

July 30, 2009

 GLADSTONE COMMERCIAL

Gladstone Commercial Corporation Reports Results for the Second Quarter Ended June 30, 2009

- Reported revenues for the three and six months ended June 30, 2009 of approximately \$10.7 million and \$21.3 million, an increase of 4.4% and 8.2%, respectively, versus the same periods last year.
- Reported funds from operations ("FFO") for the three and six months ended June 30, 2009 of approximately \$3.4 million and \$6.8 million, respectively.

MCLEAN, Va., July 30, 2009 (GLOBE NEWSWIRE) -- Gladstone Commercial Corp. (Nasdaq:GOOD) (the "Company") today reported financial results for the quarter ended June 30, 2009. A description of FFO, a relative non-GAAP (generally accepted accounting principles in the United States) financial measure, is located at the end of this news release. All per share references are to fully-diluted weighted average common shares, unless otherwise noted.

FFO for the three months ended June 30, 2009 was approximately \$3.4 million, or \$0.39 per share, which remained constant as compared to the same period one year ago. FFO for the six months ended June 30, 2009 was approximately \$6.8 million, or \$0.79 per share, which also remained constant as compared to the same period one year ago. The Company's results reflect an increase in rental revenues as a result of acquisitions completed during 2008 that were held for the full period in 2009. The amount of the incentive fee paid to the Company's external adviser, Gladstone Management Corporation (the "Adviser"), increased during the three and six months ended June 30, 2009, as compared to the three and six months ended June 30, 2008, as a result of the increase in revenues, coupled with a reduction in the voluntary waiver issued by the Adviser.

Net income available to common stockholders for the three and six months ended June 30, 2009 was approximately \$93,000 and \$160,000, or \$0.01 per share and \$0.02 per share, respectively, compared to approximately \$196,000 and \$589,000, or \$0.02 per share and \$0.07 per share, respectively, for the same periods one year ago. A reconciliation of net income, which the Company believes is the most directly comparable GAAP measure to FFO, is set forth below:

	For the three months ended June 30,		For the six months ended June 30,	
	2009	2008	2009	2008
Net income	\$ 1,116,936	\$ 1,219,445	\$ 2,206,505	\$ 2,636,148

Less: Distributions attributable to preferred stock	(1,023,437)	(1,023,437)	(2,046,875)	(2,046,875)
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Net income available to common stockholders	93,499	196,008	159,630	589,273
Add: Real estate depreciation and amortization, including discontinued operations	3,286,743	3,185,017	6,600,853	6,172,777
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FFO available to common stockholders	\$ 3,380,242	\$ 3,381,025	\$ 6,760,483	\$ 6,762,050
Weighted average shares outstanding - basic & diluted	8,563,264	8,565,264	8,563,264	8,565,264
Basic & diluted net income per weighted average common share	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.07
	=====	=====	=====	=====
Basic & diluted FFO per weighted average common share	\$ 0.39	\$ 0.39	\$ 0.79	\$ 0.79
	=====	=====	=====	=====
Distributions declared per common share	\$ 0.375	\$ 0.375	\$ 0.750	\$ 0.750
	=====	=====	=====	=====
Percentage of FFO paid per common share	95%	95%	95%	95%
	=====	=====	=====	=====

The weighted average yield on the Company's portfolio as of June 30, 2009 was 9.68% as compared to 9.47% as of June 30, 2008. At June 30, 2009, the Company owned 65 properties totaling approximately 6.3 million square feet, and had one mortgage loan outstanding for a total net investment of approximately \$400.2 million. Currently, all of the Company's properties are fully leased and all of its tenants and its borrower are current and paying as agreed.

The Company does not have any balloon principal payments due under any of its long-term mortgages until 2010, and the only mortgage that matures at that time has three annual extension options through 2013, which the Company currently intends to exercise. The Company's line of credit matures in December 2009 and it currently expects to exercise its

option to extend the line of credit through December 2010.

Second quarter highlights:

- Extended the terms on two leases for additional periods (one for six months and one for fifteen years);
- Reduced the total commitment under its line of credit from \$95.0 million to \$50.0 million, in exchange for modifications to certain terms under the credit agreement; and
- Paid monthly cash distributions of \$0.125 per share on the common stock, \$0.1614583 per share on the Series A Preferred Stock, and \$0.15625 per share on the Series B Preferred Stock, for each of the months of April, May and June 2009.

"Our results continue to demonstrate our portfolio's strength as all of our properties are fully leased and all of our tenants and borrower are current and paying as agreed," said Chip Stelljes, President and Chief Investment Officer. "We continue to build the value of our existing portfolio of properties by reviewing and renegotiating existing leases and making capital improvements to certain of our properties. We will continue to review potential acquisitions and we are currently exploring alternatives to raise debt and equity so we can continue to grow our portfolio. We hope to be in a position where we can pay out the entire incentive fee and maintain our distributions to stockholders by the end of the year, which will allow us to grow our FFO."

Subsequent to quarter end, the Company:

- Sold its property located in Norfolk, Virginia for \$1.15 million, for a gain on the sale of approximately \$160,000 and an exit internal rate of return of 11.37%. The proceeds from the sale were used to pay down its line of credit; and
- Declared monthly cash distributions of \$0.125 per share on the common stock, \$0.1614583 per share on the Series A Preferred Stock, and \$0.15625 per share on the Series B Preferred Stock, for each of the months of July, August and September 2009.

The financial statements attached below are without footnotes so readers should obtain and carefully review the Company's Form 10-Q for the quarter ended June 30, 2009, including the footnotes to the financial statements contained therein. The Company has filed the Form 10-Q today with the Securities and Exchange Commission ("SEC") and the Form 10-Q can be retrieved from the SEC's website at www.sec.gov or the Company's website at www.GladstoneCommercial.com.

The Company will hold a conference call on Friday, July 31, 2009 at 8:30 a.m. ET to discuss its earnings results. Please call (877) 407-8031 to enter the conference. An operator will monitor the call and set a queue for the questions.

The conference call replay will be available two hours after the call and will be available through August 31, 2009. To hear the replay, please dial (877) 660-6853, access playback account 286 and use ID code 328283.

Gladstone Commercial Corporation is a publicly traded real estate investment trust ("REIT")

that focuses on investing in and owning triple-net leased industrial and commercial real estate properties and selectively making long-term mortgage loans. Additional information can be found at www.GladstoneCommercial.com.

For further information, contact Kerry Finnegan at 703-287-5893.

NON-GAAP FINANCIAL MEASURE - FFO

The National Association of Real Estate Investment Trusts ("NAREIT") developed FFO as a relative non-GAAP supplemental measure of operating performance of an equity REIT in order to recognize that income-producing real estate historically has not depreciated on the 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, 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 determined in accordance with GAAP and should not be considered an alternative to net income as an indication of the Company's performance or to cash flow from operations as a measure of liquidity or ability to make distributions. The Company believes that FFO per share provides investors with a further context for evaluating the Company's financial performance and as a supplemental measure to compare the Company to other REITs; however, comparisons of the Company's FFO to the FFO of other REITs may not necessarily be meaningful due to potential differences in the application of the NAREIT definition used by such other REITs. To learn more about FFO please refer to the Form 10-Q for the quarter ended June 30, 2009, as filed with the SEC today.

The statements in this press release regarding the extension of the maturity of the Company's line of credit and any of its long-term mortgages, future growth in the Company's portfolio and FFO, plans to renegotiate leases and make capital improvements to certain of the Company's properties, the Company's ability to raise debt and equity capital, and the Company's ability to pay out the full incentive fee and to maintain distributions to stockholders are "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. These forward-looking statements inherently involve certain risks and uncertainties, although they are based on the Company's current plans that are believed to be reasonable as of the date of this press release. Factors that may cause actual results to differ materially from these forward-looking statements include, among others, the results of appraisals of its properties at the time of extension of its line of credit, its ability to raise capital, the duration of, or further downturns in, the current economic environment, the performance of its tenants and borrower, and significant changes in interest rates. Additional factors that could cause actual results to differ materially from those stated or implied by the Company's forward-looking statements are disclosed under the caption "Risk factors" of the Company's Form 10-K for the fiscal year ended December 31, 2008, as filed with the SEC on February 25, 2009. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Consolidated Balance Sheets
(unaudited)

	June 30, 2009	December 31, 2008
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ASSETS		
Real estate, at cost	\$ 389,668,739	\$ 390,562,138
Less: accumulated depreciation	29,397,701	24,757,576
	-----	-----
Total real estate, net	360,271,038	365,804,562
Lease intangibles, net	29,890,585	31,533,843
Real estate and related assets held for sale, net	956,916	--
Mortgage note receivable	10,000,000	10,000,000
Cash and cash equivalents	2,920,611	4,503,578
Restricted cash	3,345,712	2,677,561
Funds held in escrow	2,296,773	2,150,919
Deferred rent receivable	8,156,144	7,228,811
Deferred financing costs, net	3,763,181	4,383,446
Due from adviser	--	108,898
Prepaid expenses and other assets	644,822	707,167
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TOTAL ASSETS	\$ 422,245,782	\$ 429,098,785
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Mortgage notes payable	\$ 253,950,925	\$ 255,111,173
Short-term loan and borrowings under line of credit	31,800,000	31,500,000
Deferred rent liability	2,754,690	3,147,472
Asset retirement obligation liability	2,232,940	2,190,192
Accounts payable and accrued expenses	1,495,284	2,673,787
Other liabilities related to assets held for sale	36,348	--
Due to adviser	1,299,850	--
Obligation under capital lease	241,532	235,378
Rent received in advance, security deposits and funds held in escrow	4,194,849	3,745,523
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Total Liabilities	298,006,418	298,603,525
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STOCKHOLDERS' EQUITY		
Redeemable preferred stock, \$0.001 par value; \$25 liquidation preference;		

2,300,000 shares authorized and 2,150,000 shares issued and outstanding	2,150	2,150
Common stock, \$0.001 par value, 47,700,000 shares authorized and 8,563,264 shares issued and outstanding	8,563	8,563
Additional paid in capital	170,622,581	170,622,581
Notes receivable - employees	(2,588,965)	(2,595,886)
Distributions in excess of accumulated earnings	(43,804,965)	(37,542,148)
	-----	-----
Total Stockholders' Equity	124,239,364	130,495,260
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 422,245,782	\$ 429,098,785
	=====	=====

Gladstone Commercial Corporation
Consolidated Statements of Operations
(unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2009	2008	2009	2008
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Operating revenues				
Rental income	\$10,379,172	\$ 9,896,143	\$20,767,420	\$19,059,732
Interest income from mortgage note receivable	189,583	218,805	377,083	457,102
Tenant recovery revenue	82,734	84,635	165,167	170,354
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Total operating revenues	10,651,489	10,199,583	21,309,670	19,687,188
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Operating expenses				
Depreciation and amortization	3,282,629	3,178,718	6,590,438	6,160,187
Property opera- ting expenses	230,785	203,405	467,595	442,459
Due diligence expense	6,886	40	16,433	2,125
Base management fee	357,650	419,857	730,298	851,725
Incentive fee	812,653	801,832	1,598,942	1,506,499
Administration fee	257,207	274,541	481,561	486,737
Professional fees	125,965	147,065	361,161	244,727
Insurance	48,125	41,797	96,804	83,594
Directors fees	50,386	52,251	100,088	106,500
Stockholder related				

