.8	<a href="#">Articles Supplementary for 6.625% Series E Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed September 27, 2019.</a>
3.9	<a href="#">Articles Supplementary, incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed December 3, 2019.</a>
3.10	<a href="#">Articles Supplementary for 6.00% Series F Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed February 20, 2020.</a>
3.11	<a href="#">Articles Supplementary for 6.00% Series G Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed June 24, 2021.</a>
3.12	<a href="#">Articles Supplementary, incorporated by reference to Exhibit 3.8 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-33097), filed August 9, 2021.</a>
4.1	<a href="#">Form of Certificate for Common Stock of the Registrant, incorporated by reference to Exhibit 4.1 to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-11 (File No. 333-106024), filed August 8, 2003.</a>
4.2	<a href="#">Form of Certificate for 6.625% Series E Cumulative Redeemable Preferred Stock of the Registrant, incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed September 27, 2019.</a>
4.3	<a href="#">Form of Certificate for 6.00% Series F Cumulative Redeemable Preferred Stock of the Registrant, incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed February 20, 2020.</a>
4.4	<a href="#">Form of Certificate for 6.00% Series G Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-33097), filed June 24, 2021.</a>
4.5	<a href="#">Form of Indenture, incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form S-3 (File No. 333-268549), filed November 23, 2022.</a>
10.1*	<a href="#">First Amendment to Fourth Amended and Restated Credit Agreement and Other Loan Documents, dated as of January 18, 2023, by and among Gladstone Commercial Limited Partnership, as borrower, Gladstone Commercial Corporation and certain of its wholly owned subsidiaries, as guarantors, each of the financial institutions initially a signatory thereto together with their successors and assignees, as lenders, and KeyBank National Association, as lender and agent.</a>
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1**	<a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2**	<a href="#">Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
99.1*	<a href="#">Estimated Value Methodology for Series F Cumulative Redeemable Preferred Stock as of September 30, 2024.</a>
101.INS***	iXBRL Instance Document
101.SCH***	iXBRL Taxonomy Extension Schema Document
101.CAL***	iXBRL Taxonomy Extension Calculation Linkbase Document
101.LAB***	iXBRL Taxonomy Extension Label Linkbase Document
101.PRE***	iXBRL Taxonomy Extension Presentation Linkbase Document
101.DEF***	iXBRL Definition Linkbase
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

\* Filed herewith

\*\* Furnished herewith

\*\*\* Attached as Exhibit 101 to this Quarterly Report on Form 10-Q are the following materials, formatted in iXBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2024 and 2023, (iii) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023 and (iv) the Notes to Condensed Consolidated Financial Statements.

**SIGNATURES**

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

**Gladstone Commercial Corporation**

Date: November 4, 2024

By: /s/ Gary Gerson

Gary Gerson

Chief Financial Officer

Date: November 4, 2024

By: /s/ David Gladstone

David Gladstone

Chief Executive Officer and

Chairman of the Board of Directors

**FIRST AMENDMENT TO FOURTH  
AMENDED AND RESTATED CREDIT AGREEMENT**

THIS FIRST AMENDMENT TO FOURTH AMENDED AND RESTATED CREDIT AGREEMENT (this “Amendment”), dated as of January 18, 2023, by and among GLADSTONE COMMERCIAL LIMITED PARTNERSHIP, a Delaware limited partnership (“Borrower”), GLADSTONE COMMERCIAL CORPORATION, a Maryland corporation (“Parent”), the other “Guarantors” a party hereto (together with Parent, collectively, the “Guarantors”), KEYBANK NATIONAL ASSOCIATION (“KeyBank”), individually and as Agent for itself and the other Lenders from time to time a party to the Credit Agreement (as hereinafter defined) (KeyBank, in its capacity as Agent, is hereinafter referred to as “Agent”), and THE OTHER “LENDERS” WHICH ARE SIGNATORIES HERETO (KeyBank and such Lenders hereinafter referred to collectively as the “Lenders”).

