REFINITIV

DELTA REPORT

10-Q

GLADSTONE COMMERCIAL CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1071
CHANGES	368
DELETIONS	416
ADDITIONS	287

REFINITIV

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, 2023 MARCH 31, 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 CORPORATION
(Exact name of registrant as specified in its charter)

Maryland	**02-0681276**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1521 Westbranch Drive, Suite 100 McLean, Virginia	**22102**
(Address of principal executive offices)	**(Zip Code)**

(703) 287-5800
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and formal 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 ☐

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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 6, 2023 May 6, 2024 was 39,948,820. 40,054,308.

GLADSTONE COMMERCIAL CORPORATION
FORM 10-Q FOR THE QUARTER ENDED
September 30, 2023 March 31, 2024

TABLE OF CONTENTS

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, 2023	December 31, 2022		
		March 31, 2024		March 31, 2024	December 31, 2023
ASSETS	ASSETS				
Real estate, at cost					
Real estate, at cost					
Real estate, at cost	Real estate, at cost	$ 1,226,461	$ 1,287,297		
Less: accumulated depreciation	Less: accumulated depreciation	291,986	286,150		
Total real estate, net	Total real estate, net	934,475	1,001,147		
Lease intangibles, net	Lease intangibles, net	102,629	111,622		
Real estate and related assets held for sale	Real estate and related assets held for sale	29,350	3,293		
Cash and cash equivalents	Cash and cash equivalents	18,263	11,653		
Restricted cash	Restricted cash	3,811	4,339		
Funds held in escrow	Funds held in escrow	8,509	8,818		
Right-of-use assets from operating leases	Right-of-use assets from operating leases	4,951	5,131		
Deferred rent receivable, net	Deferred rent receivable, net	40,462	38,884		
Other assets	Other assets	24,706	17,746		
TOTAL ASSETS	TOTAL ASSETS	$ 1,167,156	$ 1,202,633		
LIABILITIES, MEZZANINE EQUITY AND EQUITY	LIABILITIES, MEZZANINE EQUITY AND EQUITY				
LIABILITIES	LIABILITIES				
Mortgage notes payable, net (1)		$ 310,974	$ 359,389		
LIABILITIES					
LIABILITIES					
Mortgage notes payable, net					
Mortgage notes payable, net					
Mortgage notes payable, net					
Borrowings under Revolver	Borrowings under Revolver	70,950	23,250		

Borrowings under Term Loan A, Term Loan B and Term Loan C, net	Borrowings under Term Loan A, Term Loan B and Term Loan C, net		367,085		366,567	
Deferred rent liability, net	Deferred rent liability, net		31,814		39,997	
Operating lease liabilities	Operating lease liabilities		5,148		5,308	
Asset retirement obligation	Asset retirement obligation		4,843		4,793	
Accounts payable and accrued expenses	Accounts payable and accrued expenses		13,583		9,606	
Liabilities related to assets held for sale	Liabilities related to assets held for sale		631		—	
Due to Adviser and Administrator (1)	Due to Adviser and Administrator (1)		2,552		3,356	
Other liabilities	Other liabilities		12,949		14,617	
TOTAL LIABILITIES	TOTAL LIABILITIES	$	820,529	$	826,883	
Commitments and contingencies (2)	Commitments and contingencies (2)					Commitments and contingencies (2)
MEZZANINE EQUITY	MEZZANINE EQUITY					
Series E and G redeemable preferred stock, net, par value $0.001 per share; $25 per share liquidation preference; 10,750,886 and 10,751,486 shares authorized; and 7,052,334 and 7,052,934 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively (3)		$	170,041	$	170,056	
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 March 31, 2024 and December 31, 2023, respectively (3)						
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 March 31, 2024 and December 31, 2023, respectively (3)						
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 March 31, 2024 and December 31, 2023, respectively (3)						
TOTAL MEZZANINE EQUITY	TOTAL MEZZANINE EQUITY	$	170,041	$	170,056	
EQUITY	EQUITY					
Senior common stock, par value $0.001 per share; 950,000 shares authorized; and 406,425 and 431,064 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively (3)		$	1	$	1	

Common stock, par value $0.001 per share, 62,323,441 and 62,305,727 shares authorized; and 39,917,995 and 39,744,359 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively (3)			39		39
Series F redeemable preferred stock, par value $0.001 per share; $25 per share liquidation preference; 25,975,673 and 25,992,787 shares authorized and 899,049 and 670,895 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively (3)			1		1
Senior common stock, par value $0.001 per share; 950,000 shares authorized; and 402,817 and 406,425 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively (3)					
Senior common stock, par value $0.001 per share; 950,000 shares authorized; and 402,817 and 406,425 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively (3)					
Senior common stock, par value $0.001 per share; 950,000 shares authorized; and 402,817 and 406,425 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively (3)					
Common stock, par value $0.001 per share, 62,329,084 and 62,326,818 shares authorized; and 40,003,481 and 40,000,596 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively (3)					
Series F redeemable preferred stock, par value $0.001 per share; $25 per share liquidation preference; 25,970,030 and 25,972,296 shares authorized and 929,692 and 918,601 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively (3)					
Additional paid in capital	Additional paid in capital		729,400		721,327
Accumulated other comprehensive income	Accumulated other comprehensive income		19,795		11,640
Distributions in excess of accumulated earnings	Distributions in excess of accumulated earnings		(574,113)		(529,104)
TOTAL STOCKHOLDERS' EQUITY	TOTAL STOCKHOLDERS' EQUITY	$	175,123	$	203,904

OP Units held by Non-controlling OP Unitholders (3)	OP Units held by Non-controlling OP Unitholders (3)	1,463	1,790
TOTAL EQUITY	TOTAL EQUITY	$ 176,586	$ 205,694
TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY	TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY	$ 1,167,156	$ 1,202,633

(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,	
		2023	2022	2023	2022
		For the three months ended March 31,			
		For the three months ended March 31,			
		For the three months ended March 31,			
		2024			
		2024			
		2024			
Operating revenues					
Operating revenues					
Operating revenues	Operating revenues				
Lease revenue	Lease revenue	$ 36,464	$ 39,834	$ 111,675	$ 111,764
Lease revenue					
Lease revenue					
Total operating revenues					
Total operating revenues					
Total operating revenues	Total operating revenues	$ 36,464	$ 39,834	$ 111,675	$ 111,764
Operating expenses	Operating expenses				
Operating expenses					
Operating expenses					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	$ 12,485	$ 15,474	$ 44,125	$ 45,279
Property operating expenses	Property operating expenses	6,821	6,536	20,286	20,118
Property operating expenses					
Property operating expenses					
Base management fee (1)					
Base management fee (1)					
Base management fee (1)	Base management fee (1)	1,597	1,603	4,808	4,727
Incentive fee (1)	Incentive fee (1)	—	1,513	—	4,193

Incentive fee (1)					
Incentive fee (1)					
Administration fee (1)					
Administration fee (1)					
Administration fee (1)	Administration fee (1)	624	481	1,734	1,342
General and administrative	General and administrative	1,306	833	3,437	2,788
General and administrative					
General and administrative					
Impairment charge	Impairment charge	6,754	10,718	13,577	12,092
Impairment charge					
Impairment charge					
Total operating expense before incentive fee waiver					
Total operating expense before incentive fee waiver					
Total operating expense before incentive fee waiver					
Incentive fee waiver (1)					
Incentive fee waiver (1)					
Incentive fee waiver (1)					
Total operating expenses					
Total operating expenses					
Total operating expenses	Total operating expenses	$ 29,587	$ 37,158	$ 87,967	$ 90,539
Other income (expense)	Other income (expense)				
Other income (expense)					
Other income (expense)					
Interest expense					
Interest expense					
Interest expense	Interest expense	$ (9,936)	$ (9,107)	$ (27,845)	$ (22,813)
Gain on sale of real estate, net	Gain on sale of real estate, net	4,696	8,902	4,245	8,902
Gain on sale of real estate, net					
Gain on sale of real estate, net					
Gain on debt extinguishment, net					
Gain on debt extinguishment, net					
Gain on debt extinguishment, net					
Other income	Other income	155	316	262	538
Total other (expense) income, net		$ (5,085)	$ 111	$ (23,338)	$ (13,373)
Other income					
Other income					
Total other (expense), net					
Total other (expense), net					
Total other (expense), net					
Net income					
Net income					
Net income	Net income	$ 1,792	$ 2,787	$ 370	$ 7,852
Net (income) loss (available) attributable to OP Units held by Non-controlling OP Unitholders	Net (income) loss (available) attributable to OP Units held by Non-controlling OP Unitholders	(3)	4	78	12
Net (income) loss (available) attributable to OP Units held by Non-controlling OP Unitholders					
Net (income) loss (available) attributable to OP Units held by Non-controlling OP Unitholders					

Net income available to the Company	Net income available to the Company	$ 1,789	$ 2,791	$ 448	$ 7,864
Net income available to the Company					
Net income available to the Company					
Distributions attributable to Series E, F, and G preferred stock					
Distributions attributable to Series E, F, and G preferred stock					
Distributions attributable to Series E, F, and G preferred stock	Distributions attributable to Series E, F, and G preferred stock	(3,099)	(2,987)	(9,179)	(8,900)
Distributions attributable to senior common stock	Distributions attributable to senior common stock	(108)	(114)	(323)	(344)
Distributions attributable to senior common stock					
Distributions attributable to senior common stock					
Loss on extinguishment of Series F preferred stock					
Loss on extinguishment of Series F preferred stock					
Loss on extinguishment of Series F preferred stock	Loss on extinguishment of Series F preferred stock	(1)	—	(12)	(5)
Gain on repurchase of Series G preferred stock	Gain on repurchase of Series G preferred stock	—	—	3	—
Net loss attributable to common stockholders		$ (1,419)	$ (310)	$ (9,063)	$ (1,385)
Loss per weighted average share of common stock - basic & diluted					
Loss attributable to common shareholders		$ (0.04)	$ (0.01)	$ (0.23)	$ (0.04)
Gain on repurchase of Series G preferred stock					
Gain on repurchase of Series G preferred stock					
Net income available to common stockholders					
Net income available to common stockholders					
Net income available to common stockholders					
Income per weighted average share of common stock - basic & diluted					
Income per weighted average share of common stock - basic & diluted					
Income per weighted average share of common stock - basic & diluted					
Income available to common stockholders					
Income available to common stockholders					
Income available to common stockholders					
Weighted average shares of common stock outstanding					
Weighted average shares of common stock outstanding					
Weighted average shares of common stock outstanding	Weighted average shares of common stock outstanding				
Basic and Diluted	Basic and Diluted	39,917,995	39,504,734	39,939,660	38,723,581
Basic and Diluted					
Basic and Diluted					
Earnings per weighted average share of senior common stock					
Earnings per weighted average share of senior common stock					
Earnings per weighted average share of senior common stock	Earnings per weighted average share of senior common stock	$ 0.27	$ 0.26	$ 0.79	$ 0.78
Weighted average shares of senior common stock outstanding - basic	Weighted average shares of senior common stock outstanding - basic	406,425	431,064	411,075	438,556
Weighted average shares of senior common stock outstanding - basic					

Weighted average shares of senior common stock outstanding - basic					
Comprehensive income					
Comprehensive income					
Comprehensive income	Comprehensive income				
Change in unrealized gain related to interest rate hedging instruments, net	Change in unrealized gain related to interest rate hedging instruments, net	$ 5,089	$ 6,790	$ 7,218	$ 13,660
Other Comprehensive gain		5,089	6,790	7,218	13,660
Change in unrealized gain related to interest rate hedging instruments, net					
Change in unrealized gain related to interest rate hedging instruments, net					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
Net income	Net income	$ 1,792	$ 2,787	$ 370	$ 7,852
Comprehensive income		$ 6,881	$ 9,577	$ 7,588	$ 21,512
Net income					
Net income					
Comprehensive income (loss)					
Comprehensive income (loss)					
Comprehensive income (loss)					
Comprehensive (income) loss (available) attributable to OP Units held by Non-controlling OP Unitholders	Comprehensive (income) loss (available) attributable to OP Units held by Non-controlling OP Unitholders	(3)	4	78	12
Total comprehensive income available to the Company		$ 6,878	$ 9,581	$ 7,666	$ 21,524
Comprehensive (income) loss (available) attributable to OP Units held by Non-controlling OP Unitholders					
Comprehensive (income) loss (available) attributable to OP Units held by Non-controlling OP Unitholders					
Total comprehensive income (loss) available to the Company					
Total comprehensive income (loss) available to the Company					
Total comprehensive income (loss) available to the Company					

(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 three months ended March 31,
		For the three months ended March 31,
		For the three months ended March 31,
	2024	
	2024	
	2024	
Cash flows from operating activities:		
Cash flows from operating activities:		

Cash flows from operating activities:

Net income

Net income

Net income

Adjustments to reconcile net income to net cash provided by operating activities:

Adjustments to reconcile net income to net cash provided by operating activities:

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization

Depreciation and amortization

Depreciation and amortization

Impairment charge

Impairment charge

Impairment charge

Gain on debt extinguishment, net

Gain on debt extinguishment, net

Gain on debt extinguishment, net

Gain on sale of real estate, net

Gain on sale of real estate, net

Gain on sale of real estate, net

Amortization of deferred financing costs

Amortization of deferred financing costs

Amortization of deferred financing costs

Amortization of deferred rent asset and liability, net

Amortization of deferred rent asset and liability, net

Amortization of deferred rent asset and liability, net

Amortization of discount and premium on assumed debt, net

Amortization of discount and premium on assumed debt, net

Amortization of discount and premium on assumed debt, net

Asset retirement obligation expense

Asset retirement obligation expense

Asset retirement obligation expense

Amortization of right-of-use asset from operating leases and operating lease liabilities, net

Amortization of right-of-use asset from operating leases and operating lease liabilities, net

Amortization of right-of-use asset from operating leases and operating lease liabilities, net

Operating changes in assets and liabilities

Operating changes in assets and liabilities

Operating changes in assets and liabilities

Decrease in other assets

Decrease in other assets

Decrease in other assets

Decrease in deferred rent receivable

Decrease in deferred rent receivable

Decrease in deferred rent receivable

Decrease in accounts payable and accrued expenses

Decrease in accounts payable and accrued expenses

Decrease in accounts payable and accrued expenses

Increase (decrease) in amount due to Adviser and Administrator
Increase (decrease) in amount due to Adviser and Administrator
Increase (decrease) in amount due to Adviser and Administrator

(Decrease) increase in other liabilities

	For the nine months ended September 30,			
	2023		2022	
Cash flows from operating activities:				
Net income	$	370	$	7,852
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		44,125		45,279
Impairment charge		13,577		12,092
Gain on sale of real estate, net		(4,245)		(8,902)
Amortization of deferred financing costs		1,248		3,066
Amortization of deferred rent asset and liability, net		(5,772)		(2,483)
Amortization of discount and premium on assumed debt, net		31		36
Asset retirement obligation expense		94		68
Amortization of right-of-use asset from operating leases and operating lease liabilities, net		20		23
Operating changes in assets and liabilities				
Decrease (increase) in other assets		2,279		(1,476)
Decrease in deferred rent receivable		(2,524)		(1,192)
Increase in accounts payable and accrued expenses		2,320		3,388
(Decrease) increase in amount due to Adviser and Administrator		(804)		273

(Decrease) increase in other liabilities

(Decrease) increase in other liabilities		(894)		598
Leasing commissions paid		(1,336)		(1,724)

Leasing commissions paid
Leasing commissions paid

Net cash provided by operating activities
Net cash provided by operating activities

Net cash provided by operating activities	$	48,489	$	56,898
Cash flows from investing activities:				
Acquisition of real estate and related intangible assets	$	(17,539)	$	(95,882)

Cash flows from investing activities:
Cash flows from investing activities:
Improvements of existing real estate
Improvements of existing real estate

Improvements of existing real estate		(6,369)		(2,490)
Proceeds from sale of real estate		22,174		26,847

Proceeds from sale of real estate
Proceeds from sale of real estate
Receipts from lenders for funds held in escrow
Receipts from lenders for funds held in escrow