expenses	88,245	102,775	171,892	229,198
Asset retirement obligation expense	35,476	32,325	70,384	62,361
General and administrative	15,453	18,326	26,005	30,506
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Total operating expenses before credit from Adviser	5,311,460	5,272,932	10,711,601	10,206,618
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Credit to incentive fee	(129,623)	(173,697)	(364,704)	(736,052)
	-----	-----	-----	-----
Total operating expenses	5,181,837	5,099,235	10,346,897	9,470,566
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Other income (expense)				
Interest income from temporary investments	184	6,689	17,465	16,237
Interest income - employee loans	48,862	50,852	97,748	102,996
Other income	11,320	39,697	11,320	48,993
Interest expense	(4,433,998)	(3,996,453)	(8,921,555)	(7,752,501)
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Total other expense	(4,373,632)	(3,899,215)	(8,795,022)	(7,584,275)
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Income from continuing operations	1,096,020	1,201,133	2,167,751	2,632,347
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Discontinued operations				
Income from discontinued operations	20,916	18,312	38,754	3,801
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Total discontinued operations	20,916	18,312	38,754	3,801
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Net income	1,116,936	1,219,445	2,206,505	2,636,148
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Distributions attributable to preferred stock	(1,023,437)	(1,023,437)	(2,046,875)	(2,046,875)
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Net income available to				

common stockholders	\$ 93,499	\$ 196,008	\$ 159,630	\$ 589,273
	=====	=====	=====	=====
Earnings per weighted average common share - basic & diluted				
Income from continuing operations (net of distributions attributable to preferred stock)	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.07
Discontinued operations	0.00	0.00	0.00	0.00
	-----	-----	-----	-----
Net income available to common stockholders	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.07
	=====	=====	=====	=====
Weighted average shares outstanding - basic & diluted	8,563,264	8,565,264	8,563,264	8,565,264
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Gladstone Commercial Corporation
Consolidated Statements of Cash Flows
(unaudited)

	For the six months ended June 30,	
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	2009	2008
	-----	-----
Cash flows from operating activities:		
Net income	\$ 2,206,505	\$ 2,636,148
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including discontinued operations	6,600,853	6,172,777
Amortization of deferred financing costs	723,828	505,757
Amortization of deferred rent asset and liability	(266,035)	(266,034)
Accretion of obligation under capital lease	6,154	4,156
Asset retirement obligation expense, including discontinued operations	70,845	63,232
Increase in prepaid expenses and		

other assets	(137,854)	(286,200)
Increase in deferred rent receivable	(1,082,278)	(1,153,008)
Increase in accounts payable, accrued expenses, and amount due adviser	230,245	703,460
(Decrease) increase in rent received in advance	(210,575)	122,341
	-----	-----
Net cash provided by operating activities	8,141,688	8,502,629
	-----	-----
Cash flows from investing activities:		
Real estate investments	(54,319)	(38,667,763)
Leasing commissions paid	(298,270)	--
Receipts from lenders for reserves held in escrow	773,187	259,538
Payments to lenders for reserves held in escrow	(919,041)	(714,551)
Increase in restricted cash	(668,151)	(690,763)
Deposits on future acquisitions	--	(1,650,000)
Deposits refunded or applied against real estate investments	200,000	1,700,000
	-----	-----
Net cash used in investing activities	(966,594)	(39,763,539)
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Cash flows from financing activities:		
Principal repayments on mortgage notes payable	(1,160,248)	(773,779)
Principal repayments on employee notes receivable	6,921	140,077
Borrowings from line of credit	39,300,000	45,150,000
Repayments on line of credit	(19,000,000)	(5,000,000)
Repayment of short-term loan	(20,000,000)	--
Receipts from tenants for reserves	1,996,723	1,119,390
Payments to tenants from reserves	(1,339,968)	(840,433)
Increase in security deposits	11,396	411,806
Payments for deferred financing costs	(103,563)	(56,462)
Distributions paid for common and preferred	(8,469,322)	(8,470,823)
	-----	-----
Net cash (used in) provided by financing activities	(8,758,061)	31,679,776
	-----	-----
Net (decrease) increase in cash and cash equivalents	(1,582,967)	418,866
Cash and cash equivalents, beginning of period	4,503,578	1,356,408
	-----	-----
Cash and cash equivalents, end of period	\$ 2,920,611	\$ 1,775,274
	=====	=====
NON-CASH INVESTING ACTIVITIES		
Increase in asset retirement obligation	\$ --	\$ 245,199

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