**W I T N E S S E T H:**

WHEREAS, Borrower, Parent, Agent, KeyBank and the other Lenders, among others, are party to that certain Fourth Amended and Restated Credit Agreement dated as of August 18, 2022 (the “Credit Agreement”);

WHEREAS, in connection with the Credit Agreement, the Guarantors executed that certain Fourth Amended and Restated Unconditional Guaranty of Payment and Performance dated as of August 18, 2022 (the “Guaranty”) in favor of Agent and the Lenders, or subsequently became a party thereto pursuant to a Joinder Agreement (as defined in the Credit Agreement);

WHEREAS, the Borrower has requested that the Agent and the Lenders modify the terms of the Credit Agreement in certain respects; and

WHEREAS, the Agent and the Lenders have agreed to make such modifications subject to the execution and delivery by Borrower and Guarantors of this Amendment.

NOW, THEREFORE, for and in consideration of the sum of TEN and NO/100 DOLLARS (\$10.00), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

1. **Definitions.** Capitalized terms used in this Amendment, but which are not otherwise expressly defined in this Amendment, shall have the respective meanings given thereto in the Credit Agreement.

2. **Modification of the Credit Agreement.** Borrower, the Lenders and Agent do hereby modify and amend the Credit Agreement as follows:

(a) By inserting the following new sentence at the end of §2.9 of the Credit Agreement:

“Notwithstanding the foregoing, subject to compliance with the terms and conditions of this Agreement (including, without limitation, §8.7 and §9

hereof), the Borrower shall be permitted to use proceeds of the Loans to repurchase, retire or redeem Equity Interests of the Borrower, the Trust or the Parent (including, without limitation, any such Equity Interests that constitute Preferred Securities) in an aggregate amount not to exceed (X) \$10,000,000.00 in any calendar year and (Y) \$20,000,000.00 between the Closing Date and the Term Loan C Maturity Date.”; and

(b) By modifying §9.4 of the Credit Agreement by deleting the figure “1.75” from said §9.4 and inserting in lieu thereof the figure “1.50”.

3. Conditions. The effectiveness of this Amendment shall be subject to the satisfaction of the following conditions precedent (the date all such conditions have been satisfied or waived in writing by the Lenders hereinafter referred to as the “Amendment Effective Date”):

(a) No Default. As of the date hereof, both immediately before and immediately after giving effect to this Amendment, there exists and shall exist no Default or Event of Default;

(b) Execution of this Amendment. The Agent shall have received executed originals of counterpart signature pages to this Amendment from Borrower, Guarantors and the Required Lenders;

(c) Payment of Fees. The Agent shall have received evidence that the Borrower has paid all fees due and payable with respect to this Amendment, including, without limitation, all such fees due and payable to the Lenders party hereto;

(d) Compliance Certificate; Unencumbered Asset Certificate. Agent shall have received a duly completed (i) Compliance Certificate demonstrating Borrower will be in compliance with the financial covenants in the Credit Agreement as of the Amendment Effective Date after giving effect to the amendments to the Credit Agreement contemplated herein, and (ii) Unencumbered Asset Certificate setting forth a calculation of the Unencumbered Asset Availability as of the Amendment Effective Date (after giving effect to any Loans made (or to be made) and any Letter(s) of Credit issued (or to be issued) on such date) and demonstrating compliance with each of the covenants set forth therein after giving effect to the amendments to the Credit Agreement contemplated herein; and

(e) Certificates. Agent shall have received such other assurances, certificates, documents, resolutions or consents as the Agent or the Lenders may reasonably request; and

(f) Expenses. The Borrower shall have paid the reasonable fees and expenses of Agent in connection with this Amendment in accordance with Section 15 of the Credit Agreement.

4. References to Loan Documents. All references in the Loan Documents to the Credit Agreement shall be deemed a reference to the Credit Agreement as modified and amended herein.