Receipts from lenders for funds held in escrow		3,662		3,529

Payments to lenders for funds held in escrow	Payments to lenders for funds held in escrow		(3,353)		(5,689)
Payments to lenders for funds held in escrow					
Payments to lenders for funds held in escrow					
Receipts from tenants for reserves					
Receipts from tenants for reserves					
Receipts from tenants for reserves	Receipts from tenants for reserves		352		1,513
Payments to tenants from reserves	Payments to tenants from reserves		(2,165)		(3,106)
Payments to tenants from reserves					
Payments to tenants from reserves					
Deposits on future acquisitions					
Deposits on future acquisitions					
Deposits on future acquisitions	Deposits on future acquisitions		(350)		(258)
Net cash used in investing activities		$	(3,588)	$	(75,536)
Net cash provided by investing activities					
Net cash provided by investing activities					
Net cash provided by investing activities					
Cash flows from financing activities:					
Cash flows from financing activities:					
Cash flows from financing activities:	Cash flows from financing activities:				
Proceeds from issuance of equity	Proceeds from issuance of equity	$	9,775	$	45,232
Proceeds from issuance of equity					
Proceeds from issuance of equity					
Offering costs paid					
Offering costs paid					
Offering costs paid	Offering costs paid		(500)		(895)
Redemption of Series F preferred stock	Redemption of Series F preferred stock		(413)		(55)
Redemption of Series F preferred stock					
Redemption of Series F preferred stock					
Retirement of Senior Common stock					
Retirement of Senior Common stock					
Retirement of Senior Common stock	Retirement of Senior Common stock		(55)		—
Repurchase of Series G preferred stock	Repurchase of Series G preferred stock		(12)		—
Repurchase of common stock			(998)		—
Repurchase of Series G preferred stock					
Repurchase of Series G preferred stock					
Borrowings under mortgage notes payable			9,000		56,313
Payments for deferred financing costs	Payments for deferred financing costs		(375)		(5,202)
Payments for deferred financing costs					
Payments for deferred financing costs					
Principal repayments on mortgage notes payable					
Principal repayments on mortgage notes payable					
Principal repayments on mortgage notes payable	Principal repayments on mortgage notes payable		(57,637)		(138,889)

Borrowings from revolving credit facility	Borrowings from revolving credit facility		93,100		87,250
Borrowings from revolving credit facility					
Borrowings from revolving credit facility					
Repayments on revolving credit facility	Repayments on revolving credit facility		(45,400)		(113,050)
Borrowings on term loan			—		150,000
Repayments on term loan			—		(5,000)
Repayments on revolving credit facility					
Repayments on revolving credit facility					
Increase in security deposits					
Increase in security deposits					
Increase in security deposits	Increase in security deposits		141		464
Distributions paid for common, senior common, preferred stock and Non-controlling OP Unitholders	Distributions paid for common, senior common, preferred stock and Non-controlling OP Unitholders		(45,445)		(53,022)
Net cash (used in) provided by financing activities		$	(38,819)	$	23,146
Net increase in cash, cash equivalents, and restricted cash		$	6,082	$	4,508
Distributions paid for common, senior common, preferred stock and Non-controlling OP Unitholders					
Distributions paid for common, senior common, preferred stock and Non-controlling OP Unitholders					
Net cash used in financing activities					
Net cash used in financing activities					
Net cash used in financing activities					
Net (decrease) increase in cash, cash equivalents, and restricted cash					
Net (decrease) increase in cash, cash equivalents, and restricted cash					
Net (decrease) increase in cash, cash equivalents, and restricted cash					
Cash, cash equivalents, and restricted cash at beginning of period	Cash, cash equivalents, and restricted cash at beginning of period	$	15,992	$	13,178
Cash, cash equivalents, and restricted cash at beginning of period					
Cash, cash equivalents, and restricted cash at beginning of period					
Cash, cash equivalents, and restricted cash at end of period					
Cash, cash equivalents, and restricted cash at end of period					
Cash, cash equivalents, and restricted cash at end of period					
SUPPLEMENTAL AND NON-CASH INFORMATION					
SUPPLEMENTAL AND NON-CASH INFORMATION					
SUPPLEMENTAL AND NON-CASH INFORMATION					
Tenant funded fixed asset improvements included in deferred rent liability, net					
Tenant funded fixed asset improvements included in deferred rent liability, net					
Tenant funded fixed asset improvements included in deferred rent liability, net					
Unrealized gain (loss) related to interest rate hedging instruments, net					
Unrealized gain (loss) related to interest rate hedging instruments, net					
Unrealized gain (loss) related to interest rate hedging instruments, net					

Cash, cash equivalents, and restricted cash at end of period	$ 22,074	$ 17,686
SUPPLEMENTAL AND NON-CASH INFORMATION		
Tenant funded fixed asset improvements included in deferred rent liability, net	$ (1,312)	$ 16,668
Unrealized gain related to interest rate hedging instruments, net	$ 7,218	$ 13,660
Capital improvements and leasing commissions included in accounts payable and accrued expenses	$ 3,099	$ 1,142
Increase in asset retirement obligation assumed in acquisition	$ —	$ 718
Non-controlling OP Units issued in connection with acquisition	$ —	$ 2,393
Dividends paid on Series F Preferred Stock via additional share issuances	$ 355	$ 284

Right-of-use asset from operating leases	$ (686)	$ —
Operating lease liabilities	$ 795	$ —
Capital improvements and leasing commissions included in accounts payable and accrued expenses	$ 6,868	$ 2,350
Dividends paid on Series F Preferred Stock via additional share issuances	$ 131	$ 112

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,			
		2023	2022		
		For the three months ended March 31,		For the three months ended March 31,	
		2024		2024	2023
Cash and cash equivalents	Cash and cash equivalents	$ 18,263	$ 13,540		
Restricted cash	Restricted cash	3,811	4,146		
Total cash, cash equivalents, and restricted cash shown in the consolidated statement of cash flows	Total cash, cash equivalents, and restricted cash shown in the consolidated statement of cash flows	$ 22,074	$ 17,686		

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 other 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, 2022 December 31, 2023, as filed with the U.S. Securities and Exchange Commission (the “SEC”) on February 22, 2023 February 21, 2024. The results of operations for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for other interim periods or for the full fiscal year.

Revision of Previously Issued Financial Statements

In connection with the preparation of its the Company’s financial statements for the second quarter of 2023, the Company we identified errors in the calculation of depreciation of tenant funded improvement assets at a number of its the Company’s properties. The Company had depreciated these assets through a term that was different than their useful lives, the correction of which resulted in changes to depreciation expense, a non-cash amount, and net income. The correction of these errors had an immaterial impact on the Incentive Fee for each period presented and had no impact on any other Advisory fees. The identified errors were included in the Company's previously issued 2021 quarterly and annual financial statements, 2022 quarterly and annual financial statements, and quarterly financial statements for the three months ended March 31, 2023. The Company evaluated the errors and determined that the related impact was not material to the Consolidated Statements of Operations and Comprehensive Income, Consolidated Balance Sheets, Consolidated Statements of Cash Flows or Consolidated Statements of Equity for any period impacted. The Company has revised the previously issued Condensed Consolidated Statements of Operations and Comprehensive Income, Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Cash Flows and Stockholders’ Equity tables as of and for the three and nine months ended September 30, 2022 March 31, 2023 to correct for such errors and these revisions are reflected in this Form 10-Q. The Company will also correct previously reported financial information for these errors in its our future filings, as applicable. A summary of the corrections to the impacted financial statement line items to the Company’s previously issued Consolidated Statements of Operations and Comprehensive Income, Consolidated Balance Sheets, Consolidated Statements of Cash Flows and Consolidated Statements of Equity for each affected period is presented in Note 9, “Revision of Previously Issued Financial Statements.”

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, 2022 December 31, 2023. There were no material changes to our critical accounting policies during the three and nine months ended September 30, 2023 March 31, 2024.

2. Related-Party Transactions

<u>Gladstone Management and Gladstone Administration</u>

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 other 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, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, $2.6 million $2.9 million and $3.4 million $2.6 million, respectively, were 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. Our Board of Directors reviews and considers renewing the agreements with our Adviser and Administrator each annually, typically during the month of July. During their July 2023 meeting, our Board of Directors reviewed and renewed the Administration Agreement for an additional year, through August 31, 2024 and simultaneously entered into the Eighth Amended and Restated Investment Advisory Agreement (the "Eighth Amended Advisory Agreement").

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, 2023 March 31, 2024, we recorded a base management fee of $1.5 million. For the three months ended March 31, 2023, we recorded a base management fee of $1.6 million and $4.8 million, respectively. For the three and nine months ended September 30, 2022, we recorded a base management fee of $1.6 million and $4.7 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 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, 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 entered 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 ending 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 remains was unchanged.

For the three and nine months ended September 30, 2023 March 31, 2024, we recorded an incentive fee of $1.2 million, partially offset by credits related to non-contractual, unconditional, and irrevocable waivers issued by the Advisor of $0.8 million. For the three months ended March 31, 2023, the contractually eliminated incentive fee would have been $0.9 million and $3.4 million, respectively. For the three and nine months ended September 30, 2022, we recorded an incentive fee of $1.5 million and $4.2 million, respectively. The Adviser did not waive any portion of the incentive fee for the three and nine months ended September 30, 2022. $1.1 million.

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, 2023 March 31, 2024 or 2022. 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 agreement 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 to actual services performed. For the three and nine months ended September 30, 2023 March 31, 2024, we recorded an administration fee of $0.6 million and $1.7 million, respectively. . For the three and nine months ended September 30, 2022 March 31, 2023, we recorded an administration fee of $0.5 million and $1.3 million, respectively. $0.6 million.

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 properties we own. 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 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 paid did not pay 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 payable, net, in the condensed consolidated balance sheets, or 0.38% March 31, 2024 and 0.29% of the mortgage principal secured. We paid financing fees to Gladstone Securities of $0.1 million and $0.3 million during the three and nine months ended September 30, 2022, which are included in mortgage payable, net, in the condensed consolidated balance sheets, or 0.29% and 0.32% of the mortgage principal secured. 2023. Our Board of Directors renewed the agreement for an additional year, through August 31, 2024, at its July 2023 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. The 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 is was registered with the SEC pursuant to an automatic shelf registration statement on Form S-3 (File No. 333-268549), as the same may be was amended and/or and supplemented (the “2022 Registration Statement”), under the Securities Act of 1933, as amended, and is 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 a portion of the Dealer Manager Fee to participating broker-dealers in support of the Offering. We paid fees of $0.1 million and $0.5 $0.02 million to Gladstone Securities during the three and nine months ended September 30, 2023, respectively, March 31, 2024 in connection with the Offering. We paid fees of $0.1 million and $0.4 $0.03 million to Gladstone Securities during the three and nine months ended September 30, 2022, respectively, March 31, 2023 in connection with the Offering.

3. Loss Earnings Per Share of Common Stock

The following tables set forth the computation of basic and diluted loss earnings per share of common stock for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 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 loss earnings per share calculations, as there would be no effect on the amounts since the Non-controlling OP Unitholders’ share of loss earnings would also be added back to net loss. income. Net loss income figures are presented net of such non-controlling interests in the loss earnings per share calculation.

We computed basic loss earnings per share for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 using the weighted average number of shares outstanding during the respective periods. Diluted loss earnings per share for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 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 loss earnings 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,	
	2023	2022	2023	2022
Calculation of basic loss per share of common stock:				
Net loss attributable to common stockholders	$ (1,419)	$ (310)	$ (9,063)	$ (1,385)
Denominator for basic weighted average shares of common stock (1)	39,917,995	39,504,734	39,939,660	38,723,581
Basic loss per share of common stock	$ (0.04)	$ (0.01)	$ (0.23)	$ (0.04)
Calculation of diluted loss per share of common stock:				
Net loss attributable to common stockholders	$ (1,419)	$ (310)	$ (9,063)	$ (1,385)
Net loss attributable to common stockholders plus assumed conversions (2)	$ (1,419)	$ (310)	$ (9,063)	$ (1,385)
Denominator for basic weighted average shares of common stock (1)	39,917,995	39,504,734	39,939,660	38,723,581
Effect of convertible Senior Common Stock (2)	—	—	—	—
Denominator for diluted weighted average shares of common stock (2)	39,917,995	39,504,734	39,939,660	38,723,581
Diluted loss per share of common stock	$ (0.04)	$ (0.01)	$ (0.23)	$ (0.04)

	For the three months ended March 31,	
	2024	2023
Calculation of basic earnings per share of common stock:		
Net income available to common stockholders	$ 304	$ 41
Denominator for basic weighted average shares of common stock (1)	40,003,481	39,922,359
Basic earnings per share of common stock	$ 0.01	$ —
Calculation of diluted earnings per share of common stock:		
Net income available to common stockholders	$ 304	$ 41
Net earnings available to common stockholders plus assumed conversions (2)	$ 304	$ 41
Denominator for basic weighted average shares of common stock (1)	40,003,481	39,922,359
Effect of convertible Senior Common Stock (2)	—	—
Denominator for diluted weighted average shares of common stock (2)	40,003,481	39,922,359
Diluted earnings per share of common stock	$ 0.01	$ —

(1) The weighted average number of OP Units held by Non-controlling OP Unitholders was 391,468 310,643 for the three months ended March 31, 2024 and 391,468 for the three and nine months ended September 30, 2023, respectively, and 273,072 and 262,412 for the three and nine months ended September 30, 2022, respectively. March 31, 2023.

(2) We excluded convertible shares of Senior Common Stock of 345,132 342,247 and 363,246 345,687 from the calculation of diluted earnings per share for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 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, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, excluding real estate held for sale as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (dollars in thousands):

		September 30, 2023	December 31, 2022		
		March 31, 2024		March 31, 2024	December 31, 2023
Real estate:	Real estate:				
Land (1)					
Land (1)					
Land (1)	Land (1)	$ 143,815	$ 152,916		
Building and improvements	Building and improvements	1,025,384	1,069,407		

Tenant improvements	Tenant improvements	57,262	64,974
Accumulated depreciation	Accumulated depreciation	(291,986)	(286,150)
Real estate, net	Real estate, net	$ 934,475	$ 1,001,147

(1) This amount includes $4,436 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 $8.9 million and $31.2 million $9.8 million for the three and nine months ended September 30, 2023, respectively. March 31, 2024. Real estate depreciation expense on building and tenant improvements was $10.7 million and $30.7 million $10.6 million for the three and nine months ended September 30, 2022, respectively. March 31, 2023.

Acquisitions

We acquired three properties during the nine months ended September 30, 2023 and acquired 11 industrial properties during the nine months ended September 30, 2022. The acquisitions are summarized below (dollars in thousands):

Nine Months Ended		Aggregate Square Footage	Weighted Average Lease Term	Aggregate Purchase Price	Aggregate Capitalized Acquisition Costs
September 30, 2023	(1)	183,803	18.7 years	$ 17,539	$ 349
September 30, 2022	(2)	1,105,006	13.8 years	$ 98,276	$ 776

(1) 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 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.

(2) On February 24, 2022, we acquired an 80,000 square foot property in Wilkesboro, North Carolina for $7.5 million. The property is fully leased to one tenant and had 12.7 years of remaining lease term at the time we acquired the property. On March 11, 2022, we acquired a 56,000 square foot property in Oklahoma City, Oklahoma for $6.0 million. The property is fully leased to one tenant and had 7.0 years of remaining lease term at the time we acquired the property. On May 4, 2022, we acquired a two-property, 260,719 square foot portfolio in Cleveland, Ohio and Fort Payne, Alabama for $19.5 million. The properties are fully leased to one tenant and had 11.4 years of remaining lease term at the time we acquired the properties. On May 12, 2022, we acquired a three-property, 345,584 square foot portfolio in Wilmington, North Carolina for $18.9 million. The properties are fully leased to one tenant and had 13.1 years of remaining lease term at the time we acquired the properties. On August 5, 2022, we acquired a two-property, 246,000 square foot portfolio in Bridgeton, New Jersey and Vineland, New Jersey for $32.7 million. The properties are fully leased to one tenant and had 15.1 years of remaining lease term at the time we acquired the properties. On September 16, 2022, we acquired a 67,328 square foot property in Jacksonville, Florida for $8.1 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 September 20, 2022, we acquired a 49,375 square foot property in Fort Payne, Alabama for $5.6 million. The property is fully leased to one tenant and had 14.8 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, 2023 and 2022 as follows (dollars in thousands):

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	
Acquired assets and liabilities	Purchase price	Purchase price	
Land	$ 2,714	$ 5,949	
Building	11,423	77,903	
Tenant Improvements	692	1,468	
In-place Leases	1,001	4,907	
Leasing Costs	1,270	5,387	
Customer Relationships	439	2,937	
Above Market Leases	—	328	(1)
Below Market Leases	—	(603)	(2)
Total Purchase Price	$ 17,539	$ 98,276	

(1) This amount includes $9 of loans receivable included in Other assets on the condensed balance sheets.

