



**MEDICAL
FACILITIES
CORPORATION**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
AND
MANAGEMENT INFORMATION CIRCULAR**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 13, 2021**

March 26, 2021

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LETTER TO SHAREHOLDERS



Robert O. Horrar
President and CEO

Dear Fellow Shareholder,

We are pleased to invite you to Medical Facilities Corporation's ("MFC") 2021 annual and special meeting of shareholders ("annual meeting") on Thursday, May 13, 2021 at 11:00 a.m. (Eastern time).

Due to COVID-19, the annual meeting will be held virtually. Shareholders will have an equal opportunity to participate at the annual meeting regardless of their geographic location. Registered shareholders and duly appointed proxyholders will be able to ask questions and vote electronically on the applicable motions.



Jeffrey C. Lozon
Chair of the Board

Inside this document, you will find important information and instructions about how to participate at our annual meeting. In addition to the election of director nominees and auditors, the agenda for this annual meeting includes an amendment to the articles of MFC to allow for the participation in, and attendance of, shareholders' meetings by electronic or virtual mediums. We ask for your support for this amendment.

In an unprecedented year, our priorities were to address the challenges caused by the COVID-19 pandemic. At the onset of the pandemic, as providers of elective procedures, our facilities had to restrict cases or temporarily close as was required by government mandates in their respective communities. When allowed to resume operations and thereafter, our facilities worked hard to implement all public health guidelines, procure personal protective equipment and testing supplies, implement regular testing, and, more recently, offer vaccinations to employees. Testing patients before surgeries, monitoring and screening employees and physicians, and maintaining adequate supplies and personal protective equipment allowed our facilities to continue to operate safely and with minimal disruptions to operations during a more severe second wave of the pandemic.

The Board of Directors (the "**Board**") has been active during the pandemic, holding regular virtual board meetings and receiving updates from management on the response to the pandemic, shifts in business, and financial performance. Management has been engaging with the leadership of each facility on their efforts to mitigate infections and provide a safe environment for patients, employees, and physicians.

While the primary focus last year was the COVID-19 response, we also opened a de novo ambulatory surgery center ("**ASC**") in partnership with St. Luke's Hospital in Missouri. Additionally, we divested MFC's interests in two ASCs, reduced MFC's interest in a surgical hospital in Indiana, and sold that hospital's real estate. These latter efforts, together with a reduction in dividend rate and repayment of convertible debentures in late 2019, ensured that MFC had a strong balance sheet to weather the financial impact of the pandemic.

Like never before, the pandemic demonstrated the importance of good governance in handling crises and ensuring business continuity. The Board is committed to the ongoing pursuit of strong and effective governance practices taking into account evolving regulatory requirements, industry trends, and best practices. At the end of the year, we welcomed Ms. Lois Cormack to the Board, who filled the vacancy created by Ms. Marilynne Day-Linton's retirement. We thank Ms. Day-Linton for her invaluable advice, counsel, and leadership throughout the years and look forward to Ms. Cormack's insights as we continue to pursue our strategic objectives and deliver value to our shareholders.

Your vote is important. We encourage you to vote your common shares by proxy in advance of the meeting and attend the annual meeting where we will discuss our progress and priorities. Engaging with investors and key stakeholders is important to management and the Board. Shareholders are encouraged to visit our website's investors section at www.medicalfacilitiescorp.ca. Thank you for your continued support.

"Robert O. Horrar"

President and Chief Executive Officer

March 26, 2021

"Jeffrey C. Lozon"

Chair of the Board of Directors

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the “**Meeting**”) of the shareholders of Medical Facilities Corporation (the “**Corporation**”) will be held on Thursday, the 13th day of May, 2021 at the hour of 11:00 a.m. (Eastern time) by virtual only meeting via live audio webcast online at <https://web.lumiagm.com/466371520>, **password: medical2021 (case sensitive)** for the following purposes:

1. **TO RECEIVE** the financial statements of the Corporation for the year ended December 31, 2020, together with the report of the auditors thereon;
2. **TO ELECT** members of the Board of Directors of the Corporation for the coming year;
3. **TO APPOINT** KPMG LLP as the auditors of the Corporation for the coming year and to authorize the Board of Directors of the Corporation to fix the remuneration to be paid to the auditors;
4. **TO CONSIDER** and, if deemed advisable, approve, with or without variation, a special resolution approving an amendment to the articles of the Corporation to allow for the participation in, and attendance of, shareholders’ meetings by electronic or virtual mediums as more particularly described in the accompanying management information circular; and
5. **TO TRANSACT** such further or other business as may properly come before the Meeting and any and all adjournments thereof.

Your vote is important regardless of the number of shares you hold. As a shareholder, you have the right to vote your shares in respect of the election of directors, appointment of the auditors, amendment to the articles and any other items that may properly come before the Meeting. To assist with your decisions, you are encouraged to read the accompanying management information circular.

The vast majority of shareholders typically vote by proxy in advance of the Meeting. The Corporation encourages its shareholders to vote in advance of the Meeting as described below.

This year, as a result of the public health impact of COVID-19 and to mitigate risks to the health and safety of the Corporation’s communities, shareholders, employees and other stakeholders, the Corporation will hold the Meeting in a virtual only format, which will be conducted via live audio webcast. Shareholders will have an equal opportunity to participate at the Meeting online regardless of their geographic location. Shareholders will not be able to attend the Meeting in person.

Registered shareholders and duly appointed proxyholders will be able to vote and ask questions at the Meeting, all in real time, provided they are connected to the Internet and comply with all of the requirements set out in the accompanying management information circular. Non-registered shareholders who wish to be recognized as shareholders at the Meeting should refer to the information provided under the headings “*Appointment of a Proxyholder*” and “*Voting by Non-Registered Shareholders*” of the accompanying management information circular and follow the instructions provided by their financial intermediary to appoint themselves as proxyholders. Non-registered shareholders who have not duly appointed themselves as proxyholders will be able to attend the Meeting as guests but will not be able to vote at the Meeting.

The Corporation is using “notice and access” procedures to furnish proxy materials to shareholders over the Internet. The Corporation believes that this delivery process will expedite shareholders’ receipt of proxy materials and lower the cost and reduce the environmental impact of the Meeting. On or about March 31, 2021, shareholders will be sent a notice and access notification containing instructions on how to access proxy materials for the fiscal year ended December 31, 2020. The notice and access notification also provides instructions on how to vote and includes instructions on how to receive a paper copy of the proxy materials by mail.

The Board of Directors of the Corporation has fixed the record date for the Meeting as March 24, 2021 (the “**Record Date**”) for determining shareholders entitled to receive notice of, and to vote at, the Meeting, or any postponement or adjournment thereof.

If you are a shareholder and you are not able to attend the Meeting, please carefully follow the instructions on the form of proxy or voting instruction form and vote in advance of the Meeting.

Please exercise your right to vote by signing and returning the enclosed form of proxy using the enclosed return envelope or following the instructions contained in the accompanying management information circular to vote by facsimile. The form of proxy should arrive not less than 48 hours before the time set for the holding of the Meeting or any adjournment or postponement thereof (excluding Saturdays, Sundays, and holidays) before any reconvened meeting.

Shareholders that hold their shares with a financial intermediary will receive a voting instruction form in order to instruct their intermediary how to vote on their behalf. These shareholders may also vote at the Meeting as detailed under the heading “*Voting Instructions*” of the accompanying management information circular. Shareholders are encouraged to vote online or by telephone to ensure their vote is received in advance of the Meeting.

If you have any questions or need any additional information, please contact your professional advisors or you may contact Shorecrest Group, the Corporation’s proxy solicitation agent, toll free at 1.888.637.5789, locally in Toronto at 647.931.7454 or by email at contact@shorecrestgroup.com.

The accompanying management information circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

DATED at Toronto, Ontario this 26th day of March, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

“Jeffrey Lozon”

Chair of the Board of Directors
Medical Facilities Corporation

MANAGEMENT INFORMATION CIRCULAR SUMMARY

This summary highlights information contained elsewhere in this management information circular. It does not contain all of the information that you should consider. Please read the entire management information circular carefully before voting.

Meeting Information

Date: Thursday, May 13, 2021

Time: 11:00 a.m. Eastern Time

Place: The meeting will be held in virtual only format.

<https://web.lumiagm.com/466371520>

Password: medical2021 (case sensitive)

Voting Recommendations

Proposal	Board Recommendation
To elect members of the Board of Directors	FOR
To appoint KPMG LLP as auditors and fix remuneration	FOR
To consider a special resolution approving an amendment to articles allowing virtual meeting participation	FOR

How You Can Vote

Your vote is important. To ensure that your shares will be represented and voted at the meeting, please submit your vote as soon as possible by one of the following methods:



Internet

You will need to have your form of proxy or voting instruction form in hand. Go to the website listed on the form that you received and follow the instructions on the screen.



Telephone

You will need to have your proxy form or voting instruction form in hand. Dial the phone number listed on the form that you received and follow the voting prompts.



Mail

Complete your proxy form or voting instruction form and return using the enclosed postage-paid envelope.

Record Date

You are entitled to vote at the meeting if you were a holder of common shares at the close of business on March 24, 2021.

Vote Deadline

To ensure that your vote is counted, please vote by 11:00 a.m. Eastern time on May 11, 2021.

Shareholder Engagement

Investor Relations

National Capital Markets is responsible for maintaining communications with the investing public. Investor Relations staff are available to shareholders by email at: theisler@national.ca.

Management

The Chief Executive Officer and the executive team meet regularly with financial analysts and institutional investors.

Live Broadcasts

Quarterly earning calls with analysts are broadcast live and are archived on our investor relations website at <https://www.medicalfacilitiescorp.ca/Investors/events-presentations.aspx>.

MANAGEMENT INFORMATION CIRCULAR

This management information circular (“**information circular**”) is furnished in connection with the solicitation of proxies by or on behalf of management of Medical Facilities Corporation (the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of shareholders (the “**Shareholders**”) of the Corporation to be held on May 13, 2021 commencing at 11:00 a.m. (Eastern time), and at all postponements or adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. **The Meeting will be held in a virtual only format, which will be conducted via live audio webcast online at <https://web.lumiagm.com/466371520>, password: medical2021 (case sensitive). Shareholders will not be able to attend the Meeting in person.** A summary of the information Shareholders will need to attend the Meeting online is provided under the heading “*Participation at the Meeting*” below.

The information contained herein is given as at March 26, 2021, except where otherwise noted. All dollar amounts herein are in U.S. dollars, unless otherwise indicated.

NON-IFRS FINANCIAL MEASURES

This information circular contains certain financial metrics that do not have a standardized meaning under International Financial Reporting Standards (“**IFRS**”), and, therefore, may not be comparable to similar measures presented by other issuers. The Corporation’s management’s discussion and analysis for the year ended December 31, 2020 contains reconciliations of non-IFRS financial measures to their most directly comparable measure under IFRS and includes additional information regarding these financial metrics, including definitions, under the headings “Non-IFRS Financial Measures” and “Reconciliation of Non-IFRS Financial Measures”.

PROXY SOLICITATION, MEETING ATTENDANCE AND VOTING

SOLICITATION OF PROXIES

The solicitation of proxies for the Meeting will be made using the notice and access mechanism, but proxies may also be solicited personally, in writing, by mail or by telephone by employees of the Corporation, at nominal cost. The Corporation will bear the cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing and other costs associated with the preparation of this information circular.

The Corporation has retained Shorecrest Group Ltd. (“**Shorecrest**”) to provide the following services in connection with the Meeting: reviewing and analysing this information circular, recommending corporate governance best practices where applicable, liaising with proxy advisory firms, developing and implementing Shareholder communication and engagement strategies, advising with respect to the Meeting and proxy protocol, reporting and reviewing the tabulation of Shareholder proxies, and soliciting Shareholder proxies, including contacting Shareholders by telephone. Shorecrest may utilize the Broadridge QuickVote™ service to assist non-objecting beneficial owners with voting their common shares. In connection with these services, Shorecrest is expected to receive a fee of up to C\$32,500 plus reasonable out-of-pocket expenses.

The Corporation has also retained Laurel Hill Advisory Group to act as their strategic advisor.

APPOINTMENT AND REVOCATION OF PROXIES

Together with this information circular, Registered Shareholders (defined below) will also be sent a form of proxy. The persons named in such proxy are officers of the Corporation. **A Shareholder who wishes to appoint some other person to represent him, her or it at the Meeting may do so by inserting such other person’s name in the blank space provided in the form of proxy or by completing another proper form of proxy. Such other person need not be a Shareholder of the Corporation.** Please follow the instructions on the form of proxy and refer to information under the heading “*Voting Instructions*” below.

To be valid, proxies must be delivered in person, by mail or by courier to Computershare Investor Services Inc. (“**Computershare**”) at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or via facsimile to 1.866.249.7775 (within North America) or 416.263.9524 (outside of North America). The proxy must be deposited with Computershare not later than 11:00 a.m. (Eastern time) on Tuesday, May 11, 2021. If the Meeting is adjourned,

proxies must be deposited 48 hours (excluding Saturdays, Sundays, and holidays) before the time set for any reconvened meeting at which the proxy or instructions are to be used unless the chair of the Meeting elects to exercise his discretion to accept proxies received subsequently.

The document appointing a proxy must be in writing and completed and signed by a Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as officers, attorneys, executors, administrators, trustees, etc., should so indicate and provide satisfactory evidence of such authority.

A Registered Shareholder who has given a proxy may revoke the proxy:

- (a) by completing and signing a proxy bearing a later date and depositing it in accordance with the instructions on the form of proxy;
- (b) by depositing an instrument in writing executed by the Shareholder or by his, her or its attorney authorized in writing at the registered office of the Corporation at any time up to 48 hours (excluding Saturdays, Sundays, and holidays) before the time set for the applicable Meeting, or any adjournment thereof, at which the proxy is to be used;
- (c) as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy instrument, by signing a written notice of revocation and delivering it to the chair or secretary of the Meeting; or
- (d) in any other manner permitted by law.

Non-registered Beneficial Shareholders (defined below) who wish to change their vote must arrange for their respective Intermediary (defined below) to revoke the proxy on their behalf.

VOTING OF PROXIES

The persons named in the form of proxy will vote or withhold from voting common shares of the Corporation (“**Common Shares**”) in respect of which they are appointed on any ballot that may be called for, in accordance with the instructions of the Shareholder as indicated on the proxy. If a Shareholder specifies a choice on the proxy with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

In the absence of such specification, Common Shares will be voted in the following manner:

- (a) **FOR** the election, separately, of each of the nominees to the board of directors (the “**Board of Directors**” or the “**Board**”) listed under the heading “*Matters to be Considered at the Meeting – Election of Directors*”;
- (b) **FOR** the re-appointment of KPMG LLP as auditors of the Corporation and to authorize the Board of Directors to fix the auditors’ remuneration as described under the heading “*Matters to be Considered at the Meeting – Appointment of Auditors*”; and
- (c) **FOR** the approval of the Amendment to the Articles to allow for the participation in, and attendance of, shareholders’ meetings by electronic or virtual mediums, as described under the heading “*Matters to be Considered at the Meeting – Amendment to the Articles*”.

The persons appointed under the form of proxy are conferred with discretionary authority with respect to amendments to or variations of matters identified in the form of proxy and the Notice of Meeting and with respect to other matters that may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons designated in the form of proxy to vote in accordance with their best judgment on such matter or business. At the time of printing this information circular, the Board of Directors know of no such amendments, variations or other matters.

PARTICIPATION AT THE MEETING

As a result of the public health impact of COVID-19 and to mitigate risks to the health and safety of the Corporation's communities, shareholders, employees and other stakeholders, the Corporation will hold the Meeting in a virtual only format, which will be conducted via live audio webcast. Shareholders will have an equal opportunity to participate at the Meeting online regardless of their geographic location. Shareholders will not be able to attend the Meeting in person.

Registered Shareholders and duly appointed proxyholders will be able to vote and ask questions at the Meeting. Non-registered Beneficial Shareholders will be able to appoint proxyholders, including themselves, and vote and ask questions at the Meeting. Non-registered Beneficial Shareholders who fail to appoint themselves as proxyholders will only be able to attend the Meeting as guests. Guests will not be able to vote or ask questions at the Meeting.

Registered Shareholders and duly appointed proxyholders have to be connected to the Internet at all times in order to be able to vote when prompted. It is the responsibility of Registered Shareholders and duly appointed proxyholders to ensure connectivity for the duration of the Meeting. Please allow ample time to check into the Meeting online and complete the related procedure. Please refer to the virtual meeting guide filed on SEDAR at www.sedar.com and on the Corporation's website at <https://www.medicalfacilitiescorp.ca/Investors/shareholder-information.aspx> for additional information, including a list of the compatible web browsers.

The following are instructions on how to attend the Meeting for Registered Shareholders, duly appointed proxyholders (including non-registered Beneficial Shareholders who have appointed themselves as proxyholders), non-registered Beneficial Shareholders who did not appoint themselves as proxyholders, guests, and Beneficial Shareholders holding Common Shares with U.S. broker or custodian.