5. Consent and Acknowledgment of Borrower and Guarantors. By execution of this Amendment, the Guarantors hereby expressly consent to the modifications and amendments relating to the Credit Agreement as set forth herein and any other agreements or instruments executed in connection herewith, and Borrower and Guarantors hereby acknowledge, represent and agree that (a)

the Credit Agreement, as modified and amended herein, and the other Loan Documents remain in full force and effect and constitute the valid and legally binding obligation of Borrower and Guarantors, as applicable, enforceable against such Persons in accordance with their respective terms, (b) that the Guaranty extends to and applies to the Credit Agreement and the other Loan Documents as modified and amended herein, and (c) that the execution and delivery of this Amendment and any other agreements or instruments executed in connection herewith does not constitute, and shall not be deemed to constitute, a release, waiver or satisfaction of Borrower's or any Guarantor's obligations under the Loan Documents.

6. Representations. Each of the Borrower and each Guarantor represents and warrants to Agent and the Lenders as follows:

(a) Authorization. The execution, delivery and performance of this Amendment and any other agreements or instruments executed in connection herewith and the transactions contemplated hereby and thereby (i) are within the authority of the Borrower and such Guarantor, (ii) have been duly authorized by all necessary proceedings on the part of the Borrower and such Guarantor, (iii) do not and will not conflict with or result in any breach or contravention of any provision of law, statute, rule or regulation to which the Borrower or such Guarantor is subject or any judgment, order, writ, injunction, license or permit applicable to the Borrower or such Guarantor, (iv) do not and will not conflict with or constitute a default (whether with the passage of time or the giving of notice, or both) under any provision of the articles of incorporation, bylaws, operating agreement, partnership agreement, declaration of trust or other charter documents of, or any agreement or other instrument binding upon, the Borrower or such Guarantor, or any of their respective properties, (v) do not and will not result in or require the imposition of any lien or other encumbrance on any of the properties, assets or rights of the Borrower or any Guarantor, and (vi) do not require the approval or consent of any Person other than those already obtained and delivered to Agent, except, in the case of clauses (iii), (iv) or (vi) above, to the extent not reasonably expected to have a Material Adverse Effect.

(b) Enforceability. This Amendment and any other agreements or instruments executed in connection herewith to which Borrower or any Guarantor is a party are the valid and legally binding obligations of the Borrower and the Guarantors, enforceable in accordance with the respective terms and provisions hereof, except as enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought.

(c) Approvals. The execution, delivery and performance of this Amendment and any other agreements or instruments executed in connection herewith and the transactions contemplated hereby and thereby do not require the approval or consent of, or filing with, any governmental agency or authority other than those already obtained.

(d) Reaffirmation of Representations and Warranties. Each of the representations and warranties made by or on behalf of the Borrower, the Guarantors or any of their respective Subsidiaries contained in the Credit Agreement, the other Loan Documents or in any document or instrument delivered pursuant to or in connection with the Credit Agreement or this Amendment is

true and correct in all material respects as of the date hereof, with the same effect as if made at and as of the date hereof (except to the extent of any changes resulting from transactions permitted by this Agreement, and except to the extent such representations relate expressly to an earlier date, which representations shall be required to be true and correct only as of such specified date). To the extent that any of the representations and warranties contained in the Credit Agreement, any other Loan Document or in any document or instrument delivered pursuant to or in connection with the Credit Agreement or this Amendment is qualified by "Material Adverse Effect" or any other materiality qualifier, then the qualifier "in all material respects" contained in this Paragraph 6(d) shall not apply with respect to any such representations and warranties.

7. No Default. By execution hereof, the Borrower certifies that no Default or Event of Default has occurred and is continuing as of the date hereof or as of the Amendment Effective Date.

8. Waiver of Claims. Each of the Borrower and each Guarantor acknowledges, represents and agrees that it has no defenses, setoffs, claims, counterclaims or causes of action of any kind or nature whatsoever with respect to the Loan Documents, the administration or funding of the Loan or the Letters of Credit or with respect to any acts or omissions of Agent or any Lender, or any past or present officers, agents or employees of Agent or any Lender, and the Borrower does hereby expressly waive, release and relinquish any and all such defenses, setoffs, claims, counterclaims and causes of action, if any.

