

GLADSTONE COMMERCIAL CORP  
Form DEF 14A  
March 18, 2016  
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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as**

**permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Gladstone Commercial Corporation**

(Name of Registrant as Specified in its Charter)

**Not Applicable**

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

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**GLADSTONE COMMERCIAL CORPORATION**

**1521 Westbranch Drive, Suite 100**

**McLean, Virginia 22102**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On May 5, 2016**

To the Stockholders of Gladstone Commercial Corporation:

We are notifying you that the 2016 Annual Meeting of Stockholders of Gladstone Commercial Corporation will be held on Thursday, May 5, 2016, at 11:00 a.m. local time at the corporate headquarters of The Gladstone Companies, located at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102, for the following purposes:

1. To elect three directors to hold office for terms that will expire at the 2019 Annual Meeting of Stockholders;
2. To ratify the Audit Committee's selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2016; and
3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed March 7, 2016, as the record date for determining the stockholders entitled to notice of and to vote at the 2016 Annual Meeting of Stockholders and at any adjournment or postponement thereof.

Pursuant to rules adopted by the Securities and Exchange Commission, we are providing access to our proxy materials over the Internet. As a result, we are mailing to our stockholders a Notice of Internet Availability of Proxy Materials, which contains instructions on how stockholders can access those documents over the Internet and vote their shares. The Notice of Internet Availability of Proxy Materials also contains instructions on how stockholders can receive a paper copy of our proxy materials, including this Proxy Statement, our 2015 Annual Report, and a proxy card or voting instruction card. We believe this process will expedite stockholders' receipt of proxy materials, lower the costs of our 2016 Annual Meeting of Stockholders and conserve natural resources.

By Order of the Board of Directors,

Michael LiCalsi

Secretary

McLean, Virginia

March 18, 2016

**The Board of Directors is soliciting proxies to be used at the 2016 Annual Meeting of Stockholders. All of our stockholders are cordially invited to attend the Annual Meeting. Whether or not you plan to attend the Annual Meeting, you are urged to submit your proxy electronically via the Internet or vote by telephone as instructed in these materials. Submitting your proxy or voting instructions promptly will assist us in reducing the expenses of additional proxy solicitation, but it will not affect your right to vote in person if you attend the Annual Meeting (and, if you are not a stockholder of record, you have obtained a legal proxy from the bank, broker, trustee or other nominee that holds your shares giving you the right to vote the shares in person at the Annual Meeting).**

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**GLADSTONE COMMERCIAL CORPORATION**

1521 Westbranch Drive, Suite 100

McLean, Virginia 22102

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**GLADSTONE COMMERCIAL CORPORATION**

**1521 Westbranch Drive, Suite 100, McLean, Virginia 22102**

**PROXY STATEMENT**

**FOR THE 2016 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On May 5, 2016**

**QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING**

**What is the Notice of Internet Availability of Proxy Materials and why am I receiving it?**

Pursuant to the e-proxy rules promulgated by the Securities and Exchange Commission (the SEC), Gladstone Commercial Corporation, referred to herein as we, us, the Company or Gladstone Commercial, is providing access to our proxy materials in a fast and efficient manner via the Internet. Accordingly, on March 18, 2016, we mailed a Notice of Internet Availability of Proxy Materials (the Notice) to all stockholders of record as of the close of business on March 7, 2016, and posted our proxy materials on the website referenced in the Notice ([www.proxyvote.com](http://www.proxyvote.com)). As more fully described in the Notice, all stockholders may choose to access our proxy materials on the website referred to in the Notice. In addition, the Notice and website provide information regarding how you may elect to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. If you previously elected to receive a printed or electronic copy of our proxy materials, which we also expect to distribute on or about March 18, 2016, you will continue to receive these materials by mail or electronic mail. You will continue to receive paper or electronic copies of our proxy materials in the future until you elect otherwise.

**Who can vote at the Annual Meeting?**

Only holders of record of our common stock at the close of business on March 7, 2016, will be entitled to vote at the 2016 Annual Meeting of Stockholders (the Annual Meeting). On this record date, there were 22,550,111 shares of common stock outstanding and entitled to vote, having one vote per share.

*Stockholder of Record: Shares Registered in Your Name*

If on March 7, 2016, your shares were registered directly in your name with our transfer agent, Computershare, Inc., then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting, vote by proxy, or vote over the telephone or on the Internet. Whether or not you plan to attend the meeting, we urge you to vote by following the instructions in the Notice or in this proxy statement to ensure that your vote is counted.

*Beneficial Owner: Shares Registered in the Name of a Broker or Bank*

If on March 7, 2016, your shares were held not in your name, but rather in an account at a brokerage firm, bank, dealer or other similar organization (collectively, a Brokerage Firm), then you are the beneficial owner of shares held in street name and the Notice is being forwarded to you by that Brokerage Firm, which is the actual stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your Brokerage Firm as to how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your Brokerage Firm.

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### **What am I voting on?**

There are two matters scheduled for a vote, as follows:

Proposal 1, to elect three directors to hold office for terms that will expire at the 2019 Annual Meeting of Stockholders; and

Proposal 2, to ratify the Audit Committee's selection of PricewaterhouseCoopers LLP ( PwC ) as our independent registered public accounting firm for our fiscal year ending December 31, 2016.

### **How do I vote?**

For Proposal 1, you may either vote **FOR** all the nominees to the Board of Directors (the Board ) or you may **WITHHOLD** your vote for any nominee you specify. For Proposal 2, you may vote **FOR**, **AGAINST** or abstain from voting. The procedures for voting are set forth below:

#### *Stockholder of Record: Shares Registered in Your Name*

If you are a stockholder of record, you may vote in person at the Annual Meeting, vote over the telephone, vote by proxy on the Internet, or vote by proxy by using a proxy card that you may request or that we may elect to deliver at a later time. Whether or not you plan to attend the meeting, we urge you to vote using one of the methods listed below to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the Annual Meeting, and we will give you a ballot when you arrive.

