UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ___________.

Commission file number: 001-37815

Global Medical REIT Inc.

(Exact name of registrant as specified in its charter)

Maryland	**46-4757266**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2 Bethesda Metro Center, Suite 440 **Bethesda, MD**	**20814**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(202) 524-6851**

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s):	Name of each exchange on which registered:
Common Stock, par value $0.001 per share	GMRE	NYSE
Series A Preferred Stock, par value $0.001 per share	GMRE PrA	NYSE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. þ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes þ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	þ	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares of the registrant's common stock outstanding at November 1, 2022 was 65,518,306

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PART I FINANCIAL INFORMATION

GLOBAL MEDICAL REIT INC.
Condensed Consolidated Balance Sheets
(unaudited and in thousands, except par values)

	As of	
	September 30, 2022	December 31, 2021
Assets		
Investment in real estate:		
Land	$ 168,289	$ 152,060
Building	1,079,380	985,091
Site improvements	21,983	19,021
Tenant improvements	65,004	58,900
Acquired lease intangible assets	147,836	127,931
	1,482,492	1,343,003
Less: accumulated depreciation and amortization	(182,255)	(143,255)
Investment in real estate, net	1,300,237	1,199,748
Cash and cash equivalents	3,199	7,213
Restricted cash	10,396	5,546
Tenant receivables, net	6,382	6,070
Due from related parties	337	163
Escrow deposits	7,660	5,957
Deferred assets	28,667	25,417
Derivative asset	36,926	1,236
Goodwill	5,903	5,903
Other assets	7,042	6,232
Total assets	$ 1,406,749	$ 1,263,485
Liabilities and Equity		
Liabilities:		
Credit Facility, net of unamortized debt issuance costs of $9,802 and $8,033 at September 30, 2022 and December 31, 2021, respectively	$ 634,898	$ 514,567
Notes payable, net of unamortized debt issuance costs of $491 and $607 at September 30, 2022 and December 31, 2021, respectively	57,918	57,162
Accounts payable and accrued expenses	13,100	10,344
Dividends payable	15,777	15,668
Security deposits	5,404	4,540
Derivative liability	—	7,790
Other liabilities	6,848	7,709
Acquired lease intangible liability, net	8,220	8,128
Total liabilities	742,165	625,908
Commitments and Contingencies		
Equity:		
Preferred stock, $0.001 par value, 10,000 shares authorized; 3,105 issued and outstanding at September 30, 2022 and December 31, 2021, respectively (liquidation preference of $77,625 at September 30, 2022 and December 31, 2021, respectively)	74,959	74,959
Common stock, $0.001 par value, 500,000 shares authorized; 65,518 shares and 64,880 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	66	65
Additional paid-in capital	722,074	711,414
Accumulated deficit	(185,316)	(157,017)
Accumulated other comprehensive income (loss)	36,883	(6,636)
Total Global Medical REIT Inc. stockholders' equity	648,666	622,785
Noncontrolling interest	15,918	14,792
Total equity	664,584	637,577
Total liabilities and equity	$ 1,406,749	$ 1,263,485

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GLOBAL MEDICAL REIT INC.
Condensed Consolidated Statements of Operations
(unaudited and in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue				
Rental revenue	$ 35,347	$ 29,967	$ 100,877	$ 85,492
Other income	59	16	100	101
Total revenue	35,406	29,983	100,977	85,593
Expenses				
General and administrative	3,961	3,852	12,494	12,519
Operating expenses	6,679	3,973	18,050	10,964
Depreciation expense	10,128	8,639	29,428	24,779
Amortization expense	4,287	3,303	12,202	9,443
Interest expense	6,963	4,830	17,166	14,887
Preacquisition expense	112	18	242	146
Total expenses	32,130	24,615	89,582	72,738
Income before gain on sale of investment property	3,276	5,368	11,395	12,855
Gain on sale of investment property	6,753	—	6,753	—
Net income	$ 10,029	$ 5,368	$ 18,148	$ 12,855
Less: Preferred stock dividends	(1,455)	(1,455)	(4,366)	(4,366)
Less: Net income attributable to noncontrolling interest	(517)	(224)	(830)	(492)
Net income attributable to common stockholders	**$ 8,057**	**$ 3,689**	**$ 12,952**	**$ 7,997**
Net income attributable to common stockholders per share – basic and diluted	$ 0.12	$ 0.06	$ 0.20	$ 0.13
Weighted average shares outstanding – basic and diluted	65,518	64,204	65,443	59,398

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GLOBAL MEDICAL REIT INC.
Condensed Consolidated Statements of Comprehensive Income
(unaudited and in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income	$ 10,029	$ 5,368	$ 18,148	$ 12,855
Other comprehensive income:				
Increase in fair value of interest rate swap agreements	20,356	1,838	43,519	6,273
Total other comprehensive income	20,356	1,838	43,519	6,273
Comprehensive income	30,385	7,206	61,667	19,128
Less: Preferred stock dividends	(1,455)	(1,455)	(4,366)	(4,366)
Less: Comprehensive income attributable to noncontrolling interest	(1,744)	(329)	(3,450)	(858)
Comprehensive income attributable to common stockholders	$ 27,186	$ 5,422	$ 53,851	$ 13,904

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GLOBAL MEDICAL REIT INC.
Condensed Consolidated Statements of Equity
(unaudited and in thousands, except per share amounts)

For the Nine Months Ended September 30, 2022:

	Common Stock		Preferred Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Global Medical REIT Inc. Stockholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount						
Balances, December 31, 2021	64,880	$ 65	3,105	$ 74,959	$ 711,414	$ (157,017)	$ (6,636)	$ 622,785	$ 14,792	$ 637,577
Net income	—	—	—	—	—	17,318	—	17,318	830	18,148
Issuance of shares of common stock, net	598	1	—	—	9,978	—	—	9,979	—	9,979
LTIP Units and OP Units redeemed for common stock	40	—	—	—	682	—	—	682	(682)	—
Change in fair value of interest rate swap agreements	—	—	—	—	—	—	43,519	43,519	—	43,519
Stock-based compensation expense	—	—	—	—	—	—	—	—	3,615	3,615
Dividends to common stockholders ($0.63 per share)	—	—	—	—	—	(41,251)	—	(41,251)	—	(41,251)
Dividends to preferred stockholders ($1.40625 per share)	—	—	—	—	—	(4,366)	—	(4,366)	—	(4,366)
Dividends to noncontrolling interest	—	—	—	—	—	—	—	—	(2,637)	(2,637)
Balances, September 30, 2022	65,518	$ 66	3,105	$ 74,959	$ 722,074	$ (185,316)	$ 36,883	$ 648,666	$ 15,918	$ 664,584

For the Three Months Ended September 30, 2022:

	Common Stock		Preferred Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Global Medical REIT Inc. Stockholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount						
Balances, June 30, 2022	65,518	$ 66	3,105	$ 74,959	$ 722,074	$ (179,614)	$ 16,527	$ 634,012	$ 15,097	$ 649,109
Net income	—	—	—	—	—	9,512	—	9,512	517	10,029
Change in fair value of interest rate swap agreements	—	—	—	—	—	—	20,356	20,356	—	20,356
Stock-based compensation expense	—	—	—	—	—	—	—	—	1,039	1,039
Dividends to common stockholders ($0.21 per share)	—	—	—	—	—	(13,759)	—	(13,759)	—	(13,759)
Dividends to preferred stockholders ($0.46875 per share)	—	—	—	—	—	(1,455)	—	(1,455)	—	(1,455)
Dividends to noncontrolling interest	—	—	—	—	—	—	—	—	(735)	(735)
Balances, September 30, 2022	65,518	$ 66	3,105	$ 74,959	$ 722,074	$ (185,316)	$ 36,883	$ 648,666	$ 15,918	$ 664,584

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GLOBAL MEDICAL REIT INC.
Condensed Consolidated Statements of Equity - *Continued*
(unaudited and in thousands, except per share amounts)

For the Nine Months Ended September 30, 2021:

	Common Stock		Preferred Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Global Medical REIT Inc. Stockholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount						
Balances, December 31, 2020	49,461	$ 49	3,105	$ 74,959	$ 504,789	$ (116,773)	$ (18,219)	$ 444,805	$ 12,955	$ 457,760
Net income	—	—	—	—	—	12,363	—	12,363	492	12,855
Issuance of shares of common stock, net	14,685	15	—	—	194,498	—	—	194,513	—	194,513
LTIP Units and OP Units redeemed for common stock	62	—	—	—	919	—	—	919	(919)	—
Change in fair value of interest rate swap agreements	—	—	—	—	—	—	6,273	6,273	—	6,273
Stock-based compensation expense	—	—	—	—	—	—	—	—	4,568	4,568
Dividends to common stockholders ($0.615 per share)	—	—	—	—	—	(38,786)	—	(38,786)	—	(38,786)
Dividends to preferred stockholders ($1.40625 per share)	—	—	—	—	—	(4,366)	—	(4,366)	—	(4,366)
Dividends to noncontrolling interest	—	—	—	—	—	—	—	—	(2,592)	(2,592)
Balances, September 30, 2021	64,208	$ 64	3,105	$ 74,959	$ 700,206	$ (147,562)	$ (11,946)	$ 615,721	$ 14,504	$ 630,225

For the Three Months Ended September 30, 2021:

	Common Stock		Preferred Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Global Medical REIT Inc. Stockholders' Equity	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount						
Balances, June 30, 2021	64,197	$ 64	3,105	$ 74,959	$ 700,038	$ (138,088)	$ (13,784)	$ 623,189	$ 14,066	$ 637,255
Net income	—	—	—	—	—	5,144	—	5,144	224	5,368
Issuance of shares of common stock, net	—	—	—	—	—	—	—	—	—	—
LTIP Units and OP Units redeemed for common stock	11	—	—	—	168	—	—	168	(168)	—
Change in fair value of interest rate swap agreements	—	—	—	—	—	—	1,838	1,838	—	1,838
Stock-based compensation expense	—	—	—	—	—	—	—	—	1,241	1,241
Dividends to common stockholders ($0.205 per share)	—	—	—	—	—	(13,163)	—	(13,163)	—	(13,163)
Dividends to preferred stockholders ($0.46875 per share)	—	—	—	—	—	(1,455)	—	(1,455)	—	(1,455)
Dividends to noncontrolling interest	—	—	—	—	—	—	—	—	(859)	(859)
Balances, September 30, 2021	64,208	$ 64	3,105	$ 74,959	$ 700,206	$ (147,562)	$ (11,946)	$ 615,721	$ 14,504	$ 630,225

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GLOBAL MEDICAL REIT INC.
Condensed Consolidated Statements of Cash Flows
(unaudited and in thousands)

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Operating activities		
Net income	$ 18,148	$ 12,855
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	29,428	24,779
Amortization of acquired lease intangible assets	12,136	9,378
Amortization of above market leases, net	735	318
Amortization of debt issuance costs and other	1,600	1,468
Stock-based compensation expense	3,615	4,568
Capitalized preacquisition and other costs charged to expense	344	123
Reserve for uncollectible accounts	—	(100)
Gain on sale of investment property	(6,753)	—
Other	68	38
Changes in operating assets and liabilities:		
Tenant receivables	(1,312)	570
Deferred assets	(3,390)	(4,150)
Other assets and liabilities	(810)	(1,379)
Accounts payable and accrued expenses	3,560	2,956
Security deposits	864	260
Net cash provided by operating activities	58,233	51,684
Investing activities		
Purchase of land, buildings, and other tangible and intangible assets and liabilities	(150,592)	(165,743)
Net proceeds from sale of investment property	17,889	—
Escrow deposits for purchase of properties	(302)	795
Advances made to related parties	(174)	(172)
Payment received on loan made to a tenant	1,000	—
Capital expenditures on existing real estate investments	(3,663)	(1,620)
Net cash used in investing activities	(135,842)	(166,740)
Financing activities		
Net proceeds received from common equity offerings	9,979	194,433
Escrow deposits required by third party lenders	(1,401)	(1,948)
Repayment of notes payable	(873)	(7,731)
Proceeds from Credit Facility	127,100	187,700
Repayment of Credit Facility	(5,000)	(207,200)
Payment of debt issuance costs	(3,215)	(6,177)
Dividends paid to common stockholders, and OP Unit and LTIP Unit holders	(43,779)	(38,539)
Dividends paid to preferred stockholders	(4,366)	(4,366)
Net cash provided by financing activities	78,445	116,172
Net increase in cash and cash equivalents and restricted cash	836	1,116
Cash and cash equivalents and restricted cash—beginning of period	12,759	10,753
Cash and cash equivalents and restricted cash—end of period	$ 13,595	$ 11,869
Supplemental cash flow information:		
Cash payments for interest	$ 15,252	$ 13,307
Noncash financing and investing activities:		
Accrued dividends payable	$ 15,777	$ 15,309
Interest rate swap agreements fair value change recognized in other comprehensive income	$ (43,519)	$ (6,273)
OP Units and LTIP Units redeemed for common stock	$ 682	$ 919
Accrued capital expenditures included in accounts payable and accrued expenses	$ 1,193	$ 909
Recognition of lease liability related to right of use asset	$ —	$ 511
Loan assumed in connection with a facility acquisition	$ 1,513	$ —

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GLOBAL MEDICAL REIT INC.
Notes to the Unaudited Condensed Consolidated Financial Statements
(in thousands, except per share amounts or as otherwise indicated)

Note 1 – Organization

Global Medical REIT Inc. (the "Company") is a Maryland corporation engaged primarily in the acquisition of purpose-built healthcare facilities and the leasing of those facilities to strong healthcare systems and physician groups with leading market share. The Company holds its facilities and conducts its operations through a Delaware limited partnership subsidiary named Global Medical REIT L.P. (the "Operating Partnership"). The Company serves as the sole general partner of the Operating Partnership through a wholly owned subsidiary of the Company named Global Medical REIT GP LLC, a Delaware limited liability company. As of September 30, 2022, the Company was the 93.97% limited partner of the Operating Partnership, with an aggregate of 6.03% of the Operating Partnership owned by holders of long-term incentive plan units ("LTIP Units") and third-party limited partners who contributed properties or services to the Operating Partnership in exchange for common limited partnership units ("OP Units").

