

MARKET STATISTICS

Exchange / Symbol	NASDAQ:GOOD
Price:	\$19.37
Market Cap (mm):	\$483.8
Enterprise Value (mm):	\$988.6
Shares Outstanding (mm):	24.98
Float (%):	91%
Volume (3 month avg):	144,600
52 week Range:	\$16.02-\$21.09
Industry:	Real Estate Investment Trust

CONDENSED BALANCE SHEET

(\$mm, except per sh data)

Balance Sheet Date:	12/31/2016
Cash & Cash Equivalent:	\$4.66
Cash/Share:	\$0.19
Available Under LOC:	\$36.7
Equity (Book Value):	\$239.88
Equity/Share:	\$9.60

CONDENSED INCOME STATEMENTS

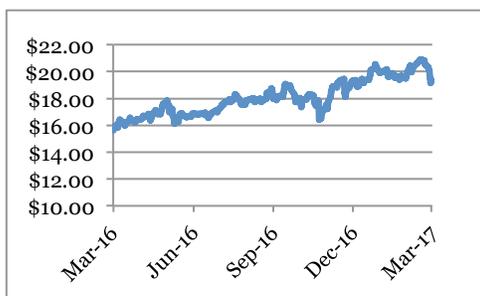
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FY - 12/31	Revenue	Income	CORE FFO	CORE FFO/Sh
FY13	\$61.34	\$1.53	\$20.73	\$1.55
FY14	\$73.76	(\$5.90)	\$27.49	\$1.55
Fy15	\$83.77	\$3.60	\$33.49	\$1.53
FY16	\$86.37	\$3.96	\$37.13	\$1.55
FY17E	\$92.20	\$11.05	\$43.10	\$1.63

LARGEST SHAREHOLDERS

The Vanguard Group, Inc.	2,784,000
Blackrock, Inc.	1,911,100
Renaissance Technologies Corp.	1,735,200
United Capital Financial Advisers LLC	940,900
David J. Gladstone	466,600
Invesco PowerShares Capital Mgmt. LLC	423,200
State Street Global Advisors, Inc.	385,600
LSV Asset Management	368,700
Fiduciary Financial Services of the SW	362,800
Dimensional Fund Advisors LP	330,300

STOCK CHART



COMPANY DESCRIPTION

Gladstone Commercial Corporation (NASDAQ: GOOD) is a publicly-traded real estate investment trust (REIT) that primarily focuses on acquiring, owning and managing single tenant and anchored multi-tenant net-leased office and industrial properties in targeted markets. The Company also makes selective long-term industrial and commercial mortgage loans. Its 96 owned properties, containing approximately 11 million square feet, are strategically located in 24 states spanning the country. GOOD is headquartered in McLean, Virginia.

SUMMARY

Gladstone Commercial Corp. has a consistent, disciplined approach to managing its investment portfolio resulting in a history of strong operational performance.

- GOOD's investment strategy involving purchases of properties with tenants that have long-term (7-15 years) net leases and contractual rent increases provides the Company with a number of advantages, including increasing consistency in cash flows and more predictable returns. This predictability not only acts as a hedge against inflation, but it also enhances the Company's ability to secure debt financing.
- Since going public in 2003, GOOD has never missed a cash distribution to stockholders, has never decreased the monthly amount, and has raised the annual dividend rate four times; the Company raised the annual rate to \$1.50 per share in 2008, and it has consistently maintained that rate.
- During that same time period, GOOD has steadily increased its asset base, maintaining a compounded annual asset growth rate of 18% per year (as reported through FY16). Since January 2011, the Company has doubled its assets, while reducing leverage to a most recently reported 43.9%.
- GOOD's diversified portfolio consists of 96 properties in strategically located submarkets in 24 states that are leased to 89 different tenants from 19 recession-resistant industries. This diversity, combined with stringent underwriting standards, has contributed to an occupancy rate that has never dropped below 96% since the Company's inception. The Company's current occupancy rate is 97.9%.
- Largely due to GOOD's sound investment strategy and proactive management of its portfolio, as most recently reported, only 4.4% of projected rents are expiring from 2017-2019, which is the lowest turnover rate among Gladstone Commercial's peer group.
- For Q4 2016, GOOD reported \$22.0M in revenue, an approximate 2% increase quarter-over-quarter, resulting in net income before distributions of \$2.3M, EBITDA of \$18.0M and core FFO of \$9.4M.
- During the quarter, the Company executed a direct placement of common stock with net proceeds of approximately \$13.9M and issued roughly \$12.9M of aggregate common and preferred equity through its ATM programs.
- GOOD's management team, led by David Gladstone and Bob Cutlip, among others, has over 150 years of combined experience in buying, leasing and owning office and industrial real estate, and a breadth of knowledge in lending and investing in middle market and larger operating companies.
- Being an externally managed REIT, GOOD maintains overhead costs in line with those of internally managed REITs but has the advantage of accessing an experienced as well as connected team of credit underwriters, one of the main drivers of the Company's current as well as historically high average occupancy rates for its properties. The President, CFO, and acquisitions, asset management, and accounting team members spend 100% of their time on GOOD.
- We are estimating operating revenues of \$92.2M for 2017E for GOOD, resulting in net income of \$11.1M and core FFO of \$43.1M, or \$1.63 per share; at its current price of \$19.37, the stock trading is currently trading at 11.9x (price/FFO), which is well below the average of the comparables of 13.1x.

