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 June 30, 2023

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.)
7373 Wisconsin Avenue, Suite 800 **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 August 2, 2023 was 65,564,943

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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	
	June 30, 2023	December 31, 2022
Assets		
Investment in real estate:		
Land	$ 165,242	$ 168,308
Building	1,038,464	1,079,781
Site improvements	21,404	22,024
Tenant improvements	66,544	65,987
Acquired lease intangible assets	139,715	148,077
	1,431,369	1,484,177
Less: accumulated depreciation and amortization	(218,109)	(198,218)
Investment in real estate, net	1,213,260	1,285,959
Cash and cash equivalents	2,460	4,016
Restricted cash	7,325	10,439
Tenant receivables, net	7,381	8,040
Due from related parties	391	200
Escrow deposits	9,725	7,833
Deferred assets	26,189	29,616
Derivative asset	35,864	34,705
Goodwill	5,903	5,903
Other assets	12,302	6,550
Total assets	$ 1,320,800	$ 1,393,261
Liabilities and Equity		
Liabilities:		
Credit Facility, net of unamortized debt issuance costs of $8,155 and $9,253 at June 30, 2023 and December 31, 2022, respectively	$ 567,988	$ 636,447
Notes payable, net of unamortized debt issuance costs of $375 and $452 at June 30, 2023 and December 31, 2022, respectively	57,121	57,672
Accounts payable and accrued expenses	15,457	13,819
Dividends payable	16,048	15,821
Security deposits	4,213	5,461
Other liabilities	12,137	7,363
Acquired lease intangible liability, net	6,444	7,613
Total liabilities	679,408	744,196
Commitments and Contingencies		
Equity:		
Preferred stock, $0.001 par value, 10,000 shares authorized; 3,105 issued and outstanding at June 30, 2023 and December 31, 2022, respectively (liquidation preference of $77,625 at June 30, 2023 and December 31, 2022, respectively)	74,959	74,959
Common stock, $0.001 par value, 500,000 shares authorized; 65,565 shares and 65,518 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	66	66
Additional paid-in capital	722,418	721,991
Accumulated deficit	(213,744)	(198,706)
Accumulated other comprehensive income	35,859	34,674
Total Global Medical REIT Inc. stockholders' equity	619,558	632,984
Noncontrolling interest	21,834	16,081
Total equity	641,392	649,065
Total liabilities and equity	$ 1,320,800	$ 1,393,261

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 June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Revenue				
Rental revenue	$ 36,317	$ 33,679	$ 72,517	$ 65,530
Other income	34	18	64	42
Total revenue	36,351	33,697	72,581	65,572
Expenses				
General and administrative	4,462	4,336	8,266	8,534
Operating expenses	7,223	6,000	14,759	11,372
Depreciation expense	10,468	9,898	20,962	19,300
Amortization expense	4,337	4,138	8,732	7,915
Interest expense	8,468	5,401	16,739	10,202
Preacquisition expense	2	90	44	130
Total expenses	34,960	29,863	69,502	57,453
Income before gain on sale of investment properties	1,391	3,834	3,079	8,119
Gain on sale of investment properties	12,786	—	13,271	—
Net income	$ 14,177	$ 3,834	$ 16,350	$ 8,119
Less: Preferred stock dividends	(1,455)	(1,455)	(2,911)	(2,911)
Less: Net income attributable to noncontrolling interest	(902)	(143)	(947)	(313)
Net income attributable to common stockholders	**$ 11,820**	**$ 2,236**	**$ 12,492**	**$ 4,895**
Net income attributable to common stockholders per share – basic and diluted	$ 0.18	$ 0.03	$ 0.19	$ 0.07
Weighted average shares outstanding – basic and diluted	65,544	65,507	65,534	65,405

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	$ 14,177	$ 3,834	$ 16,350	$ 8,119
Other comprehensive income:				
Increase in fair value of interest rate swap agreements	8,449	5,770	1,185	23,163
Total other comprehensive income	8,449	5,770	1,185	23,163
Comprehensive income	22,626	9,604	17,535	31,282
Less: Preferred stock dividends	(1,455)	(1,455)	(2,911)	(2,911)
Less: Comprehensive income attributable to noncontrolling interest	(1,501)	(491)	(1,027)	(1,706)
Comprehensive income attributable to common stockholders	$ 19,670	$ 7,658	$ 13,597	$ 26,665

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 Six Months Ended June 30, 2023:

	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, December 31, 2022	65,518	$ 66	3,105	$ 74,959	$ 721,991	$ (198,706)	$ 34,674	$ 632,984	$ 16,081	$ 649,065
Net income	—	—	—	—	—	15,403	—	15,403	947	16,350
LTIP Units redeemed for common stock	47	—	—	—	427	—	—	427	(427)	—
OP Units issued for a property acquisition	—	—	—	—	—	—	—	—	5,482	5,482
Change in fair value of interest rate swap agreements	—	—	—	—	—	—	1,185	1,185	—	1,185
Stock-based compensation expense	—	—	—	—	—	—	—	—	1,835	1,835
Dividends to common stockholders ($0.42 per share)	—	—	—	—	—	(27,530)	—	(27,530)	—	(27,530)
Dividends to preferred stockholders ($0.9375 per share)	—	—	—	—	—	(2,911)	—	(2,911)	—	(2,911)
Dividends to noncontrolling interest	—	—	—	—	—	—	—	—	(2,084)	(2,084)
Balances, June 30, 2023	65,565	$ 66	3,105	$ 74,959	$ 722,418	$ (213,744)	$ 35,859	$ 619,558	$ 21,834	$ 641,392

For the Three Months Ended June 30, 2023:

	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, March 31, 2023	65,530	$ 66	3,105	$ 74,959	$ 722,113	$ (211,794)	$ 27,410	$ 612,754	$ 15,721	$ 628,475
Net income	—	—	—	—	—	13,275	—	13,275	902	14,177
LTIP Units redeemed for common stock	35	—	—	—	305	—	—	305	(305)	—
OP Units issued for a property acquisition	—	—	—	—	—	—	—	—	5,482	5,482
Change in fair value of interest rate swap agreements	—	—	—	—	—	—	8,449	8,449	—	8,449
Stock-based compensation expense	—	—	—	—	—	—	—	—	1,147	1,147
Dividends to common stockholders ($0.21 per share)	—	—	—	—	—	(13,769)	—	(13,769)	—	(13,769)
Dividends to preferred stockholders ($0.46875 per share)	—	—	—	—	—	(1,456)	—	(1,456)	—	(1,456)
Dividends to noncontrolling interest	—	—	—	—	—	—	—	—	(1,113)	(1,113)
Balances, June 30, 2023	65,565	$ 66	3,105	$ 74,959	$ 722,418	$ (213,744)	$ 35,859	$ 619,558	$ 21,834	$ 641,392

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 Six Months Ended June 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	—	—	—	—	—	7,806	—	7,806	313	8,119
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	—	—	—	—	—	—	23,163	23,163	—	23,163
Stock-based compensation expense	—	—	—	—	—	—	—	—	2,576	2,576
Dividends to common stockholders ($0.42 per share)	—	—	—	—	—	(27,492)	—	(27,492)	—	(27,492)
Dividends to preferred stockholders ($0.9375 per share)	—	—	—	—	—	(2,911)	—	(2,911)	—	(2,911)
Dividends to noncontrolling interest	—	—	—	—	—	—	—	—	(1,902)	(1,902)
Balances, June 30, 2022	65,518	$ 66	3,105	$ 74,959	$ 722,074	$ (179,614)	$ 16,527	$ 634,012	$ 15,097	$ 649,109

For the Three Months Ended June 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, March 31, 2022	65,400	$ 65	3,105	$ 74,959	$ 720,306	$ (168,089)	$ 10,757	$ 637,998	$ 14,619	$ 652,617
Net income	—	—	—	—	—	3,691	—	3,691	143	3,834
Issuance of shares of common stock, net	118	1	—	—	1,768	—	—	1,769	—	1,769
Change in fair value of interest rate swap agreements	—	—	—	—	—	—	5,770	5,770	—	5,770
Stock-based compensation expense	—	—	—	—	—	—	—	—	1,289	1,289
Dividends to common stockholders ($0.21 per share)	—	—	—	—	—	(13,760)	—	(13,760)	—	(13,760)
Dividends to preferred stockholders ($0.46875 per share)	—	—	—	—	—	(1,456)	—	(1,456)	—	(1,456)
Dividends to noncontrolling interest	—	—	—	—	—	—	—	—	(954)	(954)
Balances, June 30, 2022	65,518	$ 66	3,105	$ 74,959	$ 722,074	$ (179,614)	$ 16,527	$ 634,012	$ 15,097	$ 649,109

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)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating activities		
Net income	$ 16,350	$ 8,119
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	20,962	19,300
Amortization of acquired lease intangible assets	8,679	7,871
Amortization of above market leases, net	578	514
Amortization of debt issuance costs and other	1,202	1,029
Stock-based compensation expense	1,835	2,576
Capitalized preacquisition and other costs charged to expense	76	190
Gain on sale of investment properties	(13,271)	—
Other	121	45
Changes in operating assets and liabilities:		
Tenant receivables	659	(119)
Deferred assets	(1,731)	(2,314)
Other assets and liabilities	(224)	323
Accounts payable and accrued expenses	(339)	1,621
Security deposits	(1,248)	764
Net cash provided by operating activities	33,649	39,919
Investing activities		
Purchase of land, buildings, and other tangible and intangible assets and liabilities	(442)	(99,917)
Net proceeds from sale of investment properties	68,403	—
Escrow deposits for purchase of properties	—	(794)
Advances made to related parties	(191)	(174)
Capital expenditures on existing real estate investments	(2,333)	(1,509)
Leasing commissions	(371)	—
Net cash provided by (used in) investing activities	65,066	(102,394)
Financing activities		
Net proceeds received from common equity offerings	—	9,979
Escrow deposits required by third party lenders	(902)	(957)
Repayment of notes payable	(628)	(552)
Proceeds from Credit Facility	24,600	92,500
Repayment of Credit Facility	(94,157)	(5,000)
Payment of debt issue costs	—	(7)
Dividends paid to common stockholders, and OP Unit and LTIP Unit holders	(29,387)	(29,136)
Dividends paid to preferred stockholders	(2,911)	(2,911)
Net cash (used in) provided by financing activities	(103,385)	63,916
Net (decrease) increase in cash and cash equivalents and restricted cash	(4,670)	1,441
Cash and cash equivalents and restricted cash—beginning of period	14,455	12,759
Cash and cash equivalents and restricted cash—end of period	$ 9,785	$ 14,200
Supplemental cash flow information:		
Cash payments for interest	$ 16,286	$ 9,046
Noncash financing and investing activities:		
Accrued dividends payable	$ 16,048	$ 15,926
Interest rate swap agreements fair value change recognized in other comprehensive income	$ 1,185	$ 23,163
OP Units and LTIP Units redeemed for common stock	$ 427	$ 682
Accrued capital expenditures included in accounts payable and accrued expenses	$ 2,912	$ 1,697
OP Units issued for a property acquisition	$ 5,482	$ —
Proceeds from sale of an investment property held in escrow	$ 990	$ —
Recognition of lease liability related to right of use asset	$ 4,634	$ —