To vote using a proxy card, simply complete, sign and date the proxy card that may be delivered and return it promptly in the envelope provided. To request a proxy card, follow the instructions on the Notice. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.

To vote over the telephone, dial toll-free 1-800-690-6903 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the Notice. Your vote must be received by 11:59 p.m. Eastern Daylight Time on May 4, 2016, the day prior to the Annual Meeting, to be counted.

To vote on the Internet, follow the instructions in the Notice or go to [www.proxyvote.com](http://www.proxyvote.com) to complete an electronic proxy card. You will be asked to provide the company number and control number from the Notice. Your vote must be received by 11:59 p.m. Eastern Daylight Time on May 4, 2016, the day prior to the Annual Meeting, to be counted.

#### *Beneficial Owner: Shares Registered in the Name of Your Broker or Bank*

If you are a beneficial owner of shares registered in the name of your Brokerage Firm, you should have received a notice containing voting instructions from that organization rather than from Gladstone Commercial. Simply follow the voting instructions in the notice to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your Brokerage Firm. To vote in person at the Annual Meeting, you must obtain a valid proxy from your Brokerage Firm. Follow the instructions from your Brokerage Firm or contact them to request a proxy form.

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**We provide Internet proxy voting to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from your Internet access provider and telephone company.**

### **What if another matter is properly brought before the meeting?**

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, your proxy holder (one of the individuals named on your Proxy Card) will vote on those matters in accordance with their best judgment.

### **How many votes do I have?**

On each matter to be voted upon, you have one vote for each share of common stock you owned as of March 7, 2016.

### **What if I return a proxy card or otherwise vote but do not make specific choices?**

If you return a signed and dated proxy card or otherwise vote without marking voting selections, your shares will be voted **FOR** the election of all director nominees and **FOR** the ratification of the Audit Committee's selection of PwC as our independent registered public accounting firm for our fiscal year ending December 31, 2016. If any other matter is properly presented at the meeting, your proxy holder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

### **Who is paying for this proxy solicitation?**

We, Gladstone Commercial Corporation, will bear the cost of solicitation of proxies, including preparation, assembly, printing and mailing of the Notice, and any additional information furnished to stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of our common stock beneficially owned by others to forward to such beneficial owners. We may reimburse persons representing beneficial owners of our common stock for their costs of forwarding solicitation materials to such beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone or personal solicitation by directors, officers or other employees of Gladstone Management Corporation (our Adviser), or Gladstone Administration, LLC (our Administrator). No additional compensation will be paid to directors, officers or other employees for such services.

### **What does it mean if I receive more than one Notice?**

If you receive more than one Notice, your shares are registered in more than one name or are registered in different accounts at your Brokerage Firm. Please follow the voting instructions on all such Notices to ensure that all of your shares have been voted.

### **Can I change my vote after submitting my proxy?**

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

You may submit another properly completed proxy card with a later date.

You may grant a subsequent proxy through the Internet.



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You may vote by telephone on a later date.

You may send a timely written notice that you are revoking your proxy to Gladstone Commercial Corporation's corporate secretary at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102.

You may attend the Annual Meeting and vote in person. However, simply attending the meeting will not, by itself, revoke your proxy. Your most current proxy card, Internet proxy or telephone vote is the one that is counted. If your shares are held by your Brokerage Firm, you should follow the instructions provided by them.

### **When are stockholder proposals due for next year's Annual Meeting?**

We will consider for inclusion in our proxy materials for the 2017 Annual Meeting of Stockholders proposals that we receive not later than November 18, 2016, and that comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act), and our bylaws, as amended (Bylaws). Stockholders must submit their proposals to our corporate secretary at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102.

In addition, any stockholder who wishes to propose a nominee to the Board or propose any other business to be considered by the stockholders (other than a stockholder proposal to be included in our proxy materials pursuant to Rule 14a-8 of the Exchange Act) must comply with the advance notice provisions and other requirements of Article II, Section 4 of our Bylaws, a copy of which is on file with the SEC and may be obtained from our corporate secretary upon request. These notice provisions require that nominations of persons for election to the Board and proposals of business to be considered by the stockholders for the 2017 Annual Meeting of Stockholders must be made in writing and submitted to our corporate secretary at the address above no earlier than February 4, 2017 (90 days before the first anniversary of the 2016 Annual Meeting of Stockholders) and not later than March 6, 2017 (60 days before the first anniversary of the 2016 Annual Meeting of Stockholders). You are also advised to review our Bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

### **What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting of stockholders. A quorum will be present if at least a majority of the outstanding voting shares are represented by stockholders present at the meeting or by proxy. On the record date, there were 22,550,111 shares outstanding and entitled to vote. Thus, 11,275,056 shares must be represented by stockholders present at the meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your Brokerage Firm or other nominee) or if you vote in person at the meeting. **WITHHOLD** votes, abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of the voting shares present at the meeting in person or represented by proxy may adjourn the meeting to another date.

### **How are votes counted?**

Votes will be counted by the inspectors of election appointed for the meeting, who will separately count: (i) **FOR** and **WITHHOLD** votes and broker non-votes for Proposal 1 (election of directors) and (ii) **FOR**, **AGAINST** and **ABSTAIN** votes with respect to Proposal 2 (ratification of the appointment of

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PwC). **WITHHOLD** votes, abstentions and broker non-votes will have no effect with regard to Proposals 1 and 2, although they will be considered present for purposes of determining the presence of a quorum. Our chief financial officer and assistant treasurer, Danielle Jones, and our general counsel and secretary, Michael LiCalsi, have been appointed as the inspectors of election.

### **What are broker non-votes ?**

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to his or her Brokerage Firm holding the shares as to how to vote on matters deemed non-routine. Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the Brokerage Firm holding the shares. If the beneficial owner does not provide voting instructions, the Brokerage Firm can still vote the shares with respect to matters that are considered to be routine, but not with respect to non-routine matters.