BUSINESS OVERVIEW

Founded in 2003, Gladstone Commercial Corporation is a real-estate investment trust that owns and invests primarily in net leased commercial and industrial properties in addition to making long-term industrial and commercial mortgage loans to companies across the United States. GOOD's investments typically range from \$5 million to \$50 million, and its clients are from a broad range of industries. Gladstone's investment portfolio is comprised of real estate properties that are:

- Leased to tenants with small- to medium-sized unrated businesses, as well as larger rated businesses
- Occupied by companies controlled by buyout funds
- Purchased from and leased back to businesses that are seeking to raise capital from the sale of their real estate to re-invest in their core businesses

Figure 1: Summary of Gladstone Commercial Corp. Portfolio

Current Portfolio Data	
Total assets	\$852M
Properties	96
Tenants	89
Industries	19
States	24
Average remaining lease term	7.8
Occupancy	97.9%

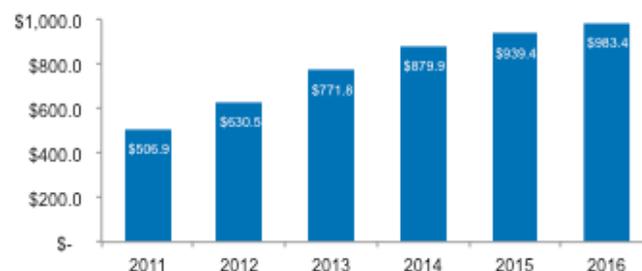
Source: Company Reports; Stonegate Capital Partners

GOOD's management team, led by David Gladstone and Bob Cutlip, among others, has over 150 years of combined experience in buying, leasing and owning office and industrial real estate, and a breadth of knowledge in lending and investing in middle market and larger operating companies. David Gladstone, founder and CEO, has extensive experience in commercial lending, investing, buyout scenarios and beyond, and Bob Cutlip, President and Executive Managing Director, has lead at the executive level of three publicly traded REITS prior to joining the Gladstone companies.

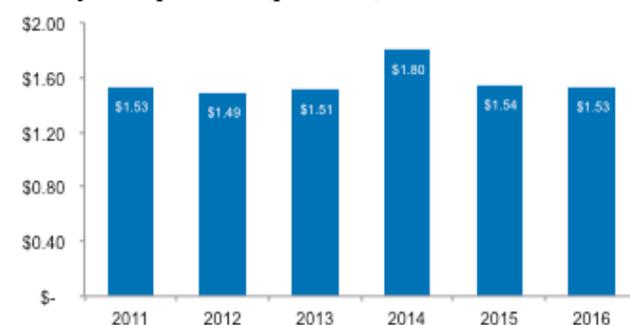
The Company has a strong history of acquisition momentum, with ongoing deals at various levels of due diligence and closing. Since its inception, Gladstone Commercial has maintained growth of total assets at a CAGR of approximately 18%, and over the same time, producing strong returns for funds from operations (FFO) as well. GOOD's portfolio investment strategy involves purchases of properties with net leases, which provides the Company with a number of advantages, including increasing consistency of cash flows and more predictable returns. This predictability not only minimizes the Company's exposure to the risk of inflation, but it also enhances the Company's ability to secure debt financing. Over the last five years, GOOD has doubled its assets, while reducing leverage from 66.7% to the most recently reported 43.9%.

Figure 2: History of Disciplined Growth Y-O-Y

Total Gross Assets (\$ in millions)



Funds from Operations (per share)

