

Gladstone Commercial Announces First Quarter
2007 Results

- Reports net income available to common stockholders of approximately \$0.5 million, or \$0.06 per diluted weighted average common share
- Reports funds from operations ("FFO") of approximately \$2.9 million, or \$0.34 per diluted weighted average common share
- Purchased three properties and one leasehold interest for a total investment of approximately \$41.8 million

Business Editors

MCLEAN, Va.--(BUSINESS WIRE)--xx--Gladstone Commercial Corp. (NASDAQ:GOOD) (the "Company") today reported financial results for the quarter ended March 31, 2007. 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 fully diluted weighted average common shares, unless otherwise noted.

Net income available to common stockholders for the quarter ended March 31, 2007 was \$506,905, or \$0.06 per share, compared to \$502,356, or \$0.06 per share, for the same period one year ago. Net income results when compared to the same period last year were affected by increased revenues related to the acquisition of 11 properties since March 31, 2006, partially offset by increased expenses attributable to the 11 properties, interest expense associated with the leveraging of the Company's properties and dividends paid on the Company's preferred stock. Net income results for the quarter ended March 31, 2007 include a full waiver of the incentive fee, approximately \$586,000, from the Company's Adviser, Gladstone Management Corporation.

FFO for the quarter ended March 31, 2007 was \$2,924,717, or \$0.34 per share, compared to \$2,337,096, or \$0.30 per share, for the same period 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 March 31, 2007	For the three months ended March 31, 2006
	-----	-----
Net income	\$1,530,342	\$846,800
Less: Dividends attributable to preferred stock	(1,023,437)	(344,444)
	-----	-----
Net income available to common stockholders	\$506,905	\$502,356
Add: Real estate depreciation and amortization, including discontinued operations	2,417,812	1,834,740
	-----	-----
FFO available to common stockholders	\$2,924,717	\$2,337,096
Weighted average shares outstanding - basic	8,565,264	7,672,000
Weighted average shares outstanding - diluted	8,565,264	7,821,658
Basic net income per weighted average common share	\$0.06	\$0.07
	=====	=====
Diluted net income per weighted average common share	\$0.06	\$0.06
	=====	=====
Basic FFO per weighted average common share	\$0.34	\$0.30
	=====	=====
Diluted FFO per weighted average common share	\$0.34	\$0.30
	=====	=====

First quarter highlights:

- Purchased three properties and one leasehold interest with an aggregate of approximately 546,000 square feet for an aggregate purchase price of approximately \$41.8 million;
- Borrowed \$13.8 million pursuant to a long-term note payable collateralized by security interests in 3 properties, which accrues interest at a rate of 6.0% per year;
- Implemented the amended advisory agreement with its Adviser and an administration agreement with its Administrator, Gladstone Administration; and
- Declared monthly cash dividends of \$0.12 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 January, February and March 2007.

"Our first quarter results were positively impacted by the four acquisitions completed during the quarter. With the termination of our stock option plan, the implementation of our amended advisory agreement, and the number of acquisitions we currently have in our pipeline, we believe that our earnings in 2007 can grow significantly," said Chip Stelljes, Executive Vice President and Chief Investment Officer.

Subsequent to quarter end, the Company:

- Declared monthly cash dividends of \$0.12 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 2007.

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 March 31, 2007, 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 Wednesday, May 2, 2007 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 June 2, 2007. To hear the replay, please dial (877) 660-6853, access playback account 286 and use ID code 239213.

Gladstone Commercial Corporation is a publicly traded real estate investment trust that focuses on investing in and owning triple-net leased industrial, commercial and retail real estate properties and selectively making long-term mortgage loans. Additional information can be found at www.GladstoneCommercial.com.

For further information, contact Robert Johnson 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 (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), 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 March 31, 2007, as filed with the SEC today.

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, 2006, as filed with the SEC on February 27, 2007, and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, as filed today. The risk factors set forth in the Form 10-K and Form 10-Q under the caption "Risk Factors" are specifically incorporated by reference 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
(Unaudited)

	March 31, 2007	December 31, 2006
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ASSETS		
Real estate, net of accumulated depreciation of \$10,189,209 and \$8,595,419, respectively	\$272,001,341	\$235,118,123
Lease intangibles, net of accumulated amortization of \$4,999,702 and \$4,175,685, respectively	25,958,470	23,416,696
Mortgage notes receivable	10,000,000	10,000,000
Cash and cash equivalents	7,086,594	36,005,686
Restricted cash	1,354,961	1,225,162
Funds held in escrow	1,633,184	1,635,819
Interest receivable - mortgage note	86,111	-
Interest receivable - employees	60,422	43,716
Deferred rent receivable	3,914,132	3,607,279
Deferred financing costs, net of accumulated amortization of \$1,631,759 and \$1,467,297, respectively	3,927,288	3,713,004
Prepaid expenses	337,777	521,290
Deposits on real estate	450,000	300,000
Accounts receivable	379,055	179,247
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TOTAL ASSETS	\$327,189,335	\$315,766,022
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Mortgage notes payable	\$168,074,478	\$154,494,438
Deferred rent liability	4,522,208	4,718,599
Asset retirement obligation liability	1,723,437	1,631,294
Accounts payable and accrued expenses	457,332	673,410
Due to adviser	689,062	183,042
Rent received in advance, security deposits and funds held in escrow	2,050,220	1,841,063
	-----	-----
Total Liabilities	177,516,737	163,541,846
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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, respectively	2,150	2,150
Common stock, \$0.001 par value, 17,700,000 shares authorized and 8,565,264 shares issued and outstanding, respectively	8,565	8,565
Additional paid in capital	170,640,979	170,640,979
Notes receivable - employees	(3,176,310)	(3,201,322)
Distributions in excess of accumulated earnings	(17,802,786)	(15,226,196)
	-----	-----
Total Stockholders' Equity	149,672,598	152,224,176
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$327,189,335	\$315,766,022
	=====	=====

Gladstone Commercial Corporation
Consolidated Statements of Operations
(Unaudited)

	For the three months ended March 31,	
	2007	2006
	-----	-----
Operating revenues		
Rental income	\$7,078,036	\$4,867,075
Interest income from mortgage notes receivable	250,000	552,913
Tenant recovery revenue	55,735	5,623
	-----	-----
Total operating revenues	7,383,771	5,425,611
	-----	-----
Operating expenses		
Depreciation and amortization	2,417,812	1,799,201
Base management fee	482,044	652,742
Administration fee	207,018	-
Incentive fee	585,768	-
Professional fees	149,431	198,459
Taxes and licenses	15,007	50,894
Insurance	146,252	82,998
General and administrative	111,902	47,817
Directors fees	54,250	33,500
Stockholder related expenses	99,617	64,469
Asset retirement obligation expense	28,160	46,702
Stock option compensation expense	-	46,216
	-----	-----
Total operating expenses before credit from Adviser	4,297,261	3,022,998
	-----	-----
Credit to incentive fee	(585,768)	-
	-----	-----
Total expenses net of credit to incentive fee	3,711,493	3,022,998
	-----	-----
Other income (expense)		
Interest income from temporary investments	229,016	7,373
Interest income - employee loans	60,422	5,548
Other income	8,414	-
Interest expense	(2,514,461)	(1,618,571)
	-----	-----
Total other expense	(2,216,609)	(1,605,650)
	-----	-----
Income from continuing operations	1,455,669	796,963
	-----	-----
Discontinued operations		
(Loss) income from discontinued operations	(4,001)	38,038
Net realized income (loss) from foreign currency transactions	7	(816)
Net unrealized gain from foreign currency transactions	-	12,615
Taxes on sale of real estate	78,667	-
	-----	-----
Total discontinued operations	74,673	49,837
	-----	-----

Net income	1,530,342	846,800
	-----	-----
Dividends attributable to preferred stock	(1,023,437)	(344,444)
	-----	-----
Net income available to common stockholders	\$506,905	\$502,356
	=====	=====
Earnings per weighted average common share - basic		
Income from continuing operations (net of dividends attributable to preferred stock)	\$0.05	\$0.06
Discontinued operations	0.01	0.01
	-----	-----
Net income available to common stockholders	\$0.06	\$0.07
	=====	=====
Earnings per weighted average common share - diluted		
Income from continuing operations (net of dividends attributable to preferred stock)	\$0.05	\$0.06
Discontinued operations	0.01	0.00
	-----	-----
Net income available to common stockholders	\$0.06	\$0.06
	=====	=====
Weighted average shares outstanding		
Basic	8,565,264	7,672,000
	=====	=====
Diluted	8,565,264	7,821,658
	=====	=====

Gladstone Commercial Corporation
Consolidated Statements of Cash Flows
(Unaudited)

	For the three months ended March 31,	
	-----	-----
	2007	2006
	-----	-----
Cash flows from operating activities:		
Net income	\$1,530,342	\$846,800
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, including discontinued operations	2,417,812	1,834,740
Amortization of deferred financing costs, including discontinued operations	164,462	121,871
Amortization of deferred rent asset	63,374	63,374
Amortization of deferred rent liability	(196,391)	(80,290)
Asset retirement obligation expense, including discontinued operations	28,160	55,143
Increase in deferred rent receivable	(370,227)	(224,386)
Stock compensation	-	46,216
Increase in mortgage notes payable due to change in value of foreign currency	-	(12,615)
(Increase) decrease in mortgage interest receivable	(86,111)	163
Increase in employee interest receivable	(16,706)	(5,548)
Increase in prepaid expenses and other assets	(16,295)	(126,847)
Increase in accounts payable, accrued expenses, and amount due adviser	289,942	282,551
Increase in rent received in advance	79,357	204,757
	-----	-----
Net cash provided by operating activities	3,887,719	3,005,929
	-----	-----
Cash flows from investing activities:		
Real estate investments	(41,778,821)	(18,302,939)
Principal repayments on mortgage notes		

receivable	-	25,360
Net payments to lenders for reserves held in escrow	(214,107)	(1,251,385)
(Increase) decrease in restricted cash	(129,799)	38,695
Deposits on future acquisitions	(610,000)	(350,000)
Deposits applied against real estate investments	460,000	750,000
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Net cash used in investing activities	(42,272,727)	(19,090,269)
	-----	-----
Cash flows from financing activities:		
Proceeds from share issuance	-	25,000,000
Offering costs	-	(1,302,006)
Borrowings under mortgage notes payable	13,775,000	17,000,000
Principal repayments on mortgage notes payable	(194,961)	(117,486)
Borrowings from line of credit	-	35,200,000
Repayments on line of credit	-	(56,500,000)
Increase in reserves from tenants	346,542	523,636
Principal repayments on employee loans	25,012	-
Payments for deferred financing costs	(378,745)	(1,073,561)
Dividends paid for common and preferred	(4,106,932)	(3,106,364)
	-----	-----
Net cash provided by financing activities	9,465,916	15,624,219
	-----	-----
Net decrease in cash and cash equivalents	(28,919,092)	(460,121)
Cash and cash equivalents, beginning of period	36,005,686	1,740,159
	-----	-----
Cash and cash equivalents, end of period	\$7,086,594	\$1,280,038
	=====	=====
NON-CASH INVESTING ACTIVITIES		
Increase in asset retirement obligation	\$92,143	\$1,373,820
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NON-CASH FINANCING ACTIVITIES		
Fixed rate debt assumed in connection with acquisitions	\$-	\$30,129,654
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