9. Ratification. Except as hereinabove set forth, all terms, covenants and provisions of the Credit Agreement remain unaltered and in full force and effect, and the parties hereto do hereby expressly ratify and confirm the Credit Agreement as modified and amended herein. Nothing in this Amendment or any other document or instrument delivered in connection herewith shall be deemed or construed to constitute, and there has not otherwise occurred, a novation, cancellation, satisfaction, release, extinguishment or substitution of the indebtedness evidenced by the Notes or the other obligations of the Borrower or any Guarantor under the Loan Documents.

10. Amendment as Loan Document. This Amendment shall constitute a Loan Document.

11. Counterparts. This Amendment may be executed in any number of counterparts which shall together constitute but one and the same agreement.

12. Miscellaneous. This Amendment shall be effective upon the execution hereof by Borrower, Guarantors, Agent and the Lenders and shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors, successors-in-title and assigns as provided in the Credit Agreement. All captions in this Amendment are included herein for convenience of reference only and shall not constitute part of this Amendment for any other purpose.

13. GOVERNING LAW; CONSENT TO JURISDICTION AND SERVICE; WAIVER OF JURY TRIAL AND CERTAIN DAMAGE CLAIMS; NO UNWRITTEN AGREEMENTS; ELECTRONIC SIGNATURES. §21, §25, §30 AND §38 OF THE CREDIT AGREEMENT ARE HEREBY INCORPORATED HEREIN BY REFERENCE AS IF FULLY SET FORTH HEREIN, MUTATIS MUTANDIS.

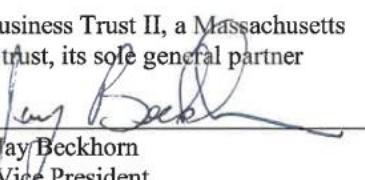
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**IN WITNESS WHEREOF**, the parties hereto, acting by and through their respective duly authorized officers and/or other representatives, have duly executed this Amendment, under seal, as of the day and year first above written.

**BORROWER:**

**GLADSTONE COMMERCIAL LIMITED  
PARTNERSHIP**, a Delaware limited partnership

By: GCLP Business Trust II, a Massachusetts  
business trust, its sole general partner

By:   
Name: Jay Beckhorn  
Title: Vice President

(SEAL)

**PARENT:**

**GLADSTONE COMMERCIAL CORPORATION,**  
a Maryland corporation

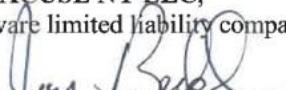
By:   
Name: Gary Gerson  
Title: Chief Financial Officer

(SEAL)

*[Signatures Continued on Next Page]*

**SUBSIDIARY GUARANTORS:**

**AL13 BROOKWOOD LLC;  
RCOG07 GEORGIA LLC;  
APML07 HIALEAH FL LLC;  
260 SPRINGSIDE DRIVE, AKRON OH LLC;  
AL15 BIRMINGHAM LLC;  
CO14 AURORA LLC;  
CO14 DENVER LLC;  
OH14 COLUMBUS LLC;  
NW05 RICHMOND VA LLC;  
RC06 MENOMONEE FALLS WI LLC;  
DBPI07 BOLINGBROOK IL LLC;  
2525 N WOODLAWN VSTRM WICHITA KS, LLC;  
TMC11 SPRINGFIELD MO LLC;  
CI05 CLINTONVILLE WI LLC;  
CDLCI07 MASON OH LLC;  
EE, 208 SOUTH ROGERS LANE, RALEIGH, NC LLC;  
UTSLCO03 GOOD 680 WEST SHIELDS LANE LLC;  
ALVANI02 GOOD 11198 WILL WALKER ROAD LLC;  
MIDETI05 GOOD 7026 STERLING LLC;  
NJPHII02 GOOD 5 TWOSOME LLC;  
ININDI01 GOOD 5225 W 81ST LLC;  
FLOCAI01 GOOD 1900 SOUTHWEST 38TH AVENUE, LLC;  
FLOCAI02 GOOD 808 SOUTHWEST 12TH STREET LLC;  
OHCOLI02 GOOD 1932 PITTSBURGH DRIVE LLC;  
TXDENI01 GOOD 5450 DAKOTA LANE LLC;  
TXTEMI01 GOOD 3120 AND 3410 RANGE ROAD LLC;  
OB MIDWAY NC GLADSTONE COMMERCIAL LLC;  
ININDI02 GOOD 5600 W RAYMOND, LLC;  
ININDI03 GOOD 5610 W 82, LLC;  
AFL05 DUNCAN SC LLC;  
AFL05 DUNCAN SC MEMBER LLC;  
OH04 NORTH CANTON LLC;  
ININDI04 GOOD 4780 E MARGARET LLC; and  
GBI07 SYRACUSE NY LLC,  
each a Delaware limited liability company**

By:   
Name: Jay Beckhorn  
Title: Vice President

*[Signatures Continued on Next Page]*

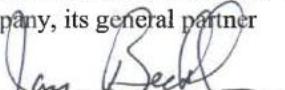
**CO13 ENGLEWOOD LLC;**  
**ALMGM101 GOOD 111 FOLMAR PARKWAY LLC;**  
**TXBAYI01 GOOD 1650 EAST FREEWAY LLC;**  
**MOPACI01 GOOD 18777 US HIGHWAY 66, LLC;**  
**ILPERI01 GOOD 4444 HOLLERICH DRIVE LLC;**  
**NCCLTI02 GOOD 1902 AIRPORT ROAD LLC;**  
**WEC11 DARTMOUTH MA LLC;**  
**GAATLI01 GOOD 1550 ROADHAVEN DRIVE, LLC;**  
**TCI06 BURNSVILLE MN LLC;**  
**NCWKBI01 GOOD 251 INDUSTRIAL DRIVE LLC;**  
**OKOKCI01 GOOD 3100 SOUTH MERIDIAN AVENUE LLC;**  
**WPI07 TULSA OK LLC;**  
**GA15 HAPEVILLE LLC;**  
**CMI04 CANTON NC LLC;**  
**IN14 INDIANAPOLIS LLC;**  
**CORNING BIG FLATS LLC;**  
**TX14 ALLEN II LLC;**  
**TX14 COLLEYVILLE LLC;**  
**TX14 COPPELL LLC;**  
**D08 MARIETTA OH LLC;**  
**FTCHI07 GRAND RAPIDS MI LLC;**  
**IPA12 ASHBURN VA LLC;**  
**PA14 TAYLOR LLC;**  
**NH10 CUMMING GA LLC;**  
**GATIFI01 GOOD 260 JORDAN ROAD LLC;**  
**TUP12 COLUMBUS GA LLC;**  
**OH15 DUBLIN LLC;**  
**YORKTC05 EATONTOWN NJ LLC;**  
**OHCOLO05 GOOD 4343 EASTON COMMONS LLC;**  
**ALFTP102 GOOD 1202 ECHOLS DRIVE WEST LLC;**  
**MPI06 MASON OH LLC; and**  
**SCGVL101 GOOD 8 NORTH KINGS ROAD, LLC,**  
each a Delaware limited liability company

By:   
Name: Jay Beckhorn  
Title: Vice President

*[Signatures Continued on Next Page]*

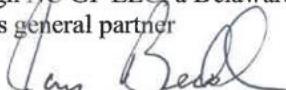
**FIRST PARK TEN COCO SAN ANTONIO, L.P., a Delaware limited partnership**

By: First Park Ten COCO San Antonio GP LLC, a Delaware limited liability company, its general partner

By:   
Name: Jay Beckhorn  
Title: Vice President

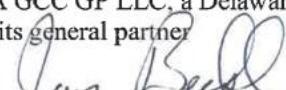
**EE07 RALEIGH NC, L.P., a Delaware limited partnership**

By: EE07 Raleigh NC GP LLC, a Delaware limited liability company, its general partner

By:   
Name: Jay Beckhorn  
Title: Vice President

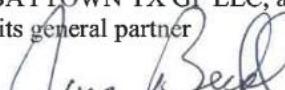
**POCONO PA GCC, L.P., a Delaware limited partnership**

By: Pocono PA GCC GP LLC, a Delaware limited liability company, its general partner

