

July 31, 2014

 GLADSTONE COMMERCIAL

Gladstone Commercial Corporation Announces Closing of Development Loan for Healthcare Facility in Phoenix, AZ

MCLEAN, Va., July 31, 2014 (GLOBE NEWSWIRE) --[Gladstone Commercial Corporation](#) (Nasdaq:GOOD) (the "Company") reported today that it closed a \$5.6 million second mortgage development loan for the construction of an 81,371 square foot, build-to-suit transitional care facility located on a major hospital campus in Phoenix, Arizona.

Construction is scheduled to be completed in approximately twelve months and the Company will earn 9.0% interest, paid currently in cash, on the loan during construction and through maturity. Prior to completion of the facility, the Company will be granted a right of first offer to purchase the property. If the Company does not purchase the property at completion, it will receive a priority exit fee sufficient to earn an internal rate of return of 22% when the development loan is repaid upon sale of the property.

"This investment is the first in a new program to participate with developers on build-to-suit projects in primary and strong secondary markets nationwide" said Matt Tucker, Managing Director of the Company. "This investment establishes our presence in the Phoenix market and as a capital provider for developers looking to complete single tenant build to suit office, industrial and healthcare facilities. This investment provides very good risk adjusted returns to our shareholders."

"We are excited to close our first development loan, a program we hope will become an integral part of our long-term growth strategy; partnering with developers will lead to additional value creation for our shareholders," said Bob Cutlip, President of the Company.

Gladstone Commercial's real estate portfolio consists of 93 properties located in 23 states, totaling approximately 10.0 million square feet.

For more information regarding Gladstone Commercial's development loan program or its activity in the Mid-Western and Northeastern U.S., please contact Matt Tucker at matt.tucker@gladstonecompanies.com.

[Gladstone Commercial Corporation](#) is a real estate investment trust (REIT) that invests in and owns net leased industrial, commercial and retail real property. Additional information can be found at www.gladstonecompanies.com.

All statements contained in this press release, 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. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements. Readers should not rely upon forward-looking statements because the matters they describe are subject to known and unknown risks and uncertainties that could

cause the Company's business, financial condition, liquidity, results of operations, funds from operations or prospects to differ materially from those expressed in or implied by such statements. Such risks and uncertainties are disclosed under the caption "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as filed with the SEC on February 18, 2014. 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.

For Investor Relations inquiries related to any of the monthly dividend paying Gladstone funds, please visit www.gladstone.com.

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Source: Gladstone Commercial Corporation