(2) This amount includes $32 of prepaid rent included in Other liabilities 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 nine months ending December 31, 2023 December 31, 2024 and each of the five succeeding fiscal years and thereafter is as follows excluding real estate held for sale as of September 30, 2023 (dollars in thousands):

Year		Tenant Lease Payments
Nine Months Ending December 31, 2024	$	85,646
2025		112,521
2026		106,922
2027		91,632
2028		78,866
2029		70,194
Thereafter		330,221

Year		Tenant Lease Payments
Three Months Ending December 31, 2023	$	28,906
2024		112,878
2025		112,342
2026		106,748
2027		90,440
2028		75,223
Thereafter		357,055

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, 2023 March 31, 2024 and 2022, 2023, respectively (dollars in thousands):

	For the three months ended September 30, (Dollars in Thousands)			
Lease revenue reconciliation	2023	2022	$ Change	% Change
Fixed lease payments	$ 31,945	$ 35,752	$ (3,807)	(10.6)%
Variable lease payments	4,519	4,082	437	10.7 %
	$ 36,464	$ 39,834	$ (3,370)	(8.5)%

	For the three months ended March 31,							
Lease revenue reconciliation	2024		2023		$ Change		% Change	
Fixed lease payments	$ 31,789	$	$ 32,141	$	$ (352)	(1.1)	(1.1)	%
Variable lease payments	3,932	4,413	4,413	(481)	(481)	(10.9)	(10.9)	%
$		$ 35,721	$ 36,554		$ (833)			(2.3) %

	For the nine months ended September 30, (Dollars in Thousands)						
Lease revenue reconciliation	2023		2022		$ Change		% Change
Fixed lease payments	$	98,465	$	98,961	$	(496)	(0.5)%
Variable lease payments		13,210		12,803		407	3.2 %
	$	111,675	$	111,764	$	(89)	(0.1)%

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, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, excluding real estate held for sale as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (dollars in thousands):

		September 30, 2023		December 31, 2022		March 31, 2024		
		Lease Intangibles	Accumulated Amortization	Lease Intangibles	Accumulated Amortization			
		March 31, 2024						
		Lease Intangibles				Lease Intangibles	Accumulated Amortization	Lease In
In-place leases	In-place leases	$ 98,904	$ (62,270)	$ 104,394	$ (63,240)			
Leasing costs	Leasing costs	83,075	(45,170)	85,038	(45,501)			
Customer relationships	Customer relationships	63,614	(35,524)	69,586	(38,655)			
		$						
		$ 245,593	$ (142,964)	$ 259,018	$ (147,396)			
		Deferred Rent Receivable/(Liability)	Accumulated (Amortization)/Accretion	Deferred Rent Receivable/(Liability)	Accumulated (Amortization)/Accretion			
		Deferred Rent Receivable/(Liability)						
		Deferred Rent Receivable/(Liability)						
		Deferred Rent Receivable/(Liability)				Accumulated (Amortization)/Accretion	Deferred Rent Receivable/(Liability)	Accum (Amortizatio
Above market leases	Above market leases	$ 13,431	$ (10,546)	$ 15,371	$ (11,909)			
Below market leases and deferred revenue	Below market leases and deferred revenue	(60,927)	29,113	(66,138)	26,141			

Total amortization expense related to in-place leases, leasing costs and customer relationship lease intangible assets was $3.6 million and $12.9 million $3.5 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively, and $4.7 million and $14.5

million $4.1 million for the three and nine months ended September 30, 2022 March 31, 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, 2023, respectively, March 31, 2024 and $0.2 million and $0.6 million for the three and nine months ended September 30, 2022 March 31, 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 $1.8 million and $6.2 million $1.7 million for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and $1.5 million and $3.1 million $1.9 million for the three and nine months ended September 30, 2022 March 31, 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, 2023 and 2022, were as follows:

Intangible Assets & Liabilities	September 30, 2023	September 30, 2022
In-place leases	18.0	14.2
Leasing costs	18.0	14.2
Customer relationships	22.7	20.2
Above market leases	0.0	15.7
Below market leases	0.0	13.0

All intangible assets & liabilities	19.6	15.7

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

Real Estate Dispositions

We sold five properties during the nine months ended September 30, 2023 and three properties during the nine three months ended September 30, 2022 March 31, 2024 and no properties during the three months ended March 31, 2023.

During the nine three months ended September 30, 2023 March 31, 2024, we continued to execute our capital recycling program, whereby we sold non-core properties and redeployed proceeds to either fund property acquisitions in our target secondary growth markets or repay outstanding debt. properties. We expect to continue to execute our capital recycling plan 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 three months ended September 30, 2023 March 31, 2024, we sold five three non-core properties,

located in Baytown, Texas; Birmingham, Alabama; Pittsburgh, Pennsylvania; Eatontown, New Jersey; Columbus, Ohio; Draper, Utah; and Taylorsville, Utah, Richardson, Texas, which are summarized in the table below (dollars in thousands):

Aggregate Square Footage Sold	Aggregate Square Footage Sold	Aggregate Sales Price	Aggregate Sales Costs	Aggregate Impairment Charge for the Nine Months Ended September 30, 2023	Aggregate Gain on Sale of Real Estate, net	Aggregate Square Footage Sold	Aggregate Sales Price	Aggregate Sales Costs	Aggregate Impairment Charge for the Three Months Ended March 31, 2024	Aggregate Gain on Sale of Real Estate, net
	206,278	$ 23,650	$ 1,476	$ 3,591	$ 4,245					
357,179										

Our dispositions during the nine three months ended September 30, 2023 March 31, 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, 2023 March 31, 2024 and 2022 2023 (dollars in thousands):

		For the three months ended September 30,		For the nine months ended September 30,		
		2023	2022	2023		2022
		For the three months ended March 31,				
		For the three months ended March 31,				
		For the three months ended March 31,				
		2024				
		2024				
		2024				
Operating revenue						
Operating revenue						
Operating revenue	Operating revenue	$ 184	$ 565	$ 1,209		$ 2,501
Operating expense	Operating expense	60	510	4,427	(2)	2,251
Operating expense						
Operating expense						
Other income (expense), net						
Other income (expense), net						

Other income (expense), net	Other income (expense), net	4,443	(1)	(189)	3,790	(3)	(502)
Income (expense) from real estate and related assets sold	Income (expense) from real estate and related assets sold	$ 4,567		$ (134)	$ 572		$ (252)
Income (expense) from real estate and related assets sold							
Income (expense) from real estate and related assets sold							

(1) Includes a $4.7 $0.5 million impairment charge on one property.

(2) Includes a $0.3 million gain on sale of real estate, net, on the sale of three property sales.

(2) Includes properties and a $3.6 $0.3 million impairment charge on one property.

(3) Includes a $4.2 million gain on debt extinguishment, net, on the sale of real estate, net, on five property sales. two of those properties.

Real Estate Held for Sale

At September 30, 2023 March 31, 2024, we had four two properties classified as held for sale, located in Columbia, South Carolina; Richardson, Texas; Columbus, Ohio; Tifton, Georgia and Blaine, Minnesota. Egg Harbor, New Jersey. We consider these assets to be non-core to our long term strategy. At December 31, 2022 December 31, 2023, we had one property three properties classified as held for sale, located in Columbia, South Carolina. Richardson, Texas; Columbus, Ohio; and Tifton, Georgia.

The table below summarizes the components of the assets and liabilities held for sale at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 reflected on the accompanying condensed consolidated balance sheets (dollars in thousands):

		September 30, 2023	December 31, 2022		
		March 31, 2024		March 31, 2024	December 31, 2023
Assets Held for Sale	Assets Held for Sale				
Total real estate held for sale					
Total real estate held for sale					
Total real estate held for sale	Total real estate held for sale	$ 28,972	$ 3,293		
Lease intangibles, net	Lease intangibles, net	369	—		
Deferred rent receivable, net	Deferred rent receivable, net	9	—		
Total Assets Held for Sale	Total Assets Held for Sale	$ 29,350	$ 3,293		
Total Assets Held for Sale					
Total Assets Held for Sale					
Liabilities Held for Sale	Liabilities Held for Sale				

Deferred rent liability, net			
Deferred rent liability, net			
Deferred rent liability, net	Deferred rent liability, net	$ 631	$ —
Total Liabilities Held for Sale	Total Liabilities Held for Sale	$ 631	$ —
Total Liabilities Held for Sale			
Total Liabilities Held for Sale			

Impairment Charges

We evaluated our portfolio for triggering events to determine if any of our held and used assets were impaired during the nine three months ended September 30, 2023 March 31, 2024 and identified two held and used assets, located in Columbus, Ohio and Draper, Utah, which were impaired by $9.0 million. We also recognized did not recognize an impairment charge of $4.6 million on two held for sale assets, located in Richardson, Texas and Taylorsville, Utah during the nine months ended September 30, 2023. In performing our held for sale assessment, 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. charge. We recognized an impairment charge of $12.1 million during the nine months ended September 30, 2022 $0.5 million on two one held for sale assets, asset, located in Columbia, South Carolina and Parsippany, New Jersey. Richardson, Texas during the three months ended March 31, 2024. In performing our held for sale assessment, the carrying value of this asset was above the fair value, less costs of sale. As a result, we impaired this property to equal the fair market value less costs of sale. We did not recognize an impairment charge during the three months ended March 31, 2023.

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, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are summarized below (dollars in thousands):

		Encumbered properties at September 30, 2023	Carrying Value at September 30, 2023	Carrying Value at December 31, 2022	Stated Interest Rates at September 30, 2023	Scheduled Maturity Dates at September 30, 2023
		Encumbered properties at March 31, 2024				
		Encumbered properties at March 31, 2024	Carrying Value March 31, 2024			
Mortgage and other secured loans:	Mortgage and other secured loans:					
Fixed rate mortgage loans	Fixed rate mortgage loans	49	$ 313,400	$ 362,037	(1)	(2)
Fixed rate mortgage loans						
Fixed rate mortgage loans		45	$ 278,025	$ 298,122		
Premiums and discounts, net						
Premiums and discounts, net						

Premiums and discounts, net	Premiums and discounts, net	—		(52)	(83)	N/A	N/A		—	(33)	(33)	(42)	(42)		
Deferred financing costs, mortgage loans, net	Deferred financing costs, mortgage loans, net	—		(2,374)	(2,565)	N/A	N/A	Deferred financing costs, mortgage loans, net	—	(2,016)	(2,016)	(2,227)	(2		
Total mortgage notes payable, net	Total mortgage notes payable, net	49		$ 310,974	$359,389	(3)									
Variable rate revolving credit facility	Variable rate revolving credit facility	82	(6)	$ 70,950	$ 23,250	SOFR + 1.50%	(4) 8/18/2026								
Variable rate revolving credit facility															
Variable rate revolving credit facility									84	(6)	$ 75,950	$ 75,750			
Total revolver	Total revolver	82		$ 70,950	$ 23,250										
Total revolver															
Total revolver															
Variable rate term loan facility A															
Variable rate term loan facility A															
Variable rate term loan facility A	Variable rate term loan facility A	—	(6)	$ 160,000	$160,000	SOFR + 1.45%	(4) 8/18/2027		—	(6)	(6)	$160,000	$	$ 160,000	SOFR + 1.45%
Variable rate term loan facility B	Variable rate term loan facility B	—	(6)	60,000	60,000	SOFR + 1.45%	(4) 2/11/2026	Variable rate term loan facility B	—	(6)	(6)	60,000	60,000	60,000	S 1.
Variable rate term loan facility C	Variable rate term loan facility C	—	(6)	150,000	150,000	SOFR + 1.45%	(4) 2/18/2028	Variable rate term loan facility C	—	(6)	(6)	150,000	150,000	150,000	S 1.
Deferred financing costs, term loan facility	Deferred financing costs, term loan facility	—		(2,915)	(3,433)	N/A	N/A	Deferred financing costs, term loan facility	—	(2,570)	(2,570)	(2,742)	(2		
Total term loan, net	Total term loan, net	N/A		$ 367,085	$366,567										
Total mortgage notes payable and credit facility	Total mortgage notes payable and credit facility	131		$ 749,009	$749,206	(5)									
Total mortgage notes payable and credit facility															
Total mortgage notes payable and credit facility															

(1) As of September 30, 2023 March 31, 2024, interest rates on our fixed rate mortgage notes payable varied from 2.80% to 6.63%.
(2) As of September 30, 2023 March 31, 2024, we had 43 39 mortgage notes payable with maturity dates ranging from January 1, 2024 June 18, 2024 through August 1, 2037.
(3) The weighted average interest rate on the mortgage notes outstanding as of September 30, 2023 March 31, 2024 was approximately 4.20% 4.16%.
(4) As of September 30, 2023 March 31, 2024, Secured Overnight Financing Rate ("SOFR") was approximately 5.31% 5.34%.
(5) The weighted average interest rate on all debt outstanding as of September 30, 2023 March 31, 2024 was approximately 5.70% 5.78%.
(6) The amount we may draw under our Credit Facility is based on a percentage of the fair value of a combined pool of 82 84 unencumbered properties as of September 30, 2023 March 31, 2024.

N/A - Not Applicable

Mortgage Notes Payable

As of September 30, 2023 March 31, 2024, we had 43 39 mortgage notes payable, collateralized by a total of 49 45 properties with a net book value of $496.5 million $460.7 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, 2023 March 31, 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 three months ended September 30, 2023 March 31, 2024, we repaid four two mortgages, collateralized by four two properties, which are summarized in the table below (dollars in thousands):

Fixed Rate Debt Repaid	Fixed Rate Debt Repaid	Interest Rate on Fixed Rate Debt Repaid	Fixed Rate Debt Repaid			Interest Rate on Fixed Rate Debt Repaid	
$	46,530	4.78 %	17,674	5.05		5.05	%

During We did not make any payments for deferred financing costs during the nine three months ended September 30, 2023, we issued three mortgages, collateralized by three properties, which are summarized in the table below (dollars in thousands):

Aggregate Fixed Rate Debt Issued	Weighted Average Interest Rate on Fixed Rate Debt
$ 9,000	6.10 %

During the nine months ended September 30, 2023, we extended the maturity date of one mortgage, collateralized by one property, which is summarized in the table below (dollars in thousands):

Fixed Rate Debt Extended	Interest Rate on Fixed Rate Debt Extended	Extension Term
$ 8,769	6.50 %	1.0 year

March 31, 2024. We made payments of $0.3 million and $0.4 $0.1 million for deferred financing costs during the three and nine months ended September 30, 2023. We made payments of $5.6 million and $6.2 million for deferred financing costs during the three and nine months ended September 30, 2022 March 31, 2023.