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

The accompanying condensed consolidated financial statements are unaudited and include the accounts of the Company, including the Operating Partnership and its wholly owned subsidiaries. The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures required for annual consolidated financial statements have been condensed or excluded pursuant to SEC rules and regulations. Accordingly, the accompanying condensed consolidated financial statements do not include all the information and footnotes required by GAAP for complete consolidated financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2021. In the opinion of management, all adjustments of a normal and recurring nature necessary for a fair presentation of the condensed consolidated financial statements for the interim periods have been made.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The Company presents the portion of any equity it does not own but controls (and thus consolidates) as noncontrolling interest. Noncontrolling interest in the Company includes the LTIP Units that have been granted to directors, officers and employees of the Company and the OP Units held by third parties. Refer to Note 5 – "Equity" and Note 7 – "Stock-Based Compensation" for additional information regarding the OP Units and LTIP Units.

The Company classifies noncontrolling interest as a component of consolidated equity on its Condensed Consolidated Balance Sheets, separate from the Company's total equity. The Company's net income or loss is allocated to noncontrolling interests based on the respective ownership or voting percentage in the Operating Partnership associated with such noncontrolling interests and is removed from consolidated income or loss on the Condensed Consolidated Statements of Operations in order to derive net income or loss attributable to common stockholders. The noncontrolling ownership percentage is calculated by dividing the aggregate number of LTIP Units and OP Units by the total number of units and shares outstanding. Any future issuances of additional LTIP Units or OP Units would change the noncontrolling ownership interest.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and footnotes. Actual results could differ from those estimates.

Investment in Real Estate

The Company determines when an acquisition meets the definition of a business or alternatively should be accounted for as an asset acquisition in accordance with Accounting Standard Codification ("ASC") Topic 805 "Business Combinations" ("ASC Topic

805”), which requires that, when substantially all of the fair value of an acquisition is concentrated in a single identifiable asset or a group of similar identifiable assets, the asset or group of similar identifiable assets does not meet the definition of a business and therefore is required to be accounted for as an asset acquisition. Transaction costs are capitalized for asset acquisitions and expensed as incurred for business combinations. All our facility acquisitions for the nine months ended September 30, 2022 and 2021 have been accounted for as asset acquisitions because substantially all the fair value of the gross assets the Company acquired were concentrated in a single asset or group of similar identifiable assets.

For asset acquisitions that are “owner occupied” (meaning that the seller either is the tenant or controls the tenant), the purchase price, including capitalized acquisition costs, will be allocated to land and building based on their relative fair values with no value allocated to intangible assets or liabilities. For asset acquisitions where there is a lease in place but that are not “owner occupied,” the Company will allocate the purchase price to tangible assets and any intangible assets acquired or liabilities assumed based on their relative fair values. Fair value is determined based upon the guidance of ASC Topic 820, “Fair Value Measurements and Disclosures,” and generally are determined using Level 2 inputs, such as rent comparables, sales comparables, and broker indications. Although Level 3 inputs are utilized, they are minor in comparison to the Level 2 data used for the primary assumptions. The determination of fair value involves the use of significant judgment and estimates. We make estimates to determine the fair value of the tangible and intangible assets acquired and liabilities assumed using information obtained from multiple sources, including preacquisition due diligence, and we routinely utilize the assistance of a third-party appraiser.

Revenue Recognition

The Company’s operations primarily consist of rental revenue earned from tenants under leasing arrangements which provide for minimum rent and escalations. The leases have been accounted for as operating leases. For operating leases with contingent rental escalators, revenue is recorded based on the contractual cash rental payments due during the period. Revenue from leases with fixed annual rental escalators are recognized on a straight-line basis over the initial lease term, subject to a collectability assessment, with the difference between the contractual rental receipts and the straight-line amounts recorded as a “deferred rent receivable.” Additionally, the Company recognizes as a component of rental revenue “expense recoveries” revenue, which represents revenue recognized related to tenant reimbursement of real estate taxes, insurance, and certain other operating expenses (“tenant reimbursements”). The Company recognizes these reimbursements and related expenses on a gross basis in its Condensed Consolidated Statements of Operations.

Cash and Cash Equivalents and Restricted Cash

The Company considers all demand deposits, cashier’s checks, money market accounts, and certificates of deposit with a maturity of three months or less to be cash equivalents. Amounts included in restricted cash represent (1) certain security deposits received from tenants at the inception of their leases; (2) cash required to be held by a third-party lender as a reserve for debt service; and (3) funds held by the Company related to tenant reimbursements. The following table provides a reconciliation of the Company’s cash and cash equivalents and restricted cash that sums to the total of those amounts at the end of the periods presented on the Company’s accompanying Condensed Consolidated Statements of Cash Flows:

	As of September 30, 2022	As of September 30, 2021
Cash and cash equivalents	$ 3,199	$ 6,030
Restricted cash	10,396	5,839
Total cash and cash equivalents and restricted cash	$ 13,595	$ 11,869

Tenant Receivables, Net

The tenant receivable balance as of September 30, 2022 and December 31, 2021 was $6,382 and $6,070, respectively. The balance as of September 30, 2022 consisted of $932 in funds owed from the Company’s tenants for rent that the Company had earned but had not yet received, $146 for a loan that was made to one of the Company’s tenants, $4,860 of tenant reimbursements, and $444 of miscellaneous receivables. The balance as of December 31, 2021 consisted of $1,309 in funds owed from the Company’s tenants for rent that the Company had earned but had not yet received, $1,158 of loans that were made to two of the Company’s tenants, and $3,603 of tenant reimbursements.

Receivables arising from operating leases are accounted for in accordance with ASC Topic 842 “Leases” (“ASC Topic 842”). The Company assesses the likelihood of losses resulting from tenant defaults, or the inability of tenants to make contractual rent and tenant reimbursements at each reporting date. The Company also monitors the liquidity and creditworthiness of its tenants and operators on a continuous basis. If the likelihood of a tenant paying its lease payments is determined to no longer be probable, all tenant receivables, including deferred rent, are written off against revenue and any future revenue for that tenant is recognized only upon receipt of cash. In addition, as of September 30, 2022 and December 31, 2021, the Company had a portfolio level reserve of $350 on those leases that were probable of collection to ensure that the tenant lease receivables were not overstated.

Escrow Deposits

The escrow balance as of September 30, 2022 and December 31, 2021 was $7,660 and $5,957, respectively. Escrow deposits include funds held in escrow to be used for the acquisition of properties in the future and for the payment of taxes, insurance, and other amounts as stipulated by the Company's Cantor Loan, as hereinafter defined.

Deferred Assets

The deferred assets balance as of September 30, 2022 and December 31, 2021 was $28,667 and $25,417, respectively. The balance as of September 30, 2022 consisted of $28,461 in deferred rent receivables resulting from the recognition of revenue from leases with fixed annual rental escalations on a straight-line basis and $206 of other deferred costs. The balance as of December 31, 2021 consisted of $25,356 in deferred rent receivables resulting from the recognition of revenue from leases with fixed annual rental escalations on a straight-line basis and $61 of other deferred costs.

Other Assets

The other assets balance as of September 30, 2022 and December 31, 2021 was $7,042 and $6,232, respectively. The balance as of September 30, 2022 consisted of $3,563 for right of use assets, $1,202 in preacquisition and other capitalized costs related to our properties, $2,110 in prepaid assets, and $167 for net capitalized software costs and miscellaneous assets. The balance as of December 31, 2021 consisted of $3,809 for right of use assets, $257 in preacquisition and other capitalized costs related to our properties, $1,916 in prepaid assets, and $250 for net capitalized software costs and miscellaneous assets. Refer to Note 8 – "Leases" for additional details on right of use assets.

Derivative Instruments - Interest Rate Swaps

As of September 30, 2022 and December 31, 2021, the Company's balance related to interest rate swap derivative instruments that were designated as cash flow hedges of interest rate risk was an asset of $36,926 and a net liability of $6,554, respectively. In accordance with the Company's risk management strategy, the purpose of the interest rate swaps is to manage interest rate risk for certain of the Company's variable-rate debt. The interest rate swaps involve the Company's receipt of variable-rate amounts from the counterparties in exchange for the Company making fixed-rate payments over the life of the agreements. The Company accounts for derivative instruments in accordance with the provisions of ASC Topic 815, "Derivatives and Hedging." Refer to Note 4 – "Credit Facility, Notes Payable and Derivative Instruments" for additional details.

Goodwill

As of September 30, 2022 and December 31, 2021, the Company's goodwill balance was $5,903. Goodwill represents the excess of consideration paid over the fair value of underlying identifiable net assets of businesses acquired. Goodwill has an indefinite life and is not amortized, but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company's policy is to perform its annual goodwill impairment evaluation as of the first day of the fourth quarter of its fiscal year. The Company has one reporting unit.

Assets Held for Sale and Sales of Real Estate

The Company classifies a property as held for sale when the following criteria are met: (i) management, having the authority to approve action, commits to a plan to sell the property in its present condition, (ii) the sale of the property is at a price reasonable in relation to its current fair value and (iii) the sale is probable and expected to be completed within one year. At that time, the Company presents the assets and obligations associated with the real estate held for sale separately in its Condensed Consolidated Balance Sheets and ceases recording depreciation and amortization expense related to that asset. Real estate held for sale is reported at the lower of its carrying amount or its estimated fair value less estimated costs to sell. None of the Company's properties were classified as held for sale as of September 30, 2022 or December 31, 2021.

Upon the disposition of a property, the Company recognizes a gain or loss at a point in time when the Company determines control of the underlying asset has been transferred to the buyer. The Company's performance obligation is generally satisfied at the closing of the transaction. Any continuing involvement is analyzed as a separate performance obligation in the contract, and a portion of the sales price is allocated to each performance obligation. There is significant judgment applied to estimate the amount of any variable consideration identified within the sales price and assess its probability of occurrence based on current market information, historical transactions, and forecasted information that is reasonably available.

For sales of real estate (or assets classified as held for sale), the Company evaluates whether the disposition is a strategic shift that will have a major effect on the Company's operations and financial results, and, if so, it will be classified as discontinued operations in the Company's consolidated financial statements for all periods presented.

Other Liabilities

The other liabilities balance as of September 30, 2022 and December 31, 2021 was $6,848 and $7,709, respectively. The balance as of September 30, 2022 consisted of $3,052 for right of use liabilities and $3,796 of prepaid rent. The balance as of December 31, 2021 consisted of $4,479 for right of use liabilities and $3,230 of prepaid rent. Refer to Note 8 – "Leases" for additional details on right of use liabilities.

Note 3 – Property Portfolio

Summary of Properties Acquired During the Nine Months Ended September 30, 2022

During the nine months ended September 30, 2022 the Company completed 14 acquisitions. For each acquisition, substantially all of the fair value was concentrated in a single identifiable asset or group of similar identifiable assets and, therefore, each acquisition represents an asset acquisition. Accordingly, transaction costs for these acquisitions were capitalized.

A rollforward of the gross investment in land, building, improvements, and acquired lease intangible assets as of September 30, 2022 resulting from these acquisitions is as follows:

	Land	Building	Site Improvements	Tenant Improvements	Acquired Lease Intangible Assets	Gross Investment in Real Estate
Balances as of December 31, 2021	$ 152,060	$ 985,091	$ 19,021	$ 58,900	$ 127,931	$ 1,343,003
Facility Acquired – Date Acquired:						
Gainesville – 2/4/22	555	3,899	76	199	575	5,304
Grand Rapids – 2/28/22	1,238	4,976	221	270	595	7,300
Sarasota – 3/29/22	747	3,703	84	331	1,263	6,128
Greenwood – 3/30/22	929	4,332	194	360	426	6,241
Fairbanks – 4/1/22	1,782	12,262	215	753	7,946	22,958
Rocky Point – 4/8/22	613	6,243	223	317	589	7,985
Fairfax – 5/11/22	4,012	13,238	399	310	3,304	21,263
Lee's Summit – 5/19/22	1,349	4,101	83	410	674	6,617
Lexington – 5/27/22	1,760	11,350	289	556	3,036	16,991
Toledo – 7/8/22	2,999	11,366	581	1,247	2,044	18,237
Lake Geneva – 7/26/22	444	4,612	141	230	725	6,152
Glenview – 9/1/22	1,448	6,258	241	279	912	9,138
Canandaigua – 9/16/22	578	11,118	370	489	1,493	14,048
Hermitage – 9/20/22	353	3,891	194	227	674	5,339
Capitalized costs(1)	122	1,018	—	433	155	1,728
Total Additions:	18,929	102,367	3,311	6,411	24,411	155,429
Disposition of Germantown – 7/1/22	(2,700)	(8,078)	(349)	(307)	(4,506)	(15,940)
Balances as of September 30, 2022	$ 168,289	$ 1,079,380	$ 21,983	$ 65,004	$ 147,836	$ 1,482,492

(1) Represents capital projects that were completed and placed in service during the nine months ended September 30, 2022 related to the Company's existing facilities.

Depreciation expense was $10,128 and $29,428 for the three and nine months ended September 30, 2022, respectively, and $8,639 and $24,779 for the three and nine months ended September 30, 2021, respectively.

As of September 30, 2022, the Company had aggregate capital improvement commitments and obligations to improve, expand, and maintain the Company's existing facilities of approximately $22,016. Many of these amounts are subject to contingencies that make it difficult to predict when they will be utilized, if at all. In accordance with the terms of the Company's leases, capital improvement obligations in the next twelve months could total up to approximately $18,236.

Summary of Properties Acquired During the Year Ended December 31, 2021

During the year ended December 31, 2021 the Company completed 20 acquisitions. For each acquisition, substantially all of the fair value was concentrated in a single identifiable asset or group of similar identifiable assets and, therefore, each acquisition represents an asset acquisition. Accordingly, transaction costs for these acquisitions were capitalized.