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 and internally managed real estate investment trust (“REIT”) that owns and acquires healthcare facilities and leases those facilities to physician groups and regional and national healthcare systems. 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 June 30, 2023, the Company was the 92.91% limited partner of the Operating Partnership, with an aggregate of 7.09% 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, 2022. 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 of our facility acquisitions for the six months ended June 30, 2023 and 2022 were accounted for as asset acquisitions because substantially all of 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 June 30,	
	2023	2022
Cash and cash equivalents	$ 2,460	$ 5,873
Restricted cash	7,325	8,327
Total cash and cash equivalents and restricted cash	$ 9,785	$ 14,200

Tenant Receivables, Net

The tenant receivable balance as of June 30, 2023 and December 31, 2022 was $7,381 and $8,040, respectively. The balance as of June 30, 2023 consisted of $2,037 in funds owed from the Company’s tenants for rent that the Company had earned but had not yet received, $5,107 of tenant reimbursements, $137 for a loan that was made to one of the Company’s tenants, and $100 of miscellaneous receivables. The balance as of December 31, 2022 consisted of $1,348 in funds owed from the Company’s tenants for rent that the Company had earned but had not yet received, $5,520 of tenant reimbursements, $143 for a loan that was made to one of the Company’s tenants, and $1,029 of miscellaneous receivables.

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 June 30, 2023 and December 31, 2022, 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 June 30, 2023 and December 31, 2022 was $9,725 and $7,833, 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. The escrow balance as of June 30, 2023 includes $990 in funds withheld from the proceeds paid to the Company for the sale of a portfolio of four medical office buildings in Oklahoma City, Oklahoma, in June 2023. This amount was withheld in order to fund successful claims by the buyer, if any, against the Company for any post-closing liability of the Company for any breach by the Company of its representations and warranties as set forth in the purchase agreement. The Company does not believe that the buyer will have any successful claims against the Company and therefore believes that the amount held in escrow will be released to the Company in full in December 2023.

Deferred Assets

The deferred assets balance as of June 30, 2023 and December 31, 2022 was $26,189 and $29,616, respectively. The balance as of June 30, 2023 consisted of $25,951 in deferred rent receivables resulting from the recognition of revenue from leases with fixed annual rental escalations on a straight-line basis and $238 of other deferred costs. The balance as of December 31, 2022 consisted of $29,467 in deferred rent receivables resulting from the recognition of revenue from leases with fixed annual rental escalations on a straight-line basis and $149 of other deferred costs.

Other Assets

The other assets balance as of June 30, 2023 and December 31, 2022 was $12,302 and $6,550, respectively. The balance as of June 30, 2023 consisted of $7,980 in right of use assets, $1,686 in capitalized construction in process costs, $1,626 in prepaid assets, $747 in net capitalized leasing commissions, and $263 in net capitalized software costs and miscellaneous assets. The balance as of December 31, 2022 consisted of $3,480 in right of use assets, $1,552 in capitalized construction in process costs, $1,380 in prepaid assets, and $138 in 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 June 30, 2023 and December 31, 2022, 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 $35,864 and $34,705, 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 June 30, 2023 and December 31, 2022, 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

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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 June 30, 2023 or December 31, 2022.

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 variable consideration, if any, 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 June 30, 2023 and December 31, 2022 was $12,137 and $7,363, respectively. The balance as of June 30, 2023 consisted of $7,543 for right of use liabilities and $4,594 of prepaid rent. The balance as of December 31, 2022 consisted of $2,922 for right of use liabilities and $4,441 of prepaid rent. Refer to Note 8 – "Leases" for additional details on right of use liabilities.

Note 3 – Property Portfolio

Summary of Properties Acquired and Sold During the Six Months Ended June 30, 2023

During the six months ended June 30, 2023, the Company completed one acquisition. For this acquisition, substantially all of the fair value was concentrated in a single identifiable asset or group of similar identifiable assets and, therefore, the acquisition represented an asset acquisition. Accordingly, transaction costs for this acquisition were capitalized.

A rollforward of the gross investment in land, building, improvements, and acquired lease intangible assets as of June 30, 2023 is as follows:

	Land	Building	Site Improvements	Tenant Improvements	Acquired Lease Intangible Assets	Gross Investment in Real Estate
Balances as of December 31, 2022	$ 168,308	$ 1,079,781	$ 22,024	$ 65,987	$ 148,077	$ 1,484,177
Facility Acquired – Date Acquired:						
Redding – 4/17/23	771	3,798	174	321	872	5,936
Capitalized costs[(1)]	—	1,265	333	1,741	172	3,511
Total Additions:	771	5,063	507	2,062	1,044	9,447
Disposition of Jacksonville – 3/9/2023	(1,023)	(2,827)	—	—	—	(3,850)
Disposition of Oklahoma City – 6/30/2023	(2,814)	(43,553)	(1,127)	(1,505)	(9,406)	(58,405)
Total Dispositions:	(3,837)	(46,380)	(1,127)	(1,505)	(9,406)	(62,255)
Balances as of June 30, 2023	$ 165,242	$ 1,038,464	$ 21,404	$ 66,544	$ 139,715	$ 1,431,369

(1) Represents capital projects that were completed and placed in service during the six months ended June 30, 2023 related to the Company's existing facilities.

In March 2023, the Company sold a medical office building located in Jacksonville, Florida receiving gross proceeds of $4.4 million, resulting in a gain of $0.5 million. In June 2023 the Company sold a portfolio of four medical office buildings located in Oklahoma City, Oklahoma receiving gross proceeds of $66.0 million, resulting in a gain of $12.8 million.

Depreciation expense was $10,468 and $20,962 for the three and six months ended June 30, 2023, respectively, and $9,898 and $19,300 for the three and six months ended June 30, 2022, respectively.

As of June 30, 2023, the Company had aggregate capital improvement commitments and obligations to improve, expand, and maintain the Company's existing facilities of approximately $29,600. 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 are expected to total approximately $10,400.

Summary of Properties Acquired and Sold During the Year Ended December 31, 2022

During the year ended December 31, 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 December 31, 2022 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]	141	1,419	41	1,416	396	3,413
Total Additions:	18,948	102,768	3,352	7,394	24,652	157,114
Disposition of Germantown – 7/1/22	(2,700)	(8,078)	(349)	(307)	(4,506)	(15,940)
Balances as of December 31, 2022	$ 168,308	$ 1,079,781	$ 22,024	$ 65,987	$ 148,077	$ 1,484,177

(1) Represents capital projects that were completed and placed in service during the year ended December 31, 2022 related to the Company's existing facilities.

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 June 30, 2023		
	Cost	Accumulated Amortization	Net
Assets			
In-place leases	$ 77,571	$ (38,749)	$ 38,822
Above market leases	24,961	(8,681)	16,280
Leasing costs	37,183	(16,190)	20,993
	$ 139,715	$ (63,620)	$ 76,095
Liability			
Below market leases	$ 13,595	$ (7,151)	$ 6,444

	As of December 31, 2022		
	Cost	Accumulated Amortization	Net
Assets			
In-place leases	$ 82,374	$ (34,898)	$ 47,476
Above market leases	26,054	(7,321)	18,733
Leasing costs	39,649	(14,683)	24,966
	$ 148,077	$ (56,902)	$ 91,175
Liability			
Below market leases	$ 13,595	$ (5,982)	$ 7,613

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Amortization expense related to in-place leases	$ 2,993	$ 2,895	$ 6,041	$ 5,534
Amortization expense related to leasing costs	$ 1,313	$ 1,221	$ 2,638	$ 2,337
Decrease in rental revenue related to above market leases	$ 871	$ 866	$ 1,747	$ 1,591
Increase in rental revenue related to below market leases	$ (584)	$ (551)	$ (1,169)	$ (1,077)

As of June 30, 2023, 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
2023 (six months remaining)	$ (472)	$ 8,027
2024	(1,151)	14,287
2025	(1,697)	10,596
2026	(1,803)	8,775
2027	(1,376)	6,190
Thereafter	(3,337)	11,940
Total	$ (9,836)	$ 59,815

As of June 30, 2023, the weighted average amortization periods for asset lease intangibles and liability lease intangibles were 3.9 years and 2.8 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 include (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. Interest rates on amounts outstanding under the Credit Facility equal term Secured Overnight Financing Rate ("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 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 June 30, 2023, 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 six months ended June 30, 2023, the Company borrowed $24,600 under the Credit Facility and repaid $94,157, for a net amount repaid of $69,557. During the six months ended June 30, 2022, the Company borrowed $92,500 under the Credit Facility and repaid $5,000, for a net amount borrowed of $87,500. Interest expense incurred on the Credit Facility was $7,181 and $14,169 for the three and six months ended June 30, 2023, respectively, and $4,208 and $7,822 for the three and six months ended June 30, 2022, respectively.

As of June 30, 2023 and December 31, 2022, the Company had the following outstanding borrowings under the Credit Facility:

	June 30, 2023	December 31, 2022
Revolver	$ 76,143	$ 145,700
Term Loan A	350,000	350,000
Term Loan B	150,000	150,000
Less: Unamortized debt issuance costs	(8,155)	(9,253)
Credit Facility, net	$ 567,988	$ 636,447

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. Amortization expense incurred related to debt issuance costs was $549 and $1,098 for the three and six months ended June 30, 2023, respectively, and $464 and $927 for the three and six months ended June 30, 2022, 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, each described in detail herein. The following table sets forth the aggregate balances of these loans as of June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Notes payable	$ 57,496	$ 58,124
Unamortized debt issuance costs	(375)	(452)
Notes payable, net	$ 57,121	$ 57,672

Amortization expense incurred related to the debt issuance costs was $38 and $77 for the three and six months ended June 30, 2023, respectively, and $38 and $77 for the three and six months ended June 30, 2022, 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 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 $194 and $188 during the six months ended June 30, 2023 and 2022, respectively. The loan balance as of June 30, 2023 and December 31, 2022 was $13,760 and $13,954, respectively. Interest expense incurred on this loan was $134 and $268 for the three and six months ended June 30, 2023, respectively, and $138 and $275 for the three and six months ended June 30, 2022, respectively.

As of June 30, 2023, scheduled principal payments due for each year ended December 31 were as follows:

2023 (six months remaining)	$ 197
2024	405
2025	13,158
Total	$ 13,760

Dumfries Loan

On April 27, 2020, in connection with its acquisition of the Dumfries Facility, the Company, through a 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 $150 and $142 during the six months ended June 30, 2023 and 2022, respectively. The loan balance as of June 30, 2023 and December 31, 2022 was $11,186 and $11,336, respectively. Interest expense incurred on this loan was $131 and $261 for the three and six months ended June 30, 2023, respectively, and $135 and $268 for the three and six months ended June 30, 2022, respectively.

As of June 30, 2023, scheduled principal payments due for each year ended December 31 were as follows:

2023 (six months remaining)	$ 152
2024	11,034
Total	$ 11,186

Cantor Loan

On March 31, 2016, through certain of its 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 $235 and $222 during the six months ended June 30, 2023 and 2022, respectively. The loan balance as of June 30, 2023 and December 31, 2022 was $31,133 and $31,368, respectively. Interest expense incurred on this loan was $412 and $821 for the three and six months ended June 30, 2023, respectively, and $418 and $833 for the three and six months ended June 30, 2022, respectively.

As of June 30, 2023, scheduled principal payments due for each year ended December 31 were as follows:

2023 (six months remaining)	$	236
2024		492
2025		523
2026		29,882
Total	$	31,133

Toledo Loan

On July 8, 2022, in connection with its acquisition of the Toledo Facility, the Company, through its 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 $49 during the six months ended June 30, 2023. The loan balance as of June 30, 2023 and December 31, 2022 was $1,417 and $1,466, respectively. Interest expense incurred on this loan was $23 and $45 for the three and six months ended June 30, 2023. The Toledo Loan matures on July 30, 2033.

Derivative Instruments - Interest Rate Swaps

The Company has ten interest rate swaps and five 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 June 30, 2023, 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 1.80% through August 2023. Subsequently, from August 2023 to August 2024 the SOFR component of Term Loan A will be fixed at 1.50%. Finally, from August 2024 to April 2026 the SOFR component of Term Loan A will be fixed at 1.36%.

Term Loan B Swaps

As of June 30, 2023, four of the Company's interest rate swaps related to Term Loan B with a notional value of $150 million that 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 incorporates a measure of non-performance risk. The fair values are based on Level 2 inputs within the framework of ASC Topic 820. 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 $35,864 and $34,705 as of June 30, 2023 and December 31, 2022, respectively. The gross asset balances are included in the "Derivative Asset" line item on the Company's Condensed Consolidated Balance Sheets as of June 30, 2023 and December 31, 2022, 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 six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Amount of gain recognized in other comprehensive income	$ (12,180)	$ (4,757)	$ (8,023)	$ (20,634)
Amount of gain (loss) reclassified from accumulated other comprehensive income into interest expense	3,731	(1,013)	6,838	(2,529)
Total change in accumulated other comprehensive income	$ (8,449)	$ (5,770)	$ (1,185)	$ (23,163)

During the next twelve months, the Company estimates that an additional $16,703 will be reclassified as a decrease to interest expense. Additionally, during the three and six months ended June 30, 2023, the Company recorded total interest expense in its Condensed Consolidated Statements of Operations of $8,468 and $16,739, respectively.

Weighted-Average Interest Rate and Term

The weighted average interest rate and term of the Company's debt was 4.09% and 3.4 years at June 30, 2023, compared to 4.20% and 3.9 years as of December 31, 2022.

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 June 30, 2023 and December 31, 2022, 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 six months ended June 30, 2023 is summarized in the following table:

Date Announced	Record Date	Applicable Quarter	Payment Date	Quarterly Dividend	Dividends per Share
December 7, 2022	January 15, 2023	Q4 2022	January 31, 2023	$ 1,455	$ 0.46875
March 10, 2023	April 15, 2023	Q1 2023	May 1, 2023	$ 1,455	$ 0.46875
June 9, 2023	July 15, 2023	Q2 2023	July 31, 2023	$ 1,455 (1)	$ 0.46875

(1) Two months of this amount, equal to $970, was accrued at June 30, 2023.

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. 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 six-month periods ended June 30, 2023 and 2022, the Company paid preferred dividends of $2,911.

Common Stock

The Company has 500,000 authorized shares of common stock, $0.001 par value. As of June 30, 2023 and December 31, 2022, there were 65,565 and 65,518 outstanding shares of common stock, respectively.

Common stock dividend activity for the six months ended June 30, 2023 is summarized in the following table:

Date Announced	Record Date	Applicable Quarter	Payment Date	Dividend Amount[1]	Dividends per Share
December 7, 2022	December 22, 2022	Q4 2022	January 9, 2023	$ 14,642	$ 0.21
March 10, 2023	March 24, 2023	Q1 2023	April 11, 2023	$ 14,688	$ 0.21
June 9, 2023	June 23, 2023	Q2 2023	July 11, 2023	$ 14,819	$ 0.21

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

During the six months ended June 30, 2023 and 2022, the Company paid total dividends on its common stock, LTIP Units and OP Units in the aggregate amount of $29,387 and $29,136, respectively.

As of June 30, 2023 and December 31, 2022, the Company had accrued dividend balances of $259 and $209 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 six months ended June 30, 2023, $107 of dividends were accrued and $57 of dividends were paid related to these units. During the six months ended June 30, 2022, $141 of dividends were accrued and $470 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.

OP Units

During the six months ended June 30, 2023, the Operating Partnership issued 577 OP Units with a value of $5,482 in connection with a facility acquisition and did not redeem any OP Units. During the year ended December 31, 2022, the Operating Partnership did not issue any OP Units and redeemed 35 OP Units for shares of the Company's common stock with an aggregate redemption value of $600.

As of June 30, 2023 and December 31, 2022, there were 2,244 and 1,667 OP Units issued and outstanding, respectively, with an aggregate value of $13,962 and $8,480, 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 June 30, 2023 and December 31, 2022. 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 amounts due from related parties as of June 30, 2023 and December 31, 2022 were $391 and $200, 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 June 30, 2023 and December 31, 2022.

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 June 30, 2023, there were 843 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 six months ended June 30, 2023, 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
February 23, 2023	Final awards under the 2022 Annual Incentive Plan	68	50% on February 23, 2023; and 50% on February 23, 2024
February 23, 2023	Time-based awards under the 2023 Long-Term Incentive Plan	165	100% on February 23, 2026
May 10, 2023	Annual awards to independent directors	45	100% on May 10, 2024
May 10, 2023	Discretionary awards	11	33.33% on May 10, 2024; 33.33% on May 10, 2025; and 33.33% on May 10, 2026

During the six months ended June 30, 2023, certain participants redeemed an aggregate of 47 vested LTIP Units for the Company's common stock and forfeited an aggregate of 24 LTIP Units. A detail of the Company's outstanding time-based LTIP Units as of June 30, 2023 is as follows:

Vested units	2,151
Unvested units	606
LTIP Units outstanding as of June 30, 2023	2,757

Performance Based Awards

The Board has approved annual performance-based LTIP awards ("Annual Awards") and long-term performance-based LTIP awards ("Long-Term Awards" and together with the Annual Awards, "Performance 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 six months ended June 30, 2023, certain participants forfeited an aggregate of 14 Performance Awards under the 2021 and 2022 programs. Additionally, none of the 2020 Long-Term Awards were earned. A detail of the Performance Awards under the 2021, 2022 and 2023 programs as of June 30, 2023 is as follows:

2021 Long-Term Awards	67
2022 Long-Term Awards	96
2023 Annual Awards [(1)]	153
2023 Long-Term Awards [(2)]	154
Total target performance awards as of June 30, 2023	470

(1) Approved by the Board on May 10, 2023. 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 award date.

(2) Approved by the Board on February 23, 2023. 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, 2023, as set forth in the 2023 LTIP Annual Award Agreements (the "Performance Goals") that will be used to determine the number of LTIP Units earned by each grantee. As of June 30, 2023, management estimated that the Performance Goals would be met at a 100% level and, accordingly, cumulative stock-based compensation expense during the three and six months ended June 30, 2023 reflects management's estimate that 100% 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 2023 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 the valuation date of the awards (which is expected to occur in February 2024) and 50% of the earned LTIP Units become vested 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. 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 50% 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 50% 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

Compensation expense for 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:

	2023 Long-Term Awards	2022 Long-Term Awards	2021 Long-Term Awards
Fair value	$ 11.67	$ 16.39	$ 14.86
Target awards	154	96	67
Volatility	43.54 %	41.65 %	42.37 %
Risk-free rate	4.35 %	1.72 %	0.26 %
Dividend assumption	reinvested	reinvested	reinvested
Expected term in years	3	3	3

The Company incurred stock compensation expense of $1,147 and $1,835 for the three and six months ended June 30, 2023, respectively, and $1,289 and $2,576 for the three and six months ended June 30, 2022, 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 June 30, 2023, total unamortized compensation expense related to these awards of approximately $7.2 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 $36,317 and $72,517 of rental revenue related to operating lease payments for the three and six months ended June 30, 2023, respectively, and $33,679 and $65,530 of rental revenue related to operating lease payments for the three and six months ended June 30, 2022, respectively. Of these amounts, $1,856 and $3,859 relate to variable rental revenue for the three and six months ended June 30, 2023, respectively, and $1,920 and $3,867 relate to variable rental revenue for the three and six months ended June 30, 2022, respectively.

The aggregate annual cash to be received by the Company on the noncancelable operating leases related to its portfolio as of June 30, 2023 is as follows for the subsequent years ended December 31:

2023 (six months remaining)	$	58,115
2024		110,172
2025		96,856
2026		87,857
2027		75,525
Thereafter		314,499
Total	$	743,024

Information as Lessee

The Company entered into a new lease agreement for its corporate headquarters in Bethesda, Maryland. The lease had a commencement date of May 1, 2023 and expires on October 31, 2034. The Company's total lease payment obligation over the life of the lease is approximately $7 million. The Company recorded a right of use asset and liability of $4,634 on May 1, 2023, the commencement date of the lease. The Company used a discount rate of approximately 6.5% which represented its incremental borrowing rate at the lease commencement date. Additionally, the Company has seven buildings located on land that is subject to operating ground leases with a weighted average remaining term of approximately 43 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% to record the right of use assets and liabilities, 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 $88 and $153 of ground lease expense during the three and six months ended June 30, 2023, respectively, of which $39 and $81 was paid in cash. The Company recognized approximately $55 and $110 of ground lease expense during the three and six months ended June 30, 2022, respectively, of which $44 and $72 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 June 30, 2023, and a reconciliation of those cash flows to the operating lease liability at June 30, 2023:

2023 (six months remaining)	$	79
2024		679
2025		740
2026		757
2027		772
Thereafter		10,450
Total		13,477
Discount		(5,934)
Lease liability	$	7,543

Tenant Concentration

During the six months ended June 30, 2023, the Company's rental revenues were derived from 268 tenants leasing 186 buildings. 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, 2022, that was filed with the U.S. Securities and Exchange Commission (the "SEC" or the "Commission") on March 1, 2023. 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:

- difficulties in identifying healthcare facilities to acquire (due to increased cost of capital, competition or otherwise) and completing such acquisitions;
- defaults on or non-renewal of leases by tenants;
- our ability to collect rents;
- increases in interest rates and increased operating costs;
- macroeconomic and geopolitical factors, including, but not limited to, inflationary pressures, interest rate volatility, distress in the banking sector, global supply chain disruptions and ongoing geopolitical conflicts and 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 laws 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 REIT for U.S. federal income tax purposes;
- our ability to qualify for the safe harbor from the "100% Prohibited Transactions Tax" under the REIT rules with respect to our property dispositions; and
- limitations imposed on our business due to, 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, 2022 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 a Maryland corporation and internally managed REIT that owns and acquires healthcare facilities and leases those facilities to physician groups and regional and national healthcare systems. We hold our facilities and conduct our operations through a Delaware limited partnership subsidiary named 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 June 30, 2023, we owned 92.91% of the outstanding common operating partnership units ("OP Units") of our Operating Partnership, with an aggregate of 7.09% 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 through a standing ESG committee. The primary purpose of the ESG committee is to assist the Board in fulfilling its 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 our 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. In June 2023, we released our second Corporate Social Responsibility Report, which detailed our progress and areas of focus in the ESG realm. The contents of our Corporate Social Responsibility Report are not incorporated by reference into this Quarterly Report on Form 10-Q or in any other report or document we file with the SEC.

Our commitment to employee engagement remains a high-priority, as we continue to make accommodations for health, safety, and work-life balance, including at our headquarters which is LEED platinum certified and includes a fitness center, café and roof-top lounge.

Climate Change

We take climate change and the risks associated with climate change seriously. We prioritize energy efficiency and sustainability when evaluating investment opportunities 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 continue to explore 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 Inflation

After many years of low inflation, the U.S. inflation rate increased substantially during 2022, with the December 2022 annual inflation rate equaling 6.5%. The annual inflation rate has softened in 2023 to 3.0% in June, but the U.S. Federal Reserve (the “Fed”) has continued instituting a number of increases to the Federal Funds Rate throughout 2022 and into 2023, with the rate increasing from a target range of 0% to 0.25% at the beginning of 2022 to a current range of 5.25% to 5.50% as of its meeting in July 2023. The increase in the Federal Funds Rate, along with other actions taken by the Fed, had a ripple effect on other benchmark interest rates, including one-month term Standard Overnight Financing Rate (“SOFR”), which is the reference rate for our indebtedness under our Second Amended and Restated Credit Facility (the “Credit Facility”). From the beginning of 2022 through August 2, 2023, one-month term SOFR has increased from close to 0% to 5.32%, which, in turn, has led to a significant increase in our interest expense.

Additionally, as most of our leases are triple-net leases, we are somewhat insulated from the effects of inflation on our operating expenses. However, due to the longer-term nature of our leases, we are not able to quickly increase rents to offset fully the effects of increased interest rates and inflation on our interest expense and other costs. Also, we may not be able to renew expiring leases at lease rates that reflect increases in inflation.

Continuing Impact of COVID-19

The COVID-19 pandemic has affected the healthcare industry in many ways. Many stories exist about U.S. healthcare workers, especially nurses, experiencing burnout due to the length and severity of the pandemic, and this has caused many nurses and other medical professionals to switch jobs within the medical profession or quit the profession altogether. This phenomenon has led to material increases in labor costs for healthcare systems, especially hospital systems, as some employers have had to rely on higher cost contract nursing labor to sustain their businesses. This increase in labor costs, among various other factors, contributed to the rapid increase in inflation during 2022, which remained elevated through the second quarter of 2023.

Furthermore, the continued spread of the BA.5 variant of COVID-19 (and its subvariants) in the U.S. has prolonged the COVID-19 pandemic, which could continue to disrupt our operations and the operations of our tenants and third-party service providers.

Executive Summary

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(in thousands, except per share and unit amounts)			
Rental revenue	$ 36,317	$ 33,679	$ 72,517	$ 65,530
Depreciation and amortization expense	$ 14,805	$ 14,036	$ 29,694	$ 27,215
Interest expense	$ 8,468	$ 5,401	$ 16,739	$ 10,202
General and administrative expense	$ 4,462	$ 4,336	$ 8,266	$ 8,534
Gain on sale of investment properties	$ 12,786	$ —	$ 13,271	$ —
Net income attributable to common stockholders per share	$ 0.18	$ 0.03	$ 0.19	$ 0.07
FFO per share and unit[(1)]	$ 0.21	$ 0.24	$ 0.43	$ 0.47
AFFO per share and unit[(1)]	$ 0.23	$ 0.25	$ 0.45	$ 0.49
Dividends per share of common stock	$ 0.21	$ 0.21	$ 0.42	$ 0.42
Weighted average common stock outstanding	65,544	65,507	65,534	65,405
Weighted average OP Units outstanding	2,143	1,668	1,907	1,670
Weighted average LTIP Units outstanding	2,747	2,523	2,678	2,410
Total weighted average shares and units outstanding	70,434	69,698	70,119	69,485

(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	
	June 30, 2023	December 31, 2022
	(dollars in thousands)	
Investment in real estate, gross	$ 1,431,369	$ 1,484,177
Total debt, net	$ 625,109	$ 694,119
Weighted average interest rate	4.09 %	4.20 %
Total equity (including noncontrolling interest)	$ 641,392	$ 649,065
Net leasable square feet	4,773,469	4,895,635

Our Properties

Completed Acquisitions

During the six months ended June 30, 2023 we completed one acquisition encompassing 18,698 leasable square feet for a contractual purchase price of $6.7 million with annualized base rent of $0.5 million. We funded this acquisition primarily through the issuance of OP Units to the seller. As of June 30, 2023, our portfolio consisted of gross investment in real estate of $1.4 billion, which was comprised of 186 buildings with an aggregate of 4.8 million leasable square feet and an aggregate $111.3 million of annualized base rent.

Completed Property Dispositions

In June 2023, we sold a portfolio of four medical office buildings located in Oklahoma City, Oklahoma receiving gross proceeds of $66.0 million, resulting in a gain of $12.8 million. The net proceeds from this disposition were used to pay down outstanding borrowings from the Credit Facility.

In March 2023, we sold a medical office building located in Jacksonville, Florida receiving gross proceeds of $4.4 million, resulting in a gain of $0.5 million.

Completed Property Disposition Subsequent to June 30, 2023

In August 2023, we sold a medical office building located in North Charleston, South Carolina receiving gross proceeds of $10.1 million. This property had a net book value of approximately $7.2 million at the time of sale.

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 "ATM Program"). No shares were sold under the ATM Program during the six months ended June 30, 2023.

Debt Activity

During the six months ended June 30, 2023, we borrowed $24.6 million under the Credit Facility and repaid $94.2 million, for a net amount repaid of $69.6 million. During the six months ended June 30, 2022, we borrowed $92.5 million under the Credit Facility and repaid $5.0 million, for a net amount borrowed of $87.5 million. As of June 30, 2023, the net outstanding Credit Facility balance was $568.0 million and as of August 2, 2023, we had unutilized borrowing capacity under the Revolver of $321.0 million.

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 and inflation environment and cost of capital*. Due to a strong labor market and high inflation, the Fed has raised the Federal Funds Rate numerous times since the beginning of 2022, bringing the current target range to 5.25% to 5.50% and may increase the Federal Funds Rate again during 2023. Additionally, the Fed 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 5.42% by November 2023 (based on the term SOFR forward curve as of August 2, 2023), or approximately 34 basis points (0.34%) from our SOFR rate as of June 30, 2023. Based on our floating rate debt balance as of June 30, 2023, a 100 basis point increase in term SOFR would have caused our annual interest expense to increase by approximately $0.8 million.

The rapid increase in inflation and interest rates contributed to a substantial decline in the common stock prices of many REITs, including the Company's, to fall significantly during 2022, although the Company's stock price has leveled off to date in 2023. 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 meet the Company's investment requirements.

- *Continuation of the COVID-19 pandemic*. The COVID-19 pandemic has affected the healthcare industry in many ways. Many stories exist about U.S. healthcare workers, especially nurses, experiencing burnout due to the length and severity of the pandemic, and this has caused many nurses and other medical professionals to switch jobs within the medical profession or quit their professions altogether. This phenomenon has led to material increases in labor costs for healthcare systems, especially hospital systems, as some employers have had to rely on higher costing contract nursing labor to sustain their businesses. The increase in labor costs, among various other factors, contributed to the rapid increase in inflation during 2022 and remained elevated through the second quarter of 2023. Furthermore, the continued spread of the BA.5 variant of COVID-19 (and its subvariants) in the U.S. has prolonged the COVID-19 pandemic.

- *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, 2022, filed with the Commission on March 1, 2023, 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 factors that resulted in increases in our rental revenue and operating expenses, as well as depreciation and amortization expenses for the three and six months ended June 30, 2023, compared to the same periods in 2022, were derived from the facilities that we acquired after June 30, 2022, as well as from the recognition of a full three and six months of operating results in 2023 from acquisitions that were completed during the three and six months ended June 30, 2022. Rising interest rates and increased interest expense on our indebtedness also had a significant impact on our results of operations for the three and six months ended June 30, 2023. Our total investment in real estate, net of accumulated depreciation and amortization, was $1.2 billion as of June 30, 2023 compared to $1.3 billion as of June 30, 2022. The decrease was the result of property dispositions during the six months ended June 30, 2023.

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	$ Change
	(in thousands)		
Revenue			
Rental revenue	$ 36,317	$ 33,679	$ 2,638
Other income	34	18	16
Total revenue	36,351	33,697	2,654
Expenses			
General and administrative	4,462	4,336	126
Operating expenses	7,223	6,000	1,223
Depreciation expense	10,468	9,898	570
Amortization expense	4,337	4,138	199
Interest expense	8,468	5,401	3,067
Preacquisition expense	2	90	(88)
Total expenses	34,960	29,863	5,097
Income before gain from sale of investment properties	1,391	3,834	(2,443)
Gain on sale of investment properties	12,786	—	12,786
Net income	$ 14,177	$ 3,834	$ 10,343

Revenue

Total Revenue

Total revenue for the three months ended June 30, 2023 was $36.4 million, compared to $33.7 million for the same period in 2022, an increase of $2.7 million. The increase was primarily the result of rental revenue earned from the facilities that we acquired after June 30, 2022, as well as from the recognition of a full three months of rental revenue in the three months ended June 30, 2023 from acquisitions that were completed during the three months ended June 30, 2022. Within that increase, $5.0 million in revenue was recognized from net lease expense recoveries during the three months ended June 30, 2023, compared to $4.4 million for the same period in 2022.

Expenses

General and Administrative

General and administrative expenses for the three months ended June 30, 2023 were $4.5 million, compared to $4.3 million for the same period in 2022, an increase of $0.2 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 $1.1 million for the three months ended June 30, 2023, compared to $1.3 million for the same period in 2022.

Operating Expenses

Operating expenses for the three months ended June 30, 2023 were $7.2 million, compared to $6.0 million for the same period in 2022, an increase of $1.2 million. The increase resulted primarily from $5.0 million of recoverable property operating expenses incurred during the three months ended June 30, 2023, compared to $4.4 million for the same period in 2022. In addition, our operating expenses included $1.6 million of property operating expenses from gross leases for the three months ended June 30, 2023, compared to $1.1 million for the same period in 2022.

Depreciation Expense

Depreciation expense for the three months ended June 30, 2023 was $10.5 million, compared to $9.9 million for the same period in 2022, an increase of $0.6 million. The increase resulted primarily from depreciation expense incurred on the facilities that we acquired after June 30, 2022, as well as from the recognition of a full three months of depreciation expense in the three months ended June 30, 2023 from acquisitions that were completed during the three months ended June 30, 2022.

Amortization Expense

Amortization expense for the three months ended June 30, 2023 was $4.3 million, compared to $4.1 million for the same period in 2022, an increase of $0.2 million. The increase resulted primarily from amortization expense related to intangible assets connected to facilities that we acquired after June 30, 2022, as well as from the recognition of a full three months of amortization expense in the three months ended June 30, 2023 from acquisitions that were completed during the three months ended June 30, 2022.

Interest Expense

Interest expense for the three months ended June 30, 2023 was $8.5 million, compared to $5.4 million for the same period in 2022, an increase of $3.1 million. This increase was due to higher average borrowings as well as increased interest rates during the three months ended June 30, 2023, compared to the same period in 2022.

The weighted average interest rate of our debt for the three months ended June 30, 2023 was 4.39% compared to 2.97% for the same period in 2022. Additionally, the weighted average interest rate and term of our debt was 4.09% and 3.4 years at June 30, 2023.

Income Before Gain on Sale of Investment Properties

Income before gain on sale of investment properties for the three months ended June 30, 2023 was $1.4 million, compared to $3.8 million for the same period in 2022, a decrease of $2.4 million.

Gain on Sale of Investment Properties

In June 2023, we sold a portfolio of four medical office buildings located in Oklahoma City, Oklahoma receiving gross proceeds of $66.0 million, resulting in a gain of $12.8 million. We had no property sales during the three months ended June 30, 2022.

Net Income

Net income for the three months ended June 30, 2023 was $14.2 million, compared to $3.8 million for the same period in 2022, an increase of $10.4 million.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	$ Change
	(in thousands)		
Revenue			
Rental revenue	$ 72,517	$ 65,530	$ 6,987
Other income	64	42	22
Total revenue	72,581	65,572	7,009
Expenses			
General and administrative	8,266	8,534	(268)
Operating expenses	14,759	11,372	3,387
Depreciation expense	20,962	19,300	1,662
Amortization expense	8,732	7,915	817
Interest expense	16,739	10,202	6,537
Preacquisition expense	44	130	(86)
Total expenses	69,502	57,453	12,049
Income before gain from sale of investment properties	3,079	8,119	(5,040)
Gain on sale of investment properties	13,271	—	13,271
Net income	$ 16,350	$ 8,119	$ 8,231

Revenue

Total Revenue

Total revenue for the six months ended June 30, 2023 was $72.6 million, compared to $65.6 million for the same period in 2022, an increase of $7.0 million. The increase was primarily the result of rental revenue earned from the facilities that we acquired after June 30, 2022, as well as from the recognition of a full six months of rental revenue in the six months ended June 30, 2023 from acquisitions that were completed during the six months ended June 30, 2022. Within that increase, $10.2 million in revenue was recognized from net lease expense recoveries during the six months ended June 30, 2023, compared to $8.4 million for the same period in 2022.

Expenses

General and Administrative

General and administrative expenses for the six months ended June 30, 2023 were $8.3 million, compared to $8.5 million for the same period in 2022 a decrease of $0.2 million. A reduction in non-cash LTIP compensation expense, which was $1.8 million for the six months ended June 30, 2023, compared to $2.6 million for the same period in 2022, was partially offset by an increase in cash compensation costs and general corporate expenses.

Operating Expenses

Operating expenses for the six months ended June 30, 2023 were $14.8 million, compared to $11.4 million for the same period in 2022, an increase of $3.4 million. The increase resulted primarily from $10.2 million of recoverable property operating expenses incurred during the six months ended June 30, 2023, compared to $8.4 million for the same period in 2022. In addition, our operating expenses included $3.1 million of property operating expenses from gross leases for the six months ended June 30, 2023, compared to $1.9 million for the same period in 2022.

Depreciation Expense

Depreciation expense for the six months ended June 30, 2023 was $21.0 million, compared to $19.3 million for the same period in 2022, an increase of $1.7 million. The increase resulted primarily from depreciation expense incurred on the facilities that we acquired after June 30, 2022, as well as from the recognition of a full six months of depreciation expense in the six months ended June 30, 2023 from acquisitions that were completed during the six months ended June 30, 2022.

Amortization Expense

Amortization expense for the six months ended June 30, 2023 was $8.7 million, compared to $7.9 million for the same period in 2022, an increase of $0.8 million. The increase resulted primarily from amortization expense related to intangible assets connected to facilities that we acquired after June 30, 2022, as well as from the recognition of a full six months of amortization expense in the six months ended June 30, 2023 from acquisitions that were completed during the six months ended June 30, 2022.

Interest Expense

Interest expense for the six months ended June 30, 2023 was $16.7 million, compared to $10.2 million for the same period in 2022, an increase of $6.5 million. This increase was due to higher average borrowings as well as increased interest rates during the six months ended June 30, 2023, compared to the same period in 2022.

The weighted average interest rate of our debt for the six months ended June 30, 2023 was 4.32% compared to 2.92% for the same period in 2022. Additionally, the weighted average interest rate and term of our debt was 4.09% and 3.4 years at June 30, 2023.

Income Before Gain on Sale of Investment Properties

Income before gain on sale of investment properties for the six months ended June 30, 2023 was $3.1 million, compared to $8.1 million for the same period in 2022, a decrease of $5.0 million.

Gain on Sale of Investment Properties

In June 2023, we sold a portfolio of four medical office buildings located in Oklahoma City, Oklahoma receiving gross proceeds of $66.0 million, resulting in a gain of $12.8 million. In March 2023, we sold a medical office building located in Jacksonville, Florida receiving gross proceeds of $4.4 million, resulting in a gain of $0.5 million. We had no property sales during the six months ended June 30, 2022.

Net Income

Net income for the six months ended June 30, 2023 was $16.4 million, compared to $8.1 million for the same period in 2022, an increase of $8.3 million.

Assets and Liabilities

As of June 30, 2023 and December 31, 2022, our principal assets consisted of investments in real estate, net, of $1.2 billion and $1.3 billion, respectively. We completed one acquisition during the six months ended June 30, 2023 and sold five medical office buildings through two disposition transactions. Our liquid assets consisted primarily of cash and cash equivalents and restricted cash of $9.8 million and $14.5 million, as of June 30, 2023 and December 31, 2022, respectively.

The decrease in our cash and cash equivalents and restricted cash balances to $9.8 million as of June 30, 2023, compared to $14.5 million as of December 31, 2022, was primarily due to net repayments on our Credit Facility using funds from dispositions, funds used to pay dividends to our common and preferred stockholders and holders of OP Units and LTIP Units, and funds used for capital expenditures on existing real estate investments, partially offset by net proceeds received from the sale of investment properties and net cash provided by operating activities.

The decrease in our total liabilities to $679.4 million as of June 30, 2023 compared to $744.2 million as of December 31, 2022, was primarily the result of lower net borrowings outstanding, partially offset by the recognition of a lease liability related to a right of use asset.

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 on our common and preferred stock and OP Units and LTIP Units; and
- Capital and tenant improvements.

In 2023, 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 in September 2022. The liquidation preference for our preferred stock is $77.6 million, and, if we decide to fully redeem, we will have 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 2023, 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.

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 August 2, 2023, we had unutilized borrowing capacity under the Credit Facility of $321.0 million.

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 six months (beginning on August 1, 2022) for Term Loan B.

We are subject to a number of financial covenants under the 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 June 30, 2023, management believed it complied with all of the financial and non-financial covenants contained in the Credit Facility.

Other Fixed Debt. We also have $57.5 million in gross notes payable as of June 30, 2023. This debt is comprised of four instruments.

Hedging Instruments. The Company has ten interest rate swaps and five 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 June 30, 2023, six of our 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, we have 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 1.80% through August 2023. Subsequently, from August 2023 to August 2024 the SOFR component of Term Loan A will be fixed at 1.50%. Finally, from August 2024 to April 2026 the SOFR component of Term Loan A will be fixed at 1.36%.

Term Loan B Swaps

As of June 30, 2023, four of our interest rate swaps related to Term Loan B with a notional value of $150 million that fix the SOFR component on Term Loan B through January 2028 at 2.54%.

Total Fixed Debt. Our fixed debt totaled $557.5 million on a gross basis at June 30, 2023, with a weighted average interest rate of 3.75% based on our interest rate swaps and at current leverage. The weighted average maturity of our fixed debt was 3.3 years at June 30, 2023. Due to our forward swap structures, the weighted average interest rate on fixed debt outstanding as of June 30, 2023 is expected to improve over the next few years. Weighted average interest rates on the Company's fixed debt are expected to decrease to approximately 3.67% for the full year 2023, 3.50% in 2024, and 3.43% in 2025, based on the Company's leverage during the second quarter of 2023.

Cash Flow Information

Net cash provided by operating activities for the six months ended June 30, 2023 was $33.6 million, compared to $39.9 million for the same period in 2022. The decrease during the 2023 period was primarily due to the gain on sale of investment properties partially offset by an increase in net income.

Net cash provided by investing activities for the six months ended June 30, 2023 was $65.1 million, compared to net cash used in investing activities of $102.4 million for the same period in 2022. During the 2023 period less funds were used to complete property acquisitions and we received net proceeds from the sale of investment properties.

Net cash used in financing activities for the six months ended June 30, 2023 was $103.4 million, compared to net cash provided by financing activities of $63.9 million for the same period in 2022. During the 2023 period we completed no common equity offerings and therefore did not receive any equity offering proceeds and we made net repayments 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 six months ended June 30, 2023 and 2022 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(unaudited, in thousands except per share and unit amounts)			
Net income	**$ 14,177**	**$ 3,834**	**$ 16,350**	**$ 8,119**
Less: Preferred stock dividends	(1,455)	(1,455)	(2,911)	(2,911)
Depreciation and amortization expense	14,774	14,008	29,635	27,160
Gain on sale of investment properties	(12,786)	—	(13,271)	—
FFO	**$ 14,710**	**$ 16,387**	**$ 29,803**	**$ 32,368**
Amortization of above market leases, net	287	315	578	514
Straight line deferred rental revenue	(879)	(1,032)	(1,642)	(2,227)
Stock-based compensation expense	1,147	1,289	1,835	2,576
Amortization of debt issuance costs and other	601	514	1,202	1,029
Preacquisition expense	2	90	44	130
AFFO	**$ 15,868**	**$ 17,563**	**$ 31,820**	**$ 34,390**
Net income attributable to common stockholders per share – basic and diluted	**$ 0.18**	**$ 0.03**	**$ 0.19**	**$ 0.07**
FFO per share and unit	**$ 0.21**	**$ 0.24**	**$ 0.43**	**$ 0.47**
AFFO per share and unit	**$ 0.23**	**$ 0.25**	**$ 0.45**	**$ 0.49**
Weighted Average Shares and Units Outstanding – basic and diluted	70,434	69,698	70,119	69,485
Weighted Average Shares and Units Outstanding:				
Weighted Average Common Shares	65,544	65,507	65,534	65,405
Weighted Average OP Units	2,143	1,668	1,907	1,670
Weighted Average LTIP Units	2,747	2,523	2,678	2,410
Weighted Average Shares and Units Outstanding – basic and diluted	70,434	69,698	70,119	69,485

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 six months ended June 30, 2023 and 2022 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(unaudited and in thousands)			
Net income	**$ 14,177**	**$ 3,834**	**$ 16,350**	**$ 8,119**
Interest expense	8,468	5,401	16,739	10,202
Depreciation and amortization expense	14,805	14,036	29,694	27,215
Gain on sale of investment properties	(12,786)	—	(13,271)	—
EBITDA*re*	**$ 24,664**	**$ 23,271**	**$ 49,512**	**$ 45,536**
Stock-based compensation expense	1,147	1,289	1,835	2,576
Amortization of above market leases, net	287	315	578	514
Preacquisition expense	2	90	44	130
Adjusted EBITDA*re*	**$ 26,100**	**$ 24,965**	**$ 51,969**	**$ 48,756**

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 June 30, 2023, we had $76.1 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 June 30, 2023, SOFR on our outstanding floating-rate borrowings was 5.08%. Assuming no increase in the amount of our variable interest rate debt, if SOFR increased 100 basis points, our cash flow would decrease by approximately $0.8 million annually. Assuming no increase in the amount of our variable rate debt, if SOFR were reduced 100 basis points, our cash flow would increase by approximately $0.8 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 June 30, 2023 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 six months ended June 30, 2023, 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, 2022, filed with the SEC on March 1, 2023.

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.

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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	Fourth Amended and Restated Bylaws of Global Medical REIT Inc., adopted as of December 7, 2022 (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K as filed with the SEC on December 7, 2022).
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*†	Form of LTIP Agreement (Annual Awards).
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.
† Management contract or compensatory plan or arrangement.

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: August 4, 2023	By:	/s/ *Jeffrey M. Busch* Jeffrey M. Busch Chief Executive Officer (Principal Executive Officer)
Date: August 4, 2023	By:	/s/ *Robert J. Kiernan* Robert J. Kiernan Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 10.1

GLOBAL MEDICAL REIT INC.
2016 ANNUAL INCENTIVE PLAN
LTIP UNIT VESTING AGREEMENT

Annual Award (Performance-Based with Time-Vesting)

Name of Grantee: _____
Number of Award LTIP Units: _____
Grant Date: _____
Final Acceptance Date: _____

Pursuant to the Global Medical REIT Inc. 2016 Equity Incentive Plan, as amended from time to time (the "Plan"), and the Agreement of Limited Partnership, dated as of March 14, 2016 (as amended from time to time, the "Partnership Agreement"), of Global Medical REIT L.P., a Delaware limited partnership ("GMR OP"), Global Medical REIT Inc., a Maryland corporation (the "Company") and the sole member of Global Medical REIT GP LLC, a Delaware limited liability company, the general partner of GMR OP (the "General Partner"), and for the provision of services to or for the benefit of GMR OP in a partner capacity or in anticipation of being a partner, hereby grants to the Grantee named above an Other Equity-Based Award (as defined in the Plan), to be determined following the conclusion of the Performance Period (defined herein) based on (i) the number of Award LTIP Units shown above (the "Award LTIP Units") and (ii) the extent to which the Performance Goals (defined herein) are achieved during the Performance Period as provided in further detail herein (such number of LTIP Units that are earned and issued to the Grantee, the "Earned LTIP Units") having the rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption and conversion set forth herein and in the Partnership Agreement (the "Award"). Upon acceptance of this LTIP Unit Vesting Agreement (this "Agreement"), the Grantee shall become entitled to receive the Earned LTIP Units to the extent earned in accordance with, and subject to, the terms and conditions contained herein, in the Plan and in the Partnership Agreement. Capitalized terms used but not defined herein have the meanings assigned to such terms in the Partnership Agreement, attached hereto as ANNEX A, or the Plan, as applicable, unless a different meaning is specified herein. In addition, as used herein:

"Board Meeting Date" means the date on which the Board of Directors of the Company (the "Board") approves the recommendation of the Compensation Committee of the Board (or such other committee(s) as may be appointed or designated by the Board to administer the Plan) (the "Committee") with respect to the number of Earned LTIP Units to issue based on the level of achievement of the Performance Goals.

"Continuous Service" means the Grantee's continuous service to the Company and its Affiliates, without interruption or termination, in any capacity. Continuous Service shall not be considered interrupted in the case of: (a) any approved leave of absence; (b) transfers among the Company and its Affiliates, or any successor; or (c) any change in status as long as the individual remains in the service of the Company and its Affiliates. An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

["Good Reason" means: (i) a material diminution in the Grantee's base salary; (ii) a material diminution or adverse change in the Grantee's title, duties or authority; (iii) a material breach by the Company or GMR OP of any of its covenants or obligations under this Agreement; or (iv) the relocation of the geographic location of the Grantee's principal place of employment by more than 50 miles from the location of the Grantee's principal place of employment as of the Grant Date; provided that, in the case of the Grantee's allegation of Good Reason, (A) the condition described in the foregoing clauses must have arisen without the Grantee's consent; (B) the Grantee must provide written notice to GMR OP of such condition in accordance with the Agreement within 45 days of the initial existence of the condition; (C) the condition specified in such notice must remain uncorrected for 30 days after receipt of such notice by GMR OP; and (D) the Grantee's date of termination must occur within 60 days after such notice is received by GMR OP.]

"Partial Service Factor" means a factor carried out to the __________ decimal to be used in calculating the number of LTIP Units earned pursuant to Section 3(a) hereof in the event of a Qualified Termination of the Grantee's Continuous Service prior to the Valuation Date, determined by dividing (a) the number of calendar days that have elapsed since __________ to and including the date of the Grantee's Qualified Termination by (b) the number of calendar days from __________ to and including the Valuation Date.

"Performance Period" means the period beginning on [ ] and ending on [ ].

"Retirement" means retirement from employment with the Company and its Affiliates, but only to the extent the Grantee is at least __ years of age at the time of such retirement and has been employed with the Company and its Affiliates for at least __ years prior to the date of such retirement.

"Valuation Date" means the earlier of (a) the Board Meeting Date or (b) the date upon which a Change in Control shall occur.

1. **Acceptance of Agreement**. The Grantee shall have no rights with respect to this Agreement unless he or she shall have accepted this Agreement prior to the close of business on the Final Acceptance Date specified above by (a) signing and delivering to GMR OP, a copy of this Agreement and (b) unless the Grantee is already a Limited Partner, the Grantee shall not be entitled to receive the Earned LTIP Units unless the Grantee signs, as a Limited Partner, and delivers to GMR OP a counterpart signature page to the Partnership Agreement. Upon receipt of the Earned LTIP Units to which the Grantee becomes entitled hereunder, the Partnership effective as of the Valuation Date, and the Grantee shall have all the rights of a Limited Partner with respect to the number of LTIP Units specified above, as set forth in the Partnership Agreement, subject, however, to the restrictions and conditions specified in Section 3 below.

2. **Restrictions and Conditions**.

(a) The records of GMR OP evidencing the Earned LTIP Units granted herein shall bear an appropriate legend, as determined by GMR OP in its sole discretion, to the effect that such LTIP Units are subject to restrictions as set forth herein and in the Partnership Agreement.

(b) Award LTIP Units may not be sold, transferred, pledged, exchanged, hypothecated or otherwise disposed of by the Grantee in any respect. Earned LTIP Units may not be sold, transferred, pledged, exchanged, hypothecated or otherwise disposed of by the Grantee prior to vesting as contemplated in Section 3 or 4 of this Agreement.

(c) Subject to the provisions of Section 3 below, any LTIP Units (and the proportionate amount of the Grantee's Capital Account balance attributable to such LTIP Units) subject to this Award that have not become vested on or before the date that the Grantee's employment with the Company and its Affiliates terminates shall be forfeited as of the date that such employment terminates.

3. **Determination of Number of Earned LTIP Units.** The Committee has established performance goals for the following period:____________________ (the "Performance Period") as set forth on Exhibit A hereto (the "Performance Goals") that shall be used to determine the number of Earned LTIP Units. As soon as reasonably practicable following the last day of the Performance Period, which may in some cases not occur before the Company's operating results for such period have been publicly announced by the Company, the Committee will determine the extent to which the Company has achieved

each of the Performance Goals (expressed as a percentage) as further detailed on Exhibit A and, based on such determination, will calculate the number of Earned LTIP Units that Grantee is entitled to receive based on the applicable Performance Percentages described on Exhibit A. Any Award LTIP Units that are not earned in accordance with this Agreement and Exhibit A hereto shall be forfeited and cancelled, and the Grantee shall have no right in or to any such unearned LTIP Units after it is determined that they were not earned.

4. **Vesting of LTIP Units**. The restrictions and conditions in Sections 2(b) and 2(c) of this Agreement shall lapse with respect to the LTIP Units granted herein in the amounts and on the Vesting Dates specified below:

Portion of Award to Vest	**Vesting Date**
Total: 100% of Award	

5. **Termination of Employment**.

(a) If the Grantee's employment with the Company and its Affiliates ends on account of the Grantee's termination of employment by the Company or its Affiliates: (i) without Cause [(as defined in that certain Employment Agreement by and between Inter-American Management LLC ("IAM") and [ ], dated as of [ ] (the "Employment Agreement")][(as defined in the Inter-American Management LLC Severance Plan and Summary Plan Description, dated July 9, 2020 (the "Severance Plan")] (ii) by the Grantee for Good Reason ([as defined in the Employment Agreement][as defined herein]); provided that the Grantee executes the Release ([as defined in Section 7(f)(i) of the Employment Agreement][as defined in Section 5 of the Severance Plan]) on or before the Release Expiration Date ([as defined in Section 7(f)(v) of the Employment Agreement][as defined in Section 5 of the Severance Plan]), and does not revoke such Release within any time provided in such Release to do so, (iii) due to the Grantee's death or Disability ([as defined in the Employment Agreement][as defined in the Severance Plan]) or (iv) a result of the Grantee's Retirement (as defined herein) (each, a "Qualified Termination"), the Grantee will not forfeit the Award LTIP Units upon such termination, and instead the following provisions of this Section 5 shall be applied to determine the number of Earned LTIP Units the Grantee shall be entitled to receive:

i. the calculations provided in Section 3 hereof shall be performed as of the following date:_______________________;

ii. the number of Earned LTIP Units calculated pursuant to Section 3 shall be multiplied by _________________ (with the resulting number being rounded to the nearest whole LTIP Unit or, in the case of 0.5 of a unit, up to the next whole unit), and such adjusted number of LTIP Units shall be deemed the Grantee's Earned LTIP Units for all purposes under this Agreement; and

iii. the Grantee's Earned LTIP Units as adjusted pursuant to Section 5(a)(ii) above shall no longer be subject to forfeiture pursuant to Section 4 hereof; provided that, notwithstanding that no Continuous Service requirement pursuant to Section 4 hereof will apply to the Grantee after the effective date of a Qualified Termination, except in the case of death or Disability (as defined in the [Employment Agreement][Severance Plan]), the Grantee will not have the right to transfer his or her Earned LTIP Units or request redemption of his or her Common Units under the Partnership Agreement until such dates as of which his or her Earned LTIP Units, as adjusted pursuant to Section 5(a)(ii) above, would have become vested pursuant to Section 2(b) absent a Qualified Termination. For the avoidance of doubt, the purpose of this Section 5(a)(iii) is to prevent a situation where the Grantee who has had a Qualified Termination would be able to realize the value of his or her LTIP Units or Common Units (through transfer or redemption) before other grantees whose Continuous Service continues through the applicable vesting dates set forth in Section 4 hereof.

(b) In the event of a Qualified Termination after the Valuation Date, ____ Earned LTIP Units that are subject to forfeiture restrictions pursuant to Section 4 shall no longer be subject to forfeiture; provided that, notwithstanding that no Continuous Service requirement pursuant to Section 4 hereof will apply to the Grantee after the effective date of a Qualified Termination, except in the case of death or Disability, the Grantee will not have the right to transfer his or her Earned LTIP Units or request redemption of his or her Common Units under the Partnership Agreement until such dates as of which his or her Earned LTIP Units would have become vested pursuant to Section 4 absent a Qualified Termination. For the avoidance of doubt, the purpose of this Section 5(b) is to prevent a situation where a Grantee who has had a Qualified Termination would be able to realize the value of his or her Earned LTIP Units or Common Units (through transfer or redemption) before other grantees of Earned LTIP Units whose Continuous Service continues through the applicable vesting dates set forth in Section 4 hereof.

(c) In the event of a termination of the Grantee's employment other than a Qualified Termination, ____ unearned Award LTIP Units and all Earned LTIP Units except for those that have become vested pursuant to Section 4 hereof shall, without payment of any consideration by the Company or its Affiliates, automatically and without notice terminate, be forfeited and be and become null and void, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such LTIP Units.

6. **Change in Control**.

(a) If a Change in Control ([as defined in the Employment Agreement][as defined in the Severance Plan]) occurs before __________________________, the provisions of Section 3 shall apply to determine the number of Earned LTIP Units except that (i) the number of Award LTIP Units that are earned under the Performance Goals shall be based on a shortened Performance Period (with such shortened Performance Period ending on the date of the Change in Control), and (ii) the resulting number of Earned LTIP Units shall be adjusted as follows:___________________. If a Change in Control occurs on or after _______________________, the number of Earned LTIP Units shall be determined as provided in Section 3.

Notwithstanding any provision herein to the contrary, in the event of any inconsistency between this Section 6 and the [Employment Agreement][Severance Plan], the terms of the [Employment Agreement][Severance Plan] shall control.

7. **Merger-Related Action**. In contemplation of and subject to the consummation of a consolidation or merger or sale of all or substantially all of the assets of the Company in which outstanding Common Stock is exchanged for securities, cash, or other property of an unrelated corporation or business entity or in the event of a liquidation of the Company (in each case, a "Transaction"), the Board, or the board of trustees or directors of any corporation assuming the obligations of the Company (the "Acquiror"), may, in its discretion, take any one or more of the following actions, as to the outstanding Earned LTIP Units: (i) provide that such Earned LTIP Units shall be assumed or equivalent awards shall be substituted, by the acquiring or succeeding entity (or an affiliate thereof), and/or (ii) upon prior written notice to the LTIP Unitholders (as defined in the Partnership Agreement) of not less than 30 days, provide that such Earned LTIP Units shall terminate immediately prior to the consummation of the Transaction. The right to take such actions (each, a "Merger-Related Action") shall be subject to the following limitations and qualifications:

(a) if all Earned LTIP Units awarded to the Grantee hereunder are eligible, as of the time of the Merger-Related Action, for conversion into Common Units (as defined in and in accordance with the Partnership Agreement) and the Grantee is afforded the opportunity to effect such conversion and receive, in consideration for the Common Units into which his Earned LTIP Units shall have been converted, the same kind and amount of consideration as other holders of Common Units in connection with the Transaction, then Merger-Related Action of the kind specified in (i) or (ii) above shall be permitted and available to the Company and the Acquiror;

(b) if some or all of the Earned LTIP Units awarded to the Grantee hereunder are not, as of the time of the Merger-Related Action, so eligible for conversion into Common Units (in accordance with the Partnership Agreement), and the acquiring or succeeding entity is itself, or has a subsidiary which is organized as a partnership or limited liability company (consisting of a so-called "UPREIT" or other structure substantially similar in purpose or effect to that of the Company and GMR OP), then Merger-Related Action of the kind specified in clause (i) of this Section 7 above must be taken by the Acquiror with respect to all Earned LTIP Units subject to this Award which are not so convertible at the time, whereby all such Earned LTIP Units covered by this Award shall be assumed by the acquiring or succeeding entity, or equivalent awards shall be substituted by the acquiring or succeeding entity, and the acquiring or succeeding entity shall preserve with respect to the assumed Earned LTIP Units or any securities to be substituted for such Earned LTIP Units, as far as reasonably possible under the circumstances, the distribution, special allocation, conversion and other rights set forth in the Partnership Agreement for the benefit of the LTIP Unitholders; and

(c) if some or all of the Earned LTIP Units awarded to the Grantee hereunder are not, as of the time of the Merger-Related Action, so eligible for conversion into Common Units (in accordance with the Partnership Agreement), and after exercise of reasonable commercial efforts the Company or the Acquiror is unable to treat the Earned LTIP Units in accordance with Section 7(b), then Merger-Related Action of the kind specified in clause (ii) of this Section 7 above must be taken by the Company or the Acquiror, in which case such action shall be subject to a provision that the settlement of the terminated award of Earned LTIP Units which are not convertible into Common Units requires a payment of the same kind and amount of consideration payable in connection with the Transaction to a holder of the number of Common Units into which the Earned LTIP Units to be terminated could be converted or, if greater, the consideration payable to holders of the number of shares of common stock into which such Common Units could be exchanged (including the right to make elections as to the type of consideration) if the Transaction were of a nature that permitted a revaluation of the Grantee's capital account balance under the terms of the Partnership Agreement, as determined by the Committee in good faith in accordance with the Plan.

8. **Distributions.** Distributions shall accrue during the Performance Period on the _____________ number of LTIP Units that the Grantee could earn under this Agreement and shall be paid with respect to all of the Earned LTIP Units at the conclusion of the Performance Period following calculation of the number of Earned LTIP Units in accordance with Section 3 and the issuance thereof to the Grantee, in cash or by the issuance of additional LTIP Units at the discretion of the Committee. The right to distributions set forth in this Section 8 shall be deemed a Dividend Equivalent Right for purposes of the Plan. The Grantee shall cease to have any Dividend Equivalent Right with respect to LTIP Units that are not earned or that cease to be eligible for vesting and are forfeited in accordance with this Agreement.

9. **Incorporation of Plan**. Notwithstanding anything herein to the contrary, this Award shall be subject to all of the terms and conditions of the Plan and the Partnership Agreement.

10. **Covenants**. The Grantee hereby covenants as follows:

(a) So long as the Grantee holds any LTIP Units, the Grantee shall disclose to GMR OP in writing such information as may be reasonably requested with respect to ownership of LTIP Units as

GMR OP may deem reasonably necessary to ascertain and to establish compliance with provisions of the Code applicable to GMR OP or to comply with requirements of any other appropriate taxing authority.

(b) The Grantee hereby agrees to make an election under Section 83(b) of the Code with respect to the LTIP Units awarded hereunder, and the Company hereby consents thereto. The Grantee has delivered with this Agreement a completed, executed copy of the election form attached hereto as Annex B. The Grantee agrees to file the election (or to permit GMR OP to file such election on the Grantee's behalf) within thirty (30) days after the Grant Date with the IRS Service Center at which such Grantee files his personal income tax returns, and to file a copy of such election with the Grantee's U.S. federal income tax return for the taxable year in which the LTIP Units are awarded to the Grantee.

(c) The Grantee hereby agrees that it does not have the intention to dispose of the LTIP Units subject to this Award within two years of receipt of such LTIP Units. GMR OP and the Grantee hereby agree to treat the Grantee as the owner of the LTIP Units from the Grant Date. The Grantee hereby agrees to take into account the distributive share of GMR OP income, gain, loss, deduction, and credit associated with the LTIP Units in computing the Grantee's income tax liability for the entire period during which the Grantee has the LTIP Units.

(d) The Grantee hereby recognizes that the IRS has proposed regulations under Sections 83 and 704 of the Code that may affect the proper treatment of the LTIP Units for federal tax purposes. In the event that those proposed regulations are finalized, the Grantee hereby agrees to cooperate with GMR OP in amending this Agreement and the Partnership Agreement, and to take such other action as may be required, to conform to such regulations.

(e) The Grantee hereby recognizes that changes in applicable law may affect the federal tax consequences of owning and disposing of LTIP Units.

11. **Transferability**. This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution, without the prior written consent of the Company.

12. **Amendment**. The Grantee acknowledges that the Plan may be amended or canceled or terminated in accordance with Article XVIII thereof and that this Agreement may be amended or cancelled by the Committee, on behalf of GMR OP, for the purpose of satisfying changes in law or for any other lawful purpose, provided that no such action shall adversely affect the Grantee's rights under this Agreement without the Grantee's written consent. The provisions of Section 7 of this Agreement applicable to the termination of the LTIP Units covered by this Award in connection with a Transaction (as defined in Section 7 of this Agreement) shall apply, *mutatis mutandi* to amendments, discontinuance or cancellation pursuant to this Section 12 or the Plan.

13. **No Obligation to Continue Employment**. Neither the Company nor any one of its Affiliates is obligated by or as a result of the Plan or this Agreement to continue the Grantee in employment and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or its Affiliates to terminate the employment of the Grantee at any time.

14. **Notices**. Notices hereunder shall be mailed or delivered to GMR OP at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with GMR OP or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

15. **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles. The parties agree that

any action or proceeding arising directly, indirectly or otherwise in connection with, out of, related to or from this Agreement, any breach hereof or any action covered hereby, shall be resolved within the State of Delaware and the parties hereto consent and submit to the jurisdiction of the federal and state courts located within Delaware.

[*Signatures appear on following page*.]

GLOBAL MEDICAL REIT INC.
a Maryland real estate investment trust

Name:
Title:
Date:

GLOBAL MEDICAL REIT L.P.
a Delaware limited partnership

By: **GLOBAL MEDICAL REIT GP LLC**
its general partner

By: **GLOBAL MEDICAL REIT INC.**
its sole member

Name:
Title:
Date:

The foregoing agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the Grantee.

Date:

Grantee's Signature

Grantee's name and address:
Name:
Address:

[*Signature page to LTIP Unit Vesting Agreement*]

Exhibit A

Performance Goals and Percentages

Name of Grantee: ______________________________

Number of Award LTIP Units: ______________________________

The number of Earned LTIP Units issuable to Grantee in respect of the Award LTIP Units under this Award shall be determined by dividing the total number of Award LTIP Units (as shown above) into four components as shown in the table below (each a "Component") and multiplying the number of Award LTIP Units allocated to each Component by the applicable Performance Percentage described below based on the extent to which the Goal for each such Component is achieved.

% of Award LTIP Units	Component	Goal

Performance Percentages

(i) If the Company does not achieve the Threshold Goal in a particular Component in the above table, ____________ of the Award LTIP Units for that Component will be forfeited.

(ii) If the Company achieves the Threshold Goal in a particular Component in the above table, the number of Earned LTIP Units in that Component will be equal to ____________ % of the number of Award LTIP Units for that Component.

(iii) If the Company achieves the Target Goal in a particular Component in the above table, the number of Earned LTIP Units in that Component will be equal to ____________ % of the number of Award LTIP Units for that Component.

(iv) If the Company achieves or exceeds the Maximum Goal in a particular Component in the above table, the number of Earned LTIP Units for that Component will be equal to ____________ % of the number of Award LTIP Units for that Component.

For achievement of a Goal at an intermediate point between the Threshold Goal and the Target Goal or between the Target Goal and the Maximum Goal for any Component, the number of Earned LTIP Units eligible for vesting and settlement pursuant to Sections 3 and 4 for that Component will be interpolated on a straight-line basis between ____________ % and ____________ % or between ____________ % and ____________ %, respectively, of the number of Award LTIP Units allocated to that Component. Fractional LTIP Units will be rounded to the next whole LTIP Unit.

ANNEX A

FORM OF LIMITED PARTNER SIGNATURE PAGE

The Grantee desiring to become one of the within named Partners of Global Medical REIT L.P. ("GMR OP"), hereby becomes a party to the Agreement of Limited Partnership (as amended from time to time, the "Partnership Agreement") of GMR OP, by and among Global Medical REIT GP LLC, as general partner (the "General Partner"), and the Limited Partners, effective as of the Grant Date (as specified in the LTIP Unit Vesting Agreement, dated [   ], among the Grantee, Global Medical REIT Inc. and GMR OP). The Grantee agrees to be bound by the Partnership Agreement. The Grantee also agrees that this signature page may be attached to, and hereby authorizes the General Partner to attach this signature page to, any counterpart of the Partnership Agreement.

Date: [   ]

Signature of Limited Partner
Limited Partner's name and address:
Name: [   ]
Address: [   ]

ANNEX B

**ELECTION TO INCLUDE IN GROSS INCOME IN
YEAR OF TRANSFER OF PROPERTY PURSUANT TO
SECTION 83(b) OF THE INTERNAL REVENUE CODE**

The undersigned hereby makes an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the property described below and supplies the following information in accordance with the regulations promulgated thereunder:

1. The name, address and taxpayer identification number of the undersigned are:

Name:______________________________(the "Taxpayer")

Address: ______________________________________

____

____

Social security number: ____________________

2. Description of property with respect to which the election is being made:

______LTIP Units (the "LTIP Units") in Global Medical REIT L.P. ("GMR OP").

3. The date on which the LTIP Units were transferred is [ ]. The taxable year to which this election relates is calendar year [ ].

4. The LTIP Units are subject to the following restrictions:

(a) The LTIP Units are subject to a substantial risk of forfeiture and are nontransferable on the date of transfer.

(b) The Taxpayer's LTIP Units vest and become transferable based on the Taxpayer's continued employment and the level of achievement with respect to certain performance goals.

5. The fair market value at the time of transfer (determined without regard to any restrictions other than restrictions which by their terms will never lapse) of the LTIP Units with respect to which this election is being made was $0.00 per LTIP Unit.

6. The amount paid by the Taxpayer for the LTIP Units was $0.00 per LTIP Unit.

7. The amount to include in gross income is $0.00.

8. A copy of this statement has been furnished to GMR OP and to its general partner, Global Medical REIT GP LLC.

[Signature Page Follows]

Dated:

Signature of the Taxpayer
Taxpayer's name and address:
Name:
Address:

The undersigned hereby consents to the making, by the undersigned's spouse, of the foregoing election pursuant to Section 83(b) of the Code.

Dated:

Signature of the Taxpayer's Spouse
Spouse's name and address:
Name:
Address:

Signature Page to Annex B

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 June 30, 2023 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: August 4, 2023

/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 June 30, 2023 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: August 4, 2023

/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 June 30, 2023 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: August 4, 2023

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

Date: August 4, 2023

/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.