Scheduled principal payments of mortgage notes payable for the three nine months ending December 31, 2023 December 31, 2024, and each of the five succeeding fiscal years and thereafter are as follows (dollars in thousands):

Year	Year	Scheduled Principal Payments
Three Months Ending December 31, 2023		$ 11,995
2024		28,400
Nine Months Ending December 31, 2024		

Nine Months Ending December 31, 2024			
Nine Months Ending December 31, 2024			
2025			
2025			
2025	2025	36,420	
2026	2026	35,084	
2026			
2026			
2027			
2027			
2027	2027	95,040	
2028	2028	37,116	
2028			
2028			
2029			
2029			
2029			
Thereafter			
Thereafter			
Thereafter	Thereafter	69,345	
Total	Total	$ 313,400	(1)
Total			
Total		$ 278,025	(1)

(1) This figure does not include $(0.1) $(0.03) million of premiums and (discounts), net, and $2.4 $2.0 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, 2023 March 31, 2024 and December 31, 2022 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, 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, 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 $6.9 $4.6 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, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (dollars in thousands):

		September 30, 2023		December 31, 2022	
Aggregate Cost		Aggregate Notional Amount	Aggregate Fair Value	Aggregate Notional Amount	Aggregate Fair Value
$ 141	(1)	$ 65,000	$ 1,340	$ 225,000	$ 4,629

Aggregate Cost			March 31, 2024				December 31, 2023			
			Aggregate Notional Amount		Aggregate Fair Value		Aggregate Notional Amount		Aggregate Fair Value	
$	99	(1)	$	60,000	$	194	$	65,000	$	684

(1) We have entered into various interest rate cap agreements on variable rate debt with SOFR caps ranging from 1.49% 1.75% to 1.75% 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 rate 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, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (dollars in thousands):

	September 30, 2023			December 31, 2022								
March 31, 2024							March 31, 2024			December 31, 2023		
Aggregate Notional Amount	Aggregate Notional Amount	Aggregate Fair Value Asset	Aggregate Fair Value Liability	Aggregate Notional Amount	Aggregate Fair Value Asset	Aggregate Fair Value Liability	Aggregate Notional Amount	Aggregate Fair Value Asset	Aggregate Fair Value Liability	Aggregate Notional Amount	Aggregate Fair Value Asset	Aggregate Fair Value Liability
$	361,969	$ 17,015	$ —	$362,832	$ 8,264	$ (897)						

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

		Amount of gain, net, recognized in Comprehensive Income							
		Three Months Ended September 30,				Nine Months Ended September 30,			
		2023		2022		2023		2022	
		Amount of gain, net, recognized in Comprehensive Income							
		Amount of gain, net, recognized in Comprehensive Income							
		Amount of gain, net, recognized in Comprehensive Income							
		Three Months Ended March 31,							
		2024							
		2024							
		2024							
Derivatives in cash flow hedging relationships									
Derivatives in cash flow hedging relationships									
Derivatives in cash flow hedging relationships	Derivatives in cash flow hedging relationships								
Interest rate caps	Interest rate caps	$	(654)	$	1,758	$	(2,429)	$	4,520
Interest rate caps									
Interest rate caps									
Interest rate swaps									
Interest rate swaps									
Interest rate swaps	Interest rate swaps		5,743		5,032		9,647		9,140
Total	Total	$	5,089	$	6,790	$	7,218	$	13,660
Total									
Total									

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,	
		2023	2022	2023	2022
		Amount reclassified out of Accumulated Other Comprehensive Income			
		Amount reclassified out of Accumulated Other Comprehensive Income			
		Amount reclassified out of Accumulated Other Comprehensive Income			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Interest rate caps					
Interest rate caps					
Interest rate caps	Interest rate caps	$ 409	$ (52)	$ 937	$ (52)
Total	Total	$ 409	$ (52)	$ 937	$ (52)
Total					
Total					

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

		Asset (Liability) Derivatives Fair Value at	
Derivatives Designated as Hedging Instruments	Balance Sheet Location	March 31, 2024	December 31, 2023
Interest rate caps	Other assets	$ 194	$ 684
Interest rate swaps	Other assets	11,509	6,222
Interest rate swaps	Other liabilities	(43)	(670)
Total derivative liabilities, net		$ 11,660	$ 6,236

		Asset (Liability) Derivatives Fair Value at	
Derivatives Designated as Hedging Instruments	Balance Sheet Location	September 30, 2023	December 31, 2022
Interest rate caps	Other assets	$ 1,340	$ 4,629
Interest rate swaps	Other assets	17,015	8,264
Interest rate swaps	Other liabilities	—	(897)
Total derivative liabilities, net		$ 18,355	$ 11,996

The fair value of all mortgage notes payable outstanding as of September 30, 2023 March 31, 2024 was $273.2 million $251.8 million, as compared to the carrying value stated above of $311.0 million $276.0 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, 2023 March 31, 2024, there was $441.0 million $446.0 million outstanding under our Credit Facility, at a weighted average interest rate of approximately 6.77% 6.80%, and $2.9 million no outstanding under letters of credit, at a weighted average interest rate of 1.50%. credit. As of September 30, 2023 March 31, 2024, the maximum additional amount we could draw under the Credit Facility was $44.9 million $47.3 million. We were in compliance with all covenants under the Credit Facility as of September 30, 2023 March 31, 2024.

The amount outstanding under the Credit Facility approximates fair value as of September 30, 2023 March 31, 2024.

7. Commitments and Contingencies

Ground Leases

We are obligated as lessee under four three ground leases. Future minimum rental payments due under the terms of these leases for the three nine months ending December 31, 2023 December 31, 2024 and each of the five succeeding fiscal years and thereafter is are as follows (dollars in thousands):

Year	Year	Future Lease Payments Due Under Operating Leases	Year	Future Lease Payments Due Under Operating Leases
Three Months Ending December 31, 2023		$ 124		
2024		493		
Nine Months Ending December 31, 2024				
2025	2025	494		
2026	2026	498		
2027	2027	506		
2028	2028	510		
2029				
Thereafter	Thereafter	5,790		
Total anticipated lease payments	Total anticipated lease payments	$ 8,415		
Less: amount representing interest	Less: amount representing interest	(3,267)		
Present value of lease payments	Present value of lease payments	$ 5,148		

Rental expense incurred for properties with ground lease obligations during the three and nine months ended September 30, 2023 March 31, 2024 was $0.1 million and $0.3 million, respectively, and during the three and nine months ended September 30, 2022 March 31, 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 17.9 13.9 years and a weighted average discount rate of 5.33% 5.30%.

Letters of Credit

As of September 30, 2023 March 31, 2024, there was $2.9 million were no outstanding under letters of credit. These letters of credit are not reflected on our condensed consolidated balance sheets.

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, 2023 March 31, 2024 and 2022 (in 2023 (dollars in thousands):

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	2024
	2024
	2024
Senior Common Stock	
Senior Common Stock	
Senior Common Stock	
Balance, beginning of period	
Balance, beginning of period	
Balance, beginning of period	
Issuance of senior common stock, net	
Issuance of senior common stock, net	
Issuance of senior common stock, net	
Balance, end of period	
Balance, end of period	
Balance, end of period	
Common Stock	
Common Stock	
Common Stock	
Balance, beginning of period	
Balance, beginning of period	
Balance, beginning of period	
Issuance of common stock, net	
Issuance of common stock, net	
Issuance of common stock, net	
Balance, end of period	
Balance, end of period	
Balance, end of period	
Series F Preferred Stock	
Series F Preferred Stock	
Series F Preferred Stock	
Balance, beginning of period	
Balance, beginning of period	
Balance, beginning of period	
Issuance of Series F preferred stock, net	
Issuance of Series F preferred stock, net	
Issuance of Series F preferred stock, net	
Redemption of Series F preferred stock, net	
Redemption of Series F preferred stock, net	
Redemption of Series F preferred stock, net	
Balance, end of period	

Balance, end of period
Balance, end of period
Additional Paid in Capital
Additional Paid in Capital
Additional Paid in Capital
Balance, beginning of period
Balance, beginning of period
Balance, beginning of period
Issuance of common stock and Series F preferred stock, net
Issuance of common stock and Series F preferred stock, net
Issuance of common stock and Series F preferred stock, net
Redemption of Series F preferred stock, net
Redemption of Series F preferred stock, net
Redemption of Series F preferred stock, net
Retirement of senior common stock, net
Retirement of senior common stock, net
Retirement of senior common stock, net
Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership
Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership
Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership
Balance, end of period
Balance, end of period
Balance, end of period
Accumulated Other Comprehensive Income
Accumulated Other Comprehensive Income
Accumulated Other Comprehensive Income
Balance, beginning of period
Balance, beginning of period
Balance, beginning of period
Comprehensive income (loss)
Comprehensive income (loss)
Comprehensive income (loss)
Reclassification into interest expense
Reclassification into interest expense
Reclassification into interest expense
Balance, end of period

Balance, end of period

Balance, end of period

Distributions in Excess of Accumulated Earnings

Distributions in Excess of Accumulated Earnings

Distributions in Excess of Accumulated Earnings

Balance, beginning of period

Balance, beginning of period

Balance, beginning of period

Distributions declared to common, senior common, and preferred stockholders

Distributions declared to common, senior common, and preferred stockholders

Distributions declared to common, senior common, and preferred stockholders

Redemption of Series F preferred stock, net

Redemption of Series F preferred stock, net

Redemption of Series F preferred stock, net

Net income available to the Company

Net income available to the Company

Net income available to the Company

Balance, end of period

Balance, end of period

Balance, end of period

Total Stockholders' Equity

Total Stockholders' Equity

Total Stockholders' Equity

Balance, beginning of period

Balance, beginning of period

Balance, beginning of period

Issuance of common stock and Series F preferred stock, net

Issuance of common stock and Series F preferred stock, net

Issuance of common stock and Series F preferred stock, net

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Redemption of Series F preferred stock, net								
Redemption of Series F preferred stock, net								
Senior Common Stock								
Balance, beginning of period	$	1	$	1	$	1	$	1
Issuance of senior common stock, net		—		—		—		—
Balance, end of period	$	1	$	1	$	1	$	1
Common Stock								
Balance, beginning of period	$	39	$	39	$	39	$	37

Issuance of common stock, net		—	—	1	2
Repurchase of common stock, net		—	—	(1)	—
Balance, end of period		$ 39	$ 39	$ 39	$ 39
Series F Preferred Stock					
Balance, beginning of period		$ 1	$ 1	$ 1	$ —
Issuance of Series F preferred stock, net		—	—	—	1
Balance, end of period		$ 1	$ 1	$ 1	$ 1
Additional Paid in Capital					
Balance, beginning of period		$ 728,580	$ 705,629	$ 721,327	$ 671,134
Issuance of common stock and Series F preferred stock, net		690	9,856	6,725	44,513
Repurchase of common stock, net		—	—	998	—
Redemption of Series F preferred stock, net	Redemption of Series F preferred stock, net	183	—	401	55
Retirement of senior common stock, net	Retirement of senior common stock, net	—	—	52	—
Retirement of senior common stock, net					
Retirement of senior common stock, net					
Distributions declared to common, senior common, and preferred stockholders					
Distributions declared to common, senior common, and preferred stockholders					
Distributions declared to common, senior common, and preferred stockholders					
Comprehensive income (loss)					
Comprehensive income (loss)					
Comprehensive income (loss)					
Reclassification into interest expense					
Reclassification into interest expense					
Reclassification into interest expense					
Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership	Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership	(53)	1,613	(103)	1,396
Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership					
Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership					
Net income available to the Company					
Net income available to the Company					
Net income available to the Company					
Balance, end of period	Balance, end of period	$ 729,400	$ 717,098	$ 729,400	$ 717,098
Accumulated Other Comprehensive Income					
Balance, beginning of period		$ 14,297	$ 5,524	$ 11,640	$ (1,346)

Comprehensive income		5,089	6,790	7,218	13,660
Reclassification into interest expense		409	52	937	52
Balance, end of period	Balance, end of period	$ 19,795	$ 12,366	$ 19,795	$ 12,366
Distributions in Excess of Accumulated Earnings					
Balance, beginning of period		$ (560,719)	$ (498,856)	$ (529,104)	$ (468,908)
Distributions declared to common, senior common, and preferred stockholders		(15,182)	(17,984)	(45,445)	(53,000)
Redemption of Series F preferred stock, net		(1)	—	(12)	(5)
Net income attributable to the Company		1,789	2,791	448	7,864
Balance, end of period	Balance, end of period	$ (574,113)	$ (514,050)	$ (574,113)	$ (514,050)
Total Stockholders' Equity					

Non-Controlling Interest					
Non-Controlling Interest					
Non-Controlling Interest					
Balance, beginning of period	Balance, beginning of period	$ 182,199	$ 212,338	$ 203,904	$ 200,918
Issuance of common stock and Series F preferred stock, net		690	9,856	6,726	44,516
Repurchase of common stock, net		—	—	997	—
Balance, beginning of period					
Balance, beginning of period					
Distributions declared to Non-controlling OP Unit holders					
Distributions declared to Non-controlling OP Unit holders					
Distributions declared to Non-controlling OP Unit holders					
Redemption of Series F preferred stock, net		182	—	389	50
Retirement of senior common stock, net		—	—	52	—
Distributions declared to common, senior common, and preferred stockholders		(15,182)	(17,984)	(45,445)	(53,000)
Comprehensive income		5,089	6,790	7,218	13,660
Reclassification into interest expense		409	52	937	52
Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership	Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership	(53)	1,613	(103)	1,396
Net income attributable to the Company		1,789	2,791	448	7,864
Balance, end of period		$ 175,123	$ 215,455	$ 175,123	$ 215,455
Non-Controlling Interest					
Balance, beginning of period		$ 1,524	$ 1,275	$ 1,790	$ 1,259

Distributions declared to Non-controlling OP Unit holders	(117)	(114)	(352)	(307)
Issuance of Non-controlling OP Units as consideration in real estate acquisitions, net	—	2,394	—	2,394
Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership				
Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership / Adjustment to OP Units held by Non-controlling OP Unitholders resulting from changes in ownership of the Operating Partnership	53	(1,613)	103	(1,396)
Net income (loss) available (attributable) to OP units held by Non-controlling OP Unitholders / Net income (loss) available (attributable) to OP units held by Non-controlling OP Unitholders	3	(4)	(78)	(12)
Net income (loss) available (attributable) to OP units held by Non-controlling OP Unitholders				
Net income (loss) available (attributable) to OP units held by Non-controlling OP Unitholders				
Balance, end of period				
Balance, end of period				
Balance, end of period / Balance, end of period	$ 1,463	$ 1,938	$ 1,463	$ 1,938
Total Equity / **Total Equity**	$ 176,586	$ 217,393	$ 176,586	$ 217,393
Total Equity				
Total Equity				

Distributions

We paid the following distributions per share for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
	For the three months ended March 31,			
	For the three months ended March 31,			
	For the three months ended March 31,			
	2024			
	2024			
	2024			
Common Stock and Non-controlling OP Units				
Common Stock and Non-controlling OP Units				

Common Stock and Non-controlling OP Units	Common Stock and Non-controlling OP Units	$ 0.30000	$ 0.37620	$ 0.90000	$ 1.12860
Senior Common Stock	Senior Common Stock	0.2625	0.2625	0.7875	0.7875
Senior Common Stock					
Senior Common Stock					
Series E Preferred Stock					
Series E Preferred Stock					
Series E Preferred Stock	Series E Preferred Stock	0.414063	0.414063	1.242189	1.242189
Series F Preferred Stock	Series F Preferred Stock	0.375	0.375	1.125	1.125
Series F Preferred Stock					
Series F Preferred Stock					
Series G Preferred Stock	Series G Preferred Stock	0.375	0.375	1.125	1.125
Series G Preferred Stock					
Series G Preferred Stock					

Recent Activity

Common Stock ATM Programs

On February 22, 2022, we entered into Amendment No. 1 to the 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 (the “Prior Common Stock ATM Program”). During the nine months ended September 30, 2023, we sold 0.2 million shares of common stock, raising approximately $4.0 million in net proceeds under 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”). 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 dated March 3, 2023 and March 7, 2023, to the prospectus dated November 23, 2022, with the SEC, for the offer and sale of an aggregate offering amount of up to $250.0 million of common stock. During the nine three months ended September 30, 2023 March 31, 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 Buyback Program

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 dated March 26, 2024, to the prospectus dated March 21, 2024, with the SEC, for the offer and sale of an aggregate offering amount of $250.0 million of common stock. During the nine three months ended September 30, 2023 March 31, 2024, we repurchased $1.0 million worth did not sell any shares of our common stock through our common stock repurchase program. 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.

Prior to February 10, 2023, we had an At-the-Market Equity Offering Sales Agreement (the "Series E Preferred Stock Sales Agreement") with sales agents Baird, Goldman Sachs, Stifel, Fifth Third, and U.S. Bancorp Investments, Inc., pursuant to which we could, from time to time, offer to sell shares of our Series E Preferred Stock, in an aggregate offering price of up to $100.0 million. We did not sell any shares of our Series E Preferred Stock pursuant to the Series E Preferred Stock Sales Agreement during the nine months ended September 30, 2023. However, we terminated the agreement effective as of February 10, 2023.

Universal Shelf Registration Statements

On January 29, 2020, we filed the 2020 Registration Statement. The 2020 Registration Statement was declared effective on February 11, 2020. The 2020 Registration Statement allowed us to issue up to $800.0 million of securities. Of the $800.0 million of available capacity under our 2020 Registration Statement, approximately $636.5 million was reserved for the sale of our Series F Preferred Stock, and $63.0 million was reserved for our Prior Common Stock ATM Program. The 2020 Registration Statement expired on February 11, 2023.

On November 23, 2022, we filed the 2022 Registration Statement. There is was no limit on the aggregate amount of the securities that we may 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 229,677 7,580 shares of our Series F Preferred Stock, raising $5.2 million $0.2 million in net proceeds, during the nine three months ended September 30, 2023 March 31, 2024.

Non-controlling Interest in Operating Partnership

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we owned approximately 99.0% 99.2% and 99.0% 99.2%, respectively, of the outstanding OP Units.

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, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were 391,468 310,643 and 391,468 310,643 outstanding OP Units held by Non-controlling OP Unitholders, respectively.

9. Revision of Previously Issued Financial Statements

As discussed in Note 1, the Company identified errors in its calculation of the depreciation of certain tenant funded improvement assets at a number of its properties. A summary of the corrections to the impacted financial statement line items in the Company's previously issued Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and Consolidated Statements of Equity for the quarter ended September 30, 2022, and Consolidated Balance Sheets for the year ended December 31, 2022 included in previously filed Annual Reports on Form 10-K and Condensed Consolidated Statements of Operations and Comprehensive Income, Condensed Consolidated Statements of Cash Flows and the Stockholders' Equity tables for periods presented below, the quarter ended March 31, 2023, which were was presented in a previously filed Quarterly Reports Report on Form 10-Q, is as follows:

Condensed Consolidated Statements of Operations and Comprehensive Income

	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
Operating expenses						
Depreciation and amortization	$ 15,764	$ (290)	$ 15,474	$ 45,672	$ (393)	$ 45,279
Total operating expense before incentive fee waiver	$ 37,448	$ (290)	$ 37,158	$ 90,932	$ (393)	$ 90,539
Total operating expenses	$ 37,448	$ (290)	$ 37,158	$ 90,932	$ (393)	$ 90,539
Net income	$ 2,497	$ 290	$ 2,787	$ 7,459	$ 393	$ 7,852

Net income available to the Company	$ 2,501	$ 290	$ 2,791	$ 7,471	$ 393	$ 7,864
Net loss attributable to common stockholders	$ (600)	$ 290	$ (310)	$ (1,778)	$ 393	$ (1,385)
Loss per weighted average share of common stock - basic & diluted						
Loss attributable to common shareholders	$ (0.02)	$ 0.01	$ (0.01)	$ (0.05)	$ 0.01	$ (0.04)
Comprehensive income						
Net income	$ 2,497	$ 290	$ 2,787	$ 7,459	$ 393	$ 7,852
Total comprehensive income available to the Company	$ 9,291	$ 290	$ 9,581	$ 21,131	$ 393	$ 21,524

Consolidated Balance Sheets

	As of December 31, 2022		
	As Previously Reported	Adjustments	As Revised
ASSETS			
Less: accumulated depreciation	$ 286,994	$ (844)	$ 286,150
Total real estate, net	$ 1,000,303	$ 844	$ 1,001,147
Real estate and related assets held for sale	$ 3,013	$ 280	$ 3,293
TOTAL ASSETS	$ 1,201,509	$ 1,124	$ 1,202,633
EQUITY			
Distributions in excess of accumulated earnings	$ (530,228)	$ 1,124	$ (529,104)
TOTAL STOCKHOLDERS' EQUITY	$ 202,780	$ 1,124	$ 203,904
TOTAL EQUITY	$ 204,570	$ 1,124	$ 205,694
TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY	$ 1,201,509	$ 1,124	$ 1,202,633

Stockholders' Equity

	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
Distributions in Excess of Accumulated Earnings						
Balance, beginning of period	$ (498,574)	$ (282)	$ (498,856)	$ (468,523)	$ (385)	$ (468,908)
Net income attributable to the Company	2,501	290	2,791	7,471	393	7,864
Balance, end of period	$ (514,057)	$ 7	$ (514,050)	$ (514,057)	$ 7	$ (514,050)
Total Stockholders' Equity						
Balance, beginning of period	$ 212,620	$ (282)	$ 212,338	$ 201,303	$ (385)	$ 200,918
Net income attributable to the Company	2,501	290	2,791	7,471	393	7,864
Balance, end of period	$ 215,448	$ 7	$ 215,455	$ 215,448	$ 7	$ 215,455
Total Equity	$ 217,386	$ 7	$ 217,393	$ 217,386	$ 7	$ 217,393

Condensed Consolidated Statements of Operations and Comprehensive Income

	Three Months Ended March 31, 2023		
	As Previously Reported	Adjustments	As Revised
Operating expenses			
Depreciation and amortization	$ 15,474	$ (770)	$ 14,704
Total operating expenses	$ 25,434	$ (770)	$ 24,664
Net income	$ 2,397	$ 770	$ 3,167
Net income available to the Company	$ 2,404	$ 770	$ 3,174
Net loss attributable to common stockholders	$ (729)	$ 770	$ 41
Loss per weighted average share of common stock - basic & diluted			
Loss attributable to common shareholders	$ (0.02)	$ 0.02	$ —
Comprehensive income			

Net income	$ 2,397	$ 770	$ 3,167
Total comprehensive loss attributable to the Company	$ (3,491)	$ 770	$ (2,721)

Stockholders' Equity

	Three Months Ended March 31, 2023		
	As Previously Reported	Adjustments	As Revised
Distributions in Excess of Accumulated Earnings			
Balance, beginning of period	$ (530,228)	$ 1,124	$ (529,104)
Net income attributable to the Company	2,404	770	3,174
Balance, end of period	$ (542,937)	$ 1,895	$ (541,042)
Total Stockholders' Equity			
Balance, beginning of period	$ 202,780	$ 1,124	$ 203,904
Net income attributable to the Company	2,404	770	3,174
Balance, end of period	$ 188,987	$ 1,895	$ 190,882
Total Equity	$ 190,628	$ 1,895	$ 192,523

Condensed Consolidated Statements of Cash Flows

Condensed Consolidated Statements of Cash Flows

Condensed Consolidated Statements of Cash Flows

	Nine Months Ended September 30, 2022		
	As Previously Reported	Adjustments	As Revised
Cash flows from operating activities:			
Net income	$ 7,459	$ 393	$ 7,852
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	45,672	(393)	45,279

	Three Months Ended March 31, 2023		
	As Previously Reported	Adjustments	As Revised
Cash flows from operating activities:			
Net income			
Net income			
Net income			
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization			

10. Subsequent Events

Distributions

On October 10, 2023 April 9, 2024, our Board of Directors declared the following monthly distributions for the months of October, November April, May and December June of 2023: 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 20, 2023	October 31, 2023	$ 0.10	$ 0.138021	$ 0.125

November 20, 2023	November 30, 2023	0.10	0.138021	0.125
December 18, 2023	December 29, 2023	0.10	0.138021	0.125
		$ 0.30	$ 0.414063	$ 0.375

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
April 19, 2024	April 30, 2024	$ 0.10	$ 0.138021	$ 0.125
May 17, 2024	May 31, 2024	0.10	0.138021	0.125
June 19, 2024	June 28, 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 April	November 3, 2023 May 6, 2024	$ 0.0875
November May	December June 5, 2023 2024	0.0875
December June	January July 5, 2024	0.0875
		$ 0.2625

Series F Preferred Stock Distributions

Record Date	Payment Date	Distribution per Share
October 25, 2023 April 22, 2024	November May 3, 2023 2024	$ 0.125
November 28, 2023 May 23, 2024	December June 5, 2023 2024	0.125
December 27, 2023 June 25, 2024	January July 5, 2024	0.125
		$ 0.375

Equity Activity

Subsequent to September 30, 2023 March 31, 2024 and through November 6, 2023 May 6, 2024, we raised $0.1 $0.7 million in net proceeds from the sale of 4,318 50,827 shares of Series F Preferred Stock.

Acquisition Activity

On October 12, 2023, we purchased a 69,920 square foot industrial property in Allentown, Pennsylvania for $7.8 million. The property is fully leased to one tenant on a 20-year lease.

On November 3, 2023, we purchased a 67,709 square foot industrial property in Indianapolis, Indiana for $4.5 million. The property is fully leased to one tenant on a 20-year lease. common stock under our 2024 Common Stock Sales Agreement.

Sale Activity

On October 2, 2023 April 30, 2024, we sold our 146,483 29,257 square foot office property in Columbia, South Carolina Egg Harbor, New Jersey for $7.0 $2.6 million. We realized a $2.9 $0.05 million gain loss on sale, net.

Financing Activity

On October 2, 2023, we repaid $9.0 million in fixed rate debt, collateralized by one property, at an interest rate of 4.04%. We realized a $2.8 million gain on debt extinguishment. sale.

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 in our Annual Report on Form 10-K for the year ended December 31, 2022 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 6, 2023 May 6, 2024:

- we owned 136 131 properties totaling 17.2 million 16.7 million square feet of rentable space, located in 27 states;
- our occupancy rate was 97.4% 98.9%;
- the weighted average remaining term of our mortgage debt was 4.2 3.9 years and the weighted average interest rate was 4.20% 4.16%; and
- the average remaining lease term of the portfolio was 6.9 years.

Business Environment

The commercial real estate sector was marked by continued to face uncertainty and volatility in the third first quarter of 2023. The 2024. Although the Federal Reserve is signaling hinted at potential rate cuts at the end of 2023, higher than expected CPI data, as reported by the U.S. Bureau of Labor Statistics for all urban consumers, during the first quarter of 2024 has led to a holding pattern on its short-term rate increases as inflation levels out, but rise in long-term rates have risen significantly over the last few months. These long-term rates have interest rates. This increase has slowed the mortgage market which has, in turn, slowed the market for acquisitions. Real and consequently dampened acquisition activity. As a result, real estate transaction volumes remain have remained low, as with tightened credit standards and increasing rising capital costs have sidelined preventing many investors. investors from entering the market.

Overall Despite capital markets volatility, the industrial fundamentals remain sound, and the sector continues to outperform demonstrate strong fundamentals, consistently outperforming other property types. real estate categories. Cushman & Wakefield plc ("Cushman") reported healthy leasing activity in the first quarter of 2024, with transactions amounting to 128.7 million square feet, a 3% increase over the 10-year pre-pandemic average (2010-2019). Net absorption fell quarter over quarter from 48 million square feet to 14 million square feet, but the four-quarter rolling average of 42 million square feet remains in Cushman's range for 2024. Although new completions continue to exceed net absorption, leading to a rise in the overall vacancy rate, the vacancy rate of 5.8% in Q1 2024 remains below the historical average of 7.0% according to Cushman. Year-over-year, Cushman reports that industrial rents increased by 6%, compared to 10% in 2023 and 20% in 2022. Notably, Cushman reports that eight markets recorded net occupancy gains exceeding 1.0

million square feet in Q1 2024, with significant contributions from Houston (5.1 million square feet), Savannah (3.6 million square feet), Chicago (2.8 million square feet), and Austin (2.4 million square feet). Cushman further notes that the construction pipeline has decreased by 10% since the end of 2023 and is down 40% year-over-year as developers pull back, particularly in speculative builds, due to slowing demand for space and rising interest rates. According to Cushman, Wakefield, this represents the third quarter lowest level of 2023 posted 46.2 million square feet of net absorption, 12.7% lower than future construction activity in the second quarter of 2023. Absorption levels for the first three quarters of 2023 were below where they had been in the years leading up to the pandemic, which were historically strong years in the broader context of the e-commerce demand boom kick-started by the pandemic. New deliveries totaled 171.8 million square feet, an 18.7% increase over the 144.7 million square feet delivered in the second quarter of 2023. This record amount of new deliveries pushed the vacancy rate to 4.7%, which is still well below the 15-year historical average of 6.8%. The Sunbelt continues to outperform, with Savannah, Dallas-Fort Worth, Charlotte, and Houston all exceeding 4.0 million square feet of net occupancy gains during the third quarter. While net absorption remains positive, the national under construction pipeline continued to shrink by 96.7 million square feet. According to Cushman Wakefield, this is the smallest pipeline since the second quarter of 2021. years.

The office sector continued to weaken in the second quarter of 2023. According Q1 2024 showed mixed outcomes according to Jones Lang LaSalle Incorporated (“JLL”). Despite improvements in demand, JLL reports that the market still struggles with high negative net absorption, primarily driven by significant space reductions from major occupiers. JLL reports that the overall vacancy rate increased to 21.9%, reflecting ongoing challenges and that development activity has slowed considerably, with new office vacancy increased 39 basis supply groundbreakings dropping to less than 300,000 square feet, the lowest recorded in nearly 40 years, which points to 21.0%, but a slowing volume of deliveries and increased limited future deliveries. JLL notes that this slowdown, combined with robust inventory removals point to and conversions, suggests potential stabilization and a move towards market equilibrium in 2024. Only 7.9 million square feet of new product has broken ground in 2023 to date, which will limit future new deliveries. the upcoming years.

Interest rates remain volatile in response have been fluctuating due to competing ongoing concerns about inflationary pressures, and interest rate increases by inflation, with the future direction of Federal Reserve are rate hikes remaining uncertain. The yield on the 10-year U.S. Treasury Note, which has increased significantly risen steadily since the beginning of 2022, and finished ended the third first quarter of 2023 2024 at 4.57% and subsequent 4.21%.

Despite these macro-economic challenges, we believe that we are well positioned to quarter end has approached 5.00%. Global recessionary conditions may occur over navigate the next 6-24 months likely stemming from central bank intervention to curb inflation. current business environment.

We collected 100% of all outstanding cash rents for the nine three months ended September 30, 2023 March 31, 2024. In the past, we have received rent modification requests from our tenants, and we may receive additional requests in the future. However, we are unable to quantify the outcomes of the negotiation of relief packages, the success of any tenant’s financial prospects or the amount of relief requests that we will ultimately receive or grant. 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 economic issues, including regulations or laws implemented by state and local governments, in any one geographic market or area.

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, 2023 March 31, 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. We Based on market observations and conversations we routinely have had numerous conversations with lenders, and 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 short-term and long-term economic implications are unknown, in relation geopolitical landscape remains fractured due to recent world events, including inflation, events. Many domestic manufacturing businesses seek to limit supply chain disruptions and related inventory management issues, labor shortages, rising interest rates, public health emergencies such as by bringing their operations back to the U.S. The COVID-19 pandemic and associated governmental responses in addition to any subsequent shift in policy, geopolitical conditions (including instability resulting from military conflicts), new regulations or the long-term impact is largely behind us, but a level of social and infrastructure spending and tax reform in the U.S. Finally, the continuing uncertainty surrounding the ability of the federal government to address its fiscal condition in both the near and long term, as well as other geopolitical issues relating to the global economic slowdown has increased domestic and global instability. These developments could cause interest rates and borrowing costs work-from-home trends appear to be volatile, which may adversely affect our ability here to access stay. 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, but the timing of an easing cycle remains unknown. These uncertain times create both the equity risks and debt markets opportunities for us and could have an adverse impact on our tenants, as well. and we believe we are well-capitalized and positioned to take advantage.

The London Inter-bank Offered Rate (“LIBOR”) was phased out as of June 2023. The Secured Overnight Financing Rate (“SOFR”) is now the new rate standard. During 2022 and the first half of 2023, we began transitioning our variable rate debt to SOFR, and, at September 30, 2023, all of our variable rate debt was based upon SOFR.

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 four partially vacant buildings and three no fully vacant buildings. Our available vacant space at September 30, 2023 March 31, 2024 represents 3.4% 1.1% of our total square footage and the annual carrying costs on the vacant space, including real estate taxes and property operating expenses, are approximately $3.5 million$1.8 million. We continue to actively seek new tenants for these properties.

We believe our lease expiration schedule for the remainder of 20232024 is quite manageable, as it equates to only 2.1% 4.8% of our lease revenue at September 30, 2023 March 31, 2024. Property acquisitions since the beginning of 2020 have totaled $360.4 $372.7 million and all transactions were but one transaction was industrial in nature, with a weighted average lease term of 13.4 13.6 years and a current weighted average lease term today of 10.9 10.7 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 three months ended September 30, 2023 March 31, 2024, we continued to execute our capital recycling program, whereby we sold non-core properties and redeployed proceeds to either fund property acquisitions in our target secondary growth markets or repay outstanding debt. properties. We expect to continue to execute our capital recycling plan 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 three months ended September 30, 2023 March 31, 2024, we sold five three non-core properties, located in Baytown, Columbus, Ohio; Draper, Utah; and Richardson, Texas, and Birmingham, Alabama, which are summarized in the table below (dollars in thousands):

Aggregate Square Footage Sold	Aggregate Square Footage Sold	Aggregate Sales Price	Aggregate Sales Costs	Aggregate Impairment Charge for the Nine Months Ended September 30, 2023	Aggregate Gain on Sale of Real Estate, net	Aggregate Square Footage Sold	Aggregate Sales Price	Aggregate Sales Costs	Aggregate Impairment Charge for the Three Months Ended March 31, 2024	Aggregate Gain on Sale of Real Estate, net
206,278		$ 23,650	$ 1,476	$ 3,591	$ 4,245					
357,179										

On October 2, 2023 April 30, 2024, we sold our 146,483 29,257 square foot office property in Columbia, South Carolina Egg Harbor, New Jersey for $7.0 $2.6 million. We realized a $2.9 $0.05 million gain loss on sale, net. sale.

Acquisition Activity

During the nine months ended September 30, 2023, we acquired three properties located in Riverdale, Illinois and Dallas-Fort Worth, Texas, which are summarized below (dollars in thousands):

Aggregate Square Footage	Weighted Average Remaining Lease Term at Time of Acquisition	Aggregate Purchase Price	Aggregate Capitalized Acquisition Expenses	Aggregate Annualized GAAP Fixed Lease Payments
183,803	18.7 years	$ 17,539	$ 349	$ 1,649

On October 12, 2023, we purchased a 69,920 square foot industrial property in Allentown, Pennsylvania for $7.8 million. The property is fully leased to one tenant on a 20-year lease.

On November 3, 2023, we purchased a 67,709 square foot industrial property in Indianapolis, Indiana for $4.5 million. The property is fully leased to one tenant on a 20-year lease.

Leasing Activity

During and subsequent to the nine three months ended September 30, 2023 March 31, 2024, we executed 12 three 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
1,282,641	10.6 years	$ 8,805	$ 4,685	$ 1,767

During the nine months ended September 30, 2023, we had one lease termination, which is summarized below (dollars in thousands):

Square Footage Reduced	Accelerated Rent	Accelerated Rent Recognized through September 30, 2023
119,224	$ 2,045	$ 2,045

Aggregate Square Footage	Weighted Average Remaining Lease Term	Aggregate Annualized GAAP Fixed Lease Payments		Aggregate Tenant Improvement		Aggregate Leasing Commissions	
740,948	6.4 years	$	3,030	$	834	$	341

Financing Activity

During the nine three months ended September 30, 2023 March 31, 2024, we repaid four two mortgages, collateralized by four two properties, which are summarized in the table below (dollars in thousands):

Fixed Rate Debt Repaid		Interest Rate on Fixed Rate Debt Repaid
$	46,530	4.78 %

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

On October 2, 2023, we repaid $9.0 million in fixed rate debt, collateralized by one property, at an interest rate of 4.04%. We realized a $2.8 million gain on debt extinguishment.

During the nine months ended September 30, 2023, we issued three mortgages, collateralized by three properties, which are summarized in the table below (dollars in thousands):

Aggregate Fixed Rate Debt Issued		Weighted Average Interest Rate on Fixed Rate Debt
$	9,000	6.10 %

During the nine months ended September 30, 2023, we extended the maturity date of one mortgage, collateralized by one property, which is summarized in the table below (dollars in thousands):

Fixed Rate Debt Extended		Interest Rate on Fixed Rate Debt Extended	Extension Term
$	8,769	6.50 %	1.0 year

Equity Activities

Common Stock ATM Programs

On February 22, 2022, we entered into Amendment No. 1 to our Common Stock 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 (the “Prior Common Stock ATM Program”). During the nine months ended September 30, 2023, we sold 0.2 million shares of common stock, raising $4.0 million in net proceeds under our At-the-Market Equity Offering Sales Agreement (the “Common Stock 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”). 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 dated March 3, 2023 and March 7, 2023, to the prospectus dated November 23, 2022, with the SEC, for the offer and sale of an aggregate offering amount of $250.0 million of common stock. During the nine three months ended September 30, 2023 March 31, 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 Buyback Program

During the nine months ended September 30, 2023, we utilized our Sales Agreement (the “2024 Common Stock Sales Agreement”). The amendment permitted shares of common stock repurchase program, repurchasing $1.0 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 dated March 26, 2024, to the prospectus dated March 21, 2024, with the SEC, for the offer and sale of an aggregate offering amount of $250.0 million worth of common stock. All repurchased shares were retired.

Series E Preferred ATM Program

Prior to February 10, 2023 During the three months ended March 31, 2024, we had an At-the-Market Equity Offering Sales Agreement (the “Series E Preferred Stock Sales Agreement”) with sales agents Baird, Goldman Sachs, Stifel, Fifth Third, and U.S. Bancorp Investments, Inc., pursuant to which we could, from time to time, offer to sell shares of our Series E Preferred Stock, in an aggregate offering price of up to $100.0 million. We did not sell any shares of our Series E Preferred Stock pursuant to common stock under the Series E Preferred 2024 Common Stock Sales Agreement during the nine months ended September 30, 2023. We terminated the Series E Preferred Stock Sales Agreement effective as of February 10, 2023. Agreement.

Universal Shelf Registration Statements

On January 29, 2020, we filed the 2020 Registration Statement. The 2020 Registration Statement was declared effective on February 11, 2020. The 2020 Registration Statement allowed us to issue up to $800.0 million of securities. Of the $800.0 million of available capacity under our 2020 Registration Statement, approximately $636.5 million was reserved for the sale of our Series F Preferred Stock, and $63.0 million was reserved for our Prior Common Stock ATM Program. The 2020 Registration Statement expired on February 11, 2023.

On November 23, 2022, we filed an automatic shelf registration statement on Form S-3 (File No. 333-268549) (the “2022 Registration Statement”). There is was no limit on the aggregate amount of the securities that we may 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 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 229,677 7,580 shares of our Series F Preferred Stock, raising $5.2 million $0.2 million in net proceeds, during the nine three months ended September 30, 2023 March 31, 2024.

Non-controlling Interest in Operating Partnership

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we owned approximately 99.0% 99.2% and 99.0% 99.2%, respectively, of the outstanding operating partnership units in the Operating Partnership (“OP Units”).

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were 391,468 310,643 and 391,468 310,643 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 three months ended September 30, 2023 March 31, 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, 2023 March 31, 2024 and 2022 2023 (dollars in thousands):

		For the three months ended September 30,				For the nine months ended September 30,			
		2023		2022		2023		2022	
		For the three months ended March 31,							
		For the three months ended March 31,							
		For the three months ended March 31,							
		2024							
		2024							
		2024							
Industry Classification	Industry Classification	Lease Revenue	Percentage of Lease Revenue	Lease Revenue	Percentage of Lease Revenue	Lease Revenue	Percentage of Lease Revenue	Lease Revenue	Percentage of Lease Revenue

Telecommunications		$ 4,627	12.7 %	$ 5,859	14.7 %	$ 16,851	15.4 %	$ 17,216	15.6 %
Industry Classification									
Industry Classification									
Automotive									
Automotive									
Automotive	Automotive	5,331	14.6	4,815	12.1	15,676	14.0	14,085	12.6
Diversified/Conglomerate Services	Diversified/Conglomerate Services	4,588	12.6	4,248	10.7	13,780	12.3	13,338	11.9
Diversified/Conglomerate Services									
Diversified/Conglomerate Services									
Telecommunications									
Telecommunications									
Telecommunications									
Buildings and Real Estate									
Buildings and Real Estate									
Buildings and Real Estate									
Diversified/Conglomerate Manufacturing									
Diversified/Conglomerate Manufacturing									
Diversified/Conglomerate Manufacturing									
Personal, Food & Miscellaneous Services									
Personal, Food & Miscellaneous Services									
Personal, Food & Miscellaneous Services									
Banking									
Banking									
Banking									
Healthcare	Healthcare	2,683	7.4	4,025	10.1	8,636	7.7	12,084	10.8
Diversified/Conglomerate Manufacturing		2,653	7.3	2,779	7.0	8,052	7.2	8,198	7.3
Banking		2,527	6.9	5,726	14.4	7,136	6.4	10,941	9.8
Buildings and Real Estate		2,511	6.9	2,317	5.8	7,131	6.4	6,976	6.2
Personal, Food & Miscellaneous Services		2,345	6.4	1,809	4.5	7,038	6.3	4,906	4.4
Healthcare									
Healthcare									
Personal & Non-Durable Consumer Products									
Personal & Non-Durable Consumer Products									
Personal & Non-Durable Consumer Products	Personal & Non-Durable Consumer Products	1,967	5.4	1,669	4.2	5,737	5.1	3,634	3.3
Machinery	Machinery	1,487	4.1	995	2.5	4,305	3.9	2,944	2.6
Machinery									
Machinery									
Beverage, Food & Tobacco									
Beverage, Food & Tobacco									
Beverage, Food & Tobacco	Beverage, Food & Tobacco	1,441	4.0	1,430	3.6	4,274	3.8	4,216	3.8
Chemicals, Plastics & Rubber	Chemicals, Plastics & Rubber	1,365	3.7	1,208	3.0	4,048	3.6	3,619	3.2
Chemicals, Plastics & Rubber									
Chemicals, Plastics & Rubber									
Containers, Packaging & Glass	Containers, Packaging & Glass	960	2.6	971	2.4	2,922	2.6	2,850	2.6
Containers, Packaging & Glass									
Containers, Packaging & Glass									
Childcare									
Childcare									

Childcare									
Information Technology	Information Technology	579	1.6	669	1.7	1,869	1.7	2,824	2.5
Childcare		573	1.6	573	1.4	1,718	1.5	1,718	1.5
Information Technology									
Information Technology									
Electronics									
Electronics									
Electronics	Electronics	271	0.7	185	0.5	831	0.7	546	0.5
Printing & Publishing	Printing & Publishing	229	0.6	229	0.6	688	0.6	688	0.6
Printing & Publishing									
Printing & Publishing									
Education									
Education									
Education	Education	204	0.6	204	0.5	613	0.5	611	0.5
Home & Office Furnishings	Home & Office Furnishings	123	0.3	123	0.3	370	0.3	370	0.3
Home & Office Furnishings									
Home & Office Furnishings									
Total	Total	$ 36,464	100.0 %	$ 39,834	100.0 %	$ 111,675	100.0 %	$ 111,764	100.0 %
Total									
Total									

The tables below reflect the breakdown of total lease revenue by state for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (dollars in thousands):

State	State	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	Lease Revenue for the three months ended September 30, 2022	Percentage of Lease Revenue	Number of Leases for the three months ended September 30, 2022	State	Lease Revenue for the three months ended March 31, 2024	Percentage of Lease Revenue	Number of Leases for the three months ended March 31, 2024	Lease Revenue for the three months ended March 31, 2023	Percentage of Lease Revenue	Number of Leases for the three months ended March 31, 2023
Texas	Texas	$ 4,510	12.4 %	14	$ 5,452	13.7 %	15							
Florida	Florida	4,236	11.6	9	3,775	9.5	9							
Pennsylvania														
Ohio	Ohio	3,660	10.0	16	3,381	8.5	15							
Pennsylvania		3,640	10.0	9	3,707	9.3	10							
Georgia	Georgia	3,109	8.5	11	2,894	7.3	10							
North Carolina	North Carolina	2,398	6.6	10	2,320	5.8	10							
Alabama	Alabama	2,168	5.9	6	1,933	4.9	7							
Colorado	Colorado	1,869	5.1	4	1,109	2.8	3							
Michigan	Michigan	1,638	4.5	6	1,608	4.0	6							
Indiana	Indiana	1,053	2.9	10	1,063	2.7	10							
All Other States	All Other States	8,183	22.5	42	12,592	31.5	41							
Total	**Total**	$ 36,464	100.0 %	137	$ 39,834	100.0 %	136							

State	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	Lease Revenue for the nine months ended September 30, 2022	Percentage of Lease Revenue	Number of Leases for the nine months ended September 30, 2022

Florida	$ 15,118	13.5 %	9	$ 12,242	11.0 %	9
Texas	13,607	12.2	14	15,971	14.3	15
Pennsylvania	11,097	9.9	9	11,145	10.0	10
Ohio	10,772	9.6	16	10,517	9.4	15
Georgia	9,007	8.1	11	8,749	7.8	10
North Carolina	7,009	6.3	10	6,354	5.7	10
Alabama	6,653	6.0	6	5,254	4.7	7
Colorado	5,609	5.0	4	2,808	2.5	3
Michigan	4,850	4.3	6	4,825	4.3	6
Minnesota	3,202	2.9	7	2,983	2.7	7
All Other States	24,751	22.2	45	30,916	27.6	44
Total	$ 111,675	100.0 %	137	$ 111,764	100.0 %	136

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, 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 other 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. Our Board of Directors reviews and considers renewing the agreement with our Adviser each annually, typically during the month of July. During its July 2023 meeting, our Board of Directors reviewed and renewed the Advisory Agreement and Administration Agreement for an additional year, through August 31, 2024.

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, the Company entered 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 ending ended September 30, 2023 and December 31, 2023. In addition, the Eighth Amended Advisory Agreement also clarifies 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 remains 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, 2023 March 31, 2024 or 2022. 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 agreement 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, 2022 December 31, 2023, filed by us with the U.S. Securities and Exchange Commission (the "SEC") on February 22, 2023 February 21, 2024 (our "2022 "2023 Form 10-K"). There were no material changes to our critical accounting policies or estimates during the nine three months ended September 30, 2023 March 31, 2024.

Results of Operations

The weighted average yield on our total portfolio, which was 8.0% 8.5% and 7.8% 7.9% as of September 30, 2023 March 31, 2024 and 2022, 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, 2023 March 31, 2024 and 2022 2023 is below (dollars in thousands, except per share amounts):

	For the three months ended September 30, 2023	2022	$ Change	% Change	For the three months ended March 31, 2024	2023	$ Change	% Change
Operating revenues								
Lease revenue	$ 36,464	$ 39,834	$ (3,370)	(8.5)%	$ 35,721	$ 36,554	$ (833)	(2.3)
Total operating revenues	$ 36,464	$ 39,834	$ (3,370)	(8.5)%	$ 35,721	$ 36,554	$ (833)	(2.3)
Operating expenses								
Depreciation and amortization	$ 12,485	$ 15,474	$ (2,989)	(19.3)%	$ 13,326	$ 14,704	$ (1,378)	(9.4)
Property operating expenses	6,821	6,536	285	4.4 %	5,884	6,727	(843)	(
Base management fee	1,597	1,603	(6)	(0.4)%	1,535	1,605	(70)	
Incentive fee	—	1,513	(1,513)	(100.0)%	1,171	—	1,171	1
Administration fee	624	481	143	29.7 %	630	565	65	
General and administrative	1,306	833	473	56.8 %	1,047	1,063	(16)	
Impairment charge	6,754	10,718	(3,964)	(37.0)%	493	—	493	1
Total operating expense before incentive fee waiver					$ 24,086	$ 24,664	$ (578)	
Incentive fee waiver					(771)	—	(771)	
Total operating expenses	$ 29,587	$ 37,158	$ (7,571)	(20.4)%	$ 23,315	$ 24,664	$ (1,349)	(5.5)
Other (expense) income / **Other income (expense)**								
Interest expense								

Interest expense													
Interest expense	Interest expense	$ (9,936)	$ (9,107)	$ (829)	9.1 %		$ (9,497)	$	$ (8,828)	$	$ (669)	7.6	
Gain on sale of real estate, net	Gain on sale of real estate, net	4,696	8,902	(4,206)	(47.2)%	Gain on sale of real estate, net	283	—	—	283		283	1
Gain on debt extinguishment, net						Gain on debt extinguishment, net	300		—		300		
Other income	Other income	155	316	(161)	(50.9)%	Other income	34	105	105	(71)		(71)	(
Total other expense, net		$ (5,085)	$ 111	$ (5,196)	(4,681.1)%								
Total other (expense), net						Total other (expense), net	$ (8,880)		$ (8,723)		$ (157)		
Net income	Net income	$ 1,792	$ 2,787	$ (995)	(35.7)%	Net income	$ 3,526	$	$ 3,167	$	$ 359	11.3	
Distributions attributable to Series E, F, and G preferred stock	Distributions attributable to Series E, F, and G preferred stock	(3,099)	(2,987)	(112)	3.7 %	Distributions attributable to Series E, F, and G preferred stock	(3,112)	(3,022)	(3,022)	(90)		(90)	
Distributions attributable to senior common stock	Distributions attributable to senior common stock	(108)	(114)	6	(5.3)%								
Distributions attributable to senior common stock													
Distributions attributable to senior common stock							(105)		(109)		4		
Loss on extinguishment of Series F preferred stock	Loss on extinguishment of Series F preferred stock	(1)	—	(1)	100.0 %	Loss on extinguishment of Series F preferred stock	(3)	(5)	(5)	2		2	(
Net loss attributable to common stockholders and Non-controlling OP Unitholders		$ (1,416)	$ (314)	$ (1,102)	351.0 %								
Net loss attributable to common stockholders and Non-controlling OP Unitholders per weighted average share and unit - basic & diluted		$ (0.04)	$ (0.01)	$ (0.03)	300.0 %								
Gain on repurchase of Series G preferred stock						Gain on repurchase of Series G preferred stock	—		3		(3)		
Net income available to common stockholders and Non-controlling OP Unitholders						Net income available to common stockholders and Non-controlling OP Unitholders	$ 306		$ 34		$ 272		
Net income available to common stockholders and Non-controlling OP Unitholders per weighted average share and unit - basic & diluted						Net income available to common stockholders and Non-controlling OP Unitholders per weighted average share and unit - basic & diluted	$ 0.01		$ —		$ 0.01		

FFO available to common stockholders and Non-controlling OP Unitholders - basic (1)	FFO available to common stockholders and Non-controlling OP Unitholders - basic (1)	$ 13,127	$ 16,976	$ (3,849)	(22.7)%	FFO available to common stockholders and Non-controlling OP Unitholders - basic (1)	$ 13,542	$	$ 14,738	$	$ (1,196)	(8.1)
FFO available to common stockholders and Non-controlling OP Unitholders - diluted (1)	FFO available to common stockholders and Non-controlling OP Unitholders - diluted (1)	$ 13,235	$ 17,090	$ (3,855)	(22.6)%	FFO available to common stockholders and Non-controlling OP Unitholders - diluted (1)	$ 13,647	$	$ 14,847	$	$ (1,200)	(8.1)
FFO per weighted average share of common stock and Non-controlling OP Units - basic (1)	FFO per weighted average share of common stock and Non-controlling OP Units - basic (1)	$ 0.33	$ 0.43	$ (0.10)	(23.3)%							
FFO per weighted average share of common stock and Non-controlling OP Units - basic (1)												
FFO per weighted average share of common stock and Non-controlling OP Units - basic (1)							$ 0.34		$ 0.37		$ (0.03)	
FFO per weighted average share of common stock and Non-controlling OP Units - diluted (1)	FFO per weighted average share of common stock and Non-controlling OP Units - diluted (1)	$ 0.33	$ 0.43	$ (0.10)	(23.3)%	FFO per weighted average share of common stock and Non-controlling OP Units - diluted (1)	$ 0.34	$	$ 0.37	$ (0.03)		(8.1)

(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,			
	2023	2022	$ Change	% Change
Operating revenues				
Lease revenue	$ 111,675	$ 111,764	$ (89)	(0.1)%
Total operating revenues	$ 111,675	$ 111,764	$ (89)	(0.1)%
Operating expenses				
Depreciation and amortization	$ 44,125	$ 45,279	$ (1,154)	(2.5)%
Property operating expenses	20,286	20,118	168	0.8 %
Base management fee	4,808	4,727	81	1.7 %
Incentive fee	—	4,193	(4,193)	(100.0)%
Administration fee	1,734	1,342	392	29.2 %
General and administrative	3,437	2,788	649	23.3 %
Impairment charge	13,577	12,092	1,485	12.3 %
Total operating expenses	$ 87,967	$ 90,539	$ (2,572)	(2.8)%
Other (expense) income				
Interest expense	$ (27,845)	$ (22,813)	$ (5,032)	22.1 %
Gain on sale of real estate, net	4,245	8,902	(4,657)	(52.3)%
Other income	262	538	(276)	(51.3)%
Total other expense, net	$ (23,338)	$ (13,373)	$ (9,965)	74.5 %
Net income	$ 370	$ 7,852	$ (7,482)	(95.3)%

Distributions attributable to Series E, F, and G preferred stock	(9,179)	(8,900)	(279)	3.1 %
Distributions attributable to senior common stock	(323)	(344)	21	(6.1)%
Loss on extinguishment of Series F preferred stock	(12)	(5)	(7)	140.0 %
Gain on repurchase of Series G preferred stock	3	—	3	100.0 %
Net loss attributable to common stockholders and Non-controlling OP Unitholders	$ (9,141)	$ (1,397)	$ (7,744)	554.3 %
Net loss attributable to common stockholders and Non-controlling OP Unitholders per weighted average share and unit - basic & diluted	$ (0.23)	$ (0.04)	$ (0.19)	475.0 %
FFO available to common stockholders and Non-controlling OP Unitholders - basic (1)	$ 44,316	$ 47,072	$ (2,756)	(5.9)%
FFO available to common stockholders and Non-controlling OP Unitholders - diluted (1)	$ 44,639	$ 47,416	$ (2,777)	(5.9)%
FFO per weighted average share of common stock and Non-controlling OP Unit - basic (1)	$ 1.10	$ 1.21	$ (0.11)	(9.1)%
FFO per weighted average share of common stock and Non-controlling OP Unit - diluted (1)	$ 1.10	$ 1.21	$ (0.11)	(9.1)%

(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, 2022 January 1, 2023, which have not been subsequently vacated or disposed of. Acquired and disposed of properties are properties which were acquired, disposed of or classified as held for sale at any point subsequent to December 31, 2021 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, 2022 January 1, 2023.

Operating Revenues

	For the three months ended September 30,			
	(Dollars in Thousands)			
Lease Revenues	2023	2022	$ Change	% Change
Same Store Properties	$ 29,214	$ 27,707	$ 1,507	5.4 %
Acquired & Disposed Properties	3,416	8,833	(5,417)	(61.3)%
Properties with Vacancy	3,834	3,294	540	16.4 %
	$ 36,464	$ 39,834	$ (3,370)	(8.5)%

		For the nine months ended September 30,													
		(Dollars in Thousands)													
		For the three months ended March 31,												For the three months ended March 31,	
		(Dollars in Thousands)												(Dollars in Thousands)	
Lease Revenues	**Lease Revenues**	2023	2022	$ Change	% Change	**Lease Revenues**	2024		2023		$ Change			% Change	
Same Store Properties	Same Store Properties	$ 89,299	$ 82,559	$6,740	8.2 %	Same Store Properties	$30,771	$	$30,521	$	$250	0.8		0.8	%
Acquired & Disposed Properties	Acquired & Disposed Properties	11,092	19,161	(8,069)	(42.1)%	Acquired & Disposed Properties	1,440	2,650	2,650	(1,210)	(1,210)	(45.7)		(45.7)	%
Properties with Vacancy	Properties with Vacancy	11,284	10,044	1,240	12.3 %	Properties with Vacancy	3,510	3,383	3,383	127	127	3.8		3.8	%
		$111,675	$111,764	$ (89)	(0.1)%										
		$													

$ $	35,721	$ 36,554	$ (833)	(2.3)%

Lease revenues consist of rental income and operating expense recoveries earned from our tenants. Lease revenues from same store properties increased for the three and nine months ended September 30, 2023 March 31, 2024, due to an increase in recovery revenue rental rates from property operating expenses, accelerated rent from a lease termination, and income recognized from tenant funded improvement projects which were determined the leasing activity subsequent to be lessor assets. the three months ended March 31, 2023. Lease revenues decreased for acquired and disposed of properties for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended September 30, 2022 March 31, 2023, primarily due to accelerated rent from a lease termination in the prior period relating to a property sold and loss of lease revenue including variable lease payments caused by a decrease in from the 10 property operating expenses from vacancy at properties held for sale, sales subsequent to March 31, 2023, and partially offset by lease revenue from the three five properties acquired subsequent to September 30, 2022 March 31, 2023. Lease revenues increased for our properties with vacancy for the three and nine months ended September 30, 2023 March 31, 2024 due to an increase in rental revenue from partially leasing vacant space and variable lease payments due to an increase in property operating expenses.

Operating Expenses

Depreciation and amortization expense decreased for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended September 30, 2022 March 31, 2023, due to the depreciation errors corrected, as outlined in Note 1 and Note 9, coupled with the reduced depreciation and amortization expense from the seven 10 property sales subsequent to September 30, 2022 March 31, 2023, partially offset by an increase in depreciation and amortization expense on the three five properties acquired subsequent to September 30, 2022 and lease-related assets for lease that was terminated during the period. March 31, 2023.

	For the three months ended September 30, (Dollars in Thousands)			
Property Operating Expenses	2023	2022	$ Change	% Change
Same Store Properties	$ 4,155	$ 3,626	$ 529	14.6 %
Acquired & Disposed Properties	686	1,210	(524)	(43.3)%
Properties with Vacancy	1,980	1,700	280	16.5 %
	$ 6,821	$ 6,536	$ 285	4.4 %

		For the nine months ended September 30, (Dollars in Thousands)			
		For the three months ended March 31, (Dollars in Thousands)			
Property Operating Expenses	**Property Operating Expenses**	2023	2022	$ Change	% Change
Same Store Properties	Same Store Properties	$ 12,033	$ 11,007	$ 1,026	9.3 %
Acquired & Disposed Properties	Acquired & Disposed Properties	2,604	3,890	(1,286)	(33.1)%
Properties with Vacancy	Properties with Vacancy	5,649	5,221	428	8.2 %
		$ 20,286	$ 20,118	$ 168	0.8 %
		$ $ $			

	For the three months ended March 31, (Dollars in Thousands)						
Property Operating Expenses	2024		2023		$ Change		% Change
Same Store Properties	$ 3,933	$	$ 3,989	$	$ (56)	(1.4)	(1.4) %
Acquired & Disposed Properties	344	1,248	1,248	(904)	(904)	(72.4)	(72.4) %
Properties with Vacancy	1,607	1,490	1,490	117	117	7.9	7.9 %
	5,884		$ 6,727		$ (843)		(12.5) %

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 decrease in property operating expenses for same store properties for the three and nine months ended September 30, 2023 March 31, 2024, from the comparable 2022 2023 period, was a result of tenants requiring more employees to return on site as well as a decrease in franchise taxes, partially offset by general cost increases due to the inflationary environment during the three and nine months ended September 30, 2023 March 31, 2024. The decrease in property operating expenses for acquired and disposed of properties for the three and nine months ended September 30, 2023 March 31, 2024, from the comparable 2022 2023 period, is a result of a decrease in property operating expenses in relation from the 10 property sales subsequent to two March 31, 2023, minimally offset by the property operating expense from the five properties held for sale during the three and nine months ended September 30, 2023 that are fully vacant, requiring less costs acquired subsequent to operate the empty buildings. March 31, 2023. The increase in property operating expenses for properties with vacancy for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended September 30, 2022 March 31, 2023, is a result of general cost increases due to the inflationary environment during the same period coupled with increased expenses due to partially leasing space. period.

The base management fee paid to the Adviser increased decreased for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended September 30, 2022 March 31, 2023, due to an increase a decrease in Gross Tangible Real Estate over the three and nine months ended September 30, 2023 March 31, 2024 from property sales as compared to a smaller increase in Gross Tangible Real Estate during the three and nine months ended September 30, 2022 March 31, 2023. The calculation of the base management fee is described in detail above in *"Advisory and Administration Agreements."*

The incentive fee paid to the Adviser decreased increased for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended September 30, 2022 March 31, 2023, due to the payment of the incentive fee being contractually eliminated for the quarters quarter ended March 31, 2023 and June 30, 2023, as outlined in the Seventh Amended Advisory Agreement, and for Agreement. We recorded an incentive fee, which was partially waived, during the quarters three months ended September 30, 2023 and December 31, 2023, as outlined in the Eighth Amended Advisory Agreement. March 31, 2024. The calculation of the incentive fee is described in detail above in *"Advisory and Administration Agreements."*

The administration fee paid to the Administrator increased for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended September 30, 2022 March 31, 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 *"Advisory and Administration Agreements."*

General and administrative expenses increased remained consistent for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended September 30, 2022, primarily as a result of an increase in professional fees. March 31, 2023.

Other Income and Expenses

Interest expense increased for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended September 30, 2022 March 31, 2023. This increase was primarily a result of increased interest costs on variable rate debt, as global interest rates have increased in reaction to counteract growing inflation, coupled with costs associated with the maturity of several interest rate caps.

We sold five three non-core office properties during the three and nine months ended September 30, 2023 March 31, 2024, and as a result, incurred a gain on sale of real estate, net, and a gain on debt extinguishment, net. Gain on sale of real estate, net, There were no property sales during the three and nine months ended September 30, 2022 is attributable to three non-core office properties sold during the period. March 31, 2023.

Other income decreased for the three and nine months ended September 30, 2023 March 31, 2024, as compared to the three and nine months ended September 30, 2022 March 31, 2023, due to nonrecurring income items that occurred in the three months ended September 30, 2022 March 31, 2023.

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

Net income available to common stockholders and Non-controlling OP Unitholders decreased increased for the three months ended September 30, 2023 March 31, 2024, as compared to the three months ended September 30, 2022 March 31, 2023, as revised, primarily due a decrease in depreciation and amortization from the 10 property sales subsequent to March 31, 2023 and gains on sale, net, and debt extinguishment, net. This was partially offset by depreciation and amortization from the five properties acquired subsequent to March 31, 2023, impairment charges in the prior current period, partially offset by a smaller gain on sale, net. Net income available to common stockholders and Non-controlling OP Unitholders decreased for the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022, as revised, primarily due to an increase in interest expense due to higher borrowing costs on variable rate debt due to global interest rate expansion. This was partially offset by the contractual elimination of expansion, and the Incentive Fee during in the nine months ended September 30, 2023.

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 issuing additional equity securities. Our available liquidity as of September 30, 2023 March 31, 2024 was $63.2 million $57.8 million, consisting of approximately $18.3 million $10.5 million in cash and cash equivalents and available borrowing capacity of $44.9 million $47.3 million under our Credit Facility. Our available borrowing capacity under the Credit Facility decreased increased to $43.6 million $49.1 million as of November 6, 2023 May 6, 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, refinancing 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 flow 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 three months ended September 30, 2023 March 31, 2024, we raised net proceeds of $4.0 million of common equity under our Prior Common Stock ATM Program at a net weighted average per share price of $17.10. We used these proceeds to fund acquisitions, pay down outstanding debt and for other general corporate purposes. We did not sell any of our Series E Preferred Stock common equity under our Series E Preferred either the 2023 Common Stock Sales Agreement during the nine months ended September 30, 2023, which was terminated effective as of February 10, 2023. or 2024 Common Stock Sales Agreement. We raised net proceeds of $5.2 million $0.2 million from sales of our Series F Preferred Stock during the nine three months ended September 30, 2023 March 31, 2024.

As of November 6, 2023 May 6, 2024, there is no limit on we had the aggregate amount ability to raise up to $1.1 billion of additional equity capital through the sale and issuance of securities we may offer pursuant 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 2022 Registration Statement. remainder of 2024.

Debt Capital

As of September 30, 2023 March 31, 2024, we had 43 39 mortgage notes payable in the aggregate principal amount of $313.4 million $278.0 million, collateralized by a total of 49 45 properties with a remaining weighted average maturity of 4.1 4.0 years. The weighted-average interest rate on the mortgage notes payable as of September 30, 2023 March 31, 2024 was 4.20% 4.16%.

We continue to see banks and other non-bank lenders willing to make mortgage loans. 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, 2023 March 31, 2024, we had mortgage debt in the aggregate principal amount of $12.0 million $14.3 million payable during the remainder of 2023 2024 and $28.4 million $27.1 million payable during 2024. 2025. The 2023 2024 principal amount payable includes both amortizing principal payments and one balloon principal payment due during the remaining three nine months of 2023, which was repaid subsequent to quarter end. 2024. We anticipate being able to refinance our mortgages that come due during 2024 2025 with a combination of new mortgage debt, availability under our Credit Facility, and the issuance of additional equity securities. In addition, we have raised substantial equity securities under our at-the-market programs 2024 Common Stock Sales Agreement, or the sale and plan to continue to use these programs. issuance of other equity securities (including our Series F Preferred Stock) that are registered under the 2024 Registration Statement.

Operating Activities

Net cash provided by operating activities during the nine three months ended September 30, 2023 March 31, 2024, was $48.5 million $15.0 million, as compared to remained consistent with net cash provided by operating activities of $56.9 million $14.9 million for the nine three months ended September 30, 2022. This change was primarily a result of an increase in interest expense due to higher interest rates on variable rate debt, partially offset by an increase in operating revenues from the three properties acquired subsequent to September 30, 2022 March 31, 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 used in provided by investing activities during the nine three months ended September 30, 2023 March 31, 2024, was $3.6 million $18.5 million, which primarily consisted of two proceeds from three property acquisitions, coupled with sales, offset by capital improvements performed at certain of our properties. Net cash provided by investing activities during the three months ended March 31, 2023, was $0.7 million, which primarily consisted of receipts from tenant escrow, partially offset by capital improvements performed at certain of our properties partially offset by proceeds from five property sales. Net cash used in investing activities during the nine months ended September 30, 2022, was $75.5 million, which primarily consisted of 11 property acquisitions, coupled with capital improvements performed at certain of our properties, partially offset by the sale of three properties. and deposits on future acquisitions.

Financing Activities

Net cash used in financing activities during the nine three months ended September 30, 2023 March 31, 2024, was $38.8 million $34.7 million, which primarily consisted of $57.6 million $19.8 million of mortgage principal repayments, and distributions paid to common, senior common and preferred shareholders, partially offset by the issuance of $9.8 million $0.2 million of equity issuances of $9.0 million of new mortgage debt, and net borrowings on our credit facility. Net cash provided by used in financing activities for the nine three months ended September 30, 2022 March 31, 2023, was $23.1 million $12.8 million, which primarily consisted of the issuance $5.0 million of $45.2 million of common and preferred equity, coupled with a net increase in Credit Facility borrowings of $119.2 million partially offset by the repayment $138.9 million of outstanding mortgage debt repayments, and distributions paid to common, senior common and preferred shareholders. shareholders, partially offset by the issuance of $4.6 million of common and preferred equity 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, 2023 March 31, 2024, there was $441.0 million $446.0 million outstanding under our Credit Facility at a weighted average interest rate of approximately 6.77% 6.80% and $2.9 million no outstanding under letters of credit at a weighted average interest rate of 1.50%. credit. As of November 6, 2023 May 6, 2024, the maximum additional amount we could draw under the Credit Facility was $43.6 million $49.1 million. We were in compliance with all covenants under the Credit Facility as of September 30, 2023 March 31, 2024.

Contractual Obligations

The following table reflects our material contractual obligations as of September 30, 2023 (in March 31, 2024 (dollars in thousands):

		Payments Due by Period						Payments Due by Period				
Contractual Obligations	Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Debt Obligations (1)	Debt Obligations (1)	$754,350	$ 37,922	$185,133	$443,637	$ 87,658						
Interest on Debt Obligations (2)	Interest on Debt Obligations (2)	159,982	42,344	77,255	35,498	4,885						
Operating Lease Obligations (3)	Operating Lease Obligations (3)	8,415	493	990	1,014	5,918						
Purchase Obligations (4)	Purchase Obligations (4)	8,732	6,460	1,479	793	—						
		$931,479	$ 87,219	$264,857	$480,942	$ 98,461						
		$										

(1) Debt obligations represent borrowings under our Revolver, which represents $71.0 million $76.0 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, 2023 March 31, 2024. This figure does not include $(0.1) $(0.03) million of premiums and (discounts), net and $5.3 million $4.6 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, 2023 March 31, 2024.
(3) Operating lease obligations represent the ground lease payments due on four three of our properties.
(4) Purchase obligations consist of tenant and capital improvements at six seven of our properties.

Off-Balance Sheet Arrangements

We did not have any material off-balance sheet arrangements as of September 30, 2023 March 31, 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 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, 2023 March 31, 2024 and 2022, 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)	
	2023	2022	2023	2022
	For the three months ended March 31,			
	For the three months ended March 31,			
	For the three months ended March 31,			
	(Dollars in Thousands, Except for Per Share Amounts)			
	(Dollars in Thousands, Except for Per Share Amounts)			
	(Dollars in Thousands, Except for Per Share Amounts)			
	2024			
	2024			
	2024			
Calculation of basic FFO per share of common stock and Non-controlling OP Unit				
Calculation of basic FFO per share of common stock and Non-controlling OP Unit				
Calculation of basic FFO per share of common stock and Non-controlling OP Unit **Calculation of basic FFO per share of common stock and Non-controlling OP Unit**				

Net income	Net income	$ 1,792	$ 2,787	$ 370	$ 7,852
Net income					
Net income					
Less: Distributions attributable to preferred and senior common stock					
Less: Distributions attributable to preferred and senior common stock					
Less: Distributions attributable to preferred and senior common stock	Less: Distributions attributable to preferred and senior common stock	(3,207)	(3,101)	(9,502)	(9,244)
Less: Loss on extinguishment of Series F preferred stock	Less: Loss on extinguishment of Series F preferred stock	(1)	—	(12)	(5)
Less: Loss on extinguishment of Series F preferred stock					
Less: Loss on extinguishment of Series F preferred stock					
Add: Gain on repurchase of Series G preferred stock	Add: Gain on repurchase of Series G preferred stock	—	—	3	—
Net loss attributable to common stockholders and Non-controlling OP Unitholders		$ (1,416)	$ (314)	$ (9,141)	$ (1,397)
Add: Gain on repurchase of Series G preferred stock					
Add: Gain on repurchase of Series G preferred stock					
Net income available to common stockholders and Non-controlling OP Unitholders					
Net income available to common stockholders and Non-controlling OP Unitholders					
Net income available to common stockholders and Non-controlling OP Unitholders					
Adjustments:					
Adjustments:					
Adjustments:	Adjustments:				
Add: Real estate depreciation and amortization	Add: Real estate depreciation and amortization	$ 12,485	$ 15,474	$ 44,125	$ 45,279
Add: Real estate depreciation and amortization					
Add: Real estate depreciation and amortization					
Add: Impairment charge					
Add: Impairment charge					
Add: Impairment charge	Add: Impairment charge	6,754	10,718	13,577	12,092
Less: Gain on sale of real estate, net	Less: Gain on sale of real estate, net	(4,696)	(8,902)	(4,245)	(8,902)
Less: Gain on sale of real estate, net					
Less: Gain on sale of real estate, net					

Less: Gain on debt extinguishment, net					
Less: Gain on debt extinguishment, net					
Less: Gain on debt extinguishment, net					
FFO available to common stockholders and Non-controlling OP Unitholders - basic (1)					
FFO available to common stockholders and Non-controlling OP Unitholders - basic (1)					
FFO available to common stockholders and Non-controlling OP Unitholders - basic (1)	FFO available to common stockholders and Non-controlling OP Unitholders - basic (1)	$ 13,127	$ 16,976	$ 44,316	$ 47,072
Weighted average common shares outstanding - basic	Weighted average common shares outstanding - basic	39,917,995	39,504,734	39,939,660	38,723,581
Weighted average common shares outstanding - basic					
Weighted average common shares outstanding - basic					
Weighted average Non-controlling OP Units outstanding					
Weighted average Non-controlling OP Units outstanding					
Weighted average Non-controlling OP Units outstanding	Weighted average Non-controlling OP Units outstanding	391,468	273,072	391,468	262,412
Weighted average common shares and Non-controlling OP Units	Weighted average common shares and Non-controlling OP Units	40,309,463	39,777,806	40,331,128	38,985,993
Weighted average common shares and Non-controlling OP Units					
Weighted average common shares and Non-controlling OP Units					
Basic FFO per weighted average share of common stock and Non-controlling OP Unit (1)					
Basic FFO per weighted average share of common stock and Non-controlling OP Unit (1)					
Basic FFO per weighted average share of common stock and Non-controlling OP Unit (1)	Basic FFO per weighted average share of common stock and Non-controlling OP Unit (1)	$ 0.33	$ 0.43	$ 1.10	$ 1.21
Calculation of diluted FFO per share of common stock and Non-controlling OP Unit	**Calculation of diluted FFO per share of common stock and Non-controlling OP Unit**				
Calculation of diluted FFO per share of common stock and Non-controlling OP Unit					

Calculation of diluted FFO per share of common stock and Non-controlling OP Unit					
Net income	Net income	$ 1,792	$ 2,787	$ 370	$ 7,852
Net income					
Net income					
Less: Distributions attributable to preferred and senior common stock					
Less: Distributions attributable to preferred and senior common stock					
Less: Distributions attributable to preferred and senior common stock	Less: Distributions attributable to preferred and senior common stock	(3,207)	(3,101)	(9,502)	(9,244)
Less: Loss on extinguishment of Series F preferred stock	Less: Loss on extinguishment of Series F preferred stock	(1)	—	(12)	(5)
Less: Loss on extinguishment of Series F preferred stock					
Less: Loss on extinguishment of Series F preferred stock					
Add: Gain on repurchase of Series G preferred stock	Add: Gain on repurchase of Series G preferred stock	—	—	3	—
Net loss attributable to common stockholders and Non-controlling OP Unitholders		$ (1,416)	$ (314)	$ (9,141)	$ (1,397)
Add: Gain on repurchase of Series G preferred stock					
Add: Gain on repurchase of Series G preferred stock					
Net income available to common stockholders and Non-controlling OP Unitholders					
Net income available to common stockholders and Non-controlling OP Unitholders					
Net income available to common stockholders and Non-controlling OP Unitholders					
Adjustments:					
Adjustments:					
Adjustments:	Adjustments:				
Add: Real estate depreciation and amortization	Add: Real estate depreciation and amortization	$ 12,485	$ 15,474	$ 44,125	$ 45,279
Add: Real estate depreciation and amortization					
Add: Real estate depreciation and amortization					
Add: Impairment charge	Add: Impairment charge	6,754	10,718	13,577	12,092
Add: Impairment charge					
Add: Impairment charge					

Add: Income impact of assumed conversion of senior common stock					
Add: Income impact of assumed conversion of senior common stock					
Add: Income impact of assumed conversion of senior common stock	Add: Income impact of assumed conversion of senior common stock	108	114	323	344
Less: Gain on sale of real estate, net	Less: Gain on sale of real estate, net	(4,696)	(8,902)	(4,245)	(8,902)
Less: Gain on sale of real estate, net					
Less: Gain on sale of real estate, net					
Less: Gain on debt extinguishment, net					
Less: Gain on debt extinguishment, net					
Less: Gain on debt extinguishment, net					
FFO available to common stockholders and Non-controlling OP Unitholders plus assumed conversions (1)					
FFO available to common stockholders and Non-controlling OP Unitholders plus assumed conversions (1)					
FFO available to common stockholders and Non-controlling OP Unitholders plus assumed conversions (1)	FFO available to common stockholders and Non-controlling OP Unitholders plus assumed conversions (1)	$ 13,235	$ 17,090	$ 44,639	$ 47,416
Weighted average common shares outstanding - basic	Weighted average common shares outstanding - basic	39,917,995	39,504,734	39,939,660	38,723,581
Weighted average common shares outstanding - basic					
Weighted average common shares outstanding - basic					
Weighted average Non-controlling OP Units outstanding					
Weighted average Non-controlling OP Units outstanding					
Weighted average Non-controlling OP Units outstanding	Weighted average Non-controlling OP Units outstanding	391,468	273,072	391,468	262,412
Effect of convertible senior common stock	Effect of convertible senior common stock	345,132	363,246	345,132	363,246
Effect of convertible senior common stock					
Effect of convertible senior common stock					
Weighted average common shares and Non-controlling OP Units outstanding - diluted	Weighted average common shares and Non-controlling OP Units outstanding - diluted	40,654,595	40,141,052	40,676,260	39,349,239
Weighted average common shares and Non-controlling OP Units outstanding - diluted					

Weighted average common shares and Non-controlling OP Units outstanding - diluted									
Diluted FFO per weighted average share of common stock and Non-controlling OP Unit (1)									
Diluted FFO per weighted average share of common stock and Non-controlling OP Unit (1)									
Diluted FFO per weighted average share of common stock and Non-controlling OP Unit (1)	Diluted FFO per weighted average share of common stock and Non-controlling OP Unit (1)	$	0.33	$	0.43	$	1.10	$	1.21
Distributions declared per share of common stock and Non-controlling OP Unit	Distributions declared per share of common stock and Non-controlling OP Unit	$	0.3000	$	0.3762	$	0.9000	$	1.1286
Distributions declared per share of common stock and Non-controlling OP Unit									
Distributions declared per share of common stock and Non-controlling OP Unit									

(1) These amounts were unchanged by the revisions described in Note 1, "Organization, Basis of Presentation and Significant Accounting Policies" and Note 9, "Revision of Previously Issued Financial Statements."

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 one month 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 three months ended September 30, 2023 March 31, 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, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024, our effective average SOFR was 5.31% 5.34%. The impact of these fluctuations is presented below (dollars in thousands).

Interest Rate Change	Interest Rate Change		(Decrease) increase to Interest Expense		Net increase (decrease) to Net Income	Interest Rate Change	(Decrease) increase to Interest Expense	Net increase (decrease) to Net Income
3% Decrease to SOFR	3% Decrease to SOFR	$	(2,164)	$	2,164			
2% Decrease to SOFR	2% Decrease to SOFR		(1,443)		1,443			
1% Decrease to SOFR	1% Decrease to SOFR		(721)		721			

1% Increase to SOFR	1% Increase to SOFR	721	(721)
2% Increase to SOFR	2% Increase to SOFR	1,443	(1,443)
3% Increase to SOFR	3% Increase to SOFR	2,164	(2,164)

As of September 30, 2023 March 31, 2024, the fair value of our mortgage debt outstanding was $273.2 million $251.8 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, 2023 March 31, 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 $8.7 million $8.0 million and $9.1 million $8.3 million, respectively.

The amount outstanding under the Credit Facility approximates fair value as of September 30, 2023 March 31, 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. Additionally, we believe that there may be minimal impact on our variable rate debt, which is based upon one month SOFR, as a result of the expected transition from LIBOR to SOFR. We are currently monitoring the transition and the potential risks to us. 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, 2023 March 31, 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, 2023 March 31, 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, 2023 March 31, 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, 2022 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, 2023 March 31, 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	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.
3.2	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.
3.3	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.
3.4	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.

3.5	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.
3.6	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.
3.7	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.
3.8	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.
3.9	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.
3.1 3.10	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.
3.11	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.
3.12	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.
4.1	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.
4.2	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.
4.3	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.
4.4	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.
4.5	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.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1*	Estimated Value Methodology for Series F Cumulative Redeemable Preferred Stock as of September 30, 2023 March 31, 2024.
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 (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, (iii) the Condensed Consolidated Statements of Cash Flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022 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 May 6, 2023 2024	By:	/s/ Gary Gerson
			Gary Gerson
			Chief Financial Officer
Date:	November May 6, 2023 2024	By:	/s/ David Gladstone
			David Gladstone
			Chief Executive Officer and Chairman of the Board of Directors

Exhibit 31.1

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 6, 2023 May 6, 2024

/s/ David Gladstone

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

Exhibit 31.2

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 6, 2023 May 6, 2024

/s/ Gary Gerson

Gary Gerson
Chief Financial Officer

Exhibit 32.1

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, 2023 March 31, 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 6, 2023 May 6, 2024

/s/ David Gladstone

David Gladstone
Chief Executive Officer

Exhibit 32.2

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, 2023 March 31, 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 6, 2023 May 6, 2024

/s/ Gary Gerson

Gary Gerson
Chief Financial Officer

Exhibit 99.1

Pursuant to FINRA Rules 2310(b)(5) and 2231(c), Gladstone Commercial Corporation (the "Company") determined the estimated value as of September 30, 2023 March 31, 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, 2023 March 31, 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, 2023 March 31, 2024, is $25.00 per share.

DISCLAIMER