A rollforward of the gross investment in land, building, improvements, and acquired lease intangible assets as of December 31, 2021 resulting from these acquisitions is as follows:

	Land	Building	Site Improvements	Tenant Improvements	Acquired Lease Intangible Assets	Gross Investment in Real Estate
Balances as of December 31, 2020	$ 128,857	$ 851,427	$ 15,183	$ 49,204	$ 98,234	$ 1,142,905
Facility Acquired – Date Acquired:						
El Paso – 1/12/21	899	7,549	71	160	1,338	10,017
Syracuse – 1/15/21	616	4,745	128	136	772	6,397
West El Paso – 1/15/21	851	7,160	144	567	856	9,578
Fort Worth – 3/9/21	1,817	13,020	143	395	2,069	17,444
Port St. Lucie – 4/6/21	590	3,583	70	185	359	4,787
Cape Coral and Fort Myers – 4/13/21	5,623	20,155	480	1,132	4,311	31,701
Dallas – 4/16/21	3,101	2,593	63	469	493	6,719
East Grand Forks – 4/19/21	845	6,248	278	815	2,092	10,278
Coos Bay – 4/21/21	861	5,095	56	50	410	6,472
Caledonia – 6/2/21	582	2,669	66	96	497	3,910
Tallahassee – 6/2/21	782	6,720	137	387	1,218	9,244
Forsyth – 7/28/21	1,554	9,627	348	456	7,439	19,424
North Charleston – 7/29/21	927	4,248	106	801	1,098	7,180
Munster – 9/15/21	780	4,451	161	391	953	6,736
Hialeah – 9/30/21	—	9,633	264	716	1,231	11,844
Athens – 9/30/21	564	4,106	58	63	548	5,339
Lemoyne – 12/3/21	299	3,661	113	359	904	5,336
Athens 200 – 12/13/21	327	1,336	42	134	204	2,043
Mentor – 12/16/21	2,249	6,291	354	253	1,322	10,469
Oklahoma City – 12/20/21	727	5,839	261	495	1,583	8,905
Capitalized costs[(1)]	—	8,756 [(2)]	495	1,636	—	10,887
Total Additions:	23,994	137,485	3,838	9,696	29,697	204,710
Disposition of Prescott – 10/13/21	(791)	(3,821)	—	—	—	(4,612)
Balances as of December 31, 2021	$ 152,060	$ 985,091	$ 19,021	$ 58,900	$ 127,931	$ 1,343,003

(1) Represents capital projects that were completed and placed in service during the year ended December 31, 2021 related to the Company's existing facilities.
(2) During the year ended December 31, 2021, the Company completed and funded a $6,814 expansion at its Oklahoma City facility that was acquired in April 2019 with Mercy Rehabilitation Hospital as the tenant.

Lease Intangible Assets and Liabilities

The following is a summary of the carrying amount of lease intangible assets and liabilities as of the dates presented:

	As of September 30, 2022		
	Cost	Accumulated Amortization	Net
Assets			
In-place leases	$ 82,328	$ (31,750)	$ 50,578
Above market leases	26,027	(6,422)	19,605
Leasing costs	39,481	(13,340)	26,141
	$ 147,836	$ (51,512)	$ 96,324
Liability			
Below market leases	$ 13,595	$ (5,375)	$ 8,220

	As of December 31, 2021		
	Cost	Accumulated Amortization	Net
Assets			
In-place leases	$ 70,527	$ (23,638)	$ 46,889
Above market leases	22,615	(6,407)	16,208
Leasing costs	34,789	(10,201)	24,588
	$ 127,931	$ (40,246)	$ 87,685
Liability			
Below market leases	$ 11,842	$ (3,714)	$ 8,128

The following is a summary of the acquired lease intangible amortization:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Amortization expense related to in-place leases	$ 3,003	$ 2,281	$ 8,537	$ 6,539
Amortization expense related to leasing costs	$ 1,262	$ 1,000	$ 3,599	$ 2,839
Decrease in rental revenue related to above market leases	$ 805	$ 648	$ 2,396	$ 1,681
Increase in rental revenue related to below market leases	$ 584	$ 475	$ 1,661	$ 1,363

As of September 30, 2022, scheduled future aggregate net amortization of the acquired lease intangible assets and liabilities for each year ended December 31 is listed below:

	Net Decrease in Revenue	Net Increase in Expenses
2022 (three months remaining)	$ (272)	$ 4,442
2023	(1,101)	17,001
2024	(1,292)	14,843
2025	(1,822)	11,145
2026	(1,879)	9,136
Thereafter	(5,019)	20,152
Total	$ (11,385)	$ 76,719

As of September 30, 2022, the weighted average amortization periods for asset lease intangibles and liability lease intangibles were 4.5 years and 3.3 years, respectively.

Note 4 – Credit Facility, Notes Payable and Derivative Instruments

Credit Facility

The Company, the Operating Partnership, as borrower, and certain of its subsidiaries (such subsidiaries, the "Subsidiary Guarantors") are parties to an amended and restated $900 million unsecured syndicated credit facility with JPMorgan Chase Bank, N.A. ("JPMorgan"), as administrative agent (the "Credit Facility"). The Credit Facility consists of (i) $500 million of term loans, which includes (a) a $350 million term loan ("Term Loan A") and (b) a $150 million term loan ("Term Loan B," and, together with Term Loan A, the "Term Loans"), and (ii) a $400 million revolver component (the "Revolver"). The Credit Facility also includes a $500 million accordion feature. Term Loan A matures in May 2026, Term Loan B matures in February 2028, and the Revolver matures in August 2026, with two six-month extension options. As of August 1, 2022, LIBOR-based interest rates on amounts outstanding under the Credit Facility were transitioned to a Secured Overnight Financing Rate ("SOFR") based interest rate equal to term SOFR plus a related spread adjustment of 10 basis points and a borrowing spread based on the current pricing grid in the Credit Facility. The Company may be entitled to a temporary reduction in the interest rate of two basis points provided it meets certain to be agreed upon sustainability goals.

The Operating Partnership is subject to a number of financial covenants under the amended Credit Facility, including, among other things, the following as of the end of each fiscal quarter, (i) a maximum consolidated unsecured leverage ratio of less than 60%, (ii) a maximum consolidated secured leverage ratio of less than 30%, (iii) a maximum consolidated secured recourse leverage ratio of less than 10%, (iv) a minimum fixed charge coverage ratio of 1.50:1.00, (v) a minimum unsecured interest coverage ratio of 1.50:1.00, (vi) a maximum consolidated leverage ratio of less than 60%, and (vii) a minimum net worth of $573 million plus 75% of all net proceeds raised through equity offerings subsequent to March 31, 2022. As of September 30, 2022, management believed it complied with all of the financial and non-financial covenants contained in the Credit Facility.

The Company has entered into interest rate swaps to hedge its interest rate risk on the Term Loans through their respective maturities. For additional information related to the interest rate swaps, see the "Derivative Instruments - Interest Rate Swaps" section herein.

During the nine months ended September 30, 2022, the Company borrowed $127,100 under the Credit Facility and repaid $5,000, for a net amount borrowed of $122,100. During the nine months ended September 30, 2021, the Company borrowed $187,700 under the Credit Facility and repaid $207,200 for a net amount repaid of $19,500. Interest expense incurred on the Credit Facility was $5,689 and $13,512 for the three and nine months ended September 30, 2022, respectively, and $3,500 and $11,101 for the three and nine months ended September 30, 2021, respectively.

As of September 30, 2022 and December 31, 2021, the Company had the following outstanding borrowings under the Credit Facility:

	September 30, 2022	December 31, 2021
Revolver	$ 144,700	$ 172,600
Term Loan A	350,000	350,000
Term Loan B	150,000	—
Less: Unamortized debt issuance costs	(9,802)	(8,033)
Credit Facility, net	$ 634,898	$ 514,567

Costs incurred related to the Credit Facility, net of accumulated amortization, are netted against the Company's "Credit Facility, net of unamortized debt issuance costs" balance in the accompanying Condensed Consolidated Balance Sheets. The Company paid $3,215 and $6,177 related to amendments and modifications to the Credit Facility during the nine months ended September 30, 2022 and 2021, respectively. Amortization expense incurred related to debt issuance costs was $519 and $1,446 for the three and nine months ended September 30, 2022, respectively, and $463 and $1,239 for the three and nine months ended September 30, 2021, respectively, and is included in the "Interest Expense" line item in the accompanying Condensed Consolidated Statements of Operations.

Notes Payable, Net of Debt Issuance Costs

The Company's notes payable, net, includes four loans: (1) the Rosedale Loan, (2) the Dumfries Loan, (3) the Cantor Loan, and (4) the Toledo Loan, described in detail herein. The following table sets forth the aggregate balances of these loans as of September 30, 2022 and December 31, 2021.

	September 30, 2022	December 31, 2021
Notes payable	$ 58,409	$ 57,769
Unamortized debt issuance costs	(491)	(607)
Notes payable, net	$ 57,918	$ 57,162

Amortization expense incurred related to the debt issuance costs was $39 and $116 for the three and nine months ended September 30, 2022, respectively, and $62 and $191 for the three and nine months ended September 30, 2021, respectively, and is included in the "Interest Expense" line item in the accompanying Condensed Consolidated Statements of Operations.

Rosedale Loan

On July 31, 2020, in connection with its acquisition of the Rosedale Facilities, the Company, through certain of its wholly owned subsidiaries, as borrowers, entered into a loan with FVCbank with a principal balance of $14,800 (the "Rosedale Loan"). The Rosedale Loan has an annual interest rate of 3.85% and matures on July 31, 2025 with principal and interest payable monthly based on a 25-year amortization schedule. The Company, at its option, may prepay the loan, subject to a prepayment fee.

The Company made principal payments of $281 and $270 during the nine months ended September 30, 2022 and 2021, respectively. The loan balance as of September 30, 2022 and December 31, 2021 was $14,049 and $14,330, respectively. Interest expense incurred on this loan was $139 and $414 for the three and nine months ended September 30, 2022, respectively, and $143 and $425 for the three and nine months ended September 30, 2021, respectively.

As of September 30, 2022, scheduled principal payments due for each year ended December 31 were as follows:

2022 (three months remaining)	$ 95
2023	391
2024	405
2025	13,158
Total	$ 14,049

Dumfries Loan

On April 27, 2020, in connection with its acquisition of the Dumfries Facility, the Company, through a wholly-owned subsidiary, assumed a CMBS loan with a principal amount of $12,074 (the "Dumfries Loan"). The Dumfries Loan has an annual interest rate of 4.68% and matures on June 1, 2024 with principal and interest payable monthly based on a ten-year amortization schedule. The Company, at its option, may prepay the loan, subject to a prepayment premium.

The Company made principal payments of $214 and $204 during the nine months ended September 30, 2022 and 2021, respectively. The loan balance as of September 30, 2022 and December 31, 2021 was $11,410 and $11,624, respectively. Interest expense incurred on this loan was $135 and $403 for the three and nine months ended September 30, 2022, respectively, and $138 and $413 for the three and nine months ended September 30, 2021, respectively.

As of September 30, 2022, scheduled principal payments due for each year ended December 31 were as follows:

2022 (three months remaining)	$ 74
2023	302
2024	11,034
Total	$ 11,410

Cantor Loan

On March 31, 2016, through certain of its wholly owned subsidiaries (the “GMR Loan Subsidiaries”), the Company entered into a $32,097 CMBS loan (the “Cantor Loan”). The Cantor Loan has a maturity date of April 6, 2026 and an annual interest rate of 5.22%. The Cantor Loan required interest-only payments through March 31, 2021 and thereafter principal and interest based on a 30-year amortization schedule. Prepayment can only occur within four months prior to the maturity date, subject to earlier defeasance. The Cantor Loan is secured by the assets of the GMR Loan Subsidiaries.

The Company made principal payments of $331 and $172 during the nine months ended September 30, 2022 and 2021, respectively. The loan balance as of September 30, 2022 and December 31, 2021 was $31,484 and $31,815, respectively. Interest expense incurred on this loan was $420 and $1,253 for the three and nine months ended September 30, 2022, respectively, and $427 and $1,269 for the three and nine months ended September 30, 2021, respectively.

As of September 30, 2022, scheduled principal payments due for each year ended December 31 were as follows:

2022 (three months remaining)		116
2023		471
2024		492
2025		523
2026		551
Thereafter		29,331
Total	$	31,484

Toledo Loan

On July 8, 2022, in connection with its acquisition of the Toledo Facility, the Company, through its wholly-owned subsidiary GMR Toledo LLC, assumed a loan with a principal amount of $1,513 (“the Toledo Loan”). The Toledo Loan has an annual interest rate of 5.0% with semi-annual principal and interest payments. The Company made principal payments of $47 during the three and nine months ended September 30, 2022. The loan balance as of September 30, 2022 was $1,466. Interest expense incurred on this loan was $22 for the three and nine months ended September 30, 2022. The Toledo Loan matures on July 30, 2033.

Derivative Instruments - Interest Rate Swaps

The Company has six interest rate swaps and nine forward starting interest rate swaps that are used to manage its interest rate risk by fixing the SOFR component of the Term Loans through their maturities. A description of these swaps is below:

Term Loan A Swaps

As of September 30, 2022, all six of the Company’s interest rate swaps related to Term Loan A. The notional value of these swaps is $350 million, with $150 million of the swaps maturing in August 2023 and the remaining $200 million maturing in August 2024. In addition, the Company has five forward starting interest rate swaps at notional amounts equal to the existing Term Loan A interest rate swaps that will be effective on the maturity dates of Term Loan A’s existing interest rate swaps. These forward starting swaps each have a maturity date of April 2026. Currently, the Term Loan A swaps fix the SOFR component of Term Loan A at a rate of 1.91% through August 2023. Subsequently, from August 2023 to August 2024 the SOFR component of Term Loan A will be fixed at 1.61%. Finally, from August 2024 to April 2026 the SOFR component of Term Loan A will be fixed at 1.45%.

Term Loan B Swaps

On August 2, 2022, the Company entered into four forward starting interest rate swaps related to Term Loan B with a notional value of $150 million that, beginning on October 1, 2022, fix the SOFR component on Term Loan B through January 2028 at 2.54%.