**Under applicable rules of the New York Stock Exchange ( NYSE ), Proposal 1 (election of directors) is a non-routine proposal; thus your Brokerage Firm is not entitled to vote your shares without your instructions. Proposal 2 (ratification of the appointment of PwC) is a routine proposal; thus your Brokerage Firm may vote your shares even if it does not receive instructions from you. In the event that a Brokerage Firm indicates on a proxy that it does not have discretionary authority to vote certain shares on a non-routine proposal, then those shares will be treated as broker non-votes.**

### **How many votes are needed to approve each proposal?**

For Proposal 1, the vote of a plurality of all the votes cast at the Annual Meeting at which a quorum is present is necessary for the election of a director. Therefore, for the three directorships to be filled at the Annual Meeting, the three nominees receiving the most **FOR** votes (among votes properly cast in person or by proxy) will be elected. **WITHHOLD** and broker non-votes, if any, will not be counted as votes cast and will have no effect on the result of the vote. However, they will be counted towards the quorum requirement.

For Proposal 2, the ratification of PwC as our independent registered public accounting firm, the affirmative vote of a majority of all of the votes cast at the Annual Meeting at which a quorum is present is required to approve the proposal. Abstentions and broker non-votes, if any, will not be counted as votes cast and will have no effect on the result of the vote. However, they will be counted toward the quorum requirement.

### **How can I find out the results of the voting at the Annual Meeting?**

Preliminary voting results will be announced at the Annual Meeting. Final results will be announced in a Current Report on Form 8-K, which will be filed with the SEC within four business days after the conclusion of the Annual Meeting.

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**PROPOSAL 1**

**ELECTION OF DIRECTORS TO CLASS OF 2019**

Our Board is divided into three classes. Each has a three-year term. Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy in a class, including any vacancies created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until the director's successor is elected and qualified. Our Board currently has eight directorships and eight members.

There are three directors in the class whose term of office expires in 2016. Therefore, the Board has nominated three persons for election to the class whose term of office will expire in 2019. Each nominee is a current member of our Board. Proxies cannot be voted for a greater number of persons than the number of nominees named. If elected at the Annual Meeting, each nominee would serve until the 2019 Annual Meeting and until his or her successor is elected and has qualified, or, if sooner, until his or her death, resignation or removal. It is our policy to encourage directors and nominees for director to attend the Annual Meeting. One of our directors attended the 2015 Annual Meeting of Stockholders.

Directors are elected by a plurality of all the votes cast at the Annual Meeting. Therefore, for the three directorships to be filled at the Annual Meeting, the three nominees receiving the most **FOR** votes (among votes properly cast in person or by proxy) will be elected. **WITHHOLD** votes and broker non-votes, if any, will not be counted as votes cast and will have no effect on the result of the vote. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the three nominees named below. If any nominee becomes unavailable for election as a result of an unexpected occurrence, your shares will be voted for the election of a substitute nominee proposed by our management. Each person nominated for election has agreed to serve if elected. Our management has no reason to believe that any nominee will be unable to serve.

**Nominees for Election for a Three-year Term, Expiring at the 2019 Annual Meeting of Stockholders**

The following is a brief biography of each director nominee.

*David Gladstone.* Mr. Gladstone, age 73, is our founder and has served as chief executive officer and chairman of the Board since our inception in 2003. He also founded and continues to serve as chief executive officer and chairman of the board of directors of our affiliates, including Gladstone Capital Corporation ( Gladstone Capital ), Gladstone Investment Corporation ( Gladstone Investment ), Gladstone Land Corporation ( Gladstone Land ), our Adviser, and our Administrator. Mr. Gladstone additionally serves on the board of managers of our affiliated broker-dealer, Gladstone Securities, LLC ( Gladstone Securities ). Prior to founding the Company, Mr. Gladstone served as either chairman or vice chairman of the board of directors of American Capital, Ltd. (NASDAQ: ACAS), a publicly-traded leveraged buyout fund and mezzanine debt finance company, from 1997 to 2001. From 1974 to 1997, Mr. Gladstone held various positions, including chairman and chief executive officer, with Allied Capital Corporation (NYSE: ALD), Allied Capital Corporation II, Allied Capital Lending Corporation and Allied Capital Advisors, Inc., a registered investment adviser that managed the Allied companies. The Allied companies were the largest group of publicly-traded mezzanine debt funds in the United States and were managers of two private venture capital limited partnerships. From 1991 to 1997, Mr. Gladstone served either as chairman of the board of directors or president of Allied Capital Commercial Corporation, a publicly-traded REIT that invested in real estate loans to small and medium-sized businesses, managed by Allied Capital Advisors, Inc. He managed the growth of Allied Capital Commercial from no assets at the time of its initial public offering to \$385 million in assets at the time it merged into Allied Capital

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Corporation in 1997. From 1992 to 1997, Mr. Gladstone served as a director, president and chief executive officer of Business Mortgage Investors, a privately-held mortgage REIT managed by Allied Capital Advisors, which invested in real estate loans to small and medium-sized businesses. Mr. Gladstone is also a past director of Capital Automotive REIT, a real estate investment trust that purchases and net leases real estate to automobile dealerships. Mr. Gladstone served as a director of The Riggs National Corporation (the parent of Riggs Bank) from 1993 to May 1997 and of Riggs Bank from 1991 to 1993. He served as a trustee of the George Washington University and currently is trustee emeritus. He is a past member of the Listings and Hearings Committee of the National Association of Securities Dealers, Inc. Mr. Gladstone was the founder and managing member of The Capital Investors, LLC, a group of angel investors, and is currently a member emeritus. Mr. Gladstone holds an MBA from the Harvard Business School, an MA from American University and a BA from the University of Virginia. Mr. Gladstone has co-authored two books on financing for small and medium-sized businesses, *Venture Capital Handbook* and *Venture Capital Investing*.

Mr. Gladstone was selected to serve as a director on our Board and nominated to serve another directorship term because he is our founder and has greater than 30 years of experience in the industry, including his past service as our chairman and chief executive since our inception.