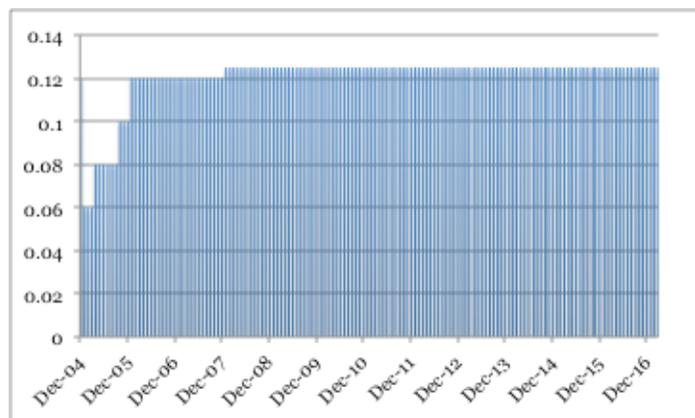


Source: Company Reports; Stonegate Capital Partners

Starting in Q4 2015, Gladstone Commercial began to slow the pace of its acquisitions due to management's concerns about the uncertainty of the market and its increased cost of capital; however, the Company still reports a healthy acquisition pipeline with a reduced cost of capital, and it expects to continue growing the asset portfolio throughout 2017. We note that management has been very selective in its screening process, considering only candidates with asset returns that are in targeted growth markets and are accretive to GOOD's business, and only using recycled capital, common/preferred equity offerings and low cost debt financing.

GOOD has a history of stable monthly cash distributions. The Company declares quarterly, and pays monthly, distributions to common and preferred stockholders. The Company has never missed a monthly cash distribution and has never cut the dividend; in fact, it has raised the annual payment four times since its IPO. GOOD began paying an annual dividend rate of \$1.50 per common share in 2008 and has maintained that dividend rate, even during the recent recession. At 7.7% currently, Gladstone Commercial trades among the highest yields in the REIT market. Given management's comments, there is no indication that GOOD will change its dividend policy any time in the near-term.

Figure 3: History of Stable Monthly Cash Distributions



Source: Dividends.com

MARKET STRATEGY

Key elements in Gladstone Commercial Corporation's market strategy include:

- Diversify by industry, geography and property type
- Focus on recession-resistant businesses located in growth markets
- Buy existing properties with tenants that have strong underwritten credit, including an operating track record, substantial cash flow from operations and a mission critical connection with the property and long-term leases
- Match long-term leases with long-term mortgages or corporate debt with interest rate protection

Highly diversified portfolio

GOOD's tenants are diversified by geography, industry, property type and by size, ranging from small companies to large publicly traded corporations, including General Motors (NYSE: GM) and Verizon (NYSE: VZ). However, its focus is on middle-market companies ranging from 30-150K SF (office) and 75-500K SF (industrial) that are financially stable but fall under the radar of larger REIT companies. Its tenants compete in 19 different industries including healthcare, banking, manufacturing, chemicals and telecommunications, with no concentration in a specific industry. Additionally, by including a geographically diverse group of real estate properties in 24 states across the U.S., GOOD's diverse portfolio is structured to underscore stability and mitigate risk, resulting in only one credit loss in the history of the Company.

Stabilized income streams in favorable growth markets

The Company targets growth markets across the U.S. accumulating assets to create a valuable consistently performing portfolio. Using a strategically focused strategy, GOOD's emphasis is on identifying submarkets with strong economic characteristics, including population and job growth, a diverse economic base, supply constraint, and/or high barriers to entry.

Figure 4: 96 Properties in 24 States in U.S. Growth Markets



Source: Company Reports; Stonegate Capital Partners

Stringent underwriting standards

Gladstone Commercial utilizes a disciplined process developed over years of experience in the lending and buyout industries to analyze potential acquisitions, including carefully vetting its tenants based on their financial statements, capital structures, credit ratings, management experience, industry fundamentals and an assessment of their ability to withstand downturns in the economy. Largely, as a result of GOOD's disciplined formula centered on tenant credit underwriting and the mission critical nature of the property, the Company's occupancy rate has remained above 96% since its IPO in 2003, with the current occupancy rate most recently reported at 97.9%. The Company has incurred only one tenant default in its history, which correlates to an average annual default rate of 0.02% (based on rents).

Predictable cash flow and quality assets

Acquisition targets are generally properties that are an integral part of the current tenants' operations and include single tenant and anchored multi-tenant office and industrial properties. The Company looks for properties with terms of approximately 7 to 15 years remaining on the lease(s), with triple net (NNN) leases, requiring the tenants to pay rent, plus all of the taxes, property insurance and maintenance/repair costs.

There are multiple advantages to buying properties with NNN leases:

1. They provide consistent cash flows and reasonably predictable returns, thereby increasing the ability to access debt financing and minimizing inflation risk
2. Their yields tend to exceed the yields of comparable bonds of tenants, adding residual value to the asset
3. The majority of NNN properties are leased by a single tenant, which fully utilizes the asset

Proactive management of the current portfolio with a strong pipeline

With a solid portfolio of less than 100 properties, GOOD is able to very actively manage its assets, selling non-core properties and redeploying the proceeds in higher yielding markets or paying down outstanding debt. Gladstone Commercial currently has a \$275M pipeline in growth markets with 18 properties under investigation, one property in due diligence, and 3 in the letter of intent stage.