The Company records the swaps either as an asset or a liability measured at its fair value at each reporting period. When hedge accounting is applied, the change in the fair value of derivatives designated and that qualify as cash flow hedges is (i) recorded in accumulated other comprehensive loss in the equity section of the Company’s Condensed Consolidated Balance Sheets and (ii) subsequently reclassified into earnings as interest expense for the period that the hedged forecasted transactions affect earnings. If specific hedge accounting criteria are not met, changes in the Company's derivative instruments' fair value are recognized currently as an adjustment to net income.

The Company's interest rate swaps are not traded on an exchange. The Company's interest rate swaps are recorded at fair value based on a variety of observable inputs including contractual terms, interest rate curves, yield curves, measure of volatility, and correlations of such inputs. The Company measures its derivatives at fair value on a recurring basis based on the expected size of future cash flows on a discounted basis and incorporating a measure of non-performance risk. The fair values are based on Level 2 inputs within the framework of ASC Topic 820, "Fair Value Measurement." The Company considers its own credit risk, as well as the credit risk of its counterparties, when evaluating the fair value of its derivative instruments.

The fair value of the Company's interest rate swaps was an asset of $36,926 and a net liability of $6,554 as of September 30, 2022 and December 31, 2021, respectively. The gross balances are included in the "Derivative Asset" and "Derivative Liability" line items on the Company's Condensed Consolidated Balance Sheets as of September 30, 2022 and December 31, 2021, respectively.

The table below details the components of the amounts presented on the accompanying Condensed Consolidated Statements of Comprehensive Income recognized on the Company's interest rate swaps designated as cash flow hedges for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Amount of gain recognized in other comprehensive income	$ (20,612)	$ (227)	$ (41,246)	$ (1,523)
Amount of gain (loss) reclassified from accumulated other comprehensive income (loss) into interest expense	256	(1,611)	(2,273)	(4,750)
Total change in accumulated other comprehensive income (loss)	$ (20,356)	$ (1,838)	$ (43,519)	$ (6,273)

During the next twelve months, the Company estimates that an additional $10,615 will be reclassified as a decrease to interest expense. Additionally, during the three and nine months ended September 30, 2022, the Company recorded total interest expense in its Condensed Consolidated Statements of Operations of $6,963 and $17,166, respectively.

Weighted-Average Interest Rate and Term

The weighted average interest rate and term of the Company's debt was 3.90% and 4.18 years at September 30, 2022, compared to 2.87% and 4.28 years as of December 31, 2021.

Note 5 – Equity

Preferred Stock

The Company's charter authorizes the issuance of 10,000 shares of preferred stock, par value $0.001 per share. As of September 30, 2022 and December 31, 2021, there were 3,105 shares of Series A Cumulative Redeemable Preferred Stock ("Series A Preferred Stock"), issued and outstanding. The Series A Preferred Stock has a liquidation preference of $25 per share.

Preferred stock dividend activity for the nine months ended September 30, 2022 is summarized in the following table:

Date Announced	Record Date	Applicable Quarter	Payment Date	Quarterly Dividend	Dividends per Share
December 10, 2021	January 15, 2022	Q4 2021	January 31, 2022	$ 1,455	$ 0.46875
March 11, 2022	April 15, 2022	Q1 2022	May 2, 2022	$ 1,455	$ 0.46875
June 10, 2022	July 15, 2022	Q2 2022	August 1, 2022	$ 1,455	$ 0.46875
September 9, 2022	October 15, 2022	Q3 2022	October 31, 2022	$ 1,455 [1]	$ 0.46875

[1] Two months of this amount, equal to $970, was accrued at September 30, 2022.

The holders of the Series A Preferred Stock are entitled to receive dividend payments only when, as and if declared by the Company's board of directors (the "Board") (or a duly authorized committee of the Board). Dividends will accrue or be payable in cash from the original issue date, on a cumulative basis, quarterly in arrears on each dividend payment date at a fixed rate per annum equal to 7.50% of the liquidation preference of $25.00 per share (equivalent to $1.875 per share on an annual basis). In September 2022, the Series A Preferred Stock became eligible for partial or full redemption by the Company. As of September 30, 2022, the Company had not redeemed any of its Series A Preferred Stock. Dividends on the Series A Preferred Stock will be cumulative and will accrue whether or not (i) funds are legally available for the payment of those dividends, (ii) the Company has earnings or (iii) those dividends are declared by the Board. The quarterly dividend payment dates on the Series A Preferred Stock are January 31, April 30, July 31 and October 31 of each year. During each of the nine-month periods ended September 30, 2022 and 2021, the Company paid preferred dividends of $4,366.

Common Stock

The Company has 500,000 authorized shares of common stock, $0.001 par value. As of September 30, 2022 and December 31, 2021, there were 65,518 and 64,880 outstanding shares of common stock, respectively.

Common stock dividend activity for the nine months ended September 30, 2022 is summarized in the following table:

Date Announced	Record Date	Applicable Quarter	Payment Date	Dividend Amount(1)	Dividends per Share
December 10, 2021	December 27, 2021	Q4 2021	January 10, 2022	$ 14,055	$ 0.205
March 11, 2022	March 25, 2022	Q1 2022	April 8, 2022	$ 14,611	$ 0.21
June 10, 2022	June 24, 2022	Q2 2022	July 8, 2022	$ 14,642	$ 0.21
September 9, 2022	September 23, 2022	Q3 2022	October 11, 2022	$ 14,642	$ 0.21

(1) Includes distributions on outstanding LTIP Units and OP Units.

During the nine months ended September 30, 2022 and 2021, the Company paid total dividends on its common stock, LTIP Units and OP Units in the aggregate amount of $43,779 and $38,539, respectively.

As of September 30, 2022 and December 31, 2021, the Company had accrued dividend balances of $165 and $643 for dividends payable on the aggregate annual and long-term LTIP Units that are subject to retroactive receipt of dividends on the amount of LTIP Units ultimately earned. During the nine months ended September 30, 2022, the dividend accrual was reversed by $7 and $471 of dividends were paid related to these units. During the nine months ended September 30, 2021, $192 of dividends were accrued and $742 of dividends were paid related to these units.

The amount of the dividends paid to the Company's stockholders is determined by the Board and is dependent on a number of factors, including funds available for payment of dividends, the Company's financial condition and capital expenditure requirements except that, in accordance with the Company's organizational documents and Maryland law, the Company may not make dividend distributions that would: (i) cause it to be unable to pay its debts as they become due in the usual course of business; (ii) cause its total assets to be less than the sum of its total liabilities plus senior liquidation preferences; or (iii) jeopardize its ability to maintain its qualification as a REIT.

Capital Raising Activity

In March 2022, the Company and the Operating Partnership entered into a Sales Agreement with certain sales agents, pursuant to which the Company may offer and sell, from time to time, up to $300,000 of its common stock (the "2022 ATM Program"). In August 2020, the Company and the Operating Partnership entered into a Sales Agreement with certain sales agents, pursuant to which the Company could offer and sell, from time to time, up to $150,000 of its common stock (the "2020 ATM Program"). The 2020 ATM Program was terminated upon the commencement of the 2022 ATM Program.

During the nine months ended September 30, 2022, the Company generated net proceeds of $10,104 through equity issuances of 598 shares of the Company's common stock at an average offering price of $17.15 per share. The Company did not issue any shares under its ATM programs during the three months ended September 30, 2022.

OP Units

During the nine months ended September 30, 2022, one OP Unit holder redeemed 35 OP Units for shares of the Company's common stock with an aggregate redemption value of $600. During the year ended December 31, 2021, three OP Unit holders redeemed an aggregate of 62 OP Units for shares of the Company's common stock with an aggregate redemption value of $919.

As of September 30, 2022 and December 31, 2021, there were 1,667 and 1,702 OP Units issued and outstanding, respectively, with an aggregate value of $8,480 and $9,080, respectively. The OP Unit value at issuance and redemption is based on the Company's closing share price on the date of the respective transaction and is included as a component of noncontrolling interest equity in the Company's Condensed Consolidated Balance Sheets as of September 30, 2022 and December 31, 2021. The Company has sufficient shares of common stock authorized pursuant to its charter to cover the redemption of outstanding OP Units.

Note 6 – Related Party Transactions

Related Party Balances

The due from related parties balance as of September 30, 2022 and December 31, 2021 was $337 and $163, respectively. These balances primarily consist of taxes paid on behalf of LTIP Unit and OP Unit holders that are reimbursable to the Company. The Company had no amounts due to related parties as of September 30, 2022 and December 31, 2021.

Note 7 – Stock-Based Compensation

2016 Equity Incentive Plan

The 2016 Equity Incentive Plan, as amended (the "Plan"), is intended to assist the Company and its affiliates in recruiting and retaining employees of the Company, members of the Board, executive officers of the Company, and individuals who provide services to the Company and its affiliates.

The Plan is intended to permit the grant of both qualified and non-qualified options and the grant of stock appreciation rights, restricted stock, unrestricted stock, awards of restricted stock units, performance awards and other equity-based awards (including LTIP Units). Based on the grants outstanding as of September 30, 2022, there were 1,108 shares of common stock that remain available to be granted under the Plan. Units subject to awards under the Plan that are forfeited, cancelled, lapsed, or otherwise expired (excluding shares withheld to satisfy exercise prices or tax withholding obligations) are available for grant.

Time-Based Grants

During the nine months ended September 30, 2022, pursuant to the recommendation of the Compensation Committee of the Board (the "Compensation Committee"), the Board approved the following LTIP Unit activity:

Date	Description	Number of Units Issued	Vesting Dates
March 4, 2022	Final awards under the 2019 Long-Term Incentive Plan	163	50% on March 4, 2022; and 50% on March 4, 2023
February 24, 2022	Final awards under the 2021 Annual Incentive Plan	91	50% on February 24, 2022; and 50% on February 24, 2023
February 24, 2022	Time-based awards under the 2022 Long-Term Incentive Plan	75	100% on February 24, 2025
May 11, 2022	Annual awards to independent directors	32	100% on May 11, 2023

During the nine months ended September 30, 2022, there were five vested LTIP Units redeemed for the Company's common stock. A detail of the Company's outstanding time-based LTIP Units as of September 30, 2022 is as follows:

Vested units	1,991
Unvested units	548
LTIP Units outstanding as of September 30, 2022	2,539

Performance Based Awards

The Board has approved annual performance-based LTIP awards ("Annual Awards") and long-term performance-based LTIP awards ("Long-Term Awards") to the executive officers and other employees of the Company. As described below, the Annual Awards have one-year performance periods and the Long-Term Awards have three-year performance periods. In addition to meeting specified performance metrics, vesting in both the Annual Awards and the Long-Term Awards is subject to service requirements.

During the nine months ended September 30, 2022, six performance-based LTIP awards under the 2021 and 2022 programs were forfeited. A detail of the Company's Long-Term Awards under the 2020 and 2021 programs, and the Annual Awards and Long-Term Awards under the 2022 program as of September 30, 2022 is as follows:

2020 Long-Term Awards	68
2021 Long-Term Awards	73
2022 Annual Awards (1)	86
2022 Long-Term Awards (2)	104
Total target performance awards as of September 30, 2022	331

(1) Approved by the Board on February 24, 2022. The number of target LTIP Units was based on the average closing price of the Company's common stock reported on the New York Stock Exchange ("NYSE") over the 15 trading days preceding the grant date.

(2) Approved by the Board on February 24, 2022. The number of target LTIP Units was based on the fair value of the Long-Term Awards as determined by an independent valuation consultant.

Annual Awards. The Annual Awards are subject to the terms and conditions of LTIP Annual Award Agreements ("LTIP Annual Award Agreements") between the Company and each grantee.

The Compensation Committee and Board established performance goals for the year ending December 31, 2022, as set forth in the 2022 LTIP Annual Award Agreements (the "Performance Goals") that will be used to determine the number of LTIP Units earned by each grantee. As of September 30, 2022, management estimated that the Performance Goals would be met at an 85% level and, accordingly, cumulative stock-based compensation expense during the three and nine months ended September 30, 2022 reflects management's estimate that 85% of these awards will be earned. As soon as reasonably practicable following the first anniversary of the Annual Awards grant date, the Compensation Committee and Board will determine the extent to which the Company has achieved each of the Performance Goals (expressed as a percentage) and, based on such determination, will calculate the number of LTIP Units that each grantee is entitled to receive. Each grantee may earn up to 150% of the number of his/her target LTIP Units. Any 2022 Annual Award LTIP Units that are not earned will be forfeited and cancelled.

Vesting. LTIP Units that are earned as of the end of the applicable performance period will vest in two installments as follows: 50% of the earned LTIP Units will become vested on February 28, 2023 (the end of the performance period) and 50% of the earned LTIP Units become vested on February 28, 2024, the one year anniversary of the initial vesting date. Vesting may be accelerated under certain circumstances such as a "change-in-control" transaction or a "qualified termination" event.

Distributions. Distributions equal to the dividends declared and paid by the Company will accrue during the applicable performance period on the maximum number of LTIP Units that the grantee could earn and will be paid with respect to all of the earned LTIP Units at the conclusion of the applicable performance period, in cash or by the issuance of additional LTIP Units at the discretion of the Compensation Committee.

Long-Term Awards. The Long-Term Awards are subject to the terms and conditions of their related LTIP Long-Term Award Agreements (collectively the "LTIP Long-Term Award Agreements") between the Company and each grantee. The number of LTIP Units that each grantee earns under the LTIP Long-Term Award Agreements will be determined following the conclusion of a three-year performance period based on the Company's total stockholder return ("TSR"), which is determined based on a combination of appreciation in stock price and dividends paid during the performance period. Each grantee may earn up to 200% of the number of target LTIP Units covered by the grantee's Long-Term Award. Any target LTIP Units that are not earned will be forfeited and cancelled. The number of LTIP Units earned under the Long-Term Awards will be determined as soon as reasonably practicable following the end of the applicable three-year performance period based on the Company's TSR on an absolute basis (as to 75% of the Long-Term Award) and relative to the companies that comprised the Dow Jones U.S. Real Estate Health Care Index (the "Index") (as to 25% of the Long-Term Award).