*Paul W. Adelgren.* Mr. Adelgren, age 73, has been one of our directors since August 2003. From 1997 to the present, Mr. Adelgren has served as the pastor of Missionary Alliance Church. From 1991 to 1997, Mr. Adelgren was pastor of New Life Alliance Church. From 1988 to 1991, Mr. Adelgren was the comptroller, treasurer, and vice president for finance and materials of Williams & Watts, Inc., a logistics management and procurement business located in Fairfield, NJ. Prior to joining Williams & Watts, Mr. Adelgren served in the United States Navy, where he served in a number of capacities, including as the director of the Strategic Submarine Support Department, SPCC Mechanicsburg, Pennsylvania, as an executive officer at the Naval Supply Center, Charleston, South Carolina and as the director of the Joint Uniform Military Pay System, Navy Finance Center. He is a retired Navy Captain. Mr. Adelgren has also served as a director of Gladstone Capital since January 2003, a director of Gladstone Investment since June 2005 and a director of Gladstone Land since January 2013. Mr. Adelgren holds an MBA from Harvard Business School and a BA from the University of Kansas.

Mr. Adelgren was selected to serve as an independent director on our Board and nominated to serve another directorship term due to his strength and experience in ethics, which also led to his appointment as chairman of our Ethics, Nominating and Corporate Governance Committee and his past service on our Board since August 2003.

*John H. Outland.* Mr. Outland, age 70, has been one of our directors since December 2003. From March 2004 to June 2006, he served as vice president of Genworth Financial, Inc. From 2002 to March 2004, Mr. Outland served as a managing director for 1789 Capital Advisors, where he provided market and transaction structure analysis and advice on a consulting basis for multifamily commercial mortgage purchase programs. From 1999 to 2001, Mr. Outland served as vice president of mortgage-backed securities at Financial Guaranty Insurance Company where he was team leader for bond insurance transactions, responsible for sourcing business, coordinating credit, loan files, due diligence and legal review processes, and negotiating structure and business issues. From 1993 to 1999, Mr. Outland was senior vice president for Citicorp Mortgage Securities, Inc., where he securitized non-conforming mortgage products. From 1989 to 1993, Mr. Outland was vice president of real estate and mortgage finance for Nomura Securities International, Inc., where he performed due diligence on and negotiated the financing of commercial mortgage packages in preparation for securitization. Mr. Outland has also been a director of Gladstone Capital since December 2003, a director of Gladstone Investment since June 2005 and a director of Gladstone Land since January 2013. Mr. Outland holds an MBA from Harvard Business School and a bachelor's degree in Chemical Engineering from Georgia Institute of Technology.

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Mr. Outland was selected to serve as an independent director on our Board and nominated to serve another directorship term due to his more than 20 years of experience in the real estate and mortgage industry as well as his past service on our Board since December 2003

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR  
EACH NAMED NOMINEE.**

**Directors Continuing in Office Until the 2017 Annual Meeting of Stockholders**

The following is a brief biography of each director whose term will continue until the 2017 Annual Meeting of Stockholders.

*Michela A. English.* Ms. English, age 66, has served as one of our directors since August 2003. Ms. English has served as President and CEO of Fight for Children, a non-profit charitable organization focused on providing high quality education and health care services to underserved youth in Washington, D.C., since 2006. Ms. English has also been a director of Gladstone Capital since June 2002, a director of Gladstone Investment since June 2005 and a director of Gladstone Land since January 2013. From March 1996 to March 2004, Ms. English held several positions with Discovery Communications, Inc., including president of Discovery Consumer Products, president of Discovery Enterprises Worldwide and president of Discovery.com. From 1991 to 1996, Ms. English served as senior vice president of the National Geographic Society and was a member of the National Geographic Society's Board of Trustees and Education Foundation Board. Prior to 1991, Ms. English served as vice president, corporate planning and business development for Marriott Corporation and as a senior engagement manager for McKinsey & Company. Ms. English currently serves as director of the Educational Testing Service (ETS), as a director of D.C. Preparatory Academy, a director of the District of Columbia Public Education Fund, a trustee of the Corcoran Gallery of Art, and as a member of the Virginia Institute of Marine Science Council. Ms. English also previously served as a director of the Society for Science and the Public. Ms. English is an emeritus member of the board of Sweet Briar College. Ms. English holds a Bachelor of Arts in International Affairs from Sweet Briar College and a Master of Public and Private Management degree from the Yale University School of Management.

Ms. English was selected to serve as an independent director on our Board due to her greater than 20 years of senior management experience at various corporations and non-profit organizations.

*Anthony W. Parker.* Mr. Parker, age 70, has served as one of our directors since August 2003. Mr. Parker has also been a director of Gladstone Capital since August 2001, a director of Gladstone Investment since June 2005 and a director of Gladstone Land since January 2013. Mr. Parker founded Parker Tide Corp. in 1997. Parker Tide is a government contracting company providing mission critical solutions to the Federal Government. From 1992 to 1996, Mr. Parker was chairman of Capitol Resource Funding, Inc., a commercial finance company. Mr. Parker practiced corporate and tax law for over 15 years from 1980 to 1983 at Verner, Liipfert, Bernhard & McPherson, and in private practice from 1983 to 1992. From 1973 to 1977 Mr. Parker served as executive assistant to the administrator of the U.S. Small Business Administration. Mr. Parker is a director of Naval Academy Sailing Foundation, a 501(c)(3) not-for-profit corporation located in Annapolis, Maryland and as a director of the Bishop Walker School, a part of the Episcopal diocese of Washington, D.C. Mr. Parker received his J.D. and Masters in Tax Law from Georgetown Law Center and his undergraduate degree from Harvard College.

Mr. Parker was selected to serve as an independent director on our Board due to his expertise and wealth of experience in the field of corporate taxation. Mr. Parker's knowledge of corporate tax was instrumental in his appointment as chairman of our Audit Committee.