Limited renewal risk

Careful portfolio management has limited the Company's renewal risk. In fact, GOOD has the lowest future turnover rate among its peer group per management, with only 4.4% of projected rents expiring from 2017-2019 as most recently reported. This low turnover rate should enable a predictable and stable cash flow, the likelihood of continuing monthly payouts to stockholders and an ability to take advantage of growth opportunities.

Figure 5: Percentage of Base Rental Revenue Expiring as of 12/31/16



Source: Company Reports; Stonegate Capital Partners

Matching long-term leases with long-term fixed rate debt

Through its policy of matching long-term leases with long-term fixed debt, GOOD is mitigating its risk against the possibility of both another recession and increasing interest rates. Management has been focused on decreasing its leverage and refinancing debt at lower interest rates. Over the past 12 months, the Company has been able to refinance approximately \$79.4 million of debt and had a weighted average interest rate on all outstanding debt of 4.48% as of 12/31/16 vs. 4.75% for the prior year-end. Over the next two years, with more than \$100 million in debt coming due, management sees a substantial opportunity for additional savings through refinancing.

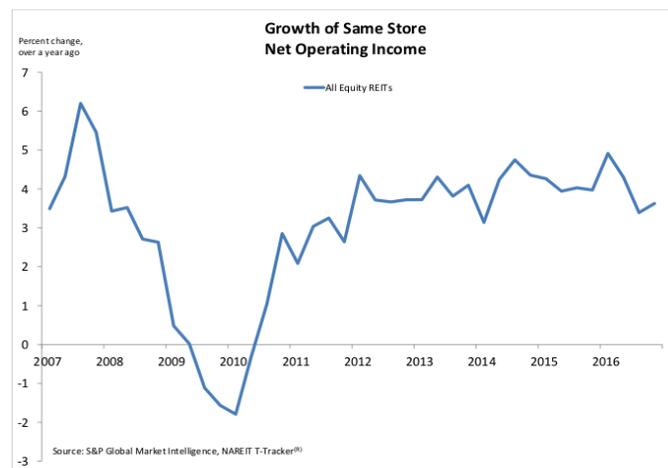
INDUSTRY OVERVIEW

Over the last several years, the commercial real estate markets have shown an uneven and disappointing recovery, largely mimicking the broader economy; however, recent statistics point to improved fundamentals, and several factors give confidence that conditions will continue to improve at a modest pace. According to the National Association of Real Estate Investment Trusts (NAREIT), the growth of weighted average net operating income from same-store commercial real estate properties (owned for a year or more) increased in the third quarter of 2016 3.5% in year-over-year data (although a decreased rate compared to highs of 5% at beginning of 2016). Contributing to this

increase are rising occupancy rates. The weighted average occupancy rate of all REIT-owned properties in Q3 2016 was 94.1%, a record high and up a half percentage point from Q2 2016.

In addition, signs point to pricing power ultimately favoring property owners as the commercial real estate market conditions have improved. Across U.S. metro areas and across most major property types, current trends in completions and net absorptions point to vacancy rates continuing to trend downward and support rent growth and property price growth in the year ahead.

Figure 6: Highest Same Store NOI Growth Since 2006



Source: NAREIT T-tracker

However, while property-level fundamentals are expected to show continuing modest improvement, the recent industry reports note that the market investment cycle may be peaking, with net selling by publicly traded REITs reported during the first 1H 2016 and transaction volumes falling notably year-over-year. A survey of real estate economists by the ULI released fall 2016 predicts continued economic expansion over the next three years although at a slower pace than the prior two years, with relatively high but declining commercial real estate volumes. Also, the survey details continued commercial price appreciation, rent growth and positive returns but at more subdued rates, and better than average vacancy/occupancy rates, except for retail. Overall, issuances of commercial mortgage-backed securities, a key financing source in the industry, were expected to remain at levels lower than their 2015 total of \$101B for 2016 through 2018.

Gladstone Commercial's management has been taking a slow, discerning look at market conditions over the recent quarters. Management notes that while the broader market is showing improved conditions, the market conditions in some secondary and tertiary markets have lagged behind the broader recovery, particularly in markets where job growth has not recovered from the recession. That said, we look for GOOD to make judicious purchases of net-leased office and industrial properties in high growth markets in 2017.

RISKS

As with any investment, there are certain risks associated with Gladstone Commercial Corporation's operations, as well as with the surrounding economic and regulatory environments.