Vesting. LTIP Units that are earned as of the end of the applicable three-year performance period will vest in two installments as follows; 50% of the earned LTIP Units will vest upon the day prior to the third anniversary of the respective grant dates and the remaining 50% will vest on the one year anniversary of the initial vesting date. Vesting may be accelerated under certain circumstances such as a "change-in-control" transaction or a "qualified termination" event.

Distributions. Pursuant to the LTIP Long-Term Award Agreements, distributions equal to the dividends declared and paid by the Company will accrue during the applicable performance period on the maximum number of LTIP Units that the grantee could earn and will be paid with respect to all of the earned LTIP Units at the conclusion of the applicable performance period, in cash or by the issuance of additional LTIP Units at the discretion of the Compensation Committee.

Stock-Based Compensation Expense

The Company's prospective compensation expense for all unvested LTIP Units, Annual Awards, and Long-Term Awards is recognized using the adoption date fair value of the awards, with no remeasurement required. Compensation expense for future LTIP Unit grants, Annual Awards, and Long-Term Awards is based on the grant date fair value of the units/awards, with no subsequent remeasurement required.

As the Long-Term Awards involve market-based performance conditions, the Company utilizes a Monte Carlo simulation to provide a grant date fair value for expense recognition. The Monte Carlo simulation is a generally accepted statistical technique used, in this instance, to simulate a range of possible future stock prices for the Company and the members of the Index over the Performance Periods. The purpose of this modeling is to use a probabilistic approach for estimating the fair value of the performance share award.

The assumptions used in the Monte Carlo simulation include beginning average stock price, valuation date stock price, expected volatilities, correlation coefficients, risk-free rate of interest, and expected dividend yield. The beginning average stock price is the beginning average stock price for the Company and each member of the Index for the 15 trading days leading up to the grant date of the Long-Term Award. The valuation date stock price is the closing stock price of the Company and each of the peer companies in the Index on the grant dates of the Long-Term Awards. The expected volatilities are modeled using the historical volatilities for the Company and the members of the Index. The correlation coefficients are calculated using the same data as the historical volatilities. The risk-free rate of interest is taken from the U.S. Treasury website and relates to the expected life of the remaining performance period on valuation or revaluation. Lastly, the dividend yield assumption is 0.0%, which is mathematically equivalent to reinvesting dividends in the issuing entity, which is part of the Company's award agreement assumptions.

Below are details regarding certain of the assumptions for the Long-Term Awards using Monte Carlo simulations:

	2022 Long-Term Awards	2021 Long-Term Awards	2020 Long-Term Awards
Fair value	$ 16.39	$ 14.86	$ 13.47
Target awards	106	76	70
Volatility	41.65 %	42.37 %	28.75 %
Risk-free rate	1.72 %	0.26 %	0.72 %
Dividend assumption	reinvested	reinvested	reinvested
Expected term in years	3	3	3

The Company incurred stock compensation expense of $1,039 and $3,615 for the three and nine months ended September 30, 2022, respectively, and $1,241 and $4,568 for the three and nine months ended September 30, 2021, respectively, related to the grants awarded under the Plan. Compensation expense is included within "General and Administrative" expense in the Company's Condensed Consolidated Statements of Operations.

As of September 30, 2022, total unamortized compensation expense related to these awards of approximately $5.5 million is expected to be recognized over a weighted average remaining period of 1.7 years.

Note 8 – Leases

The Company operates as both a lessor and a lessee. As a lessor, the Company is required under ASC Topic 842 to account for leases using an approach that is substantially similar to ASC Topic 840's guidance for operating leases and other leases such as sales-type leases and direct financing leases. In addition, ASC Topic 842 requires lessors to capitalize and amortize only incremental direct leasing costs. As a lessee, the Company is required under the new standard to apply a dual approach, classifying leases, such as ground leases, as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase. This classification determines whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. ASC Topic 842 also requires lessees to record a right of use asset and a lease liability for all leases with an initial term of greater than a year regardless of their classification. The Company has also elected the practical expedient not to recognize right of use assets and lease liabilities for leases with a term of a year or less.

Information as Lessor

To generate positive cash flow, as a lessor, the Company leases its facilities to tenants in exchange for fixed monthly payments that cover rent, property taxes, insurance and certain cost recoveries, primarily common area maintenance ("CAM"). The Company's leases were determined to be operating leases and have a portfolio-average-lease-years remaining of approximately 10 years. Payments from the Company's tenants for CAM are considered nonlease components that are separated from lease components and are generally accounted for in accordance with the revenue recognition standard. However, the Company qualified for and elected the practical expedient related to combining the components because the lease component is classified as an operating lease and the timing and pattern of transfer of CAM income, which is not the predominant component, is the same as the lease component, for all asset classes. As such, consideration for CAM is accounted for as part of the overall consideration in the lease. Payments from customers for property taxes and insurance are considered non-components of the lease and therefore no consideration is allocated to them because they do not transfer a good or service to the customer. Fixed contractual payments from the Company's leases are recognized on a straight-line basis over the terms of the respective leases. This means that, with respect to a particular lease, actual amounts billed in accordance with the lease during any given period may be higher or lower than the amount of rental revenue recognized for the period. Straight-line rental revenue is commenced when the tenant assumes control of the leased premises. Accrued straight-line rents receivable represents the amount by which straight-line rental revenue exceeds rents currently billed in accordance with lease agreements.

Some of the Company's leases are subject to annual changes in the Consumer Price Index ("CPI"). Although increases in CPI are not estimated as part of the Company's measurement of straight-line rental revenue, for leases with base rent increases based on CPI, the amount of rent revenue recognized is adjusted in the period the changes in CPI are measured and effective. Additionally, some of the Company's leases have extension options.

Initial direct costs, primarily commissions, related to the leasing of our facilities are capitalized when material as incurred. Capitalized leasing costs are amortized on a straight-line basis over the remaining useful life of the respective leases. All other costs to negotiate or arrange a lease are expensed as incurred.

Lease-related receivables, which include accounts receivable and accrued straight-line rents receivable, are reduced for credit losses, if applicable. The Company regularly evaluates the collectability of its lease-related receivables. The Company's evaluation of collectability primarily consists of reviewing past due account balances and considering such factors as the credit quality of our tenant, historical trends of the tenant and changes in tenant payment terms. If the Company's assumptions regarding the collectability of lease-related receivables prove incorrect, the Company could experience credit losses in excess of what was recognized in rental and other revenues.

The Company recognized $35,347 and $100,877 of rental revenue related to operating lease payments for the three and nine months ended September 30, 2022, respectively, and $29,967 and $85,492 of rental revenue related to operating lease payments for the three and nine months ended September 30, 2021, respectively. Of these amounts, $1,950 and $5,816 relate to variable rental revenue for the three and nine months ended September 30, 2022, respectively, and $1,822 and $4,730 relate to variable rental revenue for the three and nine months ended September 30, 2021, respectively.

The aggregate annual cash to be received by the Company on the noncancelable operating leases related to its portfolio as of September 30, 2022 is as follows for the subsequent years ended December 31:

2022 (three months remaining)	$	30,045
2023		117,452
2024		107,929
2025		94,149
2026		85,188
Thereafter		393,003
Total	$	827,766

Information as Lessee

The Company has seven buildings located on land that is subject to operating ground leases with a weighted average remaining term of approximately 40 years. Rental payments on these leases are adjusted periodically based on either the CPI or on a pre-determined schedule. The monthly payments on a pre-determined schedule are recognized on a straight-line basis over the terms of the respective leases. Changes in the CPI are not estimated as part of our measurement of straight-line rental expense. The Company used a weighted average discount rate of approximately 7.5%, which was derived, using a portfolio approach, from our assessment of the credit quality of the Company and adjusted to reflect secured borrowing, estimated yield curves and long-term spread adjustments over appropriate tenors. Some of the Company's ground leases contain extension options and, where we determined it was reasonably certain that an extension would occur, they were included in our calculation of the right of use asset and liability. The Company recognized approximately $60 and $169 of ground lease expense during the three and nine months ended September 30, 2022, respectively, of which $32 and $104 was paid in cash. The Company recognized approximately $35 and $111 of ground lease expense during the three and nine months ended September 30, 2021, respectively, of which $26 and $88 was paid in cash.

The following table sets forth the undiscounted cash flows of our scheduled obligations for future lease payments on operating ground leases at September 30, 2022, and a reconciliation of those cash flows to the operating lease liability at September 30, 2022:

2022 (three months remaining)	$	110
2023		206
2024		162
2025		163
2026		165
Thereafter		6,041
Total		6,847
Discount		(3,795)
Lease liability	$	3,052

Tenant Concentration

During the nine months ended September 30, 2022, the Company's rental revenues were derived from 270 tenants leasing 118 facilities. During this period there were no tenants with rental revenue that exceeded 10% of the Company's rental revenue.

Note 9 – Commitments and Contingencies

Litigation

The Company is not presently subject to any material litigation nor, to its knowledge, is any material litigation threatened against the Company, which if determined unfavorably to the Company, would have a material adverse effect on the Company's financial position, results of operations, or cash flows.

Environmental Matters

The Company follows a policy of monitoring its properties for the presence of hazardous or toxic substances. While there can be no assurance that a material environmental liability does not exist at its properties, the Company is not currently aware of any environmental liability with respect to its properties that would have a material effect on its financial position, results of operations, or cash flows. Additionally, the Company is not aware of any material environmental liability or any unasserted claim or assessment with respect to an environmental liability that management believes would require additional disclosure or the recording of a loss contingency.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our financial statements, including the notes to those financial statements, included elsewhere in this Quarterly Report on Form 10-Q (this "Report"). Some of the comments we make in this section are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section below entitled "Special Note Regarding Forward-Looking Statements." Certain risk factors may cause actual results, performance, or achievements to differ materially from those expressed or implied by the following discussion. For a discussion of such risk factors, see Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2021, that was filed with the U.S. Securities and Exchange Commission (the "SEC" or the "Commission") on March 1, 2022. Unless otherwise indicated, all dollar and share amounts in the following discussion are presented in thousands.

Special Note Regarding Forward-Looking Statements

This Report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In particular, statements pertaining to our trends, liquidity, capital resources, and the healthcare industry and the healthcare real estate markets and opportunity, among others, contain forward-looking statements. You can identify forward-looking statements by the use of forward-looking terminology including, but not limited to, "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- defaults on or non-renewal of leases by tenants;
- our ability to collect rents;
- increases in interest rates and increased operating costs;
- difficulties in identifying healthcare facilities to acquire (due to increased competition or otherwise) and completing such acquisitions;
- the outcome of a tenant bankruptcy process, including, but not limited to, whether: (i) the tenant accepts or rejects its lease with us, (ii) if the tenant accepts our lease, it is able to continue making rental payments to us after the conclusion of the bankruptcy process, or (iii) if the tenant rejects our lease, whether we will be paid any or all amounts due to us out of the bankrupt estate;
- macroeconomic and geopolitical factors, including, but not limited to, inflationary pressures, interest rate volatility, global supply chain disruptions and ongoing geopolitical war;
- the effects of the ongoing coronavirus ("COVID-19") pandemic (including any related variants of the COVID-19 virus such as the Delta variant, Omicron variant, or others), which are highly uncertain, cannot be predicted and will depend upon future developments, including the severity of COVID-19, the duration of the outbreak and potential resurgences, plateaued or stagnant vaccination and booster rates, adequate testing and treatments and the prevalence of widespread immunity to COVID-19;
- our ability to satisfy the covenants in our existing and any future debt agreements;
- decreased rental rates or increased vacancy rates, including expected rent levels on acquired properties;
- adverse economic or real estate conditions or developments, either nationally or in the markets in which our facilities are located;
- our failure to generate sufficient cash flows to service our outstanding obligations;
- our ability to satisfy our short and long-term liquidity requirements;
- our ability to deploy the debt and equity capital we raise;
- our ability to hedge our interest rate risk;
- our ability to raise additional equity and debt capital on terms that are attractive or at all;
- our ability to make distributions on shares of our common and preferred stock or to redeem our preferred stock;

- expectations regarding the timing and/or completion of any acquisition;
- expectations regarding the timing and/or completion of dispositions, and the expected use of proceeds therefrom;
- general volatility of the market price of our common and preferred stock;
- changes in our business or our investment or financing strategy;
- our dependence upon key personnel whose continued service is not guaranteed;
- our ability to identify, hire and retain highly qualified personnel in the future;
- the degree and nature of our competition;
- changes in healthcare laws, governmental regulations, tax rates and similar matters;
- changes in current healthcare and healthcare real estate trends;
- changes in expected trends in Medicare, Medicaid and commercial insurance reimbursement trends;
- competition for investment opportunities;
- our failure to successfully integrate acquired healthcare facilities;
- our expected capital and tenant improvement expenditures;
- changes in accounting policies generally accepted in the United States of America ("GAAP");
- lack of, or insufficient amounts of, insurance;
- other factors affecting the real estate industry generally;
- changes in the tax treatment of our distributions;
- our failure to maintain our qualification as a real estate investment trust ("REIT") for U.S. federal income tax purposes;
- our ability to qualify for the safe harbors from the "100% Prohibited Transactions Tax" under the REIT rules with respect to our property dispositions; and
- limitations imposed on our business and our ability to satisfy complex rules relating to REIT qualification for U.S. federal income tax purposes.

See Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2021 for further discussion of these and other risks, as well as the risks, uncertainties and other factors discussed in this Report and identified in other documents we may file with the SEC from time to time. You should carefully consider these risks before making any investment decisions in our company. New risks and uncertainties may also emerge from time to time that could materially and adversely affect us. While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes after the date of this Report, except as required by applicable law. You should not place undue reliance on any forward-looking statements that are based on information currently available to us or the third parties making the forward-looking statements.

Objective of MD&A

Management's Discussion and Analysis ("MD&A") is a narrative explanation of the financial statements and other statistical data that we believe will enhance a reader's understanding of our financial condition, changes in financial condition and results of operations.

The objectives of MD&A are:

a. To provide a narrative explanation of our financial statements that enables investors to see the Company from management's perspective;
b. To enhance the overall financial disclosure and provide the context within which financial information should be analyzed; and
c. To provide information about the quality of, and potential variability of, our earnings and cash flow so that investors can ascertain the likelihood that past performance is indicative of future performance.

Overview

Global Medical REIT Inc. (the "Company," "us," "we," or "our") is an internally managed REIT that acquires healthcare facilities and leases those facilities to physician groups and regional and national healthcare systems. We conduct our business through an umbrella partnership REIT, or UPREIT, structure in which our properties are owned by wholly owned subsidiaries of our operating partnership, Global Medical REIT L.P. (the "Operating Partnership"). Our wholly owned subsidiary, Global Medical REIT GP LLC, is the sole general partner of our Operating Partnership and, as of September 30, 2022, we owned 93.97% of the outstanding common operating partnership units ("OP Units") of our Operating Partnership, with an aggregate of 6.03% of the Operating Partnership owned by holders of long-term incentive plan units ("LTIP Units") and third-party limited partners who contributed properties or services to the Operating Partnership in exchange for OP Units.

Our revenues are derived from the rental and operating expense reimbursement payments we receive from our tenants, and most of our leases are medium to long-term triple net leases with contractual rent escalation provisions. Our primary expenses are depreciation, interest, and general and administrative expenses. We finance our acquisitions with a mixture of debt and equity primarily from our cash from operations, borrowings under our Credit Facility, and stock issuances.

Business Overview and Strategy

Our business strategy is to invest in healthcare properties that provide an attractive rate of return relative to our cost of capital and are operated by profitable physician groups, regional or national healthcare systems or combinations thereof. We believe this strategy allows us to attain our goals of providing stockholders with (i) reliable dividends and (ii) stock price appreciation. To implement this strategy, we seek to invest:

- in medical office buildings and other de-centralized components of the healthcare delivery system because we believe that healthcare delivery trends in the U.S. are increasingly moving away from centralized hospital locations;

- in small to mid-sized healthcare facilities located in secondary markets and suburbs of primary markets and that provide services needed for an aging population such as cardiovascular treatment, rehabilitation, eye surgery, gastroenterology, oncology treatment and orthopedics. We believe these facilities and markets are typically overlooked by larger REITs and other healthcare investors but contain tenant credit profiles that are like those of larger, more expensive facilities in primary markets; and

- to a lesser extent, in opportunistic acquisitions, including (i) certain acute-care hospitals and long-term acute care facilities (LTACs) that we believe provide premium, risk-adjusted returns, (ii) health system corporate office and administrative buildings, which we believe will help us develop relationships with larger health systems and (iii) behavioral and mental health facilities that are operated by national or regional operators and are located in markets that demonstrate a need for such services.

Most of our healthcare facilities are leased to single-tenants under triple-net leases. As we continue to grow our portfolio and the competition for single-tenant, triple-net leased properties has intensified, we have added to our portfolio some multi-tenant properties with gross lease or modified gross lease structures.

Corporate Sustainability and Social Responsibility

Our business values integrate environmental sustainability, social responsibility, and strong governance practices throughout our Company.

Our Board of Directors (the "Board") continues to lead our environmental, social and governance ("ESG") efforts. The Board has a standing ESG committee. The primary purpose of the ESG committee is to assist the Board in fulfilling our responsibilities to provide oversight and support of our commitment to ESG matters by overseeing: (1) our general ESG strategy and policies as set by our management, (2) communications with our employees, investors, and other stakeholders with respect to ESG matters, (3) developments relating to, and improving our understanding of, ESG matters, (4) our compliance with certain ESG-related legal and regulatory requirements, and (5) coordination with other Board committees on ESG matters of common import.

We continue to improve and expand our efforts in the corporate sustainability arena through tenant outreach and data collection to benchmark our portfolio's energy consumption and efficiency. We submitted our 2021 GRESB assessment report on July 1, 2022 and received a score of 46, which was higher than our 2021 score.

Our commitment to employee engagement remains a high-priority, as we continue to make accommodations for health, safety, and work-life balance.

In 2021, we initiated a successful pilot project with a ride-share provider and national charitable organization in the greater Phoenix, Arizona metro area to provide transportation to healthcare facilities for those in need. We are continuing this project in 2022 and are looking to expand this program into Orlando, Florida.

Climate Change

We take climate change and the risks associated with climate change seriously. We are committed to aligning our investment strategy with science and have begun to monitor our portfolio for climate risk factors. We utilize utility and energy audits that are performed by third-party engineering consultants during the due diligence phase of our acquisitions. The energy consumption data that we collect is used to assess our facilities' carbon emission levels. Capturing and tracking this information may help inform future mitigation and remediation efforts when possible. To that end, we are exploring ways to mitigate climate risk, should it be present, in our acquisition strategy, as well as ways to contribute to the reduction of climate impact through proactive asset management that looks for ways to incorporate renewable energy resources and energy utilization reduction. We stand with our communities, tenants, and stockholders in supporting meaningful solutions that address this global challenge and contribute to the sustainability of our business objectives.

Impact of COVID-19

The continued spread of the BA.5 variant of COVID-19 in the U.S. has prolonged the COVID-19 pandemic. Although generally not deemed as deadly as previous variants of COVID-19, the BA.5 variant is highly transmissible and has caused COVID-19 infections to spike. Thus, COVID-19 continues to disrupt our operations and the operations of our tenants and several consultants on which we rely to, among other services, complete our property acquisitions. Although we have been able to navigate these disruptions to date, we cannot predict the effects the current BA.5 variant and future variants will have on our tenants and our business.

Executive Summary

The following table summarizes the primary changes in our business and operations during the periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands, except per share and unit amounts)			
Rental revenue	$ 35,347	$ 29,967	$ 100,877	$ 85,492
Depreciation and amortization expense	$ 14,415	$ 11,942	$ 41,630	$ 34,222
Interest expense	$ 6,963	$ 4,830	$ 17,166	$ 14,887
General and administrative expense	$ 3,961	$ 3,852	$ 12,494	$ 12,519
Gain on sale of investment property	$ 6,753	$ —	$ 6,753	$ —
Net income attributable to common stockholders per share	$ 0.12	$ 0.06	$ 0.20	$ 0.13
FFO per share and unit[(1)]	$ 0.23	$ 0.23	$ 0.70	$ 0.67
AFFO per share and unit[(1)]	$ 0.25	$ 0.24	$ 0.74	$ 0.71
Dividends per share of common stock	$ 0.21	$ 0.205	$ 0.63	$ 0.615
Weighted average common stock outstanding	65,518	64,204	65,443	59,398
Weighted average OP Units outstanding	1,668	1,707	1,669	1,741
Weighted average LTIP Units outstanding	2,539	2,198	2,442	2,040
Total weighted average shares and units outstanding	69,725	68,109	69,554	63,179

(1) See "—Non-GAAP Financial Measures," for a description of our non-GAAP financial measures and a reconciliation of our non-GAAP financial measures.

	As of	
	September 30, 2022	December 31, 2021
	(dollars in thousands)	
Investment in real estate, gross	$ 1,482,492	$ 1,343,003
Total debt, net	$ 692,816	$ 571,729
Weighted average interest rate	3.90 %	2.87 %
Total equity (including noncontrolling interest)	$ 664,584	$ 637,577
Net leasable square feet	4,895,635	4,343,467

Our Properties

Completed Acquisitions

During the nine months ended September 30, 2022, we completed 14 acquisitions encompassing an aggregate of 583,253 leasable square feet for an aggregate contractual purchase price of $148.9 million with an aggregate annualized base rent of $10.7 million. As of September 30, 2022, our portfolio consisted of gross investment in real estate of $1.5 billion, which was comprised of 118 facilities with an aggregate of 4.9 million leasable square feet and an aggregate $113.7 million of annualized base rent.

Completed Disposition of a Property

In July 2022, we sold a medical office building located in Germantown, Tennessee receiving gross proceeds of $17.9 million, resulting in a gain of approximately $6.8 million.

Capital Raising Activity

In March 2022, the Company and the Operating Partnership entered into a Sales Agreement with certain sales agents, pursuant to which we may offer and sell, from time to time, up to $300 million of our common stock (the “2022 ATM Program”). In August 2020, the Company and the Operating Partnership entered into a Sales Agreement with certain sales agents, pursuant to which we could offer and sell, from time to time, up to $150 million of our common stock (the “2020 ATM Program”). The 2020 ATM Program was terminated upon the commencement of the 2022 ATM Program.

During the nine months ended September 30, 2022, the Company generated gross proceeds of $10.3 million through equity issuances of 0.6 million shares of our common stock at an average offering price of $17.15 per share. The Company did not issue any shares of common stock under its ATM program during the third quarter of 2022.

Debt Activity

On August 1, 2022, we entered into an amendment to the Credit Facility (the “Amendment”), that, among other things, (i) added a new $150 million term loan, which matures on February 1, 2028 (the “Term Loan B”), (ii) extended the maturity date of the current revolver component of the Credit Facility from May 2025 to August 2026, and (iii) transitioned all LIBOR-based loans under the Credit Facility to SOFR-based loans. LIBOR-based interest rates on amounts outstanding under the Credit Facility were transitioned to a SOFR-based interest rate equal to term SOFR plus a related spread adjustment of 10 basis points and a borrowing spread based on the current pricing grid in the Credit Facility. We may be entitled to a temporary reduction in the interest rate of two basis points provided we meet certain to be agreed upon sustainability goals.

During the nine months ended September 30, 2022, we borrowed $127.1 million under our Credit Facility and repaid $5.0 million, for a net amount borrowed of $122.1 million. As of September 30, 2022, the net outstanding Credit Facility balance was $634.9 million and as of November 1, 2022, we had unutilized borrowing capacity under the Credit Facility of $243.8 million.

Recent Developments

Chapter 11 Reorganization Filing of Pipeline Health System, LLC

On October 3, 2022, Pipeline Health System, LLC (“Pipeline”), announced that it filed for Chapter 11 bankruptcy protection under the United States Bankruptcy Code. Pipeline operates seven hospitals in three states, including the White Rock Medical Center in

Dallas, Texas, an acute-care hospital owned by the Company where Pipeline is the sole tenant. According to the filed bankruptcy documents, although Pipeline has experienced the same labor and reimbursement pressures that many acute-care hospitals have been facing since the beginning of the COVID-19 pandemic, the primary reason for the bankruptcy filing relates to Pipeline's facilities in Chicago, Illinois, and not the White Rock Medical Center. Additionally, Pipeline has stated that it intends to keep its hospitals open and operating during the Chapter 11 restructuring process. Based on the Company's review of the bankruptcy documents and other analysis, the Company believes that it is probable that it will collect all of the rent payments due under its lease to Pipeline.

Trends Which May Influence Our Results of Operations

We believe the following trends may positively impact our results of operations:

- *An aging population*. According to the 2020 U.S. Census, the nation's 65-and-older population has grown rapidly since 2010, driven by the aging of Baby Boomers born between 1946 and 1964. The 65-and-older population grew by over a third during the past decade, and by 3.2% from 2018 to 2019. We believe this segment of the U.S. population will utilize many of the services provided at our healthcare facilities such as orthopedics, cardiac, gastroenterology and rehabilitation.

- *A continuing shift towards outpatient care*. According to the American Hospital Association, patients are demanding more outpatient operations. We believe this shift in patient preference from inpatient to outpatient facilities will benefit our tenants as most of our properties consist of outpatient facilities.

- *Physician practice group and hospital consolidation*. We believe the trend towards physician group consolidation will serve to strengthen the credit quality of our tenants if our tenants merge or are consolidated with larger health systems.

We believe the following trends may negatively impact our results of operations:

- *Increased interest rate environment and cost of capital*. Due to a strong labor market and high inflation, the U.S. Federal Reserve has raised the federal funds rate six times in 2022, bringing the current target rate to 3.75% to 4.00% and is expected to increase the federal funds rate at its remaining meeting in 2022. Additionally, the U.S. Federal Reserve has begun reducing the size of its balance sheet, which could also cause an increase in interest rates. Due to this interest rate environment, term SOFR, which is the reference rate for our floating rate debt, is currently forecasted to increase to approximately 4.80% by April 2023 (based on the term SOFR forward curve as of October 31, 2022), or over 190 basis points (1.90%) from our SOFR rate as of September 30, 2022. Based on our floating rate debt balance as of September 30, 2022, a 200 basis point increase in term SOFR would have caused our annual interest expense to increase by approximately $2.9 million.

  The rapid increase in inflation and interest rates has caused the common stock prices of many REITs, including the Company's, to fall significantly, especially during the third quarter of 2022. For example, from August 16, 2022 through November 1, 2022, the Company's common stock price decreased from $12.23 per share (the highest closing price during the quarter) to $9.08 per share at market close on November 1, 2022, a 25.8% decrease. This decrease in stock price and increase in interest rates has significantly increased the Company's cost of capital, which, in turn, has significantly reduced its ability to acquire assets that the Company needs to grow its business.

- *Continuation of the COVID-19 pandemic*. The continued spread of the BA.5 variant of COVID-19 in the U.S. has prolonged the COVID-19 pandemic. Although generally not deemed as deadly as previous variants of COVID-19, the BA.5 variant is highly transmissible and has caused COVID-19 infections to spike. Thus, COVID-19 continues to disrupt our operations and the operations of our tenants and several consultants on which we rely to, among other services, complete our property acquisitions. Although we have been able to navigate these disruptions to date, we cannot predict the effects the current BA.5 variant and future variants will have on our tenants and our business.

- *Changes in third party reimbursement methods and policies*. The price of healthcare services has been increasing, and, as a result, we believe that third-party payors, such as Medicare and commercial insurance companies, will continue to scrutinize and reduce the types of healthcare services eligible for, and the amounts of, reimbursement under their health insurance plans. Additionally, many employer-based insurance plans continue to increase the percentage of insurance premiums for which covered individuals are responsible, which makes healthcare services more expensive for individuals. We expect these trends will only be exacerbated by the COVID-19 pandemic, as medical expenditures increased significantly during the pandemic. If these trends continue, our tenants' businesses will continue to be negatively affected, which may impact their ability to pay rent to us.

Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires our management to use judgment in the application of accounting policies, including making estimates and assumptions. We base estimates on the best information available to us at the time, our experience and on various other assumptions believed to be reasonable under the circumstances. These estimates affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions or other matters had been different, it is possible that different accounting would have been applied, resulting in a different presentation of our financial statements. From time to time, we re-evaluate our estimates and assumptions. In the event estimates or assumptions prove to be different from actual results, adjustments are made in subsequent periods to reflect more current estimates and assumptions about matters that are inherently uncertain. Please refer to our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Commission on March 1, 2022, for further information regarding the critical accounting policies that affect our more significant estimates and judgments used in the preparation of our condensed consolidated financial statements included in Part I, Item 1 of this Report.

Consolidated Results of Operations

The major factor that resulted in variances in our results of operations for each revenue and expense category for the three and nine months ended September 30, 2022, compared to the same periods in 2021, was the increase in the size of our property portfolio. Our total investments in real estate, net of accumulated depreciation and amortization, was $1.3 billion and $1.2 billion as of September 30, 2022 and 2021, respectively.

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

	Three Months Ended September 30, 2022	2021	$ Change
	(in thousands)		
Revenue			
Rental revenue	$ 35,347	$ 29,967	$ 5,380
Other income	59	16	43
Total revenue	35,406	29,983	5,423
Expenses			
General and administrative	3,961	3,852	109
Operating expenses	6,679	3,973	2,706
Depreciation expense	10,128	8,639	1,489
Amortization expense	4,287	3,303	984
Interest expense	6,963	4,830	2,133
Preacquisition expense	112	18	94
Total expenses	32,130	24,615	7,515
Income before gain from sale of investment property	3,276	5,368	(2,092)
Gain on sale of investment property	6,753	—	6,753
Net income	$ 10,029	$ 5,368	$ 4,661

Revenue

Total Revenue

Total revenue for the three months ended September 30, 2022 was $35.4 million, compared to $30.0 million for the same period in 2021, an increase of $5.4 million. The increase was primarily the result of rental revenue earned from the facilities that we acquired after September 30, 2021, as well as from the recognition of a full three months of rental revenue in 2022 from acquisitions that were completed during the three months ended September 30, 2021. Within that increase, $5.0 million in revenue was recognized from net lease expense recoveries during the three months ended September 30, 2022, compared to $3.2 million for the same period in 2021.

Expenses

General and Administrative

General and administrative expenses for the three months ended September 30, 2022 were $4.0 million, compared to $3.9 million for the same period in 2021 an increase of $0.1 million. An increase in cash compensation costs and general corporate expenses was partially offset by a reduction in non-cash LTIP compensation expense, which was $1.0 million for the three months ended September 30, 2022, compared to $1.2 million for the same period in 2021.

Operating Expenses

Operating expenses for the three months ended September 30, 2022 were $6.7 million, compared to $4.0 million for the same period in 2021, an increase of $2.7 million. The increase resulted primarily from $5.0 million of recoverable property operating expenses incurred during the three months ended September 30, 2022, compared to $3.2 million for the same period in 2021. In addition, our operating expenses included $1.4 million of property operating expenses from gross leases for the three months ended September 30, 2022, compared to $0.5 million for the same period in 2021.

Depreciation Expense

Depreciation expense for the three months ended September 30, 2022 was $10.1 million, compared to $8.6 million for the same period in 2021, an increase of $1.5 million. The increase resulted primarily from depreciation expense incurred on the facilities that we acquired after September 30, 2021, as well as from the recognition of a full three months of depreciation expense in 2022 from acquisitions that were completed during the three months ended September 30, 2021.

Amortization Expense

Amortization expense for the three months ended September 30, 2022 was $4.3 million, compared to $3.3 million for the same period in 2021, an increase of $1.0 million. The increase resulted primarily from amortization expense related to intangible assets connected to facilities that we acquired after September 30, 2021, as well as from the recognition of a full three months of amortization expense in 2022 from acquisitions that were completed during the three months ended September 30, 2021.

Interest Expense

Interest expense for the three months ended September 30, 2022 was $7.0 million, compared to $4.8 million for the same period in 2021, an increase of $2.2 million. This increase was due to higher average borrowings as well as increased interest rates during the three months ended September 30, 2022, compared to the same period last year.

The weighted average interest rate of our debt for the three months ended September 30, 2022 was 3.65% compared to 3.04% for the same period in 2021. Additionally, the weighted average interest rate and term of our debt was 3.90% and 4.18 years at September 30, 2022.

Income Before Gain on Sale of Investment Property

Income before gain on sale of investment property for the three months ended September 30, 2022 was $3.3 million, compared to $5.4 million for the same period in 2021, a decrease of $2.1 million.

Gain on Sale of Investment Property

In July 2022, the Company sold a medical office building located in Germantown, Tennessee receiving gross proceeds of $17.9 million, resulting in a gain of approximately $6.8 million. The Company acquired the facility in August 2017. The Company had no sales during the three months ended September 30, 2021.

Net Income

Net income for the three months ended September 30, 2022 was $10.0 million, compared to $5.4 million for the same period in 2021, an increase of $4.6 million.

Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	$ Change
	(in thousands)		
Revenue			
Rental revenue	$ 100,877	$ 85,492	$ 15,385
Other income	100	101	(1)
Total revenue	100,977	85,593	15,384
Expenses			
General and administrative	12,494	12,519	(25)
Operating expenses	18,050	10,964	7,086
Depreciation expense	29,428	24,779	4,649
Amortization expense	12,202	9,443	2,759
Interest expense	17,166	14,887	2,279
Preacquisition expense	242	146	96
Total expenses	89,582	72,738	16,844
Income before gain from sale of investment property	11,395	12,855	(1,460)
Gain on sale of investment property	6,753	—	6,753
Net income	$ 18,148	$ 12,855	$ 5,293

Revenue

Total Revenue

Total revenue for the nine months ended September 30, 2022 was $101.0 million, compared to $85.6 million for the same period in 2021, an increase of $15.4 million. The increase is primarily the result of rental revenue earned from the facilities we acquired subsequent to September 30, 2021, as well as from the recognition of a full nine months of rental revenue in 2022 from acquisitions that were completed during the nine months ended September 30, 2021. Within that increase, $13.4 million in revenue was recognized from net lease expense recoveries during the nine months ended September 30, 2022, compared to $8.5 million for the same period in 2021.

Expenses

General and Administrative

General and administrative expenses for the nine months ended September 30, 2022 and 2021 were $12.5 million. A reduction in non-cash LTIP compensation expense, which was $3.6 million for the nine months ended September 30, 2022, compared to $4.6 million for the same period in 2021, was partially offset by an increase in cash compensation costs and general corporate expenses.

Operating Expenses

Operating expenses for the nine months ended September 30, 2022 were $18.1 million, compared to $11.0 million for the same period in 2021, an increase of $7.1 million. The increase results from $13.4 million of reimbursable property operating expenses incurred during the nine months ended September 30, 2022, compared to $8.5 million for the same period in 2021. In addition, our operating expenses included $3.3 million of property operating expenses from gross leases for the nine months ended September 30, 2022, compared to $1.5 million for the same period in 2021.

Depreciation Expense

Depreciation expense for the nine months ended September 30, 2022 was $29.4 million, compared to $24.8 million for the same period in 2021, an increase of $4.6 million. The increase results primarily from depreciation expense incurred on the facilities we acquired subsequent to September 30, 2021, as well as from the recognition of a full nine months of depreciation expense in 2022 from acquisitions that were completed during the nine months ended September 30, 2021.

Amortization Expense

Amortization expense for the nine months ended September 30, 2022 was $12.2 million, compared to $9.4 million for the same period in 2021, an increase of $2.8 million. The increase resulted primarily from amortization expense related to intangible assets connected to facilities that we acquired after September 30, 2021, as well as from the recognition of a full nine months of amortization expense in 2022 from acquisitions that were completed during the nine months ended September 30, 2021.

Interest Expense

Interest expense for the nine months ended September 30, 2022 was $17.2 million, compared to $14.9 million for the same period in 2021, an increase of $2.3 million. This increase was due to higher average borrowings as well as increased interest rates during the nine months ended September 30, 2022, compared to the same period last year.

The weighted average interest rate of our debt for the nine months ended September 30, 2022 was 3.18% compared to 3.14% for the nine months ended September 30, 2021. Additionally, the weighted average interest rate and term of our debt was 3.90% and 4.18 years at September 30, 2022.

Income Before Gain on Sale of Investment Property

Income before gain on sale of investment property for the nine months ended September 30, 2022 was $11.4 million, compared to $12.9 million for the same period in 2021, a decrease of $1.5 million.

Gain on Sale of Investment Property

In July 2022, the Company sold a medical office building located in Germantown, Tennessee receiving gross proceeds of $17.9 million, resulting in a gain of approximately $6.8 million. The Company had no sales during the nine months ended September 30, 2021.

Net Income

Net income for the nine months ended September 30, 2022 was $18.2 million, compared to $12.9 million for the same period in 2021, an increase of $5.3 million.

Assets and Liabilities

As of September 30, 2022 and December 31, 2021, our principal assets consisted of investments in real estate, net, of $1.3 billion and $1.2 billion, respectively. We completed 14 acquisitions during the nine months ended September 30, 2022. Our liquid assets consisted primarily of cash and cash equivalents and restricted cash of $13.6 million and $12.8 million, as of September 30, 2022 and December 31, 2021, respectively.

The increase in our cash and cash equivalents and restricted cash balances to $13.6 million as of September 30, 2022, compared to $12.8 million as of December 31, 2021, was primarily due to borrowings on our Credit Facility, net proceeds received from the sale of an investment property, net proceeds received from ATM equity issuances, and net cash provided by operating activities, partially offset by funds used to acquire real estate and pay dividends to our common and preferred stockholders and OP Unit and LTIP Unit holders of our Operating Partnership.

The increase in our total liabilities to $742.2 million as of September 30, 2022 compared to $625.9 million as of December 31, 2021, was primarily the result of higher net borrowings outstanding, partially offset by a decrease in the derivative liability balance.

Liquidity and Capital Resources

General

Our short-term (up to 12 months) liquidity requirements include:

- Interest expense and scheduled principal payments on outstanding indebtedness;
- General and administrative expenses;
- Property operating expenses;
- Property acquisitions;
- Distributions to our common and preferred stockholders and OP Unit and LTIP Unit holders in our Operating Partnership; and
- Capital and tenant improvements.

In 2022, we are contractually obligated to pay, or have capital commitments for, principal and interest payments on our outstanding debt, and ground and operating lease expenses. In addition, our preferred stock became redeemable by us beginning in September 2022. The liquidation preference for our preferred stock is $77.6 million, and, if we decide to fully redeem, we would be required to pay this amount plus fees and expenses.

Our long-term (beyond 12 months) liquidity requirements consist primarily of funds necessary to pay for acquisitions, capital and tenant improvements at our properties, scheduled debt maturities, general and administrative expenses, operating expenses, and distributions. Beyond 2022, we are contractually obligated to pay, or have capital commitments for, principal and interest payments on our outstanding debt and ground and operating lease expenses.

We expect to satisfy our short and long-term liquidity needs through various internal and external sources, including cash flow from operations, debt financing, sales of additional equity securities, the issuance of OP Units in connection with acquisitions of additional properties, proceeds from select property dispositions and recapitalization transactions.

Internal Sources of Liquidity

Our primary internal sources of liquidity include cash flow from operations and proceeds from select property dispositions and recapitalization transactions.

External Sources of Liquidity

Our primary external sources of liquidity include net proceeds received from equity issuances, including the issuance of OP Units in connection with acquisitions of additional properties, and debt financing, including borrowings under our Credit Facility and secured term loans.

Equity Issuances

During the nine months ended September 30, 2022, the Company generated gross proceeds of $10.3 million through equity issuances of 0.6 million shares of our common stock at an average offering price of $17.15 per share. We did not issue any shares of common stock under our ATM program during the third quarter of 2022.

Debt Financing

Credit Facility. Our Credit Facility consists of (i) the $350 million Term Loan A, (ii) the $150 million Term Loan B, and (iii) the $400 million Revolver. The Credit Facility also contains a $500 million accordion feature. As of November 1, 2022, we had unutilized borrowing capacity under the Credit Facility of $243.8 million. As of August 1, 2022, LIBOR-based interest rates on amounts outstanding under the Credit Facility were transitioned to a SOFR-based interest rate equal to term SOFR plus a related spread adjustment of 10 basis points and a borrowing spread based on the current pricing grid in the Credit Facility.

The Credit Facility is an unsecured facility with a term of (i) four years (beginning on August 1, 2022) for the Revolver (subject to two, six-month extension options), (ii) five years for Term Loan A (beginning on its origination date of May 3, 2021), and (iii) five years and five months for Term Loan B.

We are subject to a number of financial covenants under the amended Credit Facility, including, among other things, the following as of the end of each fiscal quarter, (i) a maximum consolidated unsecured leverage ratio of less than 60%, (ii) a maximum consolidated secured leverage ratio of less than 30%, (iii) a maximum consolidated secured recourse leverage ratio of less than 10%, (iv) a minimum fixed charge coverage ratio of 1.50:1.00, (v) a minimum unsecured interest coverage ratio of 1.50:1.00, (vi) a maximum consolidated leverage ratio of less than 60%, and (vii) a minimum net worth of $573 million plus 75% of all net proceeds raised through equity offerings subsequent to March 31, 2022. As of September 30, 2022, management believed it complied with all of the financial and non-financial covenants contained in the Credit Facility.

Other Fixed Debt. We also have $58.4 million in gross notes payable as of September 30, 2022. This debt is comprised of four instruments.

Hedging Instruments. The Company has six interest rate swaps and nine forward-starting interest rate swaps that are used to manage its interest rate risk. A description of these swaps is below:

Term Loan A Swaps

As of September 30, 2022, all six of the Company's interest rate swaps related to Term Loan A. The notional value of these swaps is $350 million, with $150 million of the swaps maturing in August 2023 and the remaining $200 million maturing in August 2024. In addition, the Company has five forward starting interest rate swaps that will be effective on the maturity dates of Term Loan A's existing interest rate swaps. These forward starting swaps each have a maturity date of April 2026. Currently, the Term Loan A swaps fix the SOFR component of Term Loan A at a rate of 1.91% through August 2023. Subsequently, from August 2023 to August 2024 the SOFR component of Term Loan A will be fixed at 1.61%. Finally, from August 2024 to April 2026 the SOFR component of Term Loan A will be fixed at 1.45%.

Term Loan B Swaps

On August 2, 2022, the Company entered into four forward starting interest rate swaps related to Term Loan B with a notional value of $150 million that, beginning on October 1, 2022, fix the SOFR component on Term Loan B through January 2028 at 2.54%.

Total Fixed Debt. The Company's fixed debt totaled $558.4 million on a gross basis at September 30, 2022, with a weighted average interest rate of 3.75% based on its interest rate swaps and at current leverage. The weighted average maturity of the Company's fixed debt was 4.0 years at September 30, 2022. Due to the Company's forward swap structures, the weighted average interest rate on fixed debt will improve over the next few years. Weighted average interest rates on the Company's fixed debt are expected to decrease to approximately 3.67% in 2023, 3.50% in 2024, and 3.43% in 2025, based on the Company's current leverage.

Cash Flow Information

Net cash provided by operating activities for the nine months ended September 30, 2022 was $58.2 million, compared to $51.7 million for the same period in 2021. The increase during the 2022 period was primarily due to increases in depreciation and amortization expenses and an increase in net income, partially offset by a gain from the sale of an investment property and a decrease in non-cash LTIP compensation expense compared to the same period in 2021.

Net cash used in investing activities for the nine months ended September 30, 2022 was $135.8 million, compared to $166.7 million for the same period in 2021. The decrease during the 2022 period was primarily the result of less real estate investment activity compared to the same period in 2021, partially offset by net proceeds received from the sale of an investment property.

Net cash provided by financing activities for the nine months ended September 30, 2022 was $78.4 million, compared to $116.2 million for the same period in 2021. The decrease during the 2022 period was primarily due to less proceeds received from equity offerings, partially offset by net borrowings on our Credit Facility.

Non-GAAP Financial Measures

Management considers certain non-GAAP financial measures to be useful supplemental measures of the Company's operating performance. A non-GAAP financial measure is generally defined as one that purports to measure financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable measure determined in accordance with GAAP. The Company reports non-GAAP financial measures because these measures are observed by management to also be among the most predominant measures used by the REIT industry and by industry analysts to evaluate REITs. For these reasons, management deems it appropriate to disclose and discuss these non-GAAP financial measures. Set forth below are descriptions of the non-GAAP financial measures management considers relevant to the Company's business and useful to investors, as well as reconciliations of those measures to the most directly comparable GAAP financial measure.

The non-GAAP financial measures presented herein are not necessarily identical to those presented by other real estate companies due to the fact that not all real estate companies use the same definitions. These measures should not be considered as alternatives to net income, as indicators of the Company's financial performance, or as alternatives to cash flow from operating activities as measures of the Company's liquidity, nor are these measures necessarily indicative of sufficient cash flow to fund all of the Company's needs. Management believes that in order to facilitate a clear understanding of the Company's historical consolidated operating results, these measures should be examined in conjunction with net income and cash flows from operations as presented in the Condensed Consolidated Financial Statements and other financial data included elsewhere in this Quarterly Report on Form 10-Q.

Funds from Operations and Adjusted Funds from Operations

Funds from operations (“FFO”) and adjusted funds from operations (“AFFO”) are non-GAAP financial measures within the meaning of the rules of the SEC. The Company considers FFO and AFFO to be important supplemental measures of its operating performance and believes FFO is frequently used by securities analysts, investors, and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results.

In accordance with the National Association of Real Estate Investment Trusts’ (“NAREIT”) definition, FFO means net income or loss computed in accordance with GAAP before noncontrolling interests of holders of OP Units and LTIP Units, excluding gains (or losses) from sales of property and extraordinary items, less preferred stock dividends, plus real estate-related depreciation and amortization (excluding amortization of debt issuance costs and the amortization of above and below market leases), and after adjustments for unconsolidated partnerships and joint ventures. Because FFO excludes real estate-related depreciation and amortization (other than amortization of debt issuance costs and above and below market lease amortization expense), the Company believes that FFO provides a performance measure that, when compared period-over-period, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from the closest GAAP measurement, net income or loss.

AFFO is a non-GAAP measure used by many investors and analysts to measure a real estate company’s operating performance by removing the effect of items that do not reflect ongoing property operations. Management calculates AFFO by modifying the NAREIT computation of FFO by adjusting it for certain cash and non-cash items and certain recurring and non-recurring items. For the Company these items include recurring acquisition and disposition costs, loss on the extinguishment of debt, recurring straight line deferred rental revenue, recurring stock-based compensation expense, recurring amortization of above and below market leases, recurring amortization of debt issuance costs, recurring lease commissions, and other items.

Management believes that reporting AFFO in addition to FFO is a useful supplemental measure for the investment community to use when evaluating the operating performance of the Company on a comparative basis.

A reconciliation of net income to FFO and AFFO for the three and nine months ended September 30, 2022 and 2021 is as follows:

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
	(unaudited, in thousands except per share and unit amounts)			
Net income	**$ 10,029**	**$ 5,368**	**$ 18,148**	**$ 12,855**
Less: Preferred stock dividends	(1,455)	(1,455)	(4,366)	(4,366)
Depreciation and amortization expense	14,387	11,915	41,547	34,140
Gain on sale of investment property	(6,753)	—	(6,753)	—
FFO	**$ 16,208**	**$ 15,828**	**$ 48,576**	**$ 42,629**
Amortization of above market leases, net	221	173	735	318
Straight line deferred rental revenue	(1,018)	(1,369)	(3,245)	(4,147)
Stock-based compensation expense	1,039	1,241	3,615	4,568
Amortization of debt issuance costs and other	571	538	1,600	1,468
Preacquisition expense	112	18	242	146
AFFO	**$ 17,133**	**$ 16,429**	**$ 51,523**	**$ 44,982**
Net income attributable to common stockholders per share – basic and diluted	**$ 0.12**	**$ 0.06**	**$ 0.20**	**$ 0.13**
FFO per share and unit	**$ 0.23**	**$ 0.23**	**$ 0.70**	**$ 0.67**
AFFO per share and unit	**$ 0.25**	**$ 0.24**	**$ 0.74**	**$ 0.71**
Weighted Average Shares and Units Outstanding – basic and diluted	69,725	68,109	69,554	63,179
Weighted Average Shares and Units Outstanding:				
Weighted Average Common Shares	65,518	64,204	65,443	59,398
Weighted Average OP Units	1,668	1,707	1,669	1,741
Weighted Average LTIP Units	2,539	2,198	2,442	2,040
Weighted Average Shares and Units Outstanding – basic and diluted	69,725	68,109	69,554	63,179

Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate (EBITDAre and Adjusted EBITDAre)

The Company calculates EBITDA*re* in accordance with standards established by NAREIT and defines EBITDA*re* as net income or loss computed in accordance with GAAP plus depreciation and amortization, interest expense, gain or loss on the sale of investment properties, and impairment loss, as applicable. The Company defines Adjusted EBITDA*re* as EBITDA*re* plus non-cash stock compensation expense, non-cash intangible amortization related to above and below market leases, preacquisition expense and other normalizing items. Management considers EBITDA*re* and Adjusted EBITDA*re* important measures because they provide additional information to allow management, investors, and our current and potential creditors to evaluate and compare our core operating results and our ability to service debt.

A reconciliation of net income to EBITDA*re* and Adjusted EBITDA*re* for the three and nine months ended September 30, 2022 and 2021 is as follows:

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
	(unaudited and in thousands)			
Net income	**$ 10,029**	**$ 5,368**	**$ 18,148**	**$ 12,855**
Interest expense	6,963	4,830	17,166	14,887
Depreciation and amortization expense	14,415	11,942	41,630	34,222
Gain on sale of investment property	(6,753)	—	(6,753)	—
EBITDA*re*	**$ 24,654**	**$ 22,140**	**$ 70,191**	**$ 61,964**
Stock-based compensation expense	1,039	1,241	3,615	4,568
Amortization of above market leases, net	221	173	735	318
Preacquisition expense	112	18	242	146
Adjusted EBITDA*re*	**$ 26,026**	**$ 23,572**	**$ 74,783**	**$ 66,996**

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. In pursuing our business and investment objectives, we expect that the primary market risk to which we will be exposed is interest rate risk.

We may be exposed to the effects of interest rate changes primarily as a result of debt used to acquire healthcare facilities, including borrowings under the Credit Facility. The analysis below presents the sensitivity of the value of our variable rate financial obligations to selected changes in market interest rates. The range of changes chosen reflects our view of changes which are reasonably possible over a one-year period.

As of September 30, 2022, we had $144.7 million of unhedged borrowings outstanding under the Revolver (before the netting of unamortized debt issuance costs) that bears interest at a variable rate. See "Management's Discussion and Analysis of Financial Condition and Results of Operation — Liquidity and Capital Resources" for a detailed discussion of our Credit Facility. At September 30, 2022, SOFR on our outstanding floating-rate borrowings was 2.87%. Assuming no increase in the amount of our variable interest rate debt, if SOFR increased 200 basis points, our cash flow would decrease by approximately $2.9 million annually. Assuming no increase in the amount of our variable rate debt, if SOFR were reduced 200 basis points, our cash flow would increase by approximately $2.9 million annually.

Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve our objectives, we may borrow at fixed rates or floating rates. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Hedging Instruments*," for a description of our interest rate swaps.

We may enter into additional derivative financial instruments, including interest rate swaps and caps, in order to mitigate our interest rate risk on our future borrowings. We will not enter into derivative transactions for speculative purposes.

In addition to changes in interest rates, the value of our investments is subject to fluctuations based on changes in local and regional economic conditions and changes in the creditworthiness of tenants/operators and borrowers, which may affect our ability to refinance our debt if necessary.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act that are designed to ensure that information required to be disclosed in our reports filed or submitted to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and that information is accumulated and communicated to management, including the principal executive and financial officer as appropriate, to allow timely decisions regarding required disclosures. Our principal executive officer and principal financial officer evaluated the effectiveness of disclosure controls and procedures as of September 30, 2022 pursuant to Rule 13a-15(b) under the Exchange Act. Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this Report, the Company's disclosure controls and procedures were effective to ensure that information required to be included in our periodic SEC filings is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

Changes in Internal Control over Financial Reporting

No changes were made to our internal control over financial reporting during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

We are not involved in any pending legal proceeding or litigation and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties is subject, which would reasonably be likely to have a material adverse effect on our financial condition or results of operations. From time to time, we may become involved in litigation relating to claims arising out of our operations in the normal course of business. There can be no assurance that these matters that arise in the future, individually or in the aggregate, will not have a material adverse effect on our financial condition or results of operations in any future period.

Item 1A. Risk Factors

During the nine months ended September 30, 2022, there were no material changes to the risk factors that were disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 1, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

Exhibit No.	Description
3.1	Articles of Restatement of Global Medical REIT Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Report on Form 10-Q as filed with the SEC on August 8, 2018).
3.2	Third Amended and Restated Bylaws of Global Medical REIT Inc., adopted as of August 13, 2019 (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K as filed with the SEC on August 14, 2019).
4.1	Specimen of Common Stock Certificate (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-11/A as filed with the SEC on June 15, 2016).
4.2	Specimen of 7.50% Series A Cumulative Redeemable Preferred Stock Certificate (incorporated herein by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K as filed with the SEC on September 14, 2017).
10.1	Amendment No. 1 to Second Amended and Restated Credit Agreement, dated August 1, 2022, by and among Global Medical REIT L.P., Global Medical REIT Inc., the certain subsidiaries from time to time party thereto as guarantors, and JPMorgan Chase Bank, N.A., as administrative agent, and the several banks, financial institutions and other entities from time to time party thereto as lenders (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the SEC on August 3, 2022).
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial and Accounting Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer and Principal Financial and Accounting Officer, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS *	Inline XBRL Instance Document
101.SCH *	Inline XBRL Taxonomy Schema
101.CAL *	Inline XBRL Taxonomy Calculation Linkbase
101.DEF *	Inline XBRL Taxonomy Definition Linkbase
101.LAB *	Inline XBRL Taxonomy Label Linkbase
101.PRE *	Inline XBRL Taxonomy Presentation Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith. Such certification shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		GLOBAL MEDICAL REIT INC.
Date: November 4, 2022	By:	/s/ *Jeffrey M. Busch* Jeffrey M. Busch Chief Executive Officer (Principal Executive Officer)
Date: November 4, 2022	By:	/s/ *Robert J. Kiernan* Robert J. Kiernan Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATIONS

I, Jeffrey M. Busch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2022 of Global Medical REIT Inc. (the “registrant”)**;**

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 4, 2022

/s/ Jeffrey M. Busch
Jeffrey M. Busch, Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Robert J. Kiernan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2022 of Global Medical REIT Inc. (the “registrant”)**;**

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 4, 2022

/s/ Robert J. Kiernan

Robert J. Kiernan, Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Section 1350 Certification of Chief Executive Officer and Chief Financial Officer

In connection with the Quarterly Report on Form 10-Q of Global Medical REIT Inc. (the "Company") for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey M. Busch, Chief Executive Officer of the Company and I, Robert J. Kiernan, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2022	*/s/ Jeffrey M. Busch* Jeffrey M. Busch, Chief Executive Officer (Principal Executive Officer)
Date: November 4, 2022	*/s/ Robert J. Kiernan* Robert J. Kiernan, Chief Financial Officer (Principal Financial and Accounting Officer)

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.