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**Directors Continuing in Office Until the 2018 Annual Meeting of Stockholders**

The following is a brief biography of each director whose term will continue until the 2018 Annual Meeting of Stockholders.

*Terry L. Brubaker.* Mr. Brubaker, age 72, has served as our chief operating officer and a director since our inception in 2003, as president from our inception through July 2007, when he assumed the duties of vice chairman, and as secretary from 2003 to October 2012. Mr. Brubaker has also served as the chief operating officer and a director of our Adviser since its inception in 2003 and was secretary from 2003 to October 2012. He also served as president of our Adviser from its inception until assuming the duties of vice chairman in February 2006. Mr. Brubaker has also served as chief operating officer of our Administrator since its inception in 2005. Mr. Brubaker has served as the chief operating officer and a director of Gladstone Capital since May 2001 and was secretary from 2003 to October 2012. He also served as president of Gladstone Capital from May 2001 through April 2004, when he assumed the duties of vice chairman. Mr. Brubaker has also been the vice chairman, chief operating officer and a director of Gladstone Investment since its inception in June 2005 and was secretary from 2003 to October 2012. Mr. Brubaker has also been the vice chairman, chief operating officer and a director of Gladstone Land since its inception in January 2007. In March 1999, Mr. Brubaker founded and, until May 1, 2003, served as chairman of Heads Up Systems, a company providing processing industries with leading edge technology. From 1996 to 1999, Mr. Brubaker served as vice president of the paper group for the American Forest & Paper Association. From 1992 to 1995, Mr. Brubaker served as president of Interstate Resources, a pulp and paper company. From 1991 to 1992, Mr. Brubaker served as president of IRI, a radiation measurement equipment manufacturer. From 1981 to 1991, Mr. Brubaker held several management positions at James River Corporation, a forest and paper company, including vice president of strategic planning from 1981 to 1982, group vice president of the Groveton Group and Premium Printing Papers from 1982 to 1990 and vice president of human resources development in 1991. From 1976 to 1981, Mr. Brubaker was strategic planning manager and marketing manager of white papers at Boise Cascade. Previously, Mr. Brubaker was a senior engagement manager at McKinsey & Company from 1972 to 1976. Prior to 1972, Mr. Brubaker was a U.S. Navy fighter pilot. Mr. Brubaker holds an MBA from the Harvard Business School and a BSE from Princeton University.

Mr. Brubaker was selected to serve as a director on our Board due to his more than 30 years of experience in various mid-level and senior management positions at several corporations.

*Caren D. Merrick.* Ms. Merrick, age 55, has served as our director and as a director of Gladstone Capital, Gladstone Land and Gladstone Investment since November 2014. Ms. Merrick is the founder of, and since 2014 has served as the chief executive officer of Pocket Mentor, a mobile application and digital publishing company focused on leadership development and career advancement. Since 2004 she has served as a partner with Bibury Partners, an investment and advisory firm that focuses on enterprise and consumer technology sectors. In addition, she has served as a board member of the Metropolitan Washington Airports Authority since 2012. Ms. Merrick co-founded and from 1996 to 2001 served as an executive vice president of, webMethods, Inc., a company that provides business-to-business enterprise software solution for Global 2000 companies. Ms. Merrick has served on the board of directors of WashingtonFirst Bankshares (NASDAQ: WFBI) since June 2015. Ms. Merrick has also served on the boards of directors of VisualCV, a venture-backed online resume and corporate talent management solution, from 2008 to 2011, Inova Healthcare Services from 2001 to 2005, and the Northern Virginia Technology Council from 2000 to 2004. Ms. Merrick previously served as a member of the Technology Subgroup on the Virginia Governor's Economic Development and Jobs Creation Commission from 2010 to 2011. Ms. Merrick also was director of AOL.com for America Online from 1996 to 1997, and has also been a consultant for Australia Post, a \$5 billion government business enterprise that provides postal, retail and

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financial, logistics and fulfillment services across Australia. Ms. Merrick is also a founding investor in Venture Philanthropy Partners, a philanthropic investment organization that mentors nonprofit leaders in growing programs to improve the lives of children from low income families in the National Capital Region. She has also served on the boards of several Washington, DC area charities, including Greater DC Cares, CharityWorks, the Fairfax Symphony and the Langley School. She is an active member of ARCS Advancing Science in America Achievement Awards for College Scientists. She also currently serves on the Board of the Global Good Fund and the Women in Technology's Leadership Foundry. Ms. Merrick received a BA in political science from the University of California, Los Angeles, and has received a Certificate of Director Education from the National Association of Corporate Directors.

Ms. Merrick was selected to serve as an independent director on our Board due to her knowledge and experience in operating a business and her understanding of the small business area through experiences overseeing the successful growth of her own business and several large and small businesses, charities and non-profits.

*Walter H. Wilkinson, Jr.* Mr. Wilkinson, age 70, has served as our director and on the boards of directors of Gladstone Investment, Gladstone Capital and Gladstone Land since October 2014. Mr. Wilkinson is the founder and a general partner of Kitty Hawk Capital, a venture capital firm established in 1980 and based in Charlotte, North Carolina. He has served on the board of the N.C. State University Foundation and has previously served as Chairman of its Graduate School Advisory Board where he endowed the Wilkinson Research Ethics Fellowship. For many years he served on the board and chairman of the finance committee of the Ben Craig Center, a business incubator affiliated with the University of N.C. at Charlotte. He is a past member and director of the National Venture Capital Association and is a past member and Chairman of the National Association of Small Business Investment Companies. Mr. Wilkinson was founding Chairman of the Carolinas Chapter of the National Association of Corporate Directors (NACD), and served on its board of directors through November 2015, and is a NACD Leadership Fellow, having completed the NACD's program for corporate directors and its continuing educational requirements to maintain this level of recognition. Mr. Wilkinson served as a director of R.F. Micro Devices, Inc. (NASDAQ: RFMD) from 1992, serving as its Chairman of its board of directors from July 2008, until its \$11 billion merger with Triquint Semiconductor, Inc. (TQNT) in January, 2015 to form QORVO (QRVO). He currently serves as Lead Independent Director for QORVO. Mr. Wilkinson also serves or has served as a director of numerous venture-backed companies, both public and private. Mr. Wilkinson is a graduate of N.C. State University (BS) and the Harvard Graduate School of Business Administration (MBA).