By:   
Name: Jay Beckhorn  
Title: Vice President

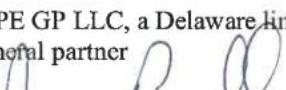
**SJMH06 BAYTOWN TX, L.P., a Delaware limited partnership**

By: SJMH06 BAYTOWN TX GP LLC, a Delaware limited liability company, its general partner

By:   
Name: Jay Beckhorn  
Title: Vice President

**OB CRENSHAW CCC, LP, a Delaware limited partnership**

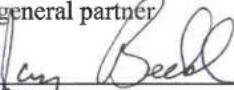
By: OB Crenshaw SPE GP LLC, a Delaware limited liability company, its general partner

By:   
Name: Jay Beckhorn  
Title: Vice President

*[Signatures Continued on Next Page]*

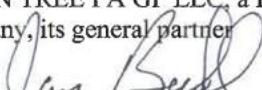
**SRFF08 READING PA, L.P., a Delaware limited partnership**

By: SRFF08 READING PA GP LLC, a Delaware limited liability company, its general partner

By:   
Name: Jay Beckhorn  
Title: Vice President

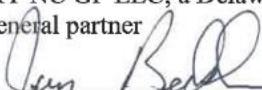
**CBP11 GREEN TREE PA, L.P., a Delaware limited partnership**

By: CBP11 GREEN TREE PA GP LLC, a Delaware limited liability company, its general partner

By:   
Name: Jay Beckhorn  
Title: Vice President

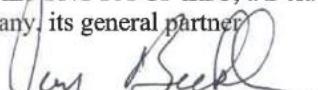
**FS11 HICKORY NC, L.P., a Delaware limited partnership**

By: FS11 HICKORY NC GP LLC, a Delaware limited liability company, its general partner

By:   
Name: Jay Beckhorn  
Title: Vice President

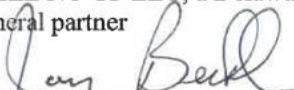
**FMCT08 CHALFONT PA, L.P., a Delaware limited partnership**

By: FMCT08 CHALFONT PA GP LLC, a Delaware limited liability company, its general partner

By:   
Name: Jay Beckhorn  
Title: Vice President

**RPT08 PINEVILLE NC, L.P., a Delaware limited partnership**

By: RPT08 PINEVILLE NC GP LLC, a Delaware limited liability company, its general partner

By:   
Name: Jay Beckhorn  
Title: Vice President

*[Signatures Continued on Next Page]*

**LENDERS:**

**KEYBANK NATIONAL ASSOCIATION,**  
individually and as Agent

By: Angela Kara  
Name: Angela Kara  
Title: Vice President

**FIFTH THIRD BANK**, an Ohio banking corporation

By: \_\_\_\_\_  
Name: Casey Ciccone  
Title: Senior Vice President

**THE HUNTINGTON NATIONAL BANK**

By: \_\_\_\_\_  
Name: Rebecca Stirnkorb  
Title: Assistant Vice President

**BANK OF AMERICA, N.A.**

By: \_\_\_\_\_  
Name: Roger C. Davis  
Title: Senior Vice President

*[Signatures Continued on Next Page]*

**LENDERS:**

**KEYBANK NATIONAL ASSOCIATION,**  
individually and as Agent

By: \_\_\_\_\_  
Name: Angela Kara  
Title: Vice President

**FIFTH THIRD BANK, NATIONAL  
ASSOCIATION**

By: Casey Ciccone \_\_\_\_\_  
Name: Casey Ciccone  
Title: Senior Vice President

**THE HUNTINGTON NATIONAL BANK**

By: \_\_\_\_\_  
Name: Rebecca Stirnkorb  
Title: Assistant Vice President

**BANK OF AMERICA, N.A.**

By: \_\_\_\_\_  
Name: Roger C. Davis  
Title: Senior Vice President

*[Signatures Continued on Next Page]*

**LENDERS:**

**KEYBANK NATIONAL ASSOCIATION,**  
individually and as Agent

By: \_\_\_\_\_  
Name: Angela Kara  
Title: Vice President

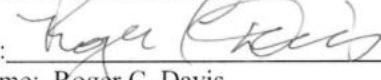
**FIFTH THIRD BANK**, an Ohio banking corporation

By: \_\_\_\_\_  
Name: Casey Ciccone  
Title: Senior Vice President

**THE HUNTINGTON NATIONAL BANK**

By: \_\_\_\_\_  
Name: Rebecca Stirnkorb  
Title: Assistant Vice President

**BANK OF AMERICA, N.A.**

By:   
Name: Roger C. Davis  
Title: Senior Vice President

*[Signatures Continued on Next Page]*

SYNOVUS BANK

By: \_\_\_\_\_

Name: Zachary Braun

Title: Corporate Banker



FIRST FINANCIAL BANK

By: \_\_\_\_\_

Name: John Wilgus

Title: Senior Vice President

S&T BANK

By: \_\_\_\_\_

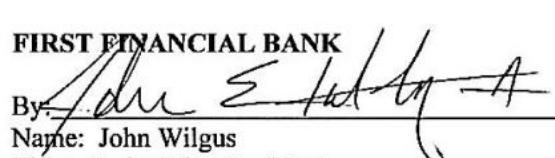
Name: Sean Apicella

Title: Senior Vice President

**SYNOVUS BANK**

By: \_\_\_\_\_  
Name: Zachary Braun  
Title: Corporate Banker III

**FIRST FINANCIAL BANK**

By:   
Name: John Wilgus  
Title: Senior Vice President

**SYNOVUS BANK**

By: \_\_\_\_\_

Name: Zachary Braun  
Title: Corporate Banker III

**FIRST FINANCIAL BANK**

By: \_\_\_\_\_

Name: John Wilgus  
Title: Senior Vice President

**S&T BANK**

By:  \_\_\_\_\_

Name: Sean Apicella  
Title: Senior Vice President

**SYNOVUS BANK**

By: \_\_\_\_\_  
Name: Zachary Braun  
Title: Corporate Banker III

**FIRST FINANCIAL BANK**

By: \_\_\_\_\_  
Name: John Wilgus  
Title: Senior Vice President

**S&T BANK**

By: \_\_\_\_\_  
Name: Sean Apicella  
Title: Senior Vice President

**UNITED BANK**

By:   
Name: Neil Sullivan Taylor C. Vaughn  
Title: Senior Vice President



**CERTIFICATION**  
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, David Gladstone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gladstone Commercial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024

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/s/ David Gladstone

David Gladstone  
Chief Executive Officer and  
Chairman of the Board of Directors

**CERTIFICATION**  
**Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Gary Gerson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gladstone Commercial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024

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/s/ Gary Gerson

Gary Gerson  
Chief Financial Officer

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Executive Officer of Gladstone Commercial Corporation (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the period ended September 30, 2024 ("Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: November 4, 2024

/s/ David Gladstone

David Gladstone

Chief Executive Officer

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CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Financial Officer of Gladstone Commercial Corporation (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the period ended September 30, 2024 ("Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: November 4, 2024

/s/ Gary Gerson

Gary Gerson

Chief Financial Officer

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Pursuant to FINRA Rules 2310(b)(5) and 2231(c), Gladstone Commercial Corporation (the "Company") determined the estimated value as of September 30, 2024, of its 6.00% Series F Cumulative Redeemable Preferred Stock (the "Series F Preferred Stock"), \$25.00 stated value per share, with the assistance of a third-party valuation service. In particular, the third-party valuation service reviewed the amount resulting from the consolidated undepreciated book value of the Company's assets less its contractual liabilities, divided by the number of shares of the Company's Series E, F, and G Preferred Stock outstanding, all as reflected in the Company's condensed consolidated financial statements included in Part 1 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 to which this exhibit is attached, which were prepared in conformity with accounting principles generally accepted in the United States of America. Based on this methodology and because the result from the calculation above is greater than the \$25.00 per share stated value of the Company's Series F Preferred Stock, the Company has determined that the estimated value of its Series F Preferred Stock as of September 30, 2024, is \$25.00 per share.