

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) November 3, 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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On November 3, 2004, Gladstone Commercial Corporation issued a press release announcing its financial results for the third quarter ended September 30, 2004. 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.

Item 9.01. Financial Statements and Exhibits.

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

Exhibit No. -----	Description -----
99.1	Press release dated November 3, 2004

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.

November 3, 2004

Gladstone Commercial Corporation
(Registrant)
By: /s/ Harry Brill

(Harry Brill, Chief Financial Officer)

Gladstone Commercial Corporation Announces Financial Results for the Third Quarter Ended September 30, 2004: Net Income of \$0.09 Per Weighted Average Common Share and Funds From Operations of \$0.13 Per Diluted Weighted Average Common Share

MCLEAN, Va., Nov. 3 /PRNewswire-FirstCall/ -- Gladstone Commercial Corp. (Nasdaq: GOOD) (the "Company") reported today financial results for the third quarter ended September 30, 2004. Net income for the three months ended September 30, 2004 was \$685,038, or \$0.09 per basic and diluted weighted average common share, compared to a net loss for the three months ended September 30, 2003 of \$104,208, or \$0.03 per basic and diluted weighted average common share.

For the nine months ended September 30, 2004, net income was \$624,009, or \$0.08 per basic and diluted weighted average common share, compared to a net loss for the period from February 14, 2003 (inception) through September 30, 2003 of \$114,862, or \$0.08 per basic and diluted weighted average common share. Total assets were \$105,113,407 as of September 30, 2004 as compared to \$105,061,370 as of December 31, 2003.

"In the third quarter we added four additional properties to our portfolio, for an aggregate purchase price of approximately \$23.3 million. At September 30, 2004, we had approximately \$62.5 million invested from our initial public offering in eight real properties and one mortgage loan. Subsequent to September 30, 2004, we acquired four properties for an aggregate cost of \$12.8 million. The third quarter showed positive growth and results for us. We look forward to closing out our first full fiscal year ending December 31, 2004 with a strong portfolio, good backlog and a consistent dividend," said a spokesperson for the Company.

The National Association of Real Estate Investment Trusts (NAREIT) developed Funds from Operations, ("FFO"), as a relative non-GAAP (Generally Accepted Accounting Principles) financial measure of performance and liquidity 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 (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.

For the three months ended September 30, 2004, FFO was \$998,070, or \$0.13 per diluted weighted average common share. For the nine months ended September 30, 2004, FFO was \$1,143,142, or \$0.15 per diluted weighted average common share.

A reconciliation of net income to FFO is set forth below:

	Three months ended September 30, 2004	Nine months ended September 30, 2004
Net income	\$ 685,038	\$ 624,009
Real estate depreciation and amortization	313,032	519,133
Funds from operations	998,070	1,143,142
Weighted average shares outstanding - diluted	7,697,079	7,703,504
Diluted net income per weighted average common share	\$ 0.09	\$ 0.08
Diluted funds from operations per weighted average common share	\$ 0.13	\$ 0.15

To learn more about our FFO please refer to the Quarterly Report on the Form 10-Q for the quarter ended September 30, 2004 filed with the Securities and Exchange Commission ("SEC") today.

The financial statements below are without footnotes so readers should obtain and carefully review our Form 10-Q for the period ended September 30, 2004, including the footnotes to the financial statements contained therein. We have filed the Form 10-Q today with the SEC and the Form 10-Q can be retrieved at the SEC website at <http://www.SEC.gov> or the website for Gladstone Commercial at <http://www.GladstoneCommercial.com>.

Gladstone Commercial will have a conference call at 10:30 am EST, November

4, 2004. To enter the call please dial 866-219-5268 and use the confirmation code 589810. An operator will monitor the call and set a queue for questions. To hear the replay of the call please dial 888-266-2081 and use the confirmation code 589810. The replay will be available until December 4, 2004.

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

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," "intend," "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 Annual Report on Form 10-K for the year ended, December 31, 2003, as filed with the Securities and Exchange Commission on March 10, 2004. 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.

Gladstone Commercial Corporation
Consolidated Balance Sheet
(Unaudited)

	September 30, 2004	December 31, 2003
ASSETS		
Real estate, net	\$ 48,784,959	\$ 5,436,153
Mortgage note receivable	11,131,050	-
Cash and cash equivalents	41,349,714	99,075,765
Funds held in escrow	983,501	-
Interest receivable - mortgage note	61,840	-
Interest receivable - officers	1,250	-
Deferred rent receivable	100,110	-
Prepaid expenses	228,725	191,432
Other assets	225,319	-
Lease intangibles, net of accumulated amortization of \$98,755 and \$1,208, respectively	2,246,939	358,020
TOTAL ASSETS	\$ 105,113,407	\$ 105,061,370
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Due to Adviser	\$ 109,639	\$ 234,295
Accounts payable and accrued expenses	11,898	-
Dividends payable	920,040	76,420
Rent received in advance, security deposits and funds held in escrow	1,459,016	-
Total Liabilities	\$ 2,500,593	\$ 310,715
STOCKHOLDERS' EQUITY		
Common stock, \$0.001 par value, 20,000,000 shares authorized and 7,667,000 and 7,642,000 shares issued and outstanding, respectively	\$ 7,667	\$ 7,642
Additional paid in capital	105,427,549	105,060,304
Notes receivable - employees (375,000)	(375,000)	-
Distributions in excess of accumulated earnings	(2,447,402)	(317,291)
Total Stockholders' Equity	\$ 102,612,814	\$ 104,750,655
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 105,113,407	\$ 105,061,370

Consolidated Statements of Operations
(Unaudited)

	For the three months ended September 30, 2004	For the three months ended September 30, 2003
OPERATING REVENUES		
Rental income	\$ 1,066,076	\$ -
Interest income from mortgage note receivable	284,659	-
Total operating revenues	1,350,735	-
OPERATING EXPENSES		
Management advisory fee	333,825	124,096
Depreciation and amortization	313,032	-
General and administrative	173,806	71,644
Total operating expenses	820,663	195,740
Net income (loss) from operations	530,072	(195,740)
Interest income from temporary investments	153,716	91,532
Interest income - employee loans	1,250	-
NET INCOME (LOSS)	\$ 685,038	\$ (104,208)
Earnings (loss) per weighted average common share		
Basic	\$ 0.09	\$ (0.03)
Diluted	\$ 0.09	\$ (0.03)
Weighted average shares outstanding		
Basic	7,648,250	3,547,297
Diluted	7,697,079	3,547,297

	For the nine months ended September 30, 2004	For the period February 14, 2003 (inception) through September 30, 2004
OPERATING REVENUES		
Rental income	\$ 1,667,538	\$ -
Interest income from mortgage note receivable	697,059	-
Total operating revenues	2,364,597	-
OPERATING EXPENSES		
Management advisory fee	843,360	124,096
Depreciation and amortization	519,133	-
General and administrative	868,046	82,298
Total operating expenses	2,230,539	206,394
Net income (loss) from operations	134,058	(206,394)
Interest income from temporary investments	488,701	91,532
Interest income - employee loans	1,250	-
NET INCOME (LOSS)	624,009	(114,862)
Earnings (loss) per weighted average common share		
Basic	\$ 0.08	\$ (0.08)
Diluted	\$ 0.08	\$ (0.08)
Weighted average shares outstanding		
Basic	7,644,099	1,448,482
Diluted	7,703,504	1,448,482

Gladstone Commercial Corporation
Consolidated Statement of Cash Flows
(Unaudited)

For the nine months ended September 30, 2004	For the period February 14, 2003 (inception) through September 30, 2004
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Cash flows from operating activities:		
Net income (loss)	\$ 624,009	\$ (114,862)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	519,133	-
Changes in assets and liabilities:		
Increase in mortgage interest receivable	(61,840)	-
Increase in employee interest receivable	(1,250)	-
Increase in prepaid expenses	(37,293)	(267,058)
Increase in other assets	(25,319)	-
Increase in deferred rent receivable	(100,110)	-
Increase in accounts payable and accrued expenses	11,898	-
(Decrease) increase in due to Adviser	(124,656)	41,203
Increase in rent received in advance and security deposits	475,515	-
Net cash provided by (used in) operating activities	1,280,087	(340,717)
Cash flows from investing activities:		
Acquisition of real estate	(45,756,858)	-
Mortgage note receivable	(11,170,000)	-
Deposit on future acquisition	(200,000)	-
Principal repayments on mortgage note receivable	38,950	-
Net cash used in investing activities	(57,087,908)	-
Cash flows from financing activities:		
Proceeds from share issuance	-	105,233,148
Offering costs	(7,730)	-
Dividends paid	(1,910,500)	-
Net cash (used in) provided by financing activities	(1,918,230)	105,233,148
Net (decrease) increase in cash and cash equivalents	(57,726,051)	104,892,431
Cash and cash equivalents, beginning of period	99,075,765	-
Cash and cash equivalents, end of period	\$ 41,349,714	\$ 104,892,431
Non-cash financing activities:		
Notes receivable issued in exchange for common stock associated with the exercise of employee stock options	\$ 375,000	\$ -

SOURCE Gladstone Commercial Corporation

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11/03/2004

/CONTACT: Harry Brill, Chief Financial Officer, or Skye Breeden, Director
of Shareholder Relations, of Gladstone Commercial Corporation,
+1-703-286-7000/

/Web site: [http://www.gladstonecommercial.com /](http://www.gladstonecommercial.com/)
(GOOD)

CO: Gladstone Commercial Corporation

ST: Virginia

IN: FIN RLT

SU: CCA ERN