Registered Shareholders

- Go to <https://web.lumiagn.com/466371520> prior to the start of the Meeting to login.
- Click on **"I have a login"** and then enter registered voting control number obtained from Computershare.
- Enter the password **"medical2021"** (case sensitive).
- Follow the instructions to access the Meeting.

Registered Shareholders must have a registered voting control number in order to participate in the online Meeting. To obtain this number, Registered Shareholders should call Computershare's Shareholder Communications line toll free at 1.800.564.6253.

Duly Appointed Proxyholders

- Go to <https://web.lumiagn.com/466371520> prior to the start of the Meeting to login.
- Click on **"I have a login"** and then enter the username provided by Computershare.
- Enter the password **"medical2021"** (case sensitive).
- Follow the instructions to access the Meeting.

Duly appointed proxyholders using the username provided by Computershare to login to the Meeting must accept the terms and conditions to represent the shares appointed to them.

Guests and Non-Registered Beneficial Shareholders who did not Appoint Themselves as Proxyholders

- Go to <https://web.lumiagn.com/466371520> prior to the start of the Meeting to login.
- Click on **"I am a Guest"** and complete the online form.

Beneficial Shareholders Holding Common Shares with U.S. Broker or Custodian

- If you are a Beneficial Shareholder holding your shares with a U.S. broker or custodian, you must first obtain a valid legal proxy from your broker, bank, or other agent and then register in advance to attend the Meeting. Follow the instructions from your broker, bank, or other agent included with the Meeting Materials, or contact your broker, bank, or other agent to request a legal proxy form.
- After obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the Meeting, you must submit a copy of your legal proxy to Computershare. Requests for registration should be directed by mail to Computershare Investor Services, Inc. at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or by email to uslegalproxy@computershare.com. Requests for registration must be labeled as “Legal Proxy” and be received no later than 11:00 a.m. (Eastern time) on Tuesday, May 11, 2021. Confirmation of registration will be provided by email after Computershare receives your registration materials.
- U.S. Beneficial Shareholders can then attend the Meeting by going to <https://web.lumiagm.com/466371520>, **password: medical2021** (case sensitive) prior to start of the Meeting to login and following the instructions provided by Computershare. Please note that you are required to register your appointment at <http://www.computershare.com/MedicalFacilities>.

Beneficial Shareholders are advised that in addition to appointing their proxyholder in accordance with their Intermediaries’ instructions, they must also then register that proxyholder online, as described under the heading “*Appointment of a Proxyholder*” below.

VOTING INSTRUCTIONS

Who Can Vote

Shareholders of record as of the close of business on March 24, 2021 (the “**Record Date**”) are entitled to receive notice of and to vote at the Meeting.

Voting by Registered Shareholders

Registered Shareholders have a share certificate issued in their name or appear as the registered shareholders on the books of the Corporation (“**Registered Shareholders**”).

The following are instructions for Registered Shareholders only. If you are a non-registered Beneficial Shareholder , please follow your Intermediary’s instructions on how to vote your Common Shares. See below under the heading “*Voting by Non-Registered Shareholders.*”

Voting by Proxy

Shareholders are encouraged to vote by proxy ahead of the Meeting.

Registered Shareholders may vote by proxy as follows:

Mail: Complete, date and sign the enclosed form of proxy and return it to the Corporation’s transfer agent, Computershare, no later than 11:00 a.m. (Eastern time) on Tuesday, May 11, 2021, or 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting, by mail to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 using the envelope provided.

Facsimile: By transmitting completed, dated and signed form of proxy by facsimile to Computershare toll free at 1.866.249.7775 (within North America) or 416.263.9524 (outside North America) no later than 11:00 a.m. (Eastern time) on Tuesday, May 11, 2021, or 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting.

The chair of the Meeting may waive or extend the proxy cut-off time in his sole discretion without notice.

Voting at the Meeting

- Go to <https://web.lumiagn.com/466371520> prior to the start of the Meeting to login.
- Click on “**I have a login**” and then enter registered voting control number obtained from Computershare.
- Enter the password “**medical2021**” (case sensitive).
- Follow the instructions to access the Meeting.

Registered Shareholders must have a registered voting control number in order to vote at the Meeting. To obtain this number, Registered Shareholders should call Computershare’s Shareholder Communications line toll free at 1.800.564.6253.

If you have already voted by proxy and you vote again during the online ballot during the Meeting, your online vote during the Meeting will revoke your previously submitted proxy. If you have already voted by proxy and do not wish to revoke your previously submitted proxy, do not vote again during the online ballot.

Registered Shareholders have to be connected to the Internet at all times in order to be able to vote when prompted. It is a Registered Shareholder’s responsibility to ensure connectivity for the duration of the Meeting. Please allow ample time to check into the Meeting online and complete the related procedure. Please refer to the virtual meeting guide filed on SEDAR at www.sedar.com and on the Corporation’s website at <https://www.medicalfacilitiescorp.ca/Investors/shareholder-information.aspx> for additional information, including a list of the compatible web browsers.

Voting by Non-Registered Shareholders

Information set forth in this section is very important to persons who hold Common Shares other than in their own names.

A non-registered shareholder of the Corporation (a “**Beneficial Shareholder**”) is one who beneficially owns Common Shares but such Common Shares are registered in the name of an intermediary, such as a securities broker, financial institution, trustee, custodian or other nominee who holds securities on behalf of the Beneficial Shareholder or in the name of a clearing agency in which the intermediary participates (all of which are referred to as “**Intermediary**” or “**Intermediaries**” in this information circular).

The vast majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada and Broadridge and Mediant Communications Inc. (“**Mediant**”) in the U.S.

Beneficial Shareholders should note that only proxies or instructions deposited by shareholders whose names are on the records of the Corporation as the registered holders of such shares can be recognized and acted upon at the Meeting. Common Shares that are listed in an account statement provided to a Beneficial Shareholder by an Intermediary are registered in the name of CDS Clearing and Depository Services Inc. (“**CDS**”), or its nominee, and not in the Beneficial Shareholder’s own name on the records of the Corporation.

Applicable regulatory policy in Canada requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of securityholders’ meetings. Every Intermediary has their own mailing procedures and provides their own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder on how to vote on behalf of the Beneficial Shareholder.

Voting by Proxy through Intermediary

Through Broadridge or Mediant: If a Beneficial Shareholder’s Intermediary is registered with Broadridge or Mediant, please follow instructions on the voting instruction form to vote by mail or over the Internet or telephone.

Through Intermediary: In some instances, a Beneficial Shareholder will be given a voting instruction form or other document by his or her Intermediary that must be submitted by the Beneficial Shareholder in accordance with the instructions provided by the Intermediary. In such case, a Beneficial Shareholder must follow the Intermediary's instructions (which in some cases may allow the completion of the voting instruction form by telephone or on the Intermediary's Internet website). Occasionally, a Beneficial Shareholder may be given a form of proxy that has been signed by the Intermediary and is restricted to the number of Common Shares owned by the Beneficial Shareholder but is otherwise not completed. This form of proxy does not need to be signed by the Beneficial Shareholder. In this case, complete the form of proxy and vote by mail only in the same manner as described above under the heading "*Voting by Registered Shareholders – Voting by Proxy*".

Beneficial Shareholders who wish to attend the Meeting and vote their own Common Shares should enter their own names in the blank space on the voting instruction form provided to them and return the same to their Intermediary in accordance with the instructions provided by their Intermediary well in advance of the Meeting.

The persons named in the accompanying voting instruction form will vote or withhold from voting Common Shares in respect of which they are appointed on any ballot that may be called for, in accordance with the instructions of the Beneficial Shareholder as indicated on the voting instruction form and, if a Beneficial Shareholder specifies a choice on the voting instruction form with respect to any matter to be acted upon, the Common Shares will be voted accordingly. If no instruction is provided, the proxy will be vote **FOR** each motion.

The Corporation has elected to utilize "notice and access" delivery to furnish this information circular and the proxy form to Beneficial Shareholders by (i) distributing a notification of meeting along with the form of proxy to Intermediaries for distribution to Beneficial Shareholders, and (ii) posting this information circular on the Corporation's website at <https://www.medicalfacilitiescorp.ca/Investors/shareholder-information.aspx>. Refer to section under the heading "*Notice and Access*" for further information.

Voting at the Meeting

The voting instruction form that is sent to Beneficial Shareholders by the Intermediary should also explain how to attend and vote directly at the Meeting or appoint someone to attend and vote on Beneficial Shareholder's behalf. To do so, a Beneficial Shareholder needs to appoint himself or herself or another person as their proxyholder. Refer to the section under the heading "*Appointment of a Proxyholder*" below for further information.

A Beneficial Shareholder who has appointed themselves or a third party as proxyholder will then be able to participate and vote at the Meeting as follows:

- Go to <https://web.lumiagn.com/466371520> prior to the start of the Meeting to login.
- Click on "**I have a login**" and then enter the username sent by Computershare by email as described under the heading "*Appointment of a Proxyholder*" below.
- Enter password "**medical2021**" (case sensitive).
- Follow the instructions to access the Meeting, and vote when prompted.

Beneficial Shareholders are advised that to appoint a proxyholder, Beneficial Shareholders **MUST** submit their form of proxy or voting instruction form, as applicable, appointing that person as proxyholder **AND** then register that proxyholder online, as described under the heading "*Appointment of a Proxyholder*" below. Registering Proxyholder is an additional step that must be completed **AFTER** the form of proxy or voting instruction form has been submitted. **Failure to register the proxyholder will result in the proxyholder not receiving a username that is required to vote at the Meeting and only being able to attend as a guest.**

Duly appointed proxyholders using the username provided by Computershare to login to the Meeting must accept the terms and conditions to represent the shares appointed to them.

Beneficial Shareholders or their duly appointed proxyholders, as applicable, have to be connected to the Internet at all times in order to be able to vote when prompted. It is the responsibility of Beneficial Shareholders and their duly

appointed proxyholders to ensure connectivity for the duration of the Meeting. Please allow ample time to check into the Meeting online and complete the related procedure. Please refer to the virtual meeting guide filed on SEDAR at www.sedar.com and on the Corporation's website at <https://www.medicalfacilitiescorp.ca/Investors/shareholder-information.aspx> for additional information, including a list of the compatible web browsers.

Appointment of a Proxyholder

The following applies to Shareholders who wish to appoint another person other than the management nominees identified in the form of proxy or voting instruction form as proxyholder, including Beneficial Shareholders who wish to appoint themselves or someone else as proxyholders to attend, participate and vote at the Meeting (a "Proxyholder").

To appoint a Proxyholder, Shareholders **MUST** submit their form of proxy or voting instruction form, as applicable, appointing that person as proxyholder **AND** then register that Proxyholder online, as described below. Registering Proxyholder is an additional step that must be completed **AFTER** the form of proxy or voting instruction form has been submitted. **Failure to register the Proxyholder will result in the Proxyholder not receiving a username that is required to vote at the Meeting and only being able to attend as a guest.**

- **Step 1: Submit your form of proxy or voting instruction form:** To appoint a Proxyholder, insert that person's name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form.
- **Step 2: Register the Proxyholder:** To register a Proxyholder, Shareholders must visit <http://www.computershare.com/MedicalFacilities> by no later than 11:00 a.m. (Eastern time) on Tuesday May 11, 2021 and provide Computershare with the required Proxyholder contact information so that Computershare may provide the Proxyholder with their username via email. Without a username, Proxyholders will not be able to vote at the Meeting.

Shareholders may choose to direct how their Proxyholders shall vote on matters before the Meeting or any adjournment or postponement thereof. Unless Shareholders instruct otherwise, Proxyholders will have full authority to attend, vote, and otherwise act in respect of all matters before the Meeting or any adjournment or postponement thereof, even if these matters are not set out in the form of proxy, voting instruction form or information circular.

In order to participate online, Proxyholders must have received an email from Computershare containing a username.

Please contact the Corporation's proxy solicitation agent, Shorecrest, toll free at 1.888.637.5789, locally in Toronto at 647.931.7454 or by email at contact@shorecrestgroup.com with any questions regarding the Meeting.

NOTICE AND ACCESS

National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102, *Continuous Disclosure Obligations* allow for the use of the notice and access system for the delivery to shareholders of certain materials, including notice of meeting, management information circular, annual financial statements and management's discussion and analysis (collectively, the "**Meeting Materials**") by reporting issuers.

Under the notice and access system, reporting issuers are permitted to deliver the Meeting Materials by posting them on SEDAR at www.sedar.com as well as a website other than SEDAR and sending a notice package to shareholders that includes: (i) the relevant form of proxy or voting instruction form; (ii) basic information about the meeting and the matters to be voted on; (iii) instructions on how to obtain a paper copy of the Meeting Materials; and (iv) a plain-language explanation of how the notice and access system operates and how the Meeting Materials can be accessed online.

As described in the notice and access notification to be mailed to the Shareholders of the Corporation on or about March 31, 2021, the Corporation has elected to deliver its Meeting Materials to Beneficial Shareholders using the notice and access system. These Beneficial Shareholders will receive a notice and access notification which will

contain the prescribed information. Registered Shareholders and those Beneficial Shareholders with existing instructions on their account to receive printed materials will receive a printed copy of the Meeting Materials with the notice package.

The Corporation intends to pay for proximate intermediaries to deliver Meeting Materials and Form 54-101F7 (the request for voting instructions) to “objecting beneficial owners”, in accordance with National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares. Holders of Common Shares are entitled to one vote per Common Share on all matters to be voted on at all meetings of shareholders. As at March 26, 2021, there were 31,106,259 Common Shares issued and outstanding. Most of the outstanding Common Shares are registered in the name of CDS.

At the Meeting, each Shareholder of record at the close of business on the Record Date will be entitled to one vote for each Common Share held on all matters to come before the Meeting.

To the knowledge of the directors of the Corporation, as of March 26, 2021, there were no persons who beneficially owned or exercised control or direction over Common Shares carrying 10% or more of the votes attached to the issued and outstanding Common Shares.

MATTERS TO BE CONSIDERED AT THE MEETING

ELECTION OF DIRECTORS

Advance Notice of Director Nominations

The Corporation’s Advance Notice Policy applies to director nominations. Shareholders who wish to nominate candidates for election as directors must provide timely notice in writing to the Secretary of the Corporation at 4576 Yonge Street, Suite 701, Toronto, Ontario, M2N 6N4, Canada, and include the information set out in the Advance Notice Policy. As the Corporation is utilizing the notice and access system for the delivery to Shareholders of the Meeting Materials, the notice must be made not less than forty days prior to the date of the Meeting. The full text of the Advance Notice Policy is available on the Corporation’s website at www.medicalfacilitiescorp.ca and under the Corporation’s profile on SEDAR at www.sedar.com.

Proposed Management Nominees for Election as Directors

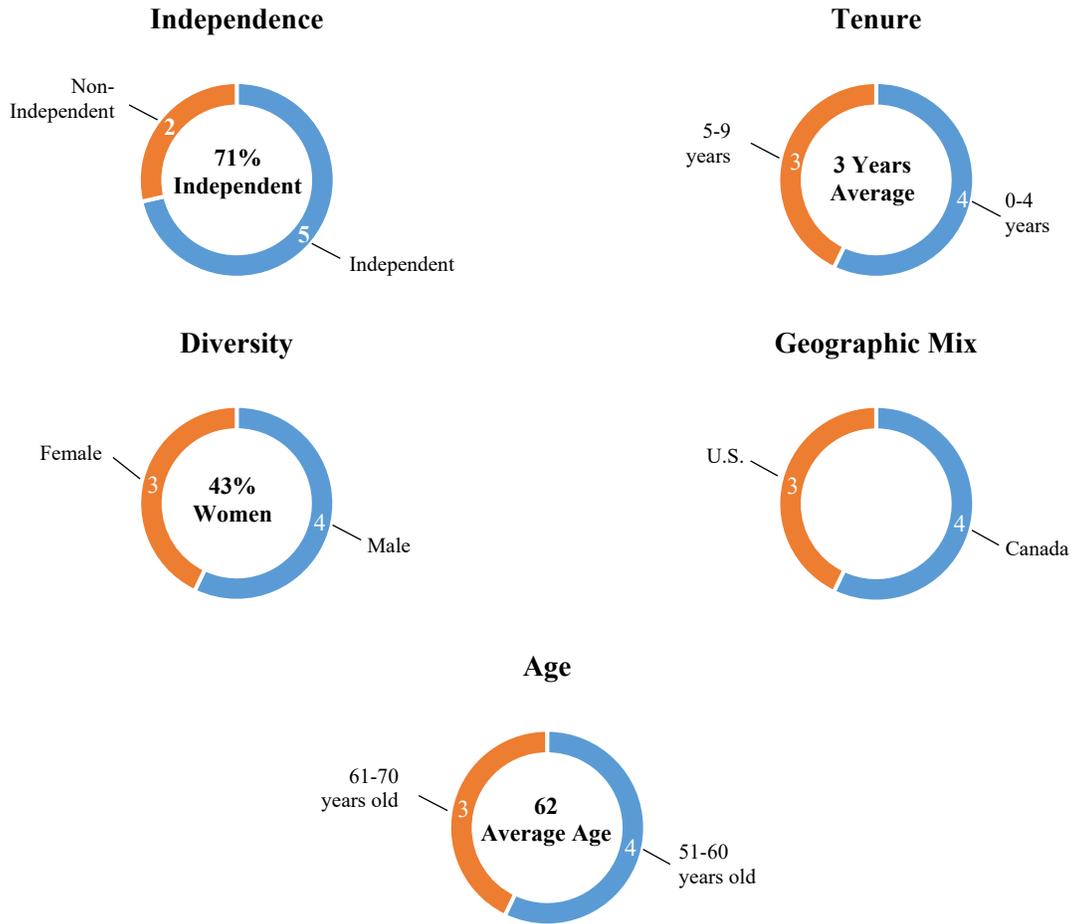
The number of directors nominated for election at the Meeting is seven.

The persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, intend to vote for the election, as directors, of each of the proposed nominees whose names are set out below.

The Board has assessed the relative attributes, skills, experience, and diversity of the seven directors standing for re-election, and is satisfied that the nominees adequately fulfill the Board composition requirements. It is not contemplated that any of the proposed nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each director elected will hold office until the next annual meeting or until his or her successor is elected or appointed.

The Corporation will issue a press release following the Meeting and will file under the Corporation’s profile on SEDAR at www.sedar.com the results of voting regarding all items of business conducted at the Meeting, including the number of votes cast for and withheld from each individual director.

Snapshot of Director Nominees



Name	Director Since	Principal Occupation	Independent	Committee Memberships			Other Current Public Boards
				AC	CGNC	IC	
Lois Cormack	2020	President, Bonterre Inc.	✓	●	●	●	1
Stephen Dineley	2016	Consultant	✓	☐		●	-
Erin S. Enright	2018	Managing Member, Prettybrook Partners LLC	✓	●		☐	1
Robert O. Horrar	2017	President and CEO, Medical Facilities Corporation	-				-
Dale Lawr	2014	Corporate Director	✓	●	☐		-
Jeffrey C. Lozon	2015	Chairman, Lozon Associates	☐	●	●	●	-
Reza Shahim	2017	Neurosurgeon	-			●	-

AC = Audit Committee CGNC = Corporate Governance, Nominating and Compensation Committee ☐ = Chair ● = Member
IC = Investment Committee

2020 Election Results

Each of the nominees listed in the Corporation's management information circular dated March 31, 2020 was elected as a director at the annual general meeting of the Corporation held on May 14, 2020. The Corporation received proxies with regard to voting on the seven directors nominated for election as set forth in the table below.

Nominee	Votes For	% of Votes For	Votes Withheld	% of Votes Withheld
Marilynne Day-Linton	7,337,753	95.78%	323,528	4.22%
Stephen Dineley	7,345,690	95.88%	315,591	4.12%
Erin S. Enright	7,277,553	94.99%	383,728	5.01%
Robert O. Horrar	7,293,601	95.20%	367,680	4.80%
Dale Lawr	7,279,907	95.02%	381,374	4.98%
Jeffrey C. Lozon	7,297,192	95.25%	364,089	4.75%
Reza Shahim	7,311,334	95.43%	349,947	4.57%

The following sets forth the names of the persons who have been nominated for election as directors and provides certain other information, including the voting securities that they own directly and indirectly, for each nominee.



Lois Cormack
President, Bonterre Inc.
Bradford, Ontario, Canada

Age: 59
Director Since: December 17, 2020
Independent

Ms. Cormack is a C-suite executive and corporate director with extensive leadership in senior living, real estate, hospitality, health care services and infrastructure. In her current role as President of Bonterre Inc., she provides strategic expertise to growing companies. Ms. Cormack was the President and Chief Executive Officer of Sienna Senior Living (TSX:SIA) from 2013 to 2020. Prior to joining Sienna Senior Living, Ms. Cormack was President of Specialty Care, a high-quality senior living provider, led a consulting practice and held other senior leadership roles in the health care and senior living sectors. Ms. Cormack currently serves as a trustee of Allied Properties Real Estate Investment Trust (TSX:AP.UN), a leading Canadian REIT focused on urban workspaces and data centres, and previously served on the Seneca College Board of Governors and was the Chair of the Board of the Ontario Long Term Care Association. Ms. Cormack holds a Masters of Health Administration from the University of Toronto and is a graduate of the Ivey Executive Program at the University of Western Ontario and the ICD-Rotman Directors Education Program.

Areas of Expertise

Executive Leadership
Business Strategy
Corporate Governance
Legal and Regulatory

Board and Committee Membership⁽¹⁾⁽⁷⁾

	Term in 2020	Meeting Attendance	
Board of Directors	December 17 – December 31	Regularly Scheduled	1 of 1 (100%)
		Non-Regularly Scheduled	N/A
Audit Committee	December 17 – December 31	N/A	
Corporate Governance, Nominating and Compensation Committee	December 17 – December 31	N/A	
Investment Committee	December 17 – December 31	N/A	

Other Public Board Directorships

Allied Properties Real Estate Investment Trust

Voting Results of 2020 Annual General Meeting of Shareholders⁽²⁾

Votes For	N/A
Votes Withheld	N/A

Securities Held

Common Shares ⁽³⁾	Deferred Share Units ⁽⁴⁾	Total	Total Value ⁽⁵⁾	2020 Compensation
-	701	701	\$2,725	\$4,076

Minimum Share Ownership Requirements⁽⁶⁾

Target Ownership at December 31, 2020	Meets Target Requirements
N/A	N/A / Target date to meet share ownership requirements: December 17, 2025



Stephen Dineley
 Consultant
 Toronto, Ontario, Canada

Age: 69
 Director Since: February 26, 2016
 Independent

Mr. Dineley, FCPA, FCA is a retired partner with over 30 years of experience in assurance services at KPMG LLP, from which he retired in March 2014. From 1998 to 2000, Mr. Dineley held the position of Chief Financial Officer at Extencare Inc., one of the leaders in Canada’s senior housing sector. Mr. Dineley provides consulting services to an alternate mortgage lender based in Toronto and also provides consulting services on accounting and auditing matters. He serves as a director for the Bank of New York Trust Company Canada, and was previously a director and chair of the audit committee of DionyMed Brands Inc. Mr. Dineley holds an ICD.D designation with the Institute of Corporate Directors.

Areas of Expertise

- Finance/Financial Reporting
- Legal/Regulatory
- Mergers and Acquisitions
- Risk Management

Board and Committee Membership⁽¹⁾

	Term in 2020	Meeting Attendance	
Board of Directors	January 1 – December 31	Regularly Scheduled	6 of 6 (100%)
		Non-Regularly Scheduled	8 of 8 (100%)
Audit Committee (Chair)	January 1 – December 31	5 of 5 (100%)	
Investment Committee	January 1 – December 31	5 of 5 (100%)	

Other Public Board Directorships

None

Voting Results of 2020 Annual General Meeting of Shareholders⁽²⁾

Votes For	7,345,690	95.88%
Votes Withheld	315,591	4.12%

Securities Held

Common Shares⁽³⁾	Deferred Share Units⁽⁴⁾	Total	Total Value⁽⁵⁾	2020 Compensation
415	44,844	45,259	\$170,942	\$119,000

Minimum Share Ownership Requirements⁽⁶⁾

Target Ownership at December 31, 2020	Meets Target Requirements
N/A	N/A / Target date to meet share ownership requirements: February 26, 2021 ⁽⁸⁾



Erin S. Enright

Managing Member, Prettybrook Partners LLC
Austin, Texas, United States

Age: 59
Director Since: August 8, 2018
Independent

Ms. Enright is a Managing Member of Prettybrook Partners LLC, a family office dedicated to investing in healthcare companies. She currently serves as the Chair of the Board, Chair of the Nominating and Governance Committee and a member of the Audit Committee and Compensation Committee of Dynatronics Corporation (NASDAQ:DYNT). She is also a member of the Board and Chair of the Audit Committee of Keystone Dental, Inc., a private company. Previously, she served on the Board of Directors and the Audit Committee of Biolase, Inc. (NASDAQ:BIOL), and was a member of the Board of Tigerlabs, a Princeton-based business accelerator, and Ceelite Technologies, LLC. Ms. Enright was the President of Lee Medical, a medical device manufacturer based in Plainsboro, New Jersey, from 2004 to 2013, and the Chief Financial Officer of InfuSystem, Inc. (NASDAQ:INFU) from 2005 to 2007. From 1993 to 2003, she was with Citigroup, most recently as a Managing Director in its Equity Capital Markets group. Prior to Citigroup, Ms. Enright was an attorney with Wachtell, Lipton, Rosen & Katz in the firm's New York office. Ms. Enright received her A.B. from the School of Public and International Affairs at Princeton University and J.D. from the University of Chicago Law School.

Areas of Expertise

- Mergers and Acquisitions
- Finance/Financial Reporting
- U.S. Healthcare Industry
- Corporate Governance

Board and Committee Membership⁽¹⁾

	Term in 2020	Meeting Attendance	
Board of Directors	January 1 – December 31	Regularly Scheduled	6 of 6 (100%)
		Non-Regularly Scheduled	8 of 8 (100%)
Audit Committee	January 1 – December 31	5 of 5 (100%)	
Investment Committee (Chair)	January 1 – December 31	5 of 5 (100%)	

Other Public Board Directorships

Dynatronics Corporation

Voting Results of 2020 Annual General Meeting of Shareholders⁽²⁾

Votes For	7,277,553	94.99%
Votes Withheld	383,728	5.01%

Securities Held

Common Shares⁽³⁾	Deferred Share Units⁽⁴⁾	Total	Total Value⁽⁵⁾	2020 Compensation
-	57,287	57,287	\$216,373	\$111,500

Minimum Share Ownership Requirements⁽⁶⁾

Target Ownership at December 31, 2020	Meets Target Requirements
N/A	N/A / Target date to meet share ownership requirements: August 8, 2023



Robert O. Horry
 President and Chief Executive Officer
 Franklin, Tennessee, United States

Age: 55
 Director Since: November 8, 2017
 Executive Director

Mr. Horry is President and Chief Executive Officer of the Corporation which he joined in May 2017 initially as Chief Operating Officer. Mr. Horry is a seasoned healthcare leader with more than 25 years of experience in health plan and hospital operations. He was formerly with Community Health Systems, Inc. which he joined in 1998 as Vice-President of Business Development, ultimately reaching the position of Division President responsible for overseeing the operations of affiliated hospitals in Indiana, Tennessee, and West Virginia. Before Community Health Systems, Mr. Horry was with Humana, Inc. for over 11 years and held several key management positions, including Executive Director for Nevada operations. Mr. Horry holds a Bachelor of Science degree in Economics from Centre College in Kentucky and a Master of Science degree in HealthCare Administration from Trinity University in Texas.

Areas of Expertise

- U.S. Healthcare Industry
- Executive Leadership
- Business Strategy
- Mergers and Acquisitions

Board and Committee Membership⁽⁹⁾

	Term in 2020	Meeting Attendance	
Board of Directors	January 1 – December 31	Regularly Scheduled	6 of 6 (100%)
		Non-Regularly Scheduled	8 of 8 (100%)

Other Public Board Directorships

None

Voting Results of 2020 Annual General Meeting of Shareholders⁽²⁾

Votes For	7,293,601	95.20%
Votes Withheld	367,680	4.80%

Securities Held

Common Shares⁽³⁾	Deferred Share Units⁽⁴⁾	Total	Total Value	2020 Compensation⁽¹⁰⁾
25,000	N/A	25,000	\$94,425	N/A

Minimum Share Ownership Requirements⁽¹¹⁾

Refer to share ownership guidelines for executives under the heading “*Compensation Discussion and Analysis – Share Ownership Guidelines*”.



Dale Lawr

Corporate Director
Toronto, Ontario, Canada

Age: 70
Director Since: November 12, 2014
Independent

Ms. Lawr is a CPA, CA with executive experience in a broad range of organizations in Canada and the United States, including public and private companies and a crown corporation. Until March 2015, Ms. Lawr was Chief Risk Officer at Infrastructure Ontario, which she joined in 2011 as Chief Financial Officer. Previously, Ms. Lawr was with Altus Group Limited (TSX:AIF), where she initially served as Chief Financial Officer and then as EVP Finance, Strategic Initiatives. Previously, Ms. Lawr lived in Chicago, where she served as Chief Financial Officer of RTC Industries Inc., a retail design firm; Vice-President Finance of Frankel & Co., a national marketing services agency and a business unit of Publicis SA; and Senior Manager and Director of Finance for Accenture in the firm's Chicago and Toronto offices. Ms. Lawr holds an MBA from Rotman School of Management, University of Toronto and an ICD.D designation with the Institute of Corporate Directors. Ms. Lawr is on the board of directors and chairs the finance, audit and risk committee of the Ontario Institute for Cancer Research.

Areas of Expertise

- Corporate Governance
- Executive Leadership
- Compensation and Human Resources
- Canadian Financial Markets

Board and Committee Membership⁽¹⁾

	Term in 2020	Meeting Attendance	
Board of Directors	January 1 – December 31	Regularly Scheduled	6 of 6 (100%)
		Non-Regularly Scheduled	8 of 8 (100%)
Audit Committee	January 1 – December 31	5 of 5 (100%)	
Corporate Governance, Nominating and Compensation Committee (Chair)	January 1 – December 31	5 of 5 (100%)	

Other Public Board Directorships

None

Voting Results of 2020 Annual General Meeting of Shareholders⁽²⁾

Votes For	7,279,907	95.02%
Votes Withheld	381,374	4.98%

Securities Held

Common Shares⁽³⁾	Deferred Share Units⁽⁴⁾	Total	Total Value⁽⁵⁾	2020 Compensation
-	55,026	55,026	\$207,831	\$110,000

Minimum Share Ownership Requirements⁽⁶⁾

Target Ownership at December 31, 2020	Meets Target Requirements
\$165,000	Yes



Jeffrey C. Lozon
Chairman, Lozon Associates
Oakville, Ontario, Canada

Age: 69
Director Since: November 11, 2015
Independent

Mr. Lozon is a Chairman of Lozon Associates advisory services and a corporate director. Mr. Lozon is the chair of the board of Sunrise Senior Living, the global leader in seniors living with 325 sites in Canada, the United States, and Great Britain, and is a director of the Ontario Brain Institute. He previously served as a director and chair of the audit committee of Voalte, Inc., a healthcare technology company focusing on clinical communication. Until April 2014, he was President and Chief Executive Officer of Revera Inc., a leading provider of seniors' accommodation, care and services with 250 sites and 30,000 employees in Canada and the United States. Prior to joining Revera in 2009, Mr. Lozon held a 17-year tenure as President and Chief Executive Officer of St. Michael's Hospital in Toronto. He was previously seconded to the position of Deputy Minister of Health and Long-Term Care for the Province of Ontario from 1999 to 2000. He has also served on a number of national and provincial committees and organizations, including Chairing the Canadian Partnership Against Cancer and Vice Chair of Canada Health Infoway. Mr. Lozon holds an honorary Doctor of Civil Laws from Bishops University, a Masters of Health Services Administration from the University of Alberta and a Bachelor of Arts (Honours) from the University of Guelph. In 2009, he was appointed as a Member to the Order of Canada.

Areas of Expertise

Executive Leadership
Business Strategy
Corporate Governance
Mergers and Acquisitions

Board and Committee Membership⁽¹⁾

	Term in 2020	Meeting Attendance
Board of Directors (Chair)	January 1 – December 31	Regularly Scheduled 6 of 6 (100%)
		Non-Regularly Scheduled 8 of 8 (100%)
Audit Committee (<i>ex officio</i> member)	January 1 – December 31	4 of 5 (80%)
Corporate Governance, Nominating and Compensation Committee	January 1 – December 31	5 of 5 (100%)
Investment Committee	January 1 – December 31	5 of 5 (100%)

Other Public Board Directorships

None

Voting Results of 2020 Annual General Meeting of Shareholders⁽²⁾

Votes For	7,297,192	95.25%
Votes Withheld	364,089	4.75%

Securities Held

Common Shares ⁽³⁾	Deferred Share Units ⁽⁴⁾	Total	Total Value ⁽⁵⁾	2020 Compensation
3,300	56,000	59,300	\$223,976	\$160,000

Minimum Share Ownership Requirements⁽⁶⁾

Target Ownership at December 31, 2020	Meets Target Requirements
\$165,000	Yes



Reza Shahim, M.D.
 Neurosurgeon
 Little Rock, Arkansas, United States
 Age: 53
 Director Since: August 17, 2017
 Non-Executive Non-Independent

Dr. Shahim is a neurosurgeon specializing in all aspects of neurosurgical care and minimally invasive spine surgery. Dr. Shahim practices at Neurological Surgery Associates and Arkansas Surgical Hospital, where he also serves on the Board of Managers. Dr. Shahim is board certified by the American Board of Neurological Surgery and is a member of the Pulaski County Medical Society. He received his Medical Degree in 1995 from the University of Arkansas for Medical Sciences and acquired his Neurosurgical Training at the University of Kentucky Medical Center in Lexington, Kentucky.

Areas of Expertise

U.S. Healthcare Industry
 Business Strategy
 Executive Leadership
 Legal/Regulatory

Board and Committee Membership

	Term in 2020	Meeting Attendance	
Board of Directors	January 1 – December 31	Regularly Scheduled	6 of 6 (100%)
		Non-Regularly Scheduled	8 of 8 (100%)
Investment Committee	January 1 – December 31	5 of 5 (100%)	

Other Public Board Directorships

None

Voting Results of 2020 Annual General Meeting of Shareholders⁽²⁾

Votes For	7,311,334	95.43%
Votes Withheld	349,947	4.57%

Securities Held⁽¹²⁾

Common Shares ⁽³⁾	Deferred Share Units ⁽⁴⁾	Total	Total Value ⁽⁵⁾	2020 Compensation
-	65,052	65,052	\$245,701	\$101,500

Minimum Share Ownership Requirements⁽⁶⁾

Target Ownership at December 31, 2020	Meets Target Requirements
N/A	N/A / Target date to meet share ownership requirements: August 17, 2022

- (1) Along with Dr. Paul Cink, Dr. R. Blake Curd, Dr. Jeffrey S. Marrs and Dr. Lew W. Papendick, members of the board of directors of Medical Facilities America, Inc. and Medical Facilities (USA) Holdings, Inc., which are the Corporation's U.S. corporate subsidiaries.
- (2) In addition to election of directors, the appointment of the auditors of the Corporation, including authorizing the directors of the Corporation to fix the remuneration of the auditors, was approved by 96.53% of votes by proxy.
- (3) The information as to the Common Shares beneficially owned, directly or indirectly, including by associates or affiliates, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually and is stated as at December 31, 2020.
- (4) In addition to the Common Shares, the non-executive directors may own a number of deferred share units, issued pursuant to the Corporation's Deferred Share Unit Plan, the cash settlement value of which is tied to the value of the Common Shares at the relevant payment date. The number of deferred share units held by each non-executive director is stated as at December 31, 2020. As executive director, Mr. Horrar is not eligible to participate in the Deferred Share Unit Plan.
- (5) For purposes of measurement, which is in accordance with the Corporation's Policy re: Directors' Ownership of Securities, the market value of the Common Shares and deferred share units was calculated using the Common Share value of C\$4.81, which was the average of the closing prices of the Common Shares on the Toronto Stock Exchange on March 31, 2020, June 30, 2020, September 30, 2020, and December 31, 2020. The market value of the Common Shares and deferred share units was converted into U.S. dollars using The Wall Street Journal closing exchange rate on December 31, 2020: US\$1 = C\$1.2735.
- (6) Refer to the "Compensation of Directors – Directors' Securities Ownership Requirements" section for details about each non-executive director's ownership of the Corporation's securities, including minimum share ownership guidelines and dates to meet these minimum share ownership guidelines.

- (7) Ms. Cormack was appointed to the Board effective as of December 17, 2020.
- (8) Mr. Dineley was in compliance with his target share ownership of \$165,000 as of February 26, 2021.
- (9) Mr. Horrar attended all meetings of the Audit Committee, Corporate Governance, Nominating and Compensation Committee and Investment Committee, of which he is not a member, in his capacity as President and Chief Executive Officer of the Corporation.
- (10) As an employee of the Corporation, Mr. Horrar does not receive compensation for serving as director. Refer to the “*Statement of Executive Compensation – Compensation Discussion and Analysis*” section for details of his executive compensation.
- (11) Share ownership guidelines applicable to Mr. Horrar as an executive officer of the Corporation are discussed under the heading “*Statement of Executive Compensation – Compensation Discussion and Analysis*”.
- (12) Dr. Shahim has an indirect ownership of 4.20% in Arkansas Surgical Hospital, LLC through his ownership interest in the related holding entity, AR Surgical Holdings Company, LLC. 10% of this ownership interest is exchangeable for a maximum of 20,179 Common Shares.

Majority Voting Policy

The Board has adopted a policy for majority voting for individual directors. Under the policy, if a director nominee in an uncontested election receives, from the Common Shares voted at the meeting in person or by proxy, a greater number of votes “withheld” than votes “for”, he or she is required to promptly submit his or her resignation to the Board, to take effect upon acceptance by the Board. The Corporate Governance, Nominating and Compensation Committee (the “**CGNC Committee**”) will consider and recommend to the Board whether or not to accept such resignation, and, with the exception of special circumstances that would warrant the continued service of the applicable director on the Board, the CGNC Committee is expected to accept and recommend acceptance of the resignation by the Board. In considering whether or not to accept the resignation, the CGNC Committee will consider all factors deemed relevant by members of the CGNC Committee including, without limitation, the stated reasons why shareholders withheld votes from the election of that nominee, the length of service and the qualifications of the director whose resignation has been submitted, such director’s contributions to the Corporation, the effect such resignation may have on the Corporation’s ability to comply with any applicable governance rules and policies, and the dynamics of the Board.

Within 90 days of the meeting at which the election was held, the Board shall make its decision, on the CGNC Committee’s recommendation. The Board will take into account the factors considered by the CGNC Committee and such additional information and factors that the Board may deem to be relevant and, absent exceptional circumstances, shall accept the director’s resignation offer. Any director who tenders his or her resignation pursuant to the majority voting policy will not participate in any deliberations on the resignation offer by the CGNC Committee or the Board. The Board will announce its decision (including, if applicable, the reasons for not accepting any resignation) promptly via press release.

Cease Trade Orders, Corporate and Personal Bankruptcies, Penalties and Sanctions

To the knowledge of the Corporation, none of its directors and officers is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Corporation) that (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or officer was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or officer ceased to be a director, chief executive officer or chief financial officer and resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as disclosed below relating to DionyMed Brands Inc., to the knowledge of the Corporation, none of its directors or officers (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

DionyMed Brands Inc. (“**DionyMed Brands**”), a company listed on the Canadian Securities Exchange, of which Mr. Dineley was director, went into receivership on October 23, 2019. All of the directors of DionyMed Brands, including Mr. Dineley, resigned prior to the receivership on October 22, 2019.

To the knowledge of the Corporation, none of its directors or officers has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to invest in the Corporation.

APPOINTMENT OF AUDITORS

It is proposed that the firm of KPMG LLP, Chartered Professional Accountants, be re-appointed as auditors of the Corporation, to hold office until the next annual meeting of the Shareholders or until their successor is appointed, and that the directors be authorized to fix the remuneration of the auditors.

KPMG LLP have been auditors of the Corporation since its inception.

The persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, will vote such proxies in favour of a resolution to appoint KPMG LLP as auditors of the Corporation and to authorize the directors to fix their remuneration.

AMENDMENT TO THE ARTICLES

At the Meeting, Shareholders of the Corporation will be asked to consider and, if deemed advisable, confirm by special resolution certain amendments to the Articles of the Corporation adopted by special resolution of the shareholders on May 13, 2011, and amended by special resolution of the shareholders on May 12, 2016 (the “**Articles**”).

The Corporation proposes to effect the amendments of the Articles in order to permit, but not require, meetings of shareholders to be held, in accordance with *British Columbia Business Corporations Act* (the “**BCBCA**”), entirely by means of a telephonic, electronic or other communication facility that permit all participants to communicate adequately with each other during the meeting and to provide that any shareholder vote may be held, subject to and in accordance with the BCBCA, partly or entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility. The Board determined that the adoption of such amendments to the Articles is in the best interests of the Corporation. The foregoing summary of the amendments to the Articles is qualified in its entirety by reference to the full text of the amendments to the Articles, a copy of which is referenced below the text of the shareholder resolution and appended hereto as Schedule “F” as a complete version of the amended Articles.

The text of the special resolution of the shareholders of the Corporation to amend the Articles is set forth below:

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The Articles of the Corporation adopted by special resolution of the shareholders on May 13, 2011, and amended by special resolution of the shareholders on May 12, 2016 (the “**Articles**”) be amended as follow:
 - (a) The following text is added as Section 10.10 of the Articles:

10.10 Meeting Held by Electronic Means

The board or shareholders who call a meeting of shareholders pursuant to the *Business Corporations Act*, may determine that the meeting shall be held, in accordance with the *Business Corporations Act* and the regulations thereto, by means of telephonic, electronic, or other communication facility that permits all participants to communicate with each other during the meeting, provided the Company makes provision for electronic voting at such meeting in accordance with the *Business Corporations Act* and section 11.23. Any person who participates in a meeting through those means shall be deemed for the purposes of the *Business Corporations Act* to be present in person at such

meeting.

- (b) The following text is added as Section 10.11 of the Articles:

10.11 Participation in Meeting by Electronic Means

Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the *Business Corporations Act* and the Articles, by means of telephonic, electronic or other communications facilities that permits all participants to communicate with each other during the meeting, provided the Company makes available such telephonic, electronic or other communications facility. A person participating in such a meeting is deemed to be present in person at the meeting and a shareholder or proxy holder entitled to vote at such a meeting may vote, in accordance with the *Business Corporations Act*, by means of the telephonic, electronic or other communications facility that the Company has made available for that purpose, whether such meeting is to be held at a designated place or solely by means of a telephonic, electronic, or other communications facility.

- (c) The following text is added as Section 11.23 of the Articles:

11.23 Electronic Voting

Any vote referred to in sections 11.13 may be held entirely by means of a telephonic, electronic or other communication facility if the Company makes available such a communication facility; provided the facility enables the votes to be gathered in a manner that permits their subsequent verification.

2. Any director or officer of the Corporation be and he or she is hereby authorized to execute and deliver all such documents and instruments, including an Article of Amendment, and do all such things as may be necessary to give full effect to the resolutions (“**General Authority**”) and execution and delivery of any such document or instrument by any such director or officer shall be conclusive proof of his or her General Authority to execute and deliver the same.
3. The directors of the Corporation be and are hereby authorised to revoke this special resolution before it is acted on without further approval by the shareholders of the Corporation.

The persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, will vote such proxies in favour of the foregoing resolutions. The foregoing resolutions must be approved by not less than two-thirds of the votes cast by shareholders.

FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation for the year ended December 31, 2020, together with the Auditors’ Report thereon, are available on the Corporation’s website at <https://www.medicalfacilitiescorp.ca/Investors/Financial-Reports.aspx>, on SEDAR at www.sedar.com, and in print, free of charge, to any Shareholder who requests a copy by contacting the Corporation at 1.855.925.6014 (within North America) or 416.925.6014 (outside of North America).

No formal action will be taken at the Meeting to approve the financial statements. If any Shareholder has questions regarding such financial statements, such questions may be brought forward at the Meeting.

STATEMENT OF EXECUTIVE COMPENSATION

NAMED EXECUTIVE OFFICERS

For the purposes of this information circular, the Corporation’s named executive officers (the “NEOs”) are the individuals serving as Chief Executive Officer and Chief Financial Officer, and each of the three most highly compensated executive officers of the Corporation and its subsidiaries whose total individual compensation was more than C\$150,000 for the most recently completed financial year.

The table below sets forth the name and position of the individuals who were the Corporation’s NEOs for the year ended December 31, 2020.

Name	Position
Robert Horrar ⁽¹⁾	President and Chief Executive Officer (“CEO”)
David Watson	Chief Financial Officer (“CFO”)
James Rolfe	Chief Development Officer (“CDO”)
John Schario	Chief Operating Officer (“COO”)
R. Blake Curd, M.D.	Chief Executive Officer of Sioux Falls Specialty Hospital, LLP, an MFC Partnership (as defined below)

- (1) Mr. Horrar joined the Corporation in May 2017 as Chief Operating Officer (“**Horrar COO**”) and was appointed as CEO in October 2017. Where reference in this information circular is made to Horrar COO, this reference is to the options Mr. Horrar was awarded in accordance with the terms of the Horrar COO employment agreement.

The discussion which follows applies to Messrs. Horrar, Watson, Rolfe and Schario as Dr. Curd’s compensation is not controlled by the Corporation but determined at the MFC Partnership level. The Corporation does not directly engage in business activities. The Corporation indirectly holds interests in surgical facilities (“**MFC Partnerships**”). The Corporation receives cash distributions from MFC Partnerships through its interests in those facilities, which it uses to pay dividends on its outstanding Common Shares. The Corporation protects its interests in the stream of cash distributions through specific contractual rights, such as, for example, approval rights for specified fundamental transactions or changes in distribution policy. Compensation at the MFC Partnership level is not a matter in respect of which the Corporation has approval rights. The Corporation relies on the non-controlling owners of the MFC Partnerships to exercise discipline in the partners’ joint interest on compensation matters at the local level.

Henceforth in this information circular, Messrs. Horrar, Watson, Rolfe and Schario are collectively referred to as “**Executives**”.

COMPENSATION DISCUSSION AND ANALYSIS

Corporate Governance, Nominating and Compensation Committee

The Corporation’s CGNC Committee reviews, reports, and makes recommendations on executive and director compensation to the Board of Directors of the Corporation.

The CGNC Committee is comprised of the following independent directors who have skills and experience relevant to the CGNC Committee’s responsibilities for compensation matters.

CGNC Committee Member	Relevant Skills and Experience
Dale Lawr (Chair)	Ms. Lawr was appointed to the CGNC Committee in January 2015 and had been its co-chair responsible for corporate governance and nominating matters from May 2016 to May 2019. In May 2019, Ms. Lawr was appointed chair of the CGNC Committee. She has direct experience in corporate governance matters as a result of serving as an executive of other companies where her duties included the design and implementation of governance policies and procedures, and working with the board governance committees. Ms. Lawr also has direct experience in compensation matters including the design of benefits and compensation plans and oversight of corporate pension plans.

CGNC Committee Member	Relevant Skills and Experience
Lois Cormack	Ms. Cormack was appointed to the CGNC Committee in December 2020. She is a c-suite executive and is a director of another public issuer, Allied Properties Real Estate Investment Trust (TSX:AP.UN) and a member of its governance, compensation and nomination committee. From 2013 until June 2020, Ms. Cormack served as the President and Chief Executive Officer and director of Sienna Senior Living Inc. (TSX:SIA). In addition, Ms. Cormack previously held executive roles, including President of Specialty Care, a seniors' living company, owned an independent consulting practice, and held other senior leadership roles in the health care and seniors' living sectors. She previously served on the Board of Governors of Seneca College. In her career as an executive and a director on public and not-for-profit boards, Ms. Cormack has gained extensive experience and dealings in compensation matters. Her current directorships also provide additional exposure to recent executive compensation matters and trends.
Jeffrey Lozon	Mr. Lozon was appointed to the CGNC Committee in November 2015 and had been its co-chair responsible for nominating and compensation matters from May 2016 to May 2019, except when he was interim chief executive officer of the Corporation from June to October 2017. He has been serving on boards of public, private and not-for-profit companies for more than 20 years. He has direct experience in designing executive compensation plans and in establishing and implementing board evaluation processes. His board experience includes membership on governance and compensation committees in both for profit and not-for-profit boards.

Collectively, the experiences of the CGNC Committee members ensure that the CGNC Committee functions effectively in reviewing, assessing and recommending to the Board appropriate compensation policies and practices for the Corporation.

In respect of executive and director compensation, the CGNC Committee is responsible, among other things, for:

- Reviewing and making recommendations to the Board concerning the quantum and form of compensation of executive officers. In discharging that mandate, the CGNC Committee is responsible for implementing requisite processes to ensure that the compensation program for the executive officers is maintained at a fair and competitive level, consistent with the best interests of the Corporation.
- Reviewing with the Chair of the Board and the CEO the long-term goals and objectives of the Corporation in relation to compensation.
- Reviewing and approving the position description of the executive officers and the performance goals and objectives relevant to the compensation of the senior executive officers, evaluating the executive officers' performance in light of those goals and objectives, and taking those performance reviews into account in making recommendations to the Board concerning the executive officers' compensation levels. In determining the executive officers' compensation, the CGNC Committee considers, among other things, the Corporation's performance and relative investor return, the value of similar incentive awards at comparable companies, the achievement of corporate and individual objectives, and the awards given to the executive officers in past years.
- Reviewing and recommending to the Board compensation of directors, the Chair of the Board, and those acting as committee chairs to, among other things, ensure compensation appropriately reflects their responsibilities and fairly and appropriately compensates them for the discharge of those responsibilities.
- Selecting and engaging a compensation advisor to assist in the evaluation of executive and director compensation and approving the advisor's fees and other retention terms.

Additional information regarding the CGNC Committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations, and manner of reporting can be found in the CGNC Committee's Charter included in this information circular as Schedule "B".

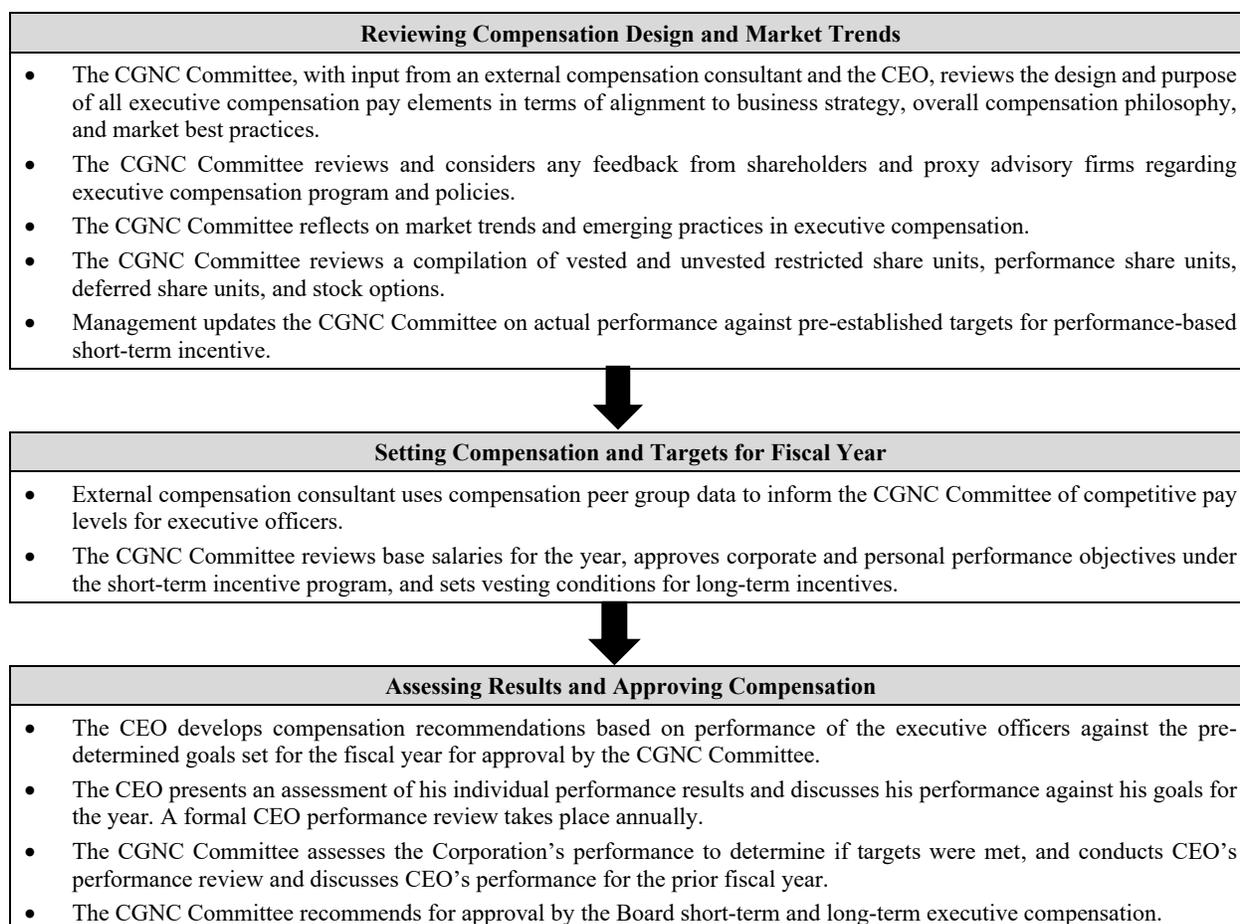
Compensation Philosophy and Process

The philosophy of the Corporation's executive compensation program is to attract, motivate and retain a highly skilled executive team and directly align their compensation to the attainment of both corporate and personal performance objectives. The Corporation's approach is to encourage executive officers to make decisions and take actions that will create long-term sustainable growth and result in long-term shareholder value creation.

To accomplish continued growth and expansion of business, while discouraging excessive risk-taking, the executive compensation program has been designed, under the direction of the CGNC Committee, with the following objectives:

- Provide market competitive compensation levels necessary to attract and retain high quality executive officers;
- Align the interests of executive officers with those of Shareholders;
- Reward executive officers for their individual and collective contributions to the Corporation's success; and
- Incorporate sound risk management principles and high standards of good governance.

The CGNC Committee has established a process to review the executive compensation annually as outlined below. Decisions in respect of executive officers other than the CEO are made in consultation with and on recommendation by the CEO.



All components of executive compensation are subject to approval by the Board.

Risk Considerations

The CGNC Committee, in developing and administering the compensation framework and plans for the Corporation, specifically takes into consideration the alignment of interests of the compensated executive officers and those of the Corporation (and its stakeholders). As part of that consideration, the CGNC Committee is responsible for assessing risks in relation to the compensation policies and practices, and for developing policies and practices to mitigate and address any such risks. The CGNC Committee is satisfied that the compensation policies and practices of the Corporation do not give rise to risks likely to have any material adverse effect on the Corporation.

Key elements of the Corporation's executive compensation program which help limit excessive risk-taking include the following:

- **Periodic review of incentive plans:** Compensation plans are designed to reward desired behaviours and achievement of objectives, with consideration of the Corporation's business strategy and risk appetite.
- **Program structure:** The pay mix is balanced between fixed and variable pay and between short- and long-term incentives, including the use of share units (consisting of performance share units and deferred share units), restricted share units, and stock options. Share units are the primary vehicle to award regular annual long-term incentive grants. Stock options are only granted upon the initial engagement of executive officers and are not granted as an element of regular or ongoing compensation.
- **Clear objectives connect performance to payout:** There are clear pre-determined corporate and individual objectives outlined for executive officers and their performance relative to those objectives is monitored and measured. Objectives are established taking into account the Corporation's longer-term business strategy and include non-financial as well as earnings and revenue measures.
- **Short-term incentives are capped:** Annual short-term incentives are set based on a target annual short-term incentive plan opportunity equal to 75% of base salary for the CEO, 50% of base salary for the CFO and CDO, and 40% of base salary for the COO. The actual entitlements range between zero and 200% of target for the CEO and zero and 150% of target for each of the other Executives, based on achievement of performance objectives.
- **Balanced long-term incentive program:** The long-term incentive program balances shareholder returns, the Corporation's performance and executive retention, utilizing (i) share units which vest three years after the grant date based on cumulative performance over the three years, (ii) stock options which vest five years after the grant date, and (iii) restricted share units which vest equally over three years beginning on the first anniversary of the grant.
- **Share ownership guidelines:** Minimum share ownership guidelines have been established for the executive officers.
- **Recoupment of incentive compensation:** In the event of a restatement of the Corporation's financial statements as a result of gross negligence, fraud or intentional misconduct, the Executives may be required to repay their incentive compensation, as determined by the Board.
- **Anti-hedging policy:** Executives are not permitted to use hedging strategies designed to monetize or reduce market risk associated with equity-based compensation or their shareholdings.
- **External independent compensation advisor:** On an ongoing basis, the CGNC Committee requests an independent compensation consultant to provide an external view of the marketplace changes and best practices in respect of compensation design.

Share Ownership Guidelines

The Board, on the recommendation of the CGNC Committee, has adopted share ownership guidelines for the Executives to further align executive and shareholder interests. The share ownership guidelines require Executives to achieve minimum share ownership levels within a five-year period of appointment to their position. The share ownership guidelines are based on the participant's position as noted in the table below.

Position	Share Ownership Guideline
CEO	4 times base salary
CFO	2 times base salary
CDO	1.5 times base salary
COO	2 times base salary

In the event of an increase in the Executive's annual base salary, the individual will have five years from the time of the increase to meet these guidelines. If the ownership falls below the minimum market value, the individual has to retain not less than 75% of the after-tax net gains from any equity-based long-term incentive plan (including but not limited to restricted share units, performance share units, deferred share units, and stock options) in Common Shares.

The share ownership is calculated based on the aggregate value of (i) owned Common Shares (including beneficial ownership); (ii) Common Shares held through the Corporation's 401K plan or any other deferred compensation or retirement plan, if available; (iii) Common Shares acquired upon exercising of stock options; (iv) Common Shares purchased upon vesting and cash settlement of restricted share units and performance share units; and (v) vested phantom stock units having an economic value equal to that of the Common Shares, including deferred share units. The Common Shares are valued based on the average closing price of the Common Shares on the Toronto Stock Exchange ("TSX") on the last trading day of each of the previous four quarters.

The following table sets forth the Executives' current ownership of the Corporation's securities, the market value of these securities, and deadlines to satisfy their respective current minimum share ownership guidelines.

Executive	Common Shares (#)	Market Value of Common Shares ⁽¹⁾ (\$)	Minimum Share Ownership Guideline (\$)	Deadline to Meet Ownership Guideline
Robert Horrar	25,000	79,767	1,800,000	October 25, 2022
			2,000,000	March 1, 2024
			2,060,000	January 1, 2025
David Watson	7,500	23,930	700,000	June 24, 2024
			721,000	January 1, 2025
James Rolfe	29,000	92,530	450,000	September 19, 2021
			463,500	March 1, 2024
			477,405	January 1, 2025
John Schario	23,300	74,343	600,000	January 6, 2025

(1) The Corporation determines whether the Executives meet the applicable guidelines in November of each year. For purposes of measurement, which is in accordance with the Corporation's Stock Ownership Guidelines for Executive Officers, the market value of the Common Shares was calculated using the Common Share value of C\$4.25, which was the average of the closing prices of the Common Shares on the TSX on December 31, 2019, March 31, 2020, June 30, 2020, and September 30, 2020. The market value of the Common Shares was converted into U.S. dollars using The Wall Street Journal closing exchange rate on November 1, 2020: US\$1 = C\$1.3320.

Policy Regarding Executive Recoupment

The Board has adopted a Policy Regarding Executive Recoupment. Under the policy, the Board may require, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that it is in the Corporation's best interest to do so, reimbursement under certain circumstances of all or a portion of incentive compensation received by the Executives. Specifically, the Board may seek reimbursement of full or partial incentive compensation from an executive or former executive in situations where:

- The amount of incentive compensation was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of the Corporation's financial statements, or the Corporation's financial results are found to be inaccurate in a manner that materially affects the calculation of compensation for such officers but it does not give rise to a restatement and the incentive compensation payment received would have been lower had the financial results been properly reported;
- The executive or former executive engaged in fraud, theft, embezzlement or similar activities related to the finances of the Corporation;
- The executive or former executive has violated the Corporation's Code of Business Conduct and Ethics in a material way; or
- The executive or former executive has engaged in serious misconduct resulting in damage to the Corporation's financial situation or reputation.

Prohibition on Financial Instruments

The NEOs and directors of the Corporation and its subsidiaries are not permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEOs and directors.

Compensation Advisor

The CGNC Committee retains Hexarem Inc. ("Hexarem") as its independent advisor to provide objective, specialized expertise on executive and director compensation and related governance matters. Where Hexarem is requested to provide services in consultation with management, such services are pre-approved by the chair of the CGNC Committee or the Chair of the Board if the fees for the requested services are above the CEO's approval level. While the CGNC Committee receives information and advice from Hexarem on matters of executive and director compensation, the CGNC Committee formulates its own recommendations and decisions, which may reflect considerations other than Hexarem's information and advice.

In 2020, the CGNC Committee retained the services of Hexarem to review the information circular and provide an analysis of the impact of COVID-19 on compensation programs.

The table below sets forth the aggregate fees paid to compensation advisors for each of the two most recently completed fiscal years.

Fees Paid ⁽¹⁾	Compensation Advisor		2020	2019
Executive and director compensation related fees	Hexarem	C\$	13,481	24,538
	Pay Governance ⁽²⁾	US\$	-	19,485

(1) Fees presented in Canadian dollars are net of harmonized sales tax.

(2) Pay Governance was engaged in 2019 by the CEO to review the design and structure of the Corporation's executive compensation program.

Executive Compensation Comparator Group

The Corporation maintains an executive compensation comparator group to provide competitive market context on pay levels and mix, and pay design practices. The executive compensation comparator group was developed using publicly-traded competitors who are owners and/or operators of healthcare facilities in the United States. The members of the executive compensation comparator group are:

Acadia Healthcare Company, Inc.	Genesis Healthcare Inc.
Akumin Inc.	National HealthCare Corporation
Amedisys, Inc.	RadNet, Inc.
Brookdale Senior Living Inc.	SunLink Health Systems Inc.
Capital Senior Living Corporation	Surgery Partners, Inc.
Encompass Health Corporation	US Physical Therapy Inc.
The Ensign Group, Inc.	

Benchmarking market data reviewed by the CGNC Committee are size-adjusted (downward) to reflect the Corporation’s relative scope and size relative to organizations in the executive compensation comparator group.

Employment Agreements

The Corporation has written employment agreements with each NEO, other than Dr. Curd. The employment agreements, among other things, outline employment term, duties, all elements of compensation and other benefits, clawback provisions (other than in the case of the CDO), share ownership requirements, and non-competition, non-solicitation, proprietary information and termination provisions. As discussed under the “*Named Executive Officers*” section above, the compensation for Dr. Curd is primarily determined at his local MFC Partnership level, where the Corporation does not exercise any control. The Corporation has a consulting agreement with Dr. Curd for the provision of services of chief medical officer of the Corporation.

Elements of Executive Compensation

The table below sets forth the components of the Corporation’s executive compensation program.

Component	Purpose	Risk	Time Frame	Description
Total Direct Compensation				
Base Salary	Compensates for day-to-day performance of roles and responsibilities.	Fixed	Annually	<ul style="list-style-type: none"> The only fixed component of total direct compensation. Salaries reflect roles and responsibilities, skills and individual experience.
Short-Term Incentive	Rewards short-term execution of operational, financial, growth, and leadership priorities.	Variable	One year	<ul style="list-style-type: none"> Cash incentive. Payout based on combination of corporate and individual performance.
Long-Term Incentives: Until 2019: Performance Share Units (“PSUs”)	Promotes retention and rewards long-term performance and shareholder value.	Variable	Three Years	<ul style="list-style-type: none"> Annual grants. Three-year cliff vesting based on cumulative performance over the three years. Settled in cash.

Component	Purpose	Risk	Time Frame	Description
From 2020: Share Units (“SUs”) in the form of PSUs or deferred share units (“Executive DSUs”)	Promotes retention and rewards long-term performance and shareholder value.	Variable	Three Years for PSUs / Until Cessation of Employment for Executive DSUs	<ul style="list-style-type: none"> Annual grants in the form of Executive DSUs or PSUs. Executive DSUs are awarded until share ownership requirements are met, after which SU holder may elect to receive PSUs. Three-year cliff vesting based on cumulative performance over the three years. PSUs are settled in cash upon vesting and Executive DSUs are settled in cash upon SU holder’s cessation of employment.
Restricted Share Units (“RSUs”)	Promotes retention and rewards long-term performance and shareholder value.	Variable	Three Years	<ul style="list-style-type: none"> <i>Ad-hoc</i> grants. RSUs vest equally over three years, beginning on the first anniversary of the grant. Settled in cash.
Stock Options	Serves as inducement to employment by the Corporation in order to ensure alignment with the interests of Shareholders and long-term business strategy and encouragement of superior long-term performance.	Variable	Ten Years	<ul style="list-style-type: none"> A one-time grant of options at the time of employment at a price fixed at the time of the grant. Options vest after five years of employment and expire ten years after the grant date.
Indirect Compensation				
Group Benefits	Invests in employee health and well-being.	N/A	N/A	<ul style="list-style-type: none"> Benefits plan which offers medical, dental (paid by employee), vision (paid by employee), basic life and accidental death and dismemberment, and short-term disability and long-term disability coverage. Voluntary participation in medical expense flex spending arrangement.
Retirement	Provides a source of retirement income.	N/A	N/A	<ul style="list-style-type: none"> Voluntary 401K plan. 100% matching of employee 401K plan contribution up to 3% of base salary.

2020 Compensation Decisions and Actions

The following discusses features of each compensation component and 2020 compensation decisions and actions for the Executives. During the course of the year, the CGNC Committee and the Board reviewed the impact of COVID-19 pandemic on executive compensation trends and determined, taking into account the Corporation’s financial condition, that no changes to the executive compensation structure were required.

Base Salary

Base salary, which is provided for in the Executives’ employment agreements, is the basic method of compensating executive officers for their experience, responsibilities, contribution, and performance. Base salaries are set at a level comparable to executive officers’ occupying positions of similar importance, scope, and complexity in other companies.

Annual base salary recommendations for the CEO are developed by the CGNC Committee and for other Executives by the CGNC Committee on the recommendation of the CEO, and are approved by the Board. Any adjustments to base salary take into consideration such factors as the Corporation’s compensation philosophy, performance of the Executives and market conditions.

The table below sets forth annual base salaries of the executive officers which were in effect in 2020 and 2019.

Executive	Position	2019 Base Salary (\$)	2020 Base Salary (\$)	% Change
Robert Horrar	CEO	500,000	515,000	3%
David Watson ⁽¹⁾	CFO	350,000	360,500	3%
James Rolfe	CDO	309,000	318,270	3%
John Schario ⁽²⁾	COO	-	300,000	-

(1) Mr. Watson joined the Corporation on June 24, 2019. His 2019 base salary was pro-rated for partial period of employment.

(2) Mr. Schario joined the Corporation on January 6, 2020. His 2020 base salary was pro-rated for partial period of employment.

Base salary increases were awarded for the calendar year 2020, effective as of January 1, 2020, to the Executives according to a budget and to remain competitive with market conditions.

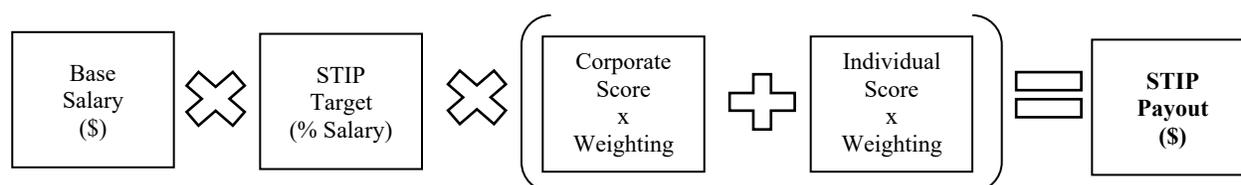
For calendar year 2021, the Board, on the recommendation of the CGNC Committee, approved a base salary increase of 2% to each of the CEO and CDO and of 4% to each of the CFO and COO.

Short-Term Incentive Plan

The Corporation’s Executives participate in the annual short-term incentive plan (the “STIP”) that rewards performance achieved against pre-determined annual goals.

STIP targets are expressed as a percentage of base salary, with actual payout based on a performance multiplier dependent on both corporate and individual performance. The actual performance multiplier achieved can range between 0% and 200% of target for the CEO and between 0% and 150% of target for other Executives.

STIP awards are subject to the discretion of the Board, commensurate with the position and performance of both the individual and the Corporation. An award in any year does not guarantee an award in any subsequent year.



Target Short-Term Incentive and Performance Weighting

The table below sets forth Executives’ STIP targets expressed as percentage of base salary along with the corresponding corporate and individual performance weighting.

Executive	Position	2020 Base Salary (\$)	2020 STIP Target		Performance Weighting	
			% of Salary	(\$)	Corporate	Individual
Robert Horrar	CEO	515,000	75%	386,250	80%	20%
David Watson	CFO	360,500	50%	180,250	80%	20%
James Rolfe	CDO	318,270	50%	159,135	80%	20%
John Schario	COO	300,000	40%	120,000	80%	20%

Performance Scorecard

At the start of each year, the Board, upon recommendation from the CGNC Committee, adopts corporate performance metrics intended to guide and motivate executive officers to execute the Corporation's strategy over the course of the year. The CGNC Committee, in consultation with the CEO, assesses the corporate performance against each indicator and recommends a corporate performance score for each Executive to the Board.

At the beginning of the year, each Executive proposes their personal goals which are aligned with corporate objectives. The CEO's personal goals are approved by the Board on the recommendation of the CGNC Committee. Personal goals of other Executives are approved by the Board on the recommendation of the CEO, following a review by the CGNC Committee.

The table below sets forth 2020 performance metrics, Executives' goal weighting and actual results.

Performance Metric/Goal	Goal Weighting				Threshold	Target	Maximum	Actual Achieved
	CEO	CFO	CDO	COO				
Organic Growth (MFC Partnerships)								
Revenue	15%	15%	15%	15%	\$360.0M	\$400.0M	\$440.0M	\$389.9M
EBITDA	15%	15%	15%	15%	\$85.6M	\$95.1M	\$104.6M	\$96.8M
Cash Flow	10%	10%	10%	10%	\$70.9M	\$78.8M	\$86.7M	\$79.2M
Consolidated EBITDA ⁽¹⁾⁽²⁾	25%	25%	15%	20%	\$77.7M	\$86.3M	\$95.0M	\$89.1M
Acquisitive Revenue Growth	15%	15%	25%	20%	\$8.0M	\$10.0M	\$12.0M	-
Total	80%	80%	80%	80%				
2020 Average Score Calculation⁽³⁾	81%	81%	69%	75%				

- (1) For information about consolidated EBITDA, a non-IFRS financial performance measure, refer to the Corporation's management's discussion and analysis for the year ended December 31, 2020.
- (2) Excludes the impact of certain lease adjustments, including those under IFRS 16, *Leases*, the operating results of equity investments, all stock-based compensation, and STIP charges.
- (3) Due to receipt of COVID-19 related government loans and stimulus funding by MFC Partnerships, corporate goal achievement was capped at target even though EBITDA, Cash Flow and Consolidated EBITDA overperformed target.

2020 STIP Awards

The table below sets forth 2020 STIP results and payouts to the Executives.

Executive	Position	2020 STIP Target (\$)	Performance			2020 STIP Award (\$)	% of Target
			Corporate	+	Individual		
Robert Horrar	CEO	386,250	80% x 81% = 65%	+	20%	328,313	85%
David Watson	CFO	180,250	80% x 81% = 65%	+	20%	153,213	85%
James Rolfe	CDO	159,135	80% x 69% = 55%	+	20%	119,351	75%
John Schario	COO	120,000	80% x 75% = 60%	+	20%	96,000	80%

2020 CEO Individual Performance

Mr. Horrar's individual goals for 2020 represent 20% of his STIP award. He achieved his goals relating to leading the response to COVID-19 pandemic and engaging with MFC Partnerships' leadership regarding the same with focus on assisting MFC Partnerships with procuring personal protective equipment and testing supplies, securing government stimulus funding, and establishing a repository for information on pandemic response, policies and procedures and best practices. Mr. Horrar also led the management team in evaluation of several potential acquisitive growth opportunities and partnerships, and opportunities to develop and expand the Corporation's ambulatory surgery center ("ASC") platform. Mr. Horrar's final STIP payment represents 100% achievement of his individual goals for 2020.

Long-Term Incentive Program

The long-term incentive program recognizes the Executives' role in driving the Corporation's business growth, increasing shareholder value and supporting the Corporation's continued success. It is made up of three components: SUs in the form of PSUs or Executive DSUs, RSUs, and stock options.

Share Units

The Corporation's Performance Share Unit Plan ("**PSU Plan**") is designed to encourage alignment of interests of the eligible participants ("**PSU Eligible Participants**") with Shareholders, enhance retention, keep the Corporation competitive with the executive compensation comparator group, and reward the creation of shareholder value over the vesting period.

Effective March 11, 2020, the Board approved changes to the Corporation's PSU Plan and amended and restated the PSU Plan (the "**Amended and Restated PSU Plan**"). The changes included (i) a new performance-based vesting range between 50% and 150%; (ii) performance-based vesting according to a mix of relative total shareholder return and absolute EBITDA; (iii) granting of awards in Executive DSUs until the Executive's minimum share ownership requirements have been met, which are settled upon separation from the Corporation; and (iv) election to receive PSUs once the Executive has achieved minimum share ownership requirements which generally vest after three years, subject to compliance with certain election requirements.

SUs granted under the Amended and Restated PSU Plan vest three years following their grant date subject to attainment of a level of performance over a specific time period as determined by the CGNC Committee. PSU Eligible Participants will receive Executive DSUs until they achieve their share ownership requirements, after which time they may elect to receive Executive DSUs or PSUs in accordance with the terms of the Amended and Restated PSU Plan. All SUs accrue notional dividends that are allocated in the form of additional SUs based on the volume weighted trading average price of Common Shares on the TSX for the five trading days preceding the dividend payment date. The PSUs are settled in cash following vesting, based on the level of achievement of corporate performance objectives and volume weighted trading average price of Common Shares on the TSX for the five trading days preceding vesting date. The Executive DSUs are settled in cash following the date that the holder of Executive DSUs ceases to be an employee of the Corporation, based on the level of achievement of corporate performance objectives and volume weighted trading average price of Common Shares on the TSX for the five trading days preceding vesting date.

For more details on the terms of the Amended and Restated PSU Plan, refer to Schedule "C" to this information circular.

PSU Grants under PSU Plan

2018 PSUs

On March 29, 2018, the Board, on the recommendation of the CGNC Committee, granted a total of 59,003 PSUs ("**2018 PSUs**") to then participants in the PSU Plan. The performance period was from January 1, 2018 to December 31, 2020. The 2018 PSUs will vest on March 29, 2021, subject to the achievement of corporate performance objectives equal to the average of the three consecutive annual performance factors. The annual performance factors are based on budgeted consolidated EBITDA for each year of the performance period. The payout range is between 50% for achieving threshold amount of budgeted consolidated EBITDA and 100% for achieving target amount of budgeted consolidated EBITDA.

The U.S. dollar amount of 2018 PSUs awarded was determined based on 50% of executives' 2017 base salary. The number of 2018 PSUs awarded was calculated by converting the U.S. dollar amount into Canadian dollars at the closing exchange rate on the grant date, divided by the weighted average trading price of the Common Shares on the TSX for the five trading days preceding the grant date. Two of the 2018 PSU holders resigned their employment with the Corporation and their 2018 PSUs either vested or were forfeited. The table below sets forth the information about 2018 PSUs grant for the Executives who are still the holders of 2018 PSUs.

Executive	Number of 2018 PSUs Granted (#)	Value of 2018 PSUs Granted (\$)
Robert Horrar	20,191	225,000
James Rolfe	13,461	150,000

The number of 2018 PSUs vesting on March 29, 2021 has been determined as set forth in the table below.

	Robert Horrar	James Rolfe
Number of 2018 PSUs Granted	20,191	13,461
Number of 2018 PSUs Credited on Notional Dividends	5,172	3,448
Total Number of 2018 PSUs Held	25,363	16,909
Performance Factor Achieved	66.67%	66.67%
Number of 2018 PSUs Vesting	16,909	11,273

The 2018 PSUs will be settled following the vesting date by paying to the 2018 PSU holders the amount in cash equal to the number of 2018 PSUs vesting times the weighted average trading price per Common Share on the TSX for the five trading days preceding vesting date.

2019 PSUs

On March 29, 2019, the Board, on the recommendation of the CGNC Committee, granted a total of 51,078 PSUs (“**2019 PSUs**”) to then participants in the PSU Plan. The performance period for 2019 PSUs is from January 1, 2019 to December 31, 2021. The 2019 PSUs will vest on March 29, 2022, subject to the achievement of corporate performance objectives equal to the average of the three consecutive annual performance factors. The annual performance factors are based on budgeted consolidated EBITDA for each year of the performance period. The payout range is between 50% for achieving threshold amount of budgeted consolidated EBITDA and 100% for achieving target amount of budgeted consolidated EBITDA.

The U.S. dollar amount of 2019 PSUs awarded was determined based on 50% of executives' 2018 base salary. The number of 2019 PSUs awarded was calculated by converting the U.S. dollar amount into Canadian dollars at the closing exchange rate on the grant date, divided by the weighted average trading price of the Common Shares on the TSX for the five trading days preceding the grant date. Two of the 2019 PSU holders resigned their employment with the Corporation and their 2019 PSUs either vested or were forfeited. The table below sets forth the information about 2019 PSUs grant for the Executives who are still the holders of 2019 PSUs.

Executive	Number of 2019 PSUs Granted (#)	Value of 2019 PSUs Granted (\$)
Robert Horrar	17,479	225,000
James Rolfe	11,653	150,000

Share Unit Grants under the Amended and Restated PSU Plan

2020 Executive DSUs

On March 31, 2020, the Board, on the recommendation of the CGNC Committee, granted a total of 346,639 SUs in the form of Executive DSUs (“**2020 Executive DSUs**”) to the Executives as set forth in the table below. The performance period is from January 1, 2020 to December 31, 2022. The 2020 Executive DSUs will vest on

March 31, 2023, subject to the achievement of the following corporate performance objectives, each weighting 50%: (i) the annualized total shareholder return on the TSX for the performance period, and (ii) the average of the budgeted consolidated EBITDA for each year of the performance period. The payout range is between 50% for achieving threshold, 100% for achieving target, and 150% for achieving maximum performance objectives.

The U.S. dollar amount of 2020 Executive DSUs awarded was determined based on 100% of CEO's 2019 base salary and 50% of other Executives' 2019 base salary. The number of 2020 Executive DSUs awarded was calculated by converting the U.S. dollar amount into Canadian dollars at the closing exchange rate on the grant date, divided by the weighted average trading price of the Common Shares on the TSX for the five trading days preceding the grant date.

Executive	Number of 2020 Executive DSUs Granted (#)	Value of 2020 Executive DSUs Granted (\$)
Robert Horrar	200,523	500,000
David Watson	70,183	175,000
James Rolfe	61,962	154,500
John Schario ⁽¹⁾	13,971	34,836

(1) Mr. Schario's award was pro-rated based on the number of days worked before the grant date in accordance with the Corporation's Share Unit Grant Policy.

Restricted Share Units

RSUs were awarded annually until 2017 and are awarded on an *ad-hoc* basis since 2018. The RSUs are designed to encourage alignment of interests of the RSU holder with Shareholders, enhance retention, keep the Corporation competitive with the executive compensation comparator group, and reward the creation of shareholder value over the vesting period.

The RSUs vest one-third per year beginning on the first anniversary of grant date. All RSUs accrue notional dividends that are allocated in the form of additional RSUs based on the volume weighted trading average price of Common Shares on the TSX for the five days preceding the dividend payment date. The RSUs are settled in cash upon vesting, based on the volume weighted trading average price of Common Shares on the TSX for the five trading days preceding vesting date. For more details on the terms of the Restricted Share Unit Plan (the "**RSU Plan**"), refer to Schedule "D" to this information circular.

There were no grants of RSUs in 2020.

Stock Option Plan

Options enable the Corporation to strengthen the link between Shareholder and Corporation interests and the interests of the Executives over a longer-term time horizon. All options are granted and governed by the terms of the Corporation's Stock Option Plan (the "**Stock Option Plan**"), with certain exceptions. Options provide the opportunity for Executives to purchase Common Shares in the future at a share price set at the time of the grant.

The purposes of the Stock Option Plan are to (i) reward key employees (as defined in the Stock Option Plan) of the Corporation for the creation of economic value for the Shareholders; (ii) align the interests of key employees of the Corporation with those of the Shareholders; and (iii) provide key employees of the Corporation with total compensation which is competitive with that of similar positions in markets where the Corporation competes for managerial and professional talent. The Corporation makes grants of options under the Stock Option Plan only upon the initial engagement of key employees and not as an element of regular or ongoing compensation.

Pursuant to the Stock Option Plan, the exercise price of each option may not be less than the volume weighted average trading price per Common Share on the TSX for the five trading days preceding the grant date. All options have a ten-year term, vesting after five years of employment subject to certain early vesting triggers. For more details on the terms of the Stock Option Plan, refer to Schedule "E" to this information circular.

The table below sets forth the Burn Rate, Dilution Rate and Overhang Rate for the past three years as at December 31, 2020, calculated using the TSX prescribed methodology.

	2018	2019	2020
Burn Rate Total number of stock options granted in a fiscal year, divided by the weighted average number of Common Shares outstanding for the year.	1.84%	0.97%	0.16%
Dilution Rate Total number of stock options outstanding for the year, divided by the weighted average number of Common Shares outstanding for the year.	6.19%	6.10%	6.25%
Overhang Rate Total number of stock options available to be issued, plus all stock options outstanding that have not yet been exercised, divided by the total number of issued and outstanding Common Shares at the end of the fiscal year.	10.00%	9.97%	9.97%

2020 Option Grants

In 2020, the Board, on the recommendation of the CEO, granted a total of 50,000 options to Mr. Schario upon joining the Corporation in January 2020.

Benefits

The Corporation's subsidiary, Medical Facilities (USA) Holdings, Inc. ("**MFH**"), provides the Executives with a selection of benefits to ensure their overall compensation package is competitive and attractive, and in line with the Corporation's peer companies. MFH's employee benefits program includes health, dental and vision benefits, basic life and accidental death and dismemberment insurance, and short-term and long-term disability coverage. The Executives are responsible for 100% of the premiums for dental and vision coverage. In addition, the Executives can participate, on a voluntary basis, in the Corporation's medical expense flex spending arrangement, a pre-tax vehicle for employees to make contributions via payroll deductions to an account to use to pay for certain out-of-pocket health care costs.

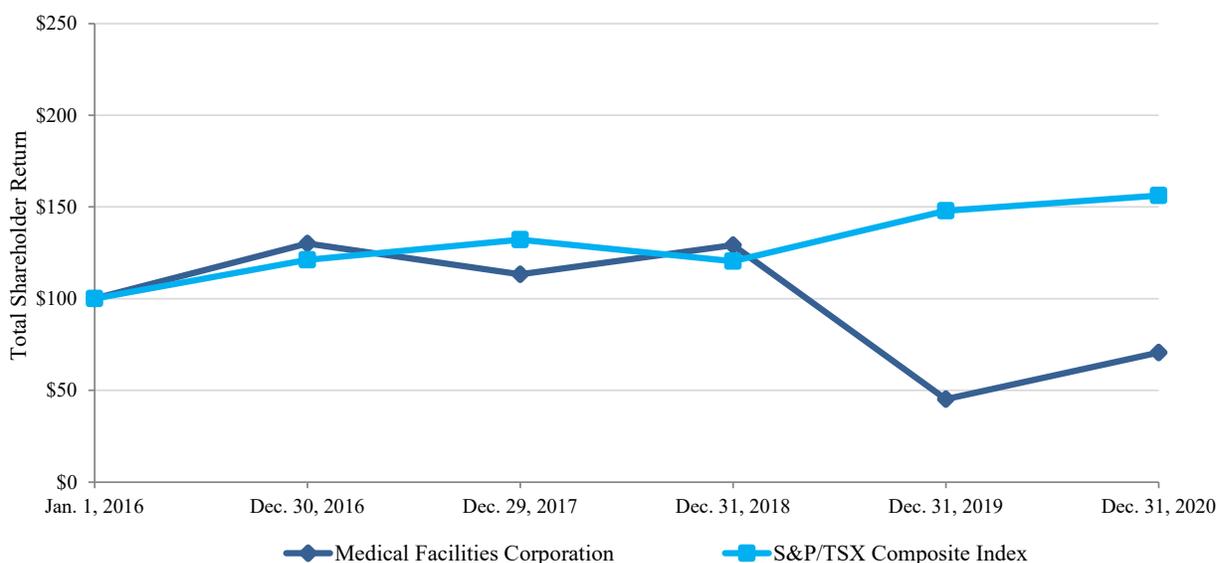
MFH has a defined contribution 401K plan (the "**401K Plan**") in respect of which Executives, at their option, are eligible to participate. The Executives employed by the Corporation at December 31, 2020 were participants in the 401K Plan. Under the terms of the 401K Plan, the participant is allowed to direct pre-tax payroll amounts, up to the maximum annual amount permitted under the Internal Revenue Code. For 2020, MFH made a matching contribution of \$50,226 to the 401K Plan on behalf of all eligible participants.

Pension Plan Benefits

As at December 31, 2020, the Corporation did not maintain any defined benefit or defined contribution pension plans.

SHARE PERFORMANCE GRAPH

The following graph compares the total cumulative return to Shareholders for C\$100 invested in Common Shares, assuming re-investment of dividends, with the total cumulative return of the S&P/TSX Composite Index for the period from January 1, 2016 to December 31, 2020.



Five-Year Cumulative Total Shareholder Return on C\$100 Investment, NEOs Total Direct Compensation and NEOs Total Direct Compensation as a Percentage of Adjusted EBITDA

	Jan. 1, 2016	Dec. 30, 2016	Dec. 29, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020
Medical Facilities Corporation	C\$100.00	C\$130.07	C\$113.24	C\$129.20	C\$45.20	C\$70.60
S&P/TSX Composite Index	C\$100.00	C\$121.08	C\$132.10	C\$120.35	C\$147.89	C\$156.17
NEOs Total Direct Compensation (in thousands)		US\$3,813	US\$3,536	US\$3,703	US\$3,156	US\$3,645
Adjusted EBITDA (in thousands) (non-IFRS financial measure)		US\$87,521	US\$93,720	US\$93,373	US\$96,347	US\$96,132
NEOs Total Direct Compensation as a % of Adjusted EBITDA		4.36%	3.77%	3.97%	3.28%	3.79%

The trend in the Corporation's total cumulative shareholder return, as indicated in the table above, is generally aligned with the trend in the amount of total direct compensation paid to the NEOs in terms of both (i) absolute dollars and (ii) percentages of Adjusted EBITDA. Starting in 2016, there was an increase in NEOs' total direct compensation (in both absolute terms and relative to the Corporation's total shareholder return and S&P/TSX Composite Index), which reflected changes to the executive compensation framework as the result of Board's decision to centralize the senior executive team in Franklin, Tennessee and augment expertise in business development.

The compensation practices adopted and enabled by the Board include (i) payment of annual short-term incentives tightly linked to annual performance, (ii) grants of long-term incentives awarded as per a prudent annual grant policy, and (iii) reliance on an executive compensation philosophy greatly emphasizing at-risk pay tied to shareholder value creation.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation paid during the three most recently completed financial years to the individuals who were, at December 31, 2020, the Corporation's NEOs.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards ⁽¹⁾ (\$)	Option-Based Awards ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation ⁽³⁾ (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)			
Robert Horrar President and Chief Executive Officer	2020	515,000	500,000	-	328,313	N/A	N/A	7,819	1,351,132
	2019	491,667	225,000	-	93,750	N/A	N/A	-	810,417
	2018	450,000	225,000	464,494	178,133	N/A	N/A	-	1,317,627
David Watson Chief Financial Officer	2020	360,500	175,000	-	153,213	N/A	N/A	8,550	697,263
	2019	182,292	-	273,141	91,096	N/A	N/A	-	546,529
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
James Rolfe Chief Development Officer	2020	318,270	154,500	-	119,351	N/A	N/A	7,957	600,078
	2019	307,500	150,000	-	38,625	N/A	N/A	-	496,125
	2018	300,000	350,000	-	96,151	N/A	N/A	-	746,151
John Schario ⁽⁴⁾ Chief Operating Officer	2020	297,500	34,836	15,503	96,000	N/A	N/A	8,250	452,089
	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
R. Blake Curd ⁽⁵⁾ Chief Executive Officer Sioux Falls Specialty Hospital, LLP	2020	540,000	N/A	N/A	36,589	N/A	N/A	295,680	872,269
	2019	450,008	N/A	N/A	39,321	N/A	N/A	357,628	846,957
	2018	450,008	N/A	N/A	46,831	N/A	N/A	170,000	666,839

- (1) The 2020 amounts in this column represent the total value ascribed to the Executive DSUs granted to the Executives on March 31, 2020. These values were calculated by multiplying the Executive's 2019 base salary by their SU target being 100% of base salary for the CEO and 50% of base salary for other Executives. The 2019 and 2018 amounts in this column represent the total value ascribed to the PSUs granted to the Executives on March 29, 2018 and March 29, 2019, respectively. These values were calculated by multiplying the Executive's 2017 and 2018 base salaries by their PSU target being 50% of base salary. In addition, the 2018 amount for the CDO includes an RSU grant with a value of \$200,000.
- (2) The amounts in this column represent the total value of options granted to the Executives. The grant price is the fair market value on the grant day. The options granted have been valued at the grant date using the Black-Scholes Model, which is also used for financial statements purposes. Underlying assumptions and values are outlined in the table below. The grant values shown are calculated as options granted times stock option value.

Assumptions	March 29, 2018 Grant Value (CEO)	June 24, 2019 Grant Value (CFO)	March 19, 2020 Grant Value (COO)
Expected option term in years	5	5	5
Expected volatility	27.76%	29.77%	50.70%
Expected dividend yield	8.02%	8.72%	10.61%
Risk-free interest rate	1.96%	1.34%	0.68%
Exercise price	CS 14.03	CS 12.79	CS 2.64
Option value	CS 1.33	CS 1.20	CS 0.45

The option grant values in the Summary Compensation Table above have been converted into U.S. dollars at The Wall Street Journal closing exchange rate on March 29, 2018 US\$1 = 1.2885, June 24, 2019 US\$ = 1.3180 and March 19, 2020 US\$ = 1.4513.

- (3) The amounts in the "All Other Compensation" column for Messrs. Horrar, Watson, Rolfe and Schario represent MFH's matching contributions to the 401K Plan.
- (4) Mr. Schario joined the Corporation on January 6, 2020.
- (5) The amounts in the "Annual Incentive Plans" column represent short-term incentive awards paid to Dr. Curd by his MFC Partnership. The 2020 amounts in "All Other Compensation" column includes \$90,000 paid to Dr. Curd by his MFC Partnership for the provision of management services to MFC Partnership's holding entity and subsidiary, \$49,680 stipend paid to Dr. Curd by his MFC Partnership and \$156,000 paid to Dr. Curd by MFH for his services as chief medical officer of the Corporation in accordance with the consulting agreement between Dr. Curd and MFH.

INCENTIVE PLAN AWARDS

Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth the values of all outstanding option-based awards and share-based awards as of December 31, 2020.

NEO	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (C\$)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽¹⁾ (C\$)	Number of Shares or Units of Shares that Have Not Vested ⁽²⁾ (#)	Market or Payout Value of Share-Based Awards that Have Not Vested ⁽³⁾ (C\$)	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed (C\$)
Robert Horrar President and Chief Executive Officer	350,000	16.47	May 18, 2027	-	45,287 PSUs	325,863	-
	450,000	14.03	March 29, 2028	-	211,182 Executive DSUs	1,519,170	-
David Watson Chief Financial Officer	300,000	12.79	June 24, 2029	-	73,914 Executive DSUs	531,850	-
James Rolfe Chief Development Officer	350,000	21.15	September 19, 2026	-	30,191 PSUs	217,242	-
					65,255 Executive DSUs	469,547	-
					21,047 RSUs	151,455	-
John Schario Chief Operating Officer	50,000	2.64	March 19, 2030	220,000	14,714 Executive DSUs	105,872	-
R. Blake Curd Chief Executive Officer Sioux Falls Specialty Hospital, LLP	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- (1) The value of unexercised in-the-money options was calculated using the Common Share value of C\$7.04, which was the closing trading price of the Common Shares on the TSX on December 31, 2020. Stock options have a ten-year term and vest five years after the grant date.
- (2) The total number of PSUs, Executive DSUs and RSUs includes PSUs, Executive DSUs and RSUs granted and acquired on notional dividends.
- (3) The market value of share-based awards that have not vested was calculated using the Common Share value of C\$7.20, which was calculated as the volume weighted average trading price per Common Share on the TSX for the five trading days preceding December 31, 2020.

Value Vested or Earned During the Year

The table below sets forth all non-equity incentive plan compensation earned during the year ended December 31, 2020.

NEO	Option-Based Awards – Value Vested During the Year ⁽¹⁾ (\$)	Share-Based Awards – Value Vested During the Year ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ⁽³⁾ (\$)
Robert Horrar President and Chief Executive Officer	-	2,877	328,313
David Watson Chief Financial Officer	-	-	153,213
James Rolfe Chief Development Officer	-	14,367	119,351

NEO	Option-Based Awards – Value Vested During the Year ⁽¹⁾ (\$)	Share-Based Awards – Value Vested During the Year ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year ⁽³⁾ (\$)
John Schario Chief Operating Officer	-	-	96,000
R. Blake Curd Chief Executive Officer Sioux Falls Specialty Hospital, LLP	N/A	N/A	36,589

- (1) The value of options that vested during the fiscal year. The value equals the difference between the exercise price of the options and the closing price of the Common Shares on the TSX on the vesting date. If the closing price of the Common Shares on the vesting date was below the exercise price, the options have no current intrinsic value and are shown as “-”.
- (2) Represents cash settlement of vested RSUs. The cash payout value was calculated by multiplying the number of RSUs that vested (including distribution RSUs, representing the dividends that would otherwise have been reinvested during the period) by the volume weighted average trading price per Common Share on the TSX for the five trading days preceding the vesting date. The RSU values were converted into U.S. dollars at The Wall Street Journal closing exchange rate on the vesting date.
- (3) The amounts reflected in this column are equal to the sum of the amounts shown in “Non-Equity Incentive Plan Compensation” columns in the Summary Compensation Table for the respective NEOs.

Equity Compensation Plan Information

The Corporation’s Stock Option Plan is the only compensation plan under which equity securities of the Corporation have been authorized for issuance. The table below set forth details regarding options outstanding under the Stock Option Plan as of December 31, 2020.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options (#)	Weighted-Average Exercise Price of Outstanding Options (CS)	Number of Common Shares Remaining Available for Future Issuance under Equity Compensation Plans ⁽¹⁾ (#)
Equity compensation plans approved by Shareholders	1,944,906	16.08	1,155,094
Equity compensation plans not approved by Shareholders	None	None	None
Total	1,944,906	16.08	1,155,094

- (1) A maximum of 3,100,000 Common Shares may be issued under the Stock Option Plan. The number in this column reflects the number of securities available for issuance excluding the number of securities to be issued upon exercise of outstanding options.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Executives’ employment agreements provide for, among other things, severance payments in the event of termination without cause, as well as confidentiality, non-solicitation, and non-competition covenants in favour of the Corporation which apply during their respective terms of employment and for a specific period of time following the termination of their employment (whether for or without cause). The following is a summary only and is qualified in its entirety by reference to the terms and conditions of the Executives’ employment agreements and the applicable terms and conditions of the RSU Plan, the Amended and Restated PSU Plan and the Stock Option Plan.

The Corporation may terminate each Executive’s employment agreement at any time with or without cause, provided that if such termination is made without cause, within 74 days after the termination date each Executive would be entitled to termination payment as described in the table below.

The CEO, CFO and COO are entitled to terminate their employment with the Corporation within 90 days after occurrence of the following events (“**Resignation for Good Reason**”): (a) a material and unauthorized diminution in their authority, duties, or responsibilities; (b) relocation in excess of 35 miles from Franklin, Tennessee; (c) material breach by the Corporation of any material provision of their respective employment agreements; or (d) the failure of the Corporation to maintain their relative level of coverage under the Corporation’s employee benefit or retirement plans, policies, practices or arrangements in which the CEO, CFO and COO were entitled to participate as at the date of their respective employment agreements.

The CDO employment agreement specifies that certain terms, conditions and benefits are applicable to the CDO in the event of a “Change of Control”, which generally means: (a) the acquisition of a specified percentage of the Corporation’s outstanding Common Shares; (b) the completion of a consolidation, merger or amalgamation of the Corporation with or into any other entity whereby the voting Shareholders of the Corporation receive less than 50% of the voting rights attaching to the outstanding securities of the consolidated, merged or amalgamated entity; or (c) the sale of all or substantially all of the Corporation’s undertakings and assets whereby the voting Shareholders of the Corporation hold less than 50% of the voting rights attaching to the outstanding voting securities following the sale.

In the event of a Change of Control, the applicable terms, conditions and benefits only take effect when the following two triggers occur: (a) there is a Change of Control; and (b) within 24 months of such Change of Control, the executive officer is terminated other than for cause.

The following table sets forth the compensation that would be paid to the Executives and vesting provisions of the RSUs, 2018 and 2019 PSUs, SUs, and stock options upon termination, resignation, permanent disability and death.

Type ⁽¹⁾	Base Salary	STIP	RSUs or 2018 and 2019 PSUs ⁽²⁾	SUs ⁽²⁾	Stock Options
Termination for Cause	Accrued but unpaid base salary through the date of termination.	None.	Unvested awards expire immediately.	<ul style="list-style-type: none"> Unvested PSU portion of the award expires immediately. Vested and unvested Executive DSU portion of the award expires immediately. 	<ul style="list-style-type: none"> Unexercised vested options are forfeited. Unvested options expire immediately.
Termination without Cause	<ul style="list-style-type: none"> Accrued but unpaid base salary through the date of termination plus two times base salary. In the case of COO, accrued but unpaid base salary through the date of termination plus lump sum equal to six months of base salary. 	<ul style="list-style-type: none"> In the case of CEO, CFO and CDO, two times the lower of (a) the target short-term incentive for the calendar year that includes the date of termination, or (b) the average short-term incentive over the last two years or since employment date. Plus, in the case of CEO, CFO and COO, any earned but unpaid short-term incentive for prior period. 	<ul style="list-style-type: none"> In the case of CEO, CFO and COO, awards vest on the date of termination on a pro-rated basis relative to the length of the early vesting period. In the case of CDO, awards vest on a pro-rated basis, based on the period of employment to the date of termination relative to the length of the applicable vesting period. 	Awards vest on the date of termination on a pro-rated basis relative to the length of the early vesting period.	<ul style="list-style-type: none"> Unexercised vested options must be exercised within 30 days of termination. In the case of CEO, CFO and COO, unvested options expire on the date of termination. In the case of CDO and Horrar COO options, unvested options vest on a pro-rated basis, based on the period of employment to the date of termination relative to the length of the applicable vesting period.
Termination without Cause within 24 Months following Change of Control	In the case of CDO, two times base salary.	In the case of CDO, two times the target short-term incentive.	Awards fully vest.	Awards fully vest.	<ul style="list-style-type: none"> Unvested options vest. Unexercised vested options must be exercised within 24 months of termination or by the end of the original term, whichever is sooner.
Resignation	Accrued but unpaid base salary through the date of resignation.	None.	Awards expire on resignation.	Awards expire on resignation.	<ul style="list-style-type: none"> Unvested options expire on resignation. Unexercised vested options must be exercised within 30 days of resignation.

Type ⁽¹⁾	Base Salary	STIP	RSUs or 2018 and 2019 PSUs ⁽²⁾	SUs ⁽²⁾	Stock Options
Resignation for Good Reason (in the case of the CEO, CFO and CDO) ⁽¹⁾	Accrued but unpaid base salary through the date of termination plus two times base salary.	Any earned but unpaid short-term incentive for prior period plus two times the lower of (a) the target short-term incentive for the calendar year that includes the date of termination, or (b) the average short-term incentive over the last two years or since employment date.	Awards vest on the date of resignation on a pro-rated basis relative to the length of the early vesting period.	Awards expire on resignation.	<ul style="list-style-type: none"> Unexercised vested options must be exercised within 30 days of termination. Unvested options expire on the date of termination.
Permanent Disability	Accrued but unpaid base salary through the date of permanent disability.	In the case of CEO, CFO and COO, any earned but unpaid short-term incentive for prior period.	<ul style="list-style-type: none"> RSUs: awards vest on the original vesting dates. PSUs: awards vest on the date of termination as a result of permanent disability on a pro-rated basis relative to the length of early vesting period. 	Awards fully vest.	Options exercised in accordance with original vesting schedule.
Death	Accrued but unpaid base salary through the date of death.	In the case of CEO, CFO and COO, any earned but unpaid short-term incentive for prior period.	Awards vest on the date of death on a pro-rated basis relative to the length of the early vesting period.	Awards vest on the date of death on a pro-rated basis relative to the length of the early vesting period.	<ul style="list-style-type: none"> Unexercised vested options must be exercised within one year following death. A pro-rated fraction of unvested options will vest on the date of death.

(1) In each event, the CEO, CFO and COO are also entitled to reimbursement of any eligible unreimbursed expenses.

(2) In the case of retirement, RSUs vest on the original vesting dates, 2018 and 2019 PSUs vest on the date of retirement on a pro-rated basis relative to the length of early vesting period, PSU portion of the SU award vests on the date of retirement on a pro-rated basis relative to the length of early vesting period, the Executive DSU portion of the SU award fully vests on the date of retirement, and options are exercised in accordance with original vesting schedule.

The following table sets forth the payments that would have been made to each Executive pursuant to their employment agreements and their RSUs, 2018 and 2019 PSUs, Executive DSUs and options held by them as a result of a termination without cause, Change of Control or Resignation for Good Reason, as applicable, assuming such events occurred on December 31, 2020.

Executive	Triggering Event	Termination Payment (\$)	RSU Payment ⁽¹⁾ (\$)	2018 and 2019 PSU Payment ⁽¹⁾⁽²⁾ (\$)	Executive DSU Payment ⁽¹⁾⁽³⁾ (\$)	Share Option Payment ⁽⁴⁾ (\$)	Total (\$)
Robert Hollar President and Chief Executive Officer	Termination without Cause	1,452,063	-	197,370	300,483	-	1,949,916
	Change of Control	-	-	255,880	1,193,224	-	1,449,104
	For Good Reason	1,452,063	-	197,370	-	-	1,649,433
David Watson Chief Financial Officer	Termination without Cause	965,309	-	-	105,169	-	1,070,478
	Change of Control	-	-	-	417,628	-	417,628
	For Good Reason	965,309	-	-	-	-	965,309

Executive	Triggering Event	Termination Payment (\$)	RSU Payment ⁽¹⁾ (\$)	2018 and 2019 PSU Payment ⁽¹⁾⁽²⁾ (\$)	Executive DSU Payment ⁽¹⁾⁽³⁾ (\$)	Share Option Payment ⁽⁴⁾ (\$)	Total (\$)
James Rolfe Chief Development Officer	Termination without Cause	794,516	65,211	131,736	92,849	-	1,084,312
	Change of Control	954,810	118,921	170,586	368,706	-	1,613,023
	For Good Reason	-	-	-	-	-	-
John Schario Chief Operating Officer	Termination without Cause	150,000	-	-	20,935	-	170,935
	Change of Control	-	-	-	83,134	172,752	255,886
	For Good Reason	792,000	-	-	-	-	792,000

- (1) The RSUs, 2018 and 2019 PSUs and Executive DSUs have been valued using the Common Share value of C\$7.20, which was calculated as the volume weighted average trading price per Common Share on the TSX for the five trading days preceding December 31, 2020, and converted into U.S. dollars using December 31, 2020 The Wall Street Journal closing exchange rate of US\$1 = C\$1.2735.
- (2) The 2018 and 2019 PSUs have an applicable performance multiplier attached in the range of between 0.5x to 1.0x of target. For the purposes of this calculation, the maximum performance multiplier of 1.0x was used.
- (3) The Executive DSUs have an applicable performance multiplier attached in the range of between 0.5x to 1.5x of target. For the purposes of this calculation the target performance multiplier of 1.0x was used.
- (4) Mr. Schario's options have been valued using the Common Share value of C\$7.04, which was the closing price of the Common Shares on the TSX on December 31, 2020, and converted into U.S. dollars using December 31, 2020 The Wall Street Journal closing exchange rate of US\$1 = C\$1.2735. Other Executives' options were not in-the-money on December 31, 2020 and, therefore, there was no incremental value to them assuming a termination without cause, Change of Control or Resignation for Good Reason at that time.

COMPENSATION OF DIRECTORS

DIRECTOR COMPENSATION PHILOSOPHY AND OBJECTIVES

The compensation program for the Corporation's non-executive directors is designed to attract and retain high quality individuals with the experience and capabilities to meet the responsibilities of a Board member and to align the interests of directors with the interests of Shareholders. The CGNC Committee reviews director compensation on a periodic basis to ensure that the composition of the Corporation's director compensation program is appropriate, and that total compensation is competitive in order to attract qualified Board members.

To benchmark director compensation, the Corporation uses the same comparator group of U.S. organizations as that used for benchmarking executive compensation, with appropriate size-adjusting of market data to reflect the relative scope of the Corporation (refer to section under the heading "*Executive Compensation Comparator Group*"). As an additional reference, the Corporation reviews benchmarking results from a group of Canadian-based publicly-traded organizations with annual revenues and total assets comparable to that of the Corporation.

The Canadian reference group includes the companies listed below:

AGF Management Ltd.	IBI Group Inc.
Algoma Central Corporation	Indigo Books and Music Inc.
Andlauer Healthcare Group Inc.	K-Bro Linen Inc.
Calian Group Ltd.	New Look Vision Group Inc.
CareRx Corporation	Postmedia Network Canada Corp.
Chartwell Retirement Residences	Sienna Senior Living Inc.
Extencicare Inc.	WildBrain Ltd.
GDI Integrated Facility Services Inc.	Yellow Pages Ltd.

The Corporation's compensation program for non-executive directors consists of a cash component and an equity component paid in the form of deferred share units ("DSUs"). The payment of cash retainers and granting of DSUs occur on a quarterly basis. The elements of the Corporation's compensation program for non-executive directors are described below.

DIRECTOR COMPENSATION ARRANGEMENTS

The following table sets forth remuneration of non-executive directors for 2020.

Directors Remuneration ⁽¹⁾⁽²⁾⁽³⁾	Amount (\$)
Annual Board Retainers:	
Board Chair	50,000
Board Member (including Board Chair)	100,000
Additional Committee Chairs Retainers:	
Audit Committee Chair	15,000
Corporate Governance, Nominating and Compensation Committee Chair	10,000
Investment Committee Chair	10,000
Other Fees:	
Chair of the Board of Directors of MFH Retainer	10,000
Chair of the Dividend Committees of Medical Facilities America, Inc. and MFH Retainer	4,000
Travel Retainer ⁽⁴⁾	6,000
Equity Compensation in DSUs⁽²⁾	A minimum of 50% of the Board Retainer

- (1) In addition to the fees described in the table above, directors are reimbursed for out-of-pocket expenses for the performance of their duties.
- (2) Directors may elect to receive some or all of their fees in DSUs pursuant to the Deferred Share Unit Plan, as described below. However, no less than 50% of the Board Retainer must be received in DSUs.
- (3) The Corporation has established a policy to address circumstances where it is in the interest of the Corporation to engage non-executive directors (under applicable securities laws) to provide short-term duties outside of their normal service as Board members or which fall outside of the Board's compensation framework. Such engagements may consist of (i) assignments in the interest of the Corporation which fall outside of the normal services provided by the directors in their capacity as such ("**Special Projects**"); (ii) Board-related assignments which fall outside of the Board compensation framework and may include serving on a board of a subsidiary of the Corporation, a sub-committee of the Board, or a committee of management in special circumstances and on a temporary basis; and (iii) participation in an *ad-hoc* committee of the Board which may be convened by the Board from time to time. A director may be eligible for a daily stipend for Special Projects of \$2,000 per day. Fees for Board assignments are determined by the Chair of the Board in consultation with the CGNC Committee on a case-by-case basis. Fees for an *ad-hoc* committee work are determined by the Chair of the Board or delegate. In addition, directors are paid \$1,500 for travel time in connection with these engagements where one-way cumulative travel time is greater than four hours. Compensation for such engagements is approved by the Chair of the Board if total aggregate compensation is up to \$5,000 and by the Board if total aggregate compensation is above \$5,000.
- (4) Flat annual fee for directors requiring overnight stay to attend most regularly scheduled meetings in person. From April to December 2020, none of the directors received travel retainer as all meetings were conducted virtually as a result of travel restrictions and social distancing rules attributable to the COVID-19 pandemic.

DEFERRED SHARE UNIT PLAN

The Board of Directors of the Corporation has implemented a Deferred Share Unit Plan ("**DSU Plan**") providing for the issuance of DSUs to eligible directors of the Corporation. The purpose of the DSU Plan is to attract and retain highly qualified and competent directors for the Corporation. The DSU Plan also serves to further align the interests of the directors with Shareholders of the Corporation by tying a portion of their compensation to the performance of the Corporation during the period that they serve as members of the Board.

Under the DSU Plan, which is administered by the Board of Directors of the Corporation, on or before December 31st of each year, each participant that is an eligible member of the DSU Plan may elect to receive, in lieu of a cash payment, all or a portion of their annual director fees for the following fiscal year in DSUs. No less than 50% of the Board Retainer must be received in DSUs.

For the duration of the director's tenure on the Board, dividends will accrue on the DSUs consistent with amounts declared by the Board of Directors on the Common Shares and be credited to the participant's DSU Plan account. Amounts deferred under the DSU Plan and accrued dividends earned thereon vest immediately and can be redeemed only when the DSU Plan participant ceases to serve as a director of the Corporation. The participant's entitlement in

respect of the DSUs then held will be settled in cash based on a formula tied to the value of the Corporation's Common Shares at the relevant time.

The number of DSUs held by each director in their DSU Plan account is indicated in the table under section "Outstanding Share-Based Awards for Non-Executive Directors" that follows.

DIRECTOR COMPENSATION TABLE

The following table sets forth all amounts of compensation provided to the directors in their capacity as such for the year ended December 31, 2020.

Name ⁽¹⁾	Cash Fees Earned (\$)	Share-Based Awards ⁽²⁾ (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation ⁽³⁾ (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Lois Cormack ⁽⁴⁾	-	4,076	N/A	N/A	N/A	N/A	4,076
Marilynne Day-Linton ⁽⁵⁾	48,098	48,098	N/A	N/A	N/A	N/A	96,196
Stephen Dineley	59,500	59,500	N/A	N/A	N/A	N/A	119,000
Erin Enright	-	111,500	N/A	N/A	N/A	N/A	111,500
Dale Lawr	55,000	55,000	N/A	N/A	N/A	N/A	110,000
Jeffrey Lozon	80,000	80,000	N/A	N/A	N/A	N/A	160,000
Reza Shahim	-	101,500	N/A	N/A	N/A	N/A	101,500

(1) Compensation information for Mr. Horrar, who was a Board member during 2020 and is an NEO for the year ended December 31, 2020, is provided in the Summary Compensation Table under the heading "Statement of Executive Compensation – Summary Compensation Table".

(2) Reflects the amount of director compensation contributed to the DSU Plan.

(3) Directors do not participate in the non-equity incentive plans, except for Mr. Horrar, who participates only in his capacity as CEO.

(4) Ms. Cormack was appointed to the Board effective December 17, 2020.

(5) Ms. Day-Linton retired from the Board effective December 17, 2020.

OUTSTANDING SHARE-BASED AWARDS FOR NON-EXECUTIVE DIRECTORS

The following table sets forth all share-based awards outstanding for each director who was not an employee of the Corporation as at December 31, 2020.

Name	Share-Based Awards		
	Number of DSUs (#)	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ⁽¹⁾ (\$)
Lois Cormack	721	-	4,076
Marilynne Day-Linton ⁽²⁾	49,448	-	282,188
Stephen Dineley	44,844	-	253,377
Erin Enright	57,287	-	323,684
Dale Lawr	55,026	-	310,906
Jeffrey Lozon	56,000	-	316,413
Reza Shahim	65,052	-	367,557

(1) The directors are not entitled to receive payment in respect of the value of any DSUs held until their services as members of the Board cease. Share-based awards not paid out, except for Ms. Day-Linton's awards, were valued at C\$7.20 per Common Share, representing the five-day weighted average price of the Common Shares on the TSX preceding December 31, 2020, and converted into U.S. dollars using December 31, 2020 The Wall Street Journal closing exchange rate of US\$1 = C\$1.2735.

(2) Ms. Day-Linton retired from the Board on December 17, 2020. Her DSUs were valued at C\$7.26 per Common Share, representing the five-day weighted average price of the Common Shares on the TSX preceding December 18, 2020, and converted into U.S. dollars using December 17, 2020 The Wall Street Journal closing exchange rate of US\$1 = C\$1.2721. Ms. Day-Linton opted to be paid in two installments,

on December 31, 2020 and January 15, 2021. The number of DSUs included in the table above represents DSUs that were not settled on December 31, 2020.

The Corporation does not grant options to non-executive directors.

DIRECTORS' SECURITIES OWNERSHIP REQUIREMENTS

The Corporation and the Board of Directors believe that the interests of Shareholders and directors are better aligned when the directors hold significant investments in the Corporation. In support of this belief, the Corporation has fixed minimum requirements for securities ownership by the Corporation's directors.

The current security ownership requirement is that each non-executive director own Common Shares in the capital of the Corporation and/or DSUs with an aggregate value not less than three times the value of then applicable Annual Board Retainer within five years from the date of becoming a non-executive director of the Corporation or from the effective date of the Annual Board Retainer increase. For purposes of these requirements, Annual Board Retainer includes director annual retainer and Chair of the Board annual retainer.

Once the minimum guidelines have been achieved, if the Corporation's share price declines by 25% and the director's securities ownership falls below the minimum guidelines, such director will have one year to restore the compliance. If the securities ownership guidelines for any director are not met within the required time frame, the director will be required to elect at the earliest possible time in accordance with the provisions of the Corporation's DSU Plan to have 100% of his or her director fees contributed to the DSU Plan until the securities ownership guidelines are met.

These requirements are audited annually as of the first day of the fiscal year and are reported to the CGNC Committee. All non-executive directors are currently either meeting or in progress to meet within the prescribed period their individual share ownership requirements.

The table below sets forth each non-executive director's ownership of the Corporation's securities as of December 31, 2020 and December 31, 2019, the market value of these securities, minimum share ownership guidelines and the dates to meet these minimum share ownership guidelines.

Non-Executive Director	Year Ended December 31	Common Shares (#)	DSUs (#)	Total Common Shares and DSUs (#)	Total Market Value of Common Shares and DSUs ⁽¹⁾ (US\$)	Meets Minimum Share Ownership Guidelines at December 31	Minimum Share Ownership Guidelines (US\$)	Dates to Meet Minimum Share Ownership Guidelines
Lois Cormack	2020	-	721	721	2,725	N/A	300,000	17-Dec-25
	2019	N/A	N/A	N/A	N/A	N/A		
Stephen Dineley	2020	415	44,844	45,259	170,942	N/A ⁽²⁾	165,000	26-Feb-21
	2019	415	24,995	25,410	209,546	N/A	300,000	01-Jan-22
Erin Enright	2020	-	57,287	57,287	216,373	N/A	300,000	08-Aug-23
	2019	-	21,528	21,528	177,538	N/A		
Dale Lawr	2020	-	55,026	55,026	207,831	Yes	300,000	01-Jan-22
	2019	-	35,866	35,866	295,774	Yes	165,000	12-Nov-19
Jeffrey Lozon	2020	3,300	56,000	59,300	223,976	Yes	165,000	11-Nov-20
	2019	3,300	29,569	32,869	271,063	N/A	450,000	11-May-24
Reza Shahim	2020	-	65,052	65,052	245,701	N/A	300,000	17-Aug-22
	2019	-	31,714	31,714	261,534	N/A		

(1) For purposes of measurement, which is in accordance with the Corporation's Policy re: Directors' Ownership of Securities, the 2020 market value of the Common Shares and DSUs was calculated using the Common Share value of C\$4.81, which was the average of the closing prices of the Common Shares on the TSX on March 31, 2020, June 30, 2020, September 30, 2020, and December 31, 2020. The market value of the Common Shares and DSUs was converted into U.S. dollars using The Wall Street Journal closