

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) February 28, 2006

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.)
1521 Westbranch Drive, Suite 200 McLean, Virginia (Address of principal executive offices)		22102 (Zip Code)

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

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 February 28, 2006, Gladstone Commercial Corporation issued a press release announcing its financial results for the quarter and year ended December 31, 2005. 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 are 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) Not applicable.
- (d) Exhibits.

Exhibit No. -----	Description -----
99.1	Press release dated February 28, 2006

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)

February 28, 2006

By: /s/ Harry Brill

(Harry Brill, Chief Financial Officer)

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Press release dated February 28, 2006

Gladstone Commercial Corporation
Announces 2005 Year End Financial Results

MCLEAN, Va.--(BUSINESS WIRE)--February 28, 2006--Gladstone Commercial Corporation (NASDAQ:GOOD):

- Net income increased to \$3,601,945 or \$0.47 per diluted common share, a 124% per share increase over 2004
- Funds from Operations ("FFO") increased to \$7,253,064 million or \$0.94 per diluted common share, an increase of 179% per share over 2004
- Acquired 18 properties, for a total investment of \$116.8 million

Gladstone Commercial Corp. (NASDAQ:GOOD) (the "Company") today reported financial results for the quarter and year ended December 31, 2005. A description of Funds from Operations, or "FFO" a non - Generally Accepted Accounting Principles in the United States ("GAAP") financial measure, is located at the end of this news release. All per share references are based on diluted weighted average common share unless otherwise noted.

Net income for the year ended December 31, 2005 was \$3,601,945 or \$0.47 per share, compared to \$1,623,928 or \$0.21 per share one year ago. For the quarter ended December 31, 2005 net income was \$1,049,819 or \$0.14 per share, compared to net income for the quarter ended December 31, 2004 of \$999,920 or \$0.13 per share.

FFO for the year ended December 31, 2005 was \$7,253,064 or \$0.94 per share, compared to \$2,597,273 or \$0.34 per share for the same period one year ago. For the quarter ended December 31, 2005 FFO was \$2,326,024 or \$0.30 per share, compared to \$1,454,132 or \$0.19 per share for the same period one year ago. A reconciliation of net income, which we believe is the most directly comparable GAAP measure, to FFO is set forth below:

	For the three months ended Dec. 31, 2005	For the three months ended Dec. 31, 2004	For the year ended Dec. 31, 2005	For the year ended Dec. 31, 2004
Net income	\$ 1,049,819	\$ 999,920	\$ 3,601,945	\$ 1,623,928
Real estate depreciation and amortization	1,276,207	454,212	3,651,119	973,345
Funds from operations	2,326,026	1,454,132	7,253,064	2,597,273
Weighted average shares outstanding - basic	7,672,000	7,667,000	7,670,219	7,649,855
Weighted average shares outstanding - diluted	7,737,297	7,725,434	7,723,220	7,708,534
Basic net income per weighted average common share	\$ 0.14	\$ 0.13	\$ 0.47	\$ 0.21
Diluted net income per weighted average common share	\$ 0.14	\$ 0.13	\$ 0.47	\$ 0.21
Basic funds from operations per weighted average common share	\$ 0.30	\$ 0.19	\$ 0.95	\$ 0.34
Diluted funds from operations per weighted average common share	\$ 0.30	\$ 0.19	\$ 0.94	\$ 0.34

For the year ended December 31, 2005, the Company recorded a realized foreign currency loss of \$6,278 and unrealized depreciation on the translation of assets and liabilities of \$212,279 or \$0.03 per basic and diluted share per basic and diluted share. There were no realized or unrealized foreign currency gains or losses during the year ended December 31, 2004. The unrealized depreciation was primarily a result of the valuation of the mortgage notes payable for the two properties located in Canada, due to a decrease in the value of the US dollar relative to the Canadian dollar by approximately 5% between the date the notes were issued, July 19, 2005, and December 31, 2005. The unrealized depreciation on translation of assets and liabilities is not deductible for income tax purposes and these amounts must be distributed to stockholders or the Company could be subject to federal corporate income tax on these losses.

In the fourth quarter of 2005, the Company added 5 additional properties with 774,539 square feet for an aggregate purchase price of approximately \$36.6 million.

Subsequent to December 31, 2005, the Company:

- acquired 3 properties with 617,802 square feet for an aggregate purchase price of approximately \$48.3 million;
- assumed 2 existing mortgage notes for approximately \$30.0 million;
- completed a public offering of 1,000,000 shares of a 7.75% Series A Cumulative Redeemable Preferred Stock, at a price of \$25.00 per share, under the Company's shelf registration statement on Form S-3, and pursuant to the terms set forth in the Company's prospectus dated October 24, 2005, as supplemented by the prospectus supplement dated January 18, 2006. Net proceeds of the offering, after underwriting discounts and offering expenses, were approximately \$23.8 million, which were used to repay outstanding indebtedness under the Company's line of credit. The offering closed on January 26, 2006, and the stock is traded on the Nasdaq National Market under the trading symbol "GOODP";
- declared monthly cash dividends on its common stock of \$0.12 per common share for each of the months of January, February and March of 2006; and
- declared monthly cash dividends on its Series A preferred stock of \$0.0215278 per share for the month of January 2006 and \$0.1614583 per share for each of the months of February and March 2006.

"We are very proud of our team's 2005 accomplishments and financial results," said Chip Stelljes, Executive Vice President and Chief Investment Officer. "Our solid achievements are evidenced by the 100% per share growth in the annual dividend, 179% FFO per share growth and the 137% portfolio growth. 2006 has started well and we hope to continue to post strong results."

To learn more about our FFO please refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2005, as filed with the Securities and Exchange Commission ("SEC") today.

The financial statements attached below are without footnotes so readers should obtain and carefully review our Form 10-K for the year ended December 31, 2005, including the footnotes to the financial statements contained therein. We have filed the Form 10-K today with the SEC and the Form 10-K can be retrieved from the SEC website at www.SEC.gov or our website at www.GladstoneCommercial.com.

Gladstone Commercial will have a conference call at 9:30 am EST, March 1, 2006. To enter the call, please dial (877) 407-8031. An operator will monitor the call and set a queue for questions. To hear the replay of the call, please dial (877) 660-6853, access playback account 286 and use the confirmation code 193236. The conference call will also be broadcast on the internet through a link on Gladstone Commercial's web site and at www.InvestorCalendar.com.

Gladstone Commercial Corporation is a publicly traded real estate investment trust 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 our Investor Relations Manager, Kelly Sargent at 703-287-5835.

NON-GAAP FINANCIAL MEASURES

Funds from Operations

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 (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 determined 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 either 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.

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.

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 "may," "will," "believes," "anticipates," "intends," "expects," "projects," "estimates" 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, expectations and beliefs 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, 2005, as filed with the Securities and Exchange Commission on February 28, 2006. The risk factors set forth in the Form 10-K under the caption "Risk Factors" are specifically incorporated by references into this press release. All forward-looking statements are based on current plans, expectations and beliefs and speak only as of the date of such statements. 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 Sheets

	December 31, 2005	December 31, 2004
	-----	-----
ASSETS		
Real estate, net of accumulated depreciation of \$3,408,878 and \$785,125, respectively	\$161,634,761	\$ 60,466,330
Lease intangibles, net of accumulated amortization of \$1,221,413 and \$194,047, respectively	13,947,484	3,230,146
Mortgage notes receivable	21,025,815	11,107,717
Cash and cash equivalents	1,740,159	28,754,289
Restricted cash	1,974,436	1,460,675
Funds held in escrow	1,041,292	-
Interest receivable - mortgage note	70,749	64,795
Interest receivable - employees	-	4,792
Deferred rent receivable	2,590,617	210,846
Deferred financing costs, net of accumulated amortization of \$260,099 and \$0, respectively	1,811,017	50,000
Prepaid expenses	385,043	170,685
Deposits on real estate	600,000	50,000
Accounts receivable	225,581	14,819
	-----	-----
TOTAL ASSETS	\$207,046,954	\$105,585,094
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Mortgage notes payable	\$ 61,558,961	\$ -

Borrowings under line of credit	43,560,000	-
Accounts payable and accrued expenses	493,002	168,389
Dividends payable	-	920,040
Due to Adviser	164,155	129,231
Rent received in advance, security deposits and funds held in escrow	2,322,300	1,674,741
	-----	-----
Total Liabilities	108,098,418	2,892,401
	-----	-----
STOCKHOLDERS' EQUITY		
Common stock, \$0.001 par value, 20,000,000 shares authorized and 7,672,000 and 7,667,000 shares issued and outstanding, respectively	7,672	7,667
Additional paid in capital	105,502,544	105,427,549
Notes receivable - employees	(432,282)	(375,000)
Distributions in excess of accumulated earnings	(6,129,398)	(2,367,523)
	-----	-----
Total Stockholders' Equity	98,948,536	102,692,693
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$207,046,954	\$105,585,094
	=====	=====

Gladstone Commercial Corporation
Consolidated Statements of Operations

	For the year ended Dec. 31, 2005	For the year ended Dec. 31, 2004
	-----	-----
Operating revenues		
Rental income	\$11,437,731	\$ 3,331,215
Interest income from mortgage notes receivable	1,915,795	981,187
Tenant recovery revenue	111,808	-
	-----	-----
Total operating revenues	13,465,334	4,312,402
	-----	-----
Operating expenses		
Depreciation and amortization	3,651,119	973,345
Management advisory fee	2,118,040	1,187,776
Professional fees	585,571	448,969
Taxes and licenses	249,249	13,603
Insurance	274,166	250,816
General and administrative	466,868	428,624
	-----	-----
Total operating expenses	7,345,013	3,303,133
	-----	-----
Other income (expense)		
Interest income from temporary investments	126,826	608,617
Interest income - employee loans	21,041	6,042
Interest expense	(2,447,686)	-
	-----	-----
Income before realized and unrealized losses	3,820,502	1,623,928
	-----	-----
Realized and unrealized loss from foreign currency		
Net realized loss from foreign currency transactions	(6,278)	-
Net unrealized depreciation on translation of assets and liabilities in a foreign currency	(212,279)	-
	-----	-----
Total net realized and unrealized loss from foreign currency	(218,557)	-
	-----	-----
Net income	\$ 3,601,945	\$ 1,623,928
	=====	=====

Earnings per weighted average common share		
Basic	\$ 0.47	\$ 0.21
	=====	=====
Diluted	\$ 0.47	\$ 0.21
	=====	=====
Weighted average shares outstanding		
Basic	7,670,219	7,649,855
	=====	=====
Diluted	7,723,220	7,708,534
	=====	=====

Gladstone Commercial Corporation
Consolidated Statements of Operations

	For the three months ended Dec. 31, 2005	For the three months ended Dec. 31, 2004
	-----	-----
Operating revenues		
Rental income	\$ 3,901,708	\$ 1,663,677
Interest income from mortgage notes receivable	564,598	284,128
Tenant recovery revenue	42,000	-
	-----	-----
Total operating revenues	4,508,306	1,947,805
	-----	-----
Operating expenses		
Depreciation and amortization	1,276,207	454,212
Management advisory fee	553,214	344,416
Professional fees	137,769	135,165
Taxes and licenses	58,137	-
Insurance	66,518	62,262
General and administrative	129,146	76,538
	-----	-----
Total operating expenses	2,220,991	1,072,593
	-----	-----
Other income (expense)		
Interest income from temporary investments	9,020	119,916
Interest income - employee loans	5,558	4,792
Interest expense	(1,260,888)	-
	-----	-----
Income before realized and unrealized losses	1,041,005	999,920
	-----	-----
Realized and unrealized loss from foreign currency		
Net realized loss from foreign currency transactions	(335)	-
Net unrealized appreciation on translation of assets and liabilities in a foreign currency	9,149	-
	-----	-----
Total net realized and unrealized loss from foreign currency	8,814	-
	-----	-----
Net income	\$ 1,049,819	\$ 999,920
	=====	=====
Earnings per weighted average common share		
Basic	\$ 0.14	\$ 0.13
	=====	=====
Diluted	\$ 0.14	\$ 0.13
	=====	=====
Weighted average shares outstanding		
Basic	7,672,000	7,667,000
	=====	=====
Diluted	7,737,297	7,725,434
	=====	=====

Gladstone Commercial Corporation
Consolidated Statements of Cash Flows

	For the year ended December 31, 2005	For the year ended December 31, 2004
	-----	-----
Cash flows from operating activities:		
Net income	\$ 3,601,945	\$ 1,623,928
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,651,119	973,345
Amortization of deferred financing costs	260,099	-
Amortization of deferred rent receivable	178,070	-
Unrealized depreciation on the translation of assets and liabilities in a foreign currency	212,279	-
Changes in assets and liabilities:		
Increase in mortgage interest receivable	(5,954)	(64,795)
Decrease (increase) in employee interest receivable	4,792	(4,792)
(Increase) decrease in prepaid expenses	(214,358)	20,747
Increase in accounts receivable	(210,762)	(14,819)
Increase in deferred rent receivable	(565,017)	(210,846)
Increase in accounts payable and accrued expenses	324,613	168,389
Increase (decrease) in due to Adviser	34,924	(105,064)
Increase in rent received in advance and security deposits	488,913	214,066
Payments to lenders for operating reserves held in escrow	(275,383)	-
Increase in operating reserves from tenants	72,837	-
	-----	-----
Net cash provided by operating activities	7,558,117	2,600,159
	-----	-----
Cash flows from investing activities:		
Real estate investments	(117,531,731)	(58,875,648)
Increase in restricted cash	(513,761)	-
Receipts from tenants for capital reserves	1,015,069	-
Payments to tenants from capital reserves	(929,260)	-
Payments to lenders for capital reserves held in escrow	(1,065,909)	-
Receipts from lenders for capital reserves held in escrow	300,000	-
Deposits on future acquisitions	(2,686,000)	(775,000)
Refund of deposit on real estate	150,000	-
Deposits applied against real estate investments	1,986,000	725,000
Principal repayments on mortgage loans	81,902	62,283
Issuance of mortgage loan	(10,000,000)	(11,170,000)
	-----	-----
Net cash used in investing activities	(129,193,690)	(70,033,365)
	-----	-----
Cash flows from financing activities:		
Proceeds from share issuance	-	-
Offering costs	-	(7,730)
Borrowings under mortgage note payable	61,419,179	-
Principal repayments on mortgage note payable	(70,479)	-
Borrowings from line of credit	85,460,000	-
Repayments on line of credit	(41,900,000)	-
Principal repayments on employee loans	17,718	-
Payments for deferred financing costs	(2,021,115)	(50,000)
Dividends paid	(8,283,860)	(2,830,540)

Net cash provided by (used in) financing activities	94,621,443	(2,888,270)
Net decrease in cash and cash equivalents	(27,014,130)	(70,321,476)
Cash and cash equivalents, beginning of period	28,754,289	99,075,765
Cash and cash equivalents, end of period	\$ 1,740,159	\$ 28,754,289
Cash paid during period for interest	\$ 2,014,236	\$ -
NON-CASH FINANCING ACTIVITIES		
Notes receivable issued in exchange for common stock associated with the exercise of employee stock options	\$ 75,000	\$ 375,000

CONTACT: Gladstone Commercial Corporation
Kelly Sargent, 703-287-5835