Mr. Wilkinson was selected to serve as an independent director on our Board due to his over 40 year career in the venture capital industry where he has helped to start or expand dozens of rapidly growing companies in a variety of industries. Mr. Wilkinson brings a unique perspective to our Board from his experience in overseeing the successful growth and evolution of numerous businesses and understanding the challenges of leading both private and public companies through changing economic conditions.

## **INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

### **Independence of the Board of Directors**

As required under the NASDAQ Stock Market (NASDAQ) listing standards, a majority of the members of a listed company's board of directors must qualify as independent, as affirmatively determined by the board

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of directors. The Board consults with our chief compliance officer and legal counsel to ensure that the Board's determinations are consistent with relevant securities and other laws and regulations regarding the definition of independent, including those set forth in pertinent listing standards of NASDAQ, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and us, our senior management and our independent registered public accounting firm, the Board has affirmatively determined that the following six current directors are independent directors within the meaning of the applicable NASDAQ listing standards: Messrs. Adalgren, Outland, Parker and Wilkinson and Mses. English and Merrick. Mr. Gladstone, the chairman of our Board and our chief executive officer and Mr. Brubaker, our vice chairman and chief operating officer are not independent directors by virtue of their positions as our executive officers.

## **Meetings of the Board of Directors**

The Board met four times during the last fiscal year. Each then current Board member attended 100% of the meetings of the Board and of the committees on which he or she served that were held during the period for which he or she was a director or committee member, with one exception. Director Michela English was not present at one Audit Committee meeting during the last fiscal year.

As required under applicable NASDAQ listing standards, which require regularly scheduled meetings of independent directors, in fiscal 2015, our independent directors met four times in regularly scheduled executive sessions at which only independent directors were present.

## **Corporate Leadership Structure**

Since our inception, Mr. Gladstone has served as chairman of our Board and our chief executive officer. The Board believes that our chief executive officer is best situated to serve as chairman because he is the director most familiar with our business and industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. In addition, Mr. Adalgren, one of our independent directors, serves as the Lead Director for all meetings of our independent directors held in executive session. The Lead Director has the responsibility of presiding at all executive sessions of the Board, consulting with the chairman and chief executive officer on Board and committee meeting agendas, acting as a liaison between management and the independent directors and facilitating teamwork and communication between the independent directors and management.

The Board believes the combined role of chairman and chief executive officer, together with having an independent Lead Director, is in the best interest of stockholders because it provides the appropriate balance between strategic development and independent oversight of management.



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Our Board has six committees: an Audit Committee, a Compensation Committee, an Executive Committee, an Offering Committee, an Ethics, Nominating and Corporate Governance Committee and a Valuation Committee. The following table shows the current composition of each of the committees of the Board:

| Name                | Audit | Compensation | Executive | Offering | Ethics, Nominating and Corporate Governance | Valuation Committee |
|---------------------|-------|--------------|-----------|----------|---|---------------------|
| Paul W. Adelgren    |       | X            |           |          | *X  |                     |
| Terry L. Brubaker   |       |              | X         | X        |   |                     |
| Michela English     | X     |              |           |          |   |                     |
| David Gladstone     |       |              | *X        | *X       |   |                     |
| Caren D. Merrick    | X     |              |           |          |   | *X                  |
| John H. Outland     | X     | *X           |           |          | X   | X                   |
| Anthony W. Parker   | *X    |              | X         | X        |   | X                   |
| Walter H. Wilkinson |       | X            |           |          | X   | X                   |

\* Committee Chairperson

#### Lead Independent Director

Below is a description of each committee of the Board. All committees have the authority to engage legal counsel or other experts or consultants, as they deem appropriate to carry out their responsibilities.

#### *The Audit Committee*

The Audit Committee of the Board oversees our corporate accounting and financial reporting process. For this purpose, the Audit Committee performs several functions. The Audit Committee evaluates the performance of and assesses the qualifications of the independent registered public accounting firm; determines and approves the engagement of the independent registered public accounting firm; determines whether to retain or terminate the existing independent registered public accounting firm or to appoint and engage a new independent registered public accounting firm; reviews and approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services; monitors the rotation of partners of the independent registered public accounting firm on our audit engagement team as required by law; confers with management and the independent registered public accounting firm regarding the effectiveness of internal controls over financial reporting; establishes procedures, as required under applicable law, for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of the Adviser or the Administrator regarding concerns of questionable accounting or auditing matters; and meets to review our annual audited financial statements and quarterly financial statements with management and the independent registered public accounting firm, including reviewing our disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations.

During the fiscal year ended December 31, 2015, the Audit Committee was comprised of Messrs. Parker (Chairperson) and Outland and Meses. English and Merrick. Messrs. Adelgren and Wilkinson currently serve as alternate members of the Audit Committee. Alternate members of the Audit Committee serve and participate in meetings of the Audit Committee only in the event of an absence of a regular member of the Audit Committee. The Audit Committee met eight times during the last fiscal year. The Audit Committee has adopted a written charter that is available to stockholders in the Corporate Governance section of our website at [www.GladstoneCommercial.com](http://www.GladstoneCommercial.com). Information from our website is not incorporated by reference into this Proxy Statement.

