

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 10, 2004

Gladstone Commercial Corporation
(Exact name of registrant as specified in its chapter)

Maryland (State or other jurisdiction of incorporation)	0-50363 (Commission File Number)	020681276 (IRS Employer Identification No.)
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1616 Anderson Road, Suite 208 McLean, Virginia (Address of principal executive offices)	22102 (Zip Code)
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Registrant's telephone number, including area code: (703) 286-7000

Item 7. Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits.

Exhibit No. -----	Description -----
99.1	Press release dated May 10, 2004

Item 12. Results of Operations and Financial Condition.

On May 10, 2004, Gladstone Commercial Corporation issued a press release announcing its financial results for the first quarter ended March 31, 2004. The press release includes our Funds from Operations (FFO), which is a relative non-GAAP (Generally Accepted Accounting Principles in the United States) financial measure of an equity Real Estate Investment Trust developed by the National Association of Real Estate Investment Trusts (NAREIT). NAREIT developed FFO 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 (loss) (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 in accordance with GAAP (which, unlike FFO, generally reflects all cash effects of transactions and other events in the determination of net income (loss)) and should not be considered an alternative to net income (loss) as an indication of our performance or to cash flow 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.

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

The following table provides a reconciliation of our FFO for the three months ended March 31, 2004 to the most directly comparable GAAP measure, net income (loss) and a computation of diluted FFO per weighed average common share to diluted net income (loss) per weighted average common share.

Three Months
Ended
March 31, 2004

Net loss	\$ (193,305)
Real estate depreciation and amortization	79,330

Funds from operations	\$ (113,975)
	=====
Weighted average shares outstanding - diluted	7,642,000
	=====
Diluted net loss per weighted average common share	\$ (0.03)
	=====
Diluted funds from operations per weighted average common share	\$ (0.01)
	=====

The text of the press release is included as an exhibit to this Form 8-K. Pursuant to the rules and regulations of the Securities and Exchange Commission, such exhibit and the information set forth therein and herein is deemed to be furnished and shall not be deemed to be filed.

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 hereunto duly authorized.

Gladstone Commercial Corporation
(Registrant)

By: /s/ Harry Brill

May 10, 2004

(Harry Brill, Chief Financial Officer)

Gladstone Commercial Corporation Announces the Financial Results
for the First Quarter Ended March 31, 2004

MCLEAN, Va., May 10 /PRNewswire-FirstCall/ -- Gladstone Commercial Corp. (Nasdaq: GOOD) (the "Company") announces financial results for the first quarter ended March 31, 2004. Net loss for the period was \$193,305 or \$0.03 per basic and diluted weighted average common share compared to March 31, 2003 at \$10,549 or \$0.20 per basic and diluted weighted average common share. Our initial public offering took place in August of 2003 and therefore, the financial statements at March 31, 2003 are not an accurate basis for comparison. Total assets were \$105,658,571 for the first quarter ended March 31, 2004 as compared to \$105,061,370 at fiscal year ended December 31, 2003. Funds from operations (FFO) were a loss of \$113,975 or \$0.01 per diluted weighted average common share for the quarter ended March 31, 2004.

"The first quarter shows a growing portfolio. We now own two leased buildings and we have one mortgage loan outstanding as of the quarter end. Since the quarter ended, we purchased one additional leased building for \$9.3 million. We currently have a very strong backlog of investment opportunities and are aggressively seeking to close many of those transactions for our second quarter. Due to the good backlog, we are beginning our search for a lender to provide us with a line of credit so that after we use the proceeds from the initial public offering, we can borrow funds to continue buying leased real estate. We are optimistic about the next six months."

The financial statements are without footnotes so readers should obtain and carefully review our Form 10-Q for the period ended March 31, 2004, including the footnotes to the financial statements contained therein. We have filed this Form 10-Q today with the Securities and Exchange Commission ('SEC') which can be retrieved at the SEC website at www.SEC.gov or the web site for Gladstone Commercial at www.GladstoneCommercial.com. A paper copy can be obtained by writing to us at 1616 Anderson Road, McLean, VA 22102.

Gladstone Commercial will have a conference call at 11:30 am EDT, May 10, 2004. Please call 866-253-5757 and use the ID code 461640 and you will be placed on hold until the conference starts. An operator will monitor the call and set a queue for the questions. The replay number will be available two hours after the end of the call for approximately 30 days. The replay number is 888-266-2081 and use ID code 461640.

For further information contact Chief Financial Officer, Harry Brill or Director of Shareholder Relations, Skye Breeden at 703-286-7000.

Gladstone Commercial Corporation
Consolidated Balance Sheet
(Unaudited)

	March 31, 2004	December 31, 2003
ASSETS		
Real estate, net	\$9,020,410	\$5,436,153
Mortgage note receivable	11,170,000	-
Cash and cash equivalents	84,667,117	99,075,765
Restricted deposits	205,508	-
Interest receivable - mortgage note	68,261	-
Deferred rent receivable	13,764	-
Prepaid expenses	150,812	191,432
Other assets	18,266	-
Lease intangibles, net of accumulated amortization of \$14,795 and \$1,208, respectively	344,433	358,020
Total Assets	\$105,658,571	\$105,061,370
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Due to Adviser	\$590,410	\$234,295
Accounts payable	24,161	-
Dividends payable	917,040	76,420
Accrued expenses	78,105	-
Restricted deposits	205,508	-
Rent received in advance and security deposits	210,767	-
Total liabilities	2,025,991	310,715

Commitments and contingencies

Stockholders' Equity
Common stock, \$0.001 par value,

20,000,000 shares authorized, 7,642,000 shares issued and outstanding	7,642	7,642
Additional paid-in capital	105,052,574	105,060,304
Distributions in excess of accumulated earnings	(1,427,636)	(317,291)
Total Stockholders' Equity	103,632,580	104,750,655
Total Liabilities and Stockholders' Equity	\$105,658,571	\$105,061,370

Gladstone Commercial Corporation
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended March 31, 2004	For the Period February 14, 2003 (Inception) to March 31, 2003
OPERATING REVENUES:		
Rental income	\$ 197,773	\$ -
Interest income - mortgage	133,419	
Total operating revenues	331,192	
OPERATING EXPENSES:		
Management advisory fee	229,416	-
Depreciation and amortization	79,330	-
General and administrative	388,213	10,549
Total expenses from operations	696,959	10,549
Net loss from operations	(365,767)	(10,549)
INTEREST INCOME - temporary investments	172,462	-
NET LOSS	\$ (193,305)	\$ (10,549)
Basic loss per share	\$ (0.03)	\$ (0.20)
Diluted loss per share	\$ (0.03)	\$ (0.20)
Weighted average shares outstanding - basic	7,642,000	52,000
Weighted average shares outstanding - diluted	7,642,000	52,000

Gladstone Commercial Corporation
Consolidated Statement of Cash Flows

(Unaudited)	For the Three Months Ended March 31, 2004	For the Period February 14, 2003 (Inception) to March 31, 2003
Cash flows from operating activities:		
Net loss	\$ (193,305)	\$ (10,549)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	79,330	-
Changes in assets and liabilities:		
Increase in mortgage interest receivable	(68,261)	-
Decrease in prepaid expenses	40,620	-
Increase in other assets	(18,266)	-
Increase in deferred rent receivable	(13,764)	-
Increase in due to Adviser	356,115	-
Increase in accounts payable	24,161	10,549
Increase in accrued expenses	78,105	-
Increase in rent received in advance and security deposits	210,767	-
Net cash provided by operating activities	495,502	-
Cash used in investing activities:		
Real estate investment	(3,650,000)	-
Mortgage loan	(11,170,000)	-
Net cash used in investing activities	(14,820,000)	-
Cash flow from financing activities:		

Proceeds from share issuance, net	-	10,000
Offering costs	(7,730)	-
Dividends paid	(76,420)	-
Net cash (used in) provided by financing activities	(84,150)	10,000
Net (decrease) increase in cash and cash equivalents	(14,408,648)	10,000
Cash and cash equivalents, beginning of period	99,075,765	-
Cash and cash equivalents, end of period	\$84,667,117	\$10,000

This press release may include statements that 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, including statements with regard to the future performance of the Company and the closing of any transaction. Words such as "believes," "expects," "projects" and "future" or similar expressions are intended to identify forward-looking statements. 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 the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements include, among others, those factors listed under the caption "Risk factors" of the Company's prospectus, dated August 12, 2003, as filed with the Securities and Exchange Commission on August 13, 2003. 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.

SOURCE Gladstone Commercial Corporation
-0- 05/10/2004
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/Web site: <http://www.gladstonecommercial.com/>
(GOOD)

CO: Gladstone Commercial Corporation
ST: Virginia
IN: RLT
SU: ERN CCA