- Gladstone Commercial is an externally managed REIT, advised by Gladstone Management. As such, the Company is obligated to provide compensation according to an established fee structure (which was lowered in June 2015). While external management can be cost effective for smaller REITs, the principal negative associated with this type of management structure is that it can create opportunities for conflicts of interest, with the external management company basing decisions on its own interests, rather than the interests of the REIT shareholders.
- Some of GOOD's tenants and future borrowers that have increased their leverage through restructured loans may not be able to make payments. Additionally, the Company may not successfully renew leases, or tenants may be able to negotiate lower rates, if market conditions change. These conditions would negatively impact GOOD's operating results and its ability to make distributions to stockholders.
- GOOD's tenants are primarily small- to medium-size businesses, which may expose the Company to additional risks. Narrower, less diverse product lines and possessing a smaller share of their markets make smaller companies more vulnerable to the actions of competitors and to market conditions.
- If the income generated by Gladstone Commercial's assets fails to cover its debt service, the Company may be required to reduce or even eliminate distributions, which would negatively impact stockholders.
- The Company faces risks relating to lump sum (balloon) payments. At the time it is due, GOOD may not be able to refinance its balloon payments on favorable terms, which would negatively affect distributions to stockholders.

RECENT RESULTS

Gladstone Commercial most recently reported its Q4 2016/FY 2016 results on 2/15/17. For Q4 2016, GOOD reported \$22.0M in revenue, an approximate 2% increase quarter-over-quarter, resulting in net income before distributions of \$2.3M, EBITDA of \$18.0M and core FFO of \$9.4M.

Highlights of the quarter included the following:

- Occupancy was reported at approximately 98%, and with successful lease renegotiations, the Company reports that only 4.4% of its forecasted rental income will expire over the next three years through 2019.
- GOOD acquired a \$25.7M property just outside Philadelphia, PA, with an 8.7% annualized straight-line cap rate on 103,000 square feet of space with a remaining lease term of 15 years.

- The Company paid monthly common stock dividends of \$0.125 per common share, or an annualized \$1.50 per common share.
- GOOD executed a direct placement of common stock with net proceeds of approximately \$13.9M, and the Company issued \$12.9M of aggregate common and preferred equity through its ATM program.
- Subsequent to quarter end, the Company reported the sale of its Franklin, NJ property for \$12.8M.
- GOOD named a new CFO Michael Sodo, effective November 1st, an executive bringing extensive industry experience and many years of REIT accounting, capital markets, and treasury work to the team.
- GOOD was added to the MSCI US REIT Index, effective close of business 11/30/16.



VALUATION

We believe that GOOD holds significant growth and income potential for investors. The Company's strong management team led by a team of industry veterans has strategically positioned the Company and its income-producing assets for continuing long-term growth. We are estimating total operating revenues for 2017 of \$92.2M, driven by a continued growth of strong performing commercial assets in the portfolio, resulting in net income of \$11.1M and core FFO of \$43.1M, or \$1.63 per share.

At its current price of \$19.37, GOOD is trading at 11.9x (price/FFO), which is well below the average of selected comparable companies in the commercial real estate space of 13.1x. We believe this discount is due to its higher debt/capital ratio, its high annualized dividend as a percentage of its estimated FFO, and because Wall Street tends to apply a discount to externally managed REIT's. In our opinion, as the Company executes on its strategy of adding more quality properties and improving its financial metrics, we would expect to see the stock trade more in line with the peer group of 13x – 15x.

Figure 7: Comparable Analysis

Name	Ticker	Price	Sh	Mrkt Cap	Most Recent Quarter				Based on FY17 Estimates				Annualized Div as % of FFO
					Debt/Cap	SG&A Margin	Dividend	Dividend Yield	FFO/Share	Price/FFO			
Agree Realty	ADC	\$46.68	25.9	\$1,209.0	37.0%	7.5%	\$0.50	4.3%	\$2.73	17.1X	73.3%	RETAIL	
Armada Hoffer	AHH	\$13.31	55.4	\$737.4	60.0%	3.5%	\$0.18	5.4%	\$1.02	13.0X	70.6%	MIXED	
City Office Reit, Inc.	CIO	\$11.78	30.2	\$355.8	59.1%	18.6%	\$0.24	8.1%	\$1.07	11.0X	89.7%	OFFICE	
Gramercy Property Trust	GPT	\$25.31	141.4	\$3,578.8	47.1%	7.0%	\$0.38	6.0%	\$2.16	11.7X	70.4%	MIXED	
Lexington Realty Trust	LXP	\$9.87	240.4	\$2,372.7	56.9%	7.9%	\$0.18	7.3%	\$0.97	10.2X	74.2%	MIXED	
Monmouth REIT	MNR	\$13.89	71.0	\$986.2	48.8%	5.3%	\$0.16	4.6%	\$0.76	18.3X	84.2%	INDUSTRIAL	
Select Income REIT	SIR	\$24.84	89.4	\$2,220.7	54.0%	5.8%	\$0.51	8.2%	\$2.87	8.7X	71.1%	MIXED	
STAG Industrial, Inc.	STAG	\$24.43	82.1	\$2,005.7	49.3%	10.6%	\$0.35	5.7%	\$1.69	14.5X	82.8%	INDUSTRIAL	
W.P. Carey	WPC	\$59.79	106.3	\$6,355.7	56.5%	12.4%	\$0.99	6.6%	\$4.59	13.0X	86.3%	MIXED	
Average					52.1%	8.7%	\$0.39	6.3%	\$1.98	13.1X	78.1%		
Median					54.0%	7.5%	\$0.35	6.0%	\$1.69	13.0X	74.2%		
Gladstone Commercial Corp.	GOOD	\$19.37	25.0	\$483.8	62.1%	6.6%	\$ 0.38	7.7%	\$1.63	11.9X	91.8%		

Source: Company Reports, Stonegate Capital Partners, Capital IQ

BALANCE SHEETS
Gladstone Commercial Corp.
Consolidated Balance Sheets (\$000s)
Fiscal Year: December
ASSETS
Assets

	FY 2013	FY 2014	FY 2015	FY 2016
Real estate, at cost	642,353	722,565	780,377	\$821,749
Accumulated depreciation	(81,241)	(92,133)	(112,243)	(131,661)
Total real estate, net	561,112	630,432	668,134	690,088
Lease intangibles, net	79,632	98,814	104,914	105,553
Real estate and related assets held for sale, net	-	-	1,077	9,562
Mortgage note receivable	-	5,600	5,900	-
Cash and cash equivalents	8,546	8,599	5,152	4,658
Restricted cash	5,051	3,547	4,205	3,030
Funds held in escrow	8,653	11,096	7,534	6,806
Deferred rent receivable, net	18,905	21,728	27,443	29,725
Deferred financing costs, net	6,840	6,213	-	-
Other assets	1,786	1,765	2,825	2,320
Total Assets	\$ 690,525	\$ 787,794	\$ 827,184	\$851,742

LIABILITIES, MEZZANINE EQUITY, AND STOCKHOLDERS' EQUITY
Liabilities

Mortgage notes payable, net	\$422,602	\$459,299	\$455,863	\$445,278
Borrowing under line of credit, net	24,400	43,300	44,591	39,225
Borrowing under term loan facility, net	-	-	24,878	24,892
Series C mandatorily redeemable preferred stock	38,500	38,500	38,100	-
Deferred rent liability, net	6,015	8,594	9,657	12,647
Asset retirement obligation	3,884	3,616	3,674	3,406
Accounts payable and accrued expenses	2,359	8,285	6,388	5,891
Liabilities related to assets held for sale	-	-	868	1,041
Due to Adviser and Administrator	1,360	916	1,858	2,075
Other liabilities	8,259	7,612	7,436	6,667
Total Liabilities	507,379	570,122	593,313	541,122

Mezzanine Equity

Series D redeemable preferred stock	-	-	-	70,743
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Stockholders' Equity

Series A & B redeemable preferred stock - par value	2	2	2	2
Senior common stock - par value	-	1	1	1
Common stock - par value	16	20	22	25
Additional paid in capital	298,751	369,748	418,897	463,436
Notes receivable - employee	(375)	(375)	-	-
Distributions in excess of accumulated earnings	(115,248)	(151,724)	(185,051)	(223,587)
Total Stockholders' Equity (deficit)	183,146	217,672	233,872	239,877

Total Liabilities, Mezzanine Equity and Stockholders' Equity

	\$ 690,525	\$ 787,794	\$ 827,184	\$851,742
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Ratios
Liquidity

Current Ratio	6.0x	3.1x	2.6x	2.7x
Working Capital	18,531	19,641	14,754	15,049
Availability under Credit Facility	\$17.1M	\$9.3M	\$19.3M	\$30.8M*

Leverage

Total Net Debt to Gross Assets	57.9%	57.4%	56.0%	53.9%
Total Net Debt to EV	53.1%	52.9%	53.1%	43.9%
Total Net Debt to Capital	70.5%	69.4%	69.2%	61.9%
Total Net Debt to Equity	239.4%	226.9%	224.9%	162.5%

Source: Company Reports, Stonegate Capital Partners
 *As of 2/15/17

INCOME STATEMENTS

Gladstone Commercial Corp.
 Consolidated Statements of Income (\$000s, except share and per share amounts)
 Fiscal Year: December

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 E
Revenues					
Rental revenue	\$ 59,769	\$ 71,211	\$ 80,892	\$ 84,498	\$ 90,857
Tenant reimbursements	1,574	2,079	1,753	1,489	1,343
Interest income on mortgage note receivable	-	466	1,121	385	-
Total operating revenues	61,343	73,756	83,766	86,372	92,199
Operating expenses					
Depreciation and amortization	22,827	28,864	35,288	37,517	39,646
Property operating expenses	3,348	4,711	5,296	5,889	6,061
Acquisition related expenses	768	1,438	622	261	600
External fees/G&A services	9,337	11,318	11,637	9,912	10,302
Impairment charge	-	14,238	622	2,016	-
Total operating expenses before credit to incentive fee	36,280	60,569	53,465	55,595	56,608
Credit to incentive fee by management group	(3,457)	(3,163)	(2,500)	-	-
Total operating expenses	32,823	57,406	50,965	55,595	56,608
Other income (expense)					
Interest expense	(24,351)	(26,197)	(28,014)	(25,902)	(24,540)
Distributions attributable to series C redeemable preferred stock	(2,743)	(2,743)	(2,743)	(1,502)	-
Gain (loss) on sale of real estate	-	1,240	1,538	242	-
Gain on debt extinguishment	-	5,274	-	-	-
Other income/(expense)	101	174	14	343	-
Total other income (expense)	(26,993)	(22,252)	(29,205)	(26,819)	(24,540)
Net Income (loss)	1,527	(5,902)	3,596	3,958	11,051
Distributions attributable to series A, B & D preferred stock	(4,094)	(4,094)	(4,094)	(6,645)	(8,800)
Distributions attributable to senior common stock	(300)	(542)	(1,007)	(1,011)	(1,000)
Net income (loss) attributable to common stockholders	\$ (2,867)	\$ (10,538)	\$ (1,505)	\$ (3,698)	\$ 1,251
Loss per weighted avg share common stock- basic & diluted					
Loss attributable to common shareholders	\$ (0.22)	\$ (0.61)	\$ (0.07)	\$ (0.16)	\$ 0.05
Weighted avg shares common stock outstanding					
Basic	13,164,244	17,253,503	21,159,597	23,193,962	25,563,807
Diluted	13,402,370	17,682,012	21,942,554	23,193,962	26,363,924
Earnings per weighted avg share of senior common stock	\$ 1.04	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.04
Weighted avg shares of senior common stock outstanding-basic	287,178	516,937	960,016	960,667	964,012
Dividends and distributions declared per common share and unit	\$ 1.50	\$ 1.50	\$ 1.52	\$ 1.50	\$ 1.50
EBITDA	\$ 51,114	\$ 60,455	\$ 68,982	\$ 68,382	\$ 75,237
EBITDA per diluted weighted average share	\$3.81	\$ 3.42	\$ 3.14	\$ 2.95	\$ 2.85
Funds from operations (FFO)	\$ 19,960	\$ 31,324	\$ 32,867	\$ 36,604	\$ 41,897
FFO per diluted weighted average share	\$ 1.49	\$ 1.77	\$ 1.50	\$ 1.53	\$ 1.59
Core FFO	\$ 20,728	\$ 27,488	\$ 33,489	\$ 37,128	\$ 43,097
Core FFO per diluted weighted average share	\$ 1.55	\$ 1.55	\$ 1.53	\$ 1.55	\$ 1.63

Source: Company Reports, Stonegate Capital Partners

CORPORATE TIMELINE

February 1, 2017 – GOOD closes on sale of a 183,000 square foot industrial property located in Franklin Township, NJ, for gross proceeds of \$12.8M

December 15, 2016 – Company announces acquisition of a 103,000 square foot office space located just outside Philadelphia, PA, for \$25.5M at an average cap rate of 8.7%

December 5, 2016 – Direct placement of 774,400 shares of common stock executed with net proceeds totaling \$13.9M

November 30, 2016 – GOOD added to MSCI US REIT Index as of close of business

September 14, 2016 – Company announced purchase of \$23.9M property in Fort Lauderdale, FL, bringing total number in portfolio to 97 and reported occupancy at 97.7%

August 25, 2016 – GOOD disposed of 3 properties for \$3M as part of its capital recycling strategy

August 1, 2016 – Details of a follow-on offering of 7% Series D redeemable preferred stock for net proceeds of approximately \$29.8M disclosed

July 12, 2016 – Company announced planned redemption of its Series C 7.125% cumulative term preferred stock (completed as of 8/22/16)

May 25, 2016 – Registered direct placement of 7% Series D cumulative redeemable preferred stock for total net proceeds of \$25.3M announced

November 27, 2015 – Completed refinancing of \$18.6 million of mortgage debt set to expire in 2015 and early 2016 with \$3.6 million of new mortgage debt; the remainder was repaid with proceeds from line of credit. Announced \$48.9 million in debt refinancing during 2015 resulting in a \$1.8 million reduction in cost

October 6, 2015 – Expanded revolving credit facility from \$75M to \$85M and extended maturity date 1 year through August 2018; added a \$25M 5-year term loan facility maturing in October 2020.

August 13, 2015 – Announced refinancing of \$30.4 million of mortgage debt set to expire in 2015 with approximately \$21.5 million of new mortgage debt

July 27, 2015 – Amended and restated existing advisory agreement, lowering base management fee and incentive fee, along with other terms of the previous agreement

April 23, 2013 – Announced common stock offering of 1,100,000 shares at \$18.90 per share with 30-day option of 165,000 additional shares

June 9, 2011 – Announced common stock offering of 1,200,000 shares at \$17.55 per share with 30-day option of 180,000 additional shares

August 2003 – Company went public-- began trading on the NASDAQ market under the symbol GOOD

February 2003 – Gladstone Commercial Corporation founded by David Gladstone

GLADSTONE GOVERNANCE

David Gladstone, CEO, President and Director – Mr. Gladstone is the founder of Gladstone Commercial Corporation, along with its affiliates, Gladstone Capital Corporation, Gladstone Investment Corporation, and Gladstone Land Corporation. He has been the Chief Executive Officer of Gladstone Commercial Corporation since inception in 2003. Prior to founding the group of companies, Mr. Gladstone served as Chairman of American Capital, American Capital Strategies, and Allied Capital Commercial. Mr. Gladstone holds an MBA from the Harvard Business School, a MA from American University and a BA from the University of Virginia.

Robert Cutlip, President and Executive Managing Director – Mr. Cutlip joined the Gladstone Companies in June of 2012. Prior to joining Gladstone, he held executive level positions at three publicly traded real estate investment trusts: Duke Realty, Highwoods Properties, and First Industrial. Mr. Cutlip holds an MBA in Finance from University of Southern California, an MS in Civil Engineering from Vanderbilt University and a BS in Civil Engineering from the U.S. Air Force Academy.

Michael Sodo, CFO – Mr. Sodo most recently served as a CFO, Treasurer and Executive Vice President of VEREIT (NYSE:VER) from October 2014 through October 2015, having significant capital markets involvement, including relationships with investors, lenders, analysts, and rating agencies. Mr. Sodo, a Certified Public Accountant, started his career at KPMG in the audit function before spending 11 years at Capital Automotive (formerly Capital Automotive REIT) where he rose to Senior Vice President of Financial Reporting and Treasurer.

Jay Beckhorn, Treasurer – Mr. Beckhorn has been Treasurer of Gladstone Commercial and Gladstone Land since January 2015. He is also Assistant Treasurer of Gladstone Capital and Gladstone Investment. Prior to joining the Company, he held senior positions at Heavenrich & Co., an M&A group that serves the senior housing industry, and Sunrise Senior Living. He earned an MBA from Duke University's Fuqua School of Business and a BA from Colgate University.

Buzz Cooper, Senior Managing Director, South and Southeast Regions – Mr. Cooper joined the Gladstone Companies at their inception in June 2001 and operates out of the Company's corporate headquarters in McLean, VA, where he is responsible for identifying, underwriting, managing, and servicing much of the firm's commercial real estate investment projects. Prior to joining the firm, Mr. Cooper served as a Senior Vice President and Principal of Allied Capital Corporation and its affiliate funds. Mr. Cooper received a BA in Sociology and Anthropology from Washington and Lee University.

Matt Tucker, Managing Director, Northeast and Midwest Regions – Mr. Tucker joined the Gladstone Companies in May 2005. He is focused on sourcing and executing net-leased real estate acquisitions and sale-leaseback investments in the Northeast and Midwest U.S. Prior to joining Gladstone, he held investment and advisory positions with Liquid Realty Partners, SG Capital Partners, and Chase Securities in the High Yield Finance group. Mr. Tucker earned his MBA with high distinction from the University of Michigan Business School and holds an AB in Psychology from Princeton University.

Andrew White, Managing Director, Western Region – Mr. White joined the Gladstone Companies in August of 2013. Previously, he held senior positions with MetLife Real Estate Investments, ING Realty Partners, Berwind Property Group and MIG Real Estate. Mr. White earned an MBA with a concentration in finance and real estate from the University of California and a BS in mechanical engineering from Drexel University in Philadelphia.

Brandon Flickinger, Director of Operations – Mr. Flickinger manages regional acquisition and asset management activities as well as internal operations of the firm. He was formerly a Vice President in Jones Lange LaSalle's Real Estate Investment Group. Mr. Flickinger holds an MBA from Fordham University and a BBA from James Madison University.

Board of Directors:

David Gladstone – *Chairman*

Paul W. Adelgren – *Director*

Caren D. Merrick – *Director*

Anthony W. Parker – *Director*

Terry Lee Brubaker – *Vice Chairman*

Michela A. English – *Director*

John H. Outland – *Director*

Walter H Wilkinson Jr. – *Director*

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