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The Board reviews the NASDAQ listing standards definition of independence for Audit Committee members on an annual basis and has determined that each of Messrs. Parker, Outland, Adलगren (alternate) and Wilkinson (alternate) and Mses. English and Merrick is independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ listing standards). No members of the Audit Committee received any compensation from us during the last fiscal year other than directors' fees. The Board has also determined that each of Messrs. Parker, Outland, Adलगren (alternate) and Wilkinson (alternate) and Mses. English and Merrick qualify as an audit committee financial expert, as defined in applicable SEC rules. The Board made a qualitative assessment of the members' level of knowledge and experience based on a number of factors, including formal education and experience. The Board has also unanimously determined that all Audit Committee members and alternate members are financially literate under current NASDAQ rules and listing standards. In addition to our Audit Committee, Messrs. Parker and Outland and Mses. English and Merrick also serve on the audit committees of Gladstone Investment, Gladstone Capital and Gladstone Land. Our Audit Committee's alternate members, Messrs. Adलगren and Wilkinson, also serve as alternate members on the audit committees of Gladstone Investment, Gladstone Capital and Gladstone Land. The Board has affirmatively determined that this simultaneous service does not impair the respective directors' ability to effectively and independently serve on our Audit Committee.

### ***The Compensation Committee***

The Compensation Committee operates pursuant to a written charter, which is available to stockholders and can be found in the Corporate Governance section of our website at [www.GladstoneCommercial.com](http://www.GladstoneCommercial.com), and conducts periodic reviews of the second amended and restated investment advisory agreement (the "Advisory Agreement") with our Adviser and the administration agreement (the "Administration Agreement") with our Administrator, to evaluate whether the fees paid to the parties under the respective agreements are in the best interests of us and our stockholders. The committee considers in such periodic reviews, among other things, whether the performance of our Adviser and our Administrator are reasonable in relation to the nature and quality of services performed, and whether the provisions of the Advisory and Administration Agreements are being satisfactorily performed. The Compensation Committee also reviews and considers all incentive fees payable to our Adviser under the Advisory Agreement. The Compensation Committee also reviews with management our Compensation Discussion and Analysis to be included in proxy statements and other filings. In addition, the Compensation Committee reviews, approves and recommends to our Board the compensation of our non-employee directors.

During the fiscal year ended December 31, 2015, the Compensation Committee was comprised of Messrs. Outland (Chairperson), Adलगren and Wilkinson. Mr. Parker and Mses. English and Merrick currently serve as alternate members of the Compensation Committee. Alternate members of the Compensation Committee serve and participate in meetings of the Compensation Committee only in the event of an absence of a regular member of the Compensation Committee. All members and alternate members of our Compensation Committee are independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ listing standards). The Compensation Committee met four times during the last fiscal year.

Our Board has determined that all members and alternate members of our Compensation Committee are independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ listing standards). No members of the Compensation Committee received compensation from us during the last fiscal year other than directors' fees. Messrs. Outland, Adलगren and Wilkinson also serve on the compensation committees of Gladstone Capital, Gladstone Land Corporation and Gladstone Investment. Our Compensation Committee's

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current alternate members, Mr. Parker and Ms. English and Merrick also serve as alternate members on the compensation committees of Gladstone Capital, Gladstone Land and Gladstone Investment. Our Board has determined that this simultaneous service does not impair the respective directors' ability to effectively serve on our Compensation Committee.

### ***Compensation Committee Interlocks and Insider Participation***

During the last completed fiscal year, the Compensation Committee consisted of Messrs. Outland (Chairperson), Adलगren and Wilkinson. Mr. Parker and Ms. English and Merrick currently serve as alternate members of the Compensation committee. None of the aforementioned persons is or has been one of our officers or employees. Further, none of our executive officers has ever served as a member of the compensation committee or as a director of another entity any of whose executive officers served on our Compensation Committee, and none of our executive officers has ever served as a member of the compensation committee of another entity any of whose executive officers served on our Board.

### ***The Ethics, Nominating and Corporate Governance Committee***

The Ethics, Nominating and Corporate Governance Committee (the Ethics Committee) of the Board is responsible for identifying, reviewing and evaluating candidates to serve as our directors (consistent with criteria approved by the Board), reviewing and evaluating incumbent directors, recommending to the Board for selection candidates for election to the Board, making recommendations to the Board regarding the membership of the committees of the Board, assessing the performance of the Board and developing our corporate governance principles. Our Ethics Committee operates pursuant to a written charter, which is available to stockholders and can be found in the Corporate Governance section of our website at [www.GladstoneCommercial.com](http://www.GladstoneCommercial.com). During the last fiscal year, the Ethics Committee was comprised of Messrs. Adलगren (Chairperson), Outland and Mr. Wilkinson. Mr. Parker and Ms. English and Merrick served as alternate members of the Committee during fiscal year 2015. Alternate members of the committee serve and participate in meetings of the committee only in the event of an absence of a regular member of the committee. Each member and alternate member of the Ethics Committee is independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ listing standards). The Ethics Committee met four times during the last fiscal year.

### ***Information Regarding the Process for Nominating Director Candidates***

The Ethics Committee believes that candidates for director should have certain minimum qualifications, including being able to read and understand basic financial statements, being over 21 years of age and having the highest personal integrity and ethics. The Ethics Committee also intends to consider such factors including, but not limited to, relevant expertise and ability to offer advice and guidance to management, ability to devote sufficient time to our affairs, demonstrated excellence in his or her field, ability to exercise sound business judgment and commitment to rigorously represent the long-term interests of our stockholders. However, the Ethics Committee retains the right to modify these qualifications from time to time. Candidates for director nominees are reviewed in the context of the current composition of the Board, our operating requirements and the long-term interests of our stockholders.

Though we have no formal policy addressing diversity, the Ethics Committee and Board believes that diversity is an important attribute of directors and that our directors should represent an array of backgrounds and experiences and should be capable of articulating a variety of viewpoints. Accordingly, the Ethics Committee

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considers in its review of director nominees factors such as values, disciplines, ethics, age, gender, race, culture, expertise, background and skills, all in the context of an assessment of the perceived needs of us and our Board at that point in time in order to maintain a balance of knowledge, experience and capability.

