GLADSTONE COMMERICAL CORPORATION

VALUATION COMMITTEE CHARTER

ARTICLE I
PURPOSE

The purpose of the Valuation Committee (the "***Committee***") of the board of directors (the "***Board***") of Gladstone Commercial Corporation (the "***Company***") is to oversee the implementation and administration of the Company's procedures for valuing impaired assets[1] (attached hereto as Exhibit A) (the "***Policy***"). In undertaking and fulfilling this oversight responsibility, the Committee shall have the responsibility of:

- determining the fair value of the Company's impaired investments, if any, and reporting such determination to the Board;

- assisting the Board's compliance with legal and regulatory requirements, as well as risk management, related to impaired asset valuation; and

- providing effective communication between the Board, senior and financial management and the Company's independent public accountants, with respect to valuation matters regarding impaired assets.

ARTICLE II
MEMBERSHIP AND TERM

The Committee shall consist of at least three members of the Board. Committee members shall be "Independent Directors," as such term is defined in the NASDAQ Listing Standards. Further, each member of the Committee must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement.

Each member of the Committee shall be appointed by the Board. Any vacancy occurring in the Committee shall also be filled by the Board. Unless a Chairman of the Committee is designated by the Board, the members of the Committee will elect a Chairman by formal vote of the Committee's full membership.

ARTICLE III
MEETINGS

The Committee shall meet at least quarterly to determine the fair value of the Company's impaired assets, if any, and in accordance with the Policy. Between meetings of the Committee, the Company's Chief Valuation Officer is authorized to make changes to valuation determinations with such changes to be approved by the Company's Audit Committee prior to inclusion of such valuations in any current, quarterly or annual report filed by the Company

[1] The Policy is within S404: Real Estate Assets – Real Estate Asset Impairment, section "Monitoring for Impairment" and is attached hereto as Exhibit A.

pursuant to Section 13 of the Securities and Exchange Act of 1934, as amended. Committee meetings may be held in person, by telephone conference, or other interactive electronic communication. A majority of the Committee's members shall constitute quorum for each meeting. The Committee shall keep minutes of each meeting and those minutes shall be reported to the Board. In addition, the Committee will make available to the Board, upon request, all information considered in reaching its valuation decisions.

ARTICLE V
RESPONSIBILITIES

The following functions are the common recurring activities of the Committee in carrying out its oversight role. These functions are set forth below as a guide with the understanding that the Committee may diverge from this guide, as appropriate, given the circumstances.

a) Review and reassess the adequacy of this Committee and this Charter not less than annually and recommend any proposed changes to the Board for consideration and approval;

b) Evaluate the effectiveness and adequacy of the Policy quarterly and recommend to the Board any proposed changes thereto;

c) Make such valuation recommendations to the Board, if any, in accordance with the Policy, as amended from time to time;

d) Confirm valuations are made in accordance with the Policy and report any deficiencies or violations of such valuation procedures to the Board on at least a quarterly basis; and

e) If necessary, review valuations and any reports of independent valuation firms.

The Committee shall have the resources and the authority to discharge its duties and responsibilities, including the authority to retain internal and external advisors (including, but not limited to, independent valuation firms or experts), as it deems appropriate, without seeking approval of the Board or the Company's management. The Committee shall have sole authority to approve related fees and retention terms associated with the retention of any such advisor or consultant, which fees shall be paid by the Company.

The Committee may assume such other responsibilities as it or the Board deem necessary or appropriate in carrying out its purpose. Nothing in this Charter shall be interpreted as diminishing or derogating from the responsibilities of the Board and the Board shall retain the ultimate authority and responsibility for determination of the value of the Company's assets and liabilities.

The date of the adoption of this Charter by the Committee was October 12, 2015.

The date of the adoption of this Charter by the Board was October 12, 2015.

EXHIBIT A

Impairment Calculation Summary

Step 1:	Members of the GOOD team meet quarterly to review indications for asset impairment. If indications exist, the GOOD team proceeds with Step 2.
Step 2:	An asset manager prepares an undiscounted cash flow for the specific property. The CFO reviews the analysis and impairment is indicated if the calculation is less than the carrying value. If impaired, the GOOD team then writes down the carrying value of the property following Step 3.
Step 3:	The carrying value of the impaired property is written down based on GOOD's best estimate of the fair value for the impaired asset. This fair value is typically based on reports from brokers in the market with indications of the disposal value of the property, or if these are not available, a discounted cash flow is calculated using available market inputs.
Step 4:	The CVO reviews the fair value for the impaired property with the CFO and reports it to the Valuation Committee and Board for ultimate approval.

Excerpt from **S404: REAL ESTATE ASSETS- REAL ESTATE ASSET IMPAIRMENT**

Monitoring for Impairment

The Asset Management ("AM") Department of GOOD is responsible for monitoring both the fiscal performance of the tenants and the physical performance of the real estate. The asset manager AM maintains communication with the appropriate point of contact at each of the property locations (either the tenant or the external third party property manager). All of the external management companies are required to remit monthly operating reports to AM. These reports include the financials of the property along with an executive summary, which includes updates on any property issues (such as roof or HVAC). If no management company is engaged the asset manager in AM will generally perform a site visit once a year. If required in the lease, AM will also receive financial statements from the tenant in order to monitor the tenant's financial performance.

In the case of foreseeable danger, such as inclement weather, PM is in communication with the tenant or management company to ensure that the proper precautions are taking place to protect the property.

Property issues are discussed at bi-monthly meetings with the entire GOOD team, and the Senior Asset Manager and the CFO meet quarterly to review the entire portfolio to determine if any circumstances exist that indicate impairment. Considerations for impairment include, but are not limited to, lease maturities in the next 12 months, late payment of rent and financial concerns of the tenant. The Senior Asset Manager and CFO also consider properties tested in the previous quarter and if they should continue to be monitored for impairment or if circumstances have changed such that they can be removed from the list. The Senior Asset Manager and CFO review the list of properties to test for impairment with the President.

If circumstances support the possibility of impairment, the asset manager prepares a projection of the undiscounted future cash flows, without interest charges, of the specific property and determines if the investment in such property is recoverable. The analyst or associate assigned to the property determines market inputs and assumptions to use in this analysis and receives sign off on the assumptions from the MD. The asset manager reviews the Argus model to ensure that the assumptions signed off on by the MD were properly included in the ARGUS run. Once the asset manager has signed off, the CFO also reviews the Argus output. The CFO verifies the assumptions approved by the MD are being used and performs an analytical analysis on changes in the calculations quarter over quarter. The CFO reviews the changes in assumptions (ie if the market rent assumption decreased, the corresponding value of the property should decrease). The CFO sends emails to discuss any questions on the calculations to the associates and asset manager. The CFO accepts the calculations once all questions have been resolved with the asset management team.

If impairment is indicated, the carrying value of the property would be written down to its estimated fair value based on GOOD's best estimate of the property's discounted future cash flows.

The deal team that is assigned to the impaired property would work with accounting to determine the best way to calculate the current fair value of the property, typically based on a discounted cash flow analysis. The deal team would likely receive market inputs from regional brokers. The deal team, the CFO and the CVO would review the DCF and market analysis to approve the fair value of the property. The deal team, CFO and CVO would review the calculation for accuracy and ensure that the market inputs are reasonable and are within the range provided by the regional brokers. If the market inputs are outside of the range provided by the brokers, the deal team would document the discrepancy. Once this amount has been confirmed by all internal parties, the Senior Accountant would prepare the entry and seeks approval from the CFO.

The CVO would discuss the impairment and calculation of the fair value of the property at the quarterly Valuation Committee meeting. The Valuation Committee would review the impairment and recommend the valuation of the impaired asset to the Board.