In the case of incumbent directors whose terms of office are set to expire, the Ethics Committee reviews such directors' overall service to us during their term, including the number of meetings attended, level of participation, quality of performance and any other relationships and transactions that might impair such directors' independence. In the case of new director candidates, the Ethics Committee also determines whether such new nominee must be independent for NASDAQ purposes, based upon applicable NASDAQ listing standards, applicable SEC rules and regulations and the advice of counsel, if necessary. The Ethics Committee then uses its network of contacts to compile a list of potential candidates, but may also engage, if it deems appropriate, a professional search firm. The Ethics Committee conducts any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board. The Ethics Committee meets to discuss and consider such candidates' qualifications and then selects a nominee for recommendation to the Board by majority vote. To date, the Ethics Committee has not paid a fee to any third party to assist in the process of identifying or evaluating director candidates.

### *Stockholder Recommendations of Director Candidates to the Ethics, Nominating and Corporate Governance Committee*

The Ethics Committee will consider director candidates recommended by stockholders. The Ethics Committee does not alter the manner in which it evaluates candidates, including the minimum criteria set forth above, based on whether the candidate was recommended by a stockholder or not. Stockholders who wish to recommend individuals for consideration by the Ethics Committee to become nominees for election to the Board may do so by timely delivering a written recommendation to the Ethics Committee at the address set forth on the cover page of this proxy statement containing the information required by our Bylaws. For nominations for election to the Board or other business to be properly brought before an Annual Meeting by a stockholder, the stockholder must comply with the advance notice provisions and other requirements of Article II, Section 4(B) of our Bylaws. These notice provisions require that nominations for directors must be received no earlier than February 4, 2017 (90 days before the first anniversary of the 2016 Annual Meeting of Stockholders) and no later than March 6, 2017 (60 days before the first anniversary of the 2016 Annual Meeting of Stockholders). In the event that an annual meeting is advanced or delayed by more than 30 days from the first anniversary of the prior year's annual meeting, notice by the stockholder, to be timely, must be delivered not earlier than the close of business on the 90th day prior to such annual meeting date and not later than the close of business on the later of the 60th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made.

Submissions must include the full name of the proposed nominee, a description of the proposed nominee's business experience for at least the previous five years, complete biographical information, a description of the proposed nominee's qualifications as a director and a representation that the nominating stockholder is a beneficial or record owner of our stock. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected. To date, the Ethics Committee has not received or rejected a timely director nominee proposal from a stockholder.

### **Stockholder Communications with the Board of Directors**

Our Board has adopted a formal process by which our stockholders may communicate with the Board or any of its directors. Persons interested in communicating with the Board with their concerns or issues may address

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correspondence to the Board, to a particular director, or to the independent directors generally, in care of Gladstone Commercial Corporation, Attention: Investor Relations, at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102. This information is also contained on our website at [www.GladstoneCommercial.com](http://www.GladstoneCommercial.com).

### **Code of Business Conduct and Ethics**

We have adopted a Code of Business Conduct and Ethics (the Code) that applies to all of our officers and directors and to the employees of our Adviser and our Administrator. The Ethics Committee reviews, approves and recommends to our Board any changes to the Code. They also review any violations of the Code and make recommendations to the Board on those violations, if any. The Code is available to stockholders in the Corporate Governance section of our website at [www.GladstoneCommercial.com](http://www.GladstoneCommercial.com). If we make any substantive amendments to the Code or grant any waiver from a provision of the code to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website, as specified above, or in a filing with the SEC, as applicable.

### **The Executive Committee**

The Executive Committee, which is comprised of Messrs. Gladstone (Chairman), Brubaker and Parker, has the authority to exercise all powers of our Board, except for actions that must be taken by a majority of independent directors or the full Board under applicable rules and regulations. The Executive Committee did not meet during the last fiscal year.

### **The Offering Committee**

The Offering Committee, which was comprised of Messrs. Gladstone (Chairman), Brubaker and Parker during the last fiscal year, with each of our other current and future directors who meet the independence requirements delineated in the NASDAQ listing standards serving as alternates for Mr. Parker, is responsible for assisting the Board in discharging its responsibilities regarding the offering from time to time of our securities. The Offering Committee has all powers of the Board that are necessary or appropriate and may lawfully be delegated to the Offering Committee in connection with an offering of our securities. Our Offering Committee was formed in January 2013, and operates pursuant to a written charter, which is available to stockholders and can be found in the Corporate Governance section of our website at [www.GladstoneCommercial.com](http://www.GladstoneCommercial.com). The Offering Committee met once during the last fiscal year.

### **The Valuation Committee**

The Valuation Committee, which was composed of Ms. Merrick (Chairman), and Messrs. Outland, Parker and Wilkinson during the last fiscal year, with each of our other current and future independent directors serving as alternates, is responsible for assisting the Board in determining the fair value of properties that are impaired and the quarterly valuation of our senior common stock. The Valuation Committee was formed in July 2015, and operates pursuant to a written charter, which is available to stockholders and can be found in the Corporate Governance section of our website at [www.GladstoneCommercial.com](http://www.GladstoneCommercial.com). The Valuation Committee met twice during the last fiscal year.

### **Oversight of Risk Management**

Since September 2007, John Dellafiora has served as our chief compliance officer, and in that position, Mr. Dellafiora directly oversees our enterprise risk management function and reports to our chief executive

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officer, the Audit Committee and the Board in this capacity. Mr. Dellafiora also serves as chief compliance officer of Gladstone Capital, Gladstone Land, Gladstone Investment, the Adviser, the Administrator and Gladstone Securities. Mr. Dellafiora also serves as a managing principal of and is on the board of managers of Gladstone Securities. In fulfilling his risk management responsibilities, Mr. Dellafiora works closely with other members of senior management including, among others, our chief executive officer, chief financial officer, treasurer, chief operating officer, and general counsel.

The Board, in its entirety, plays an active role in overseeing management of our risks. The Board regularly reviews information regarding our credit, liquidity and operations, as well as the risks associated with each. Each of the following committees of the Board plays a distinct role with respect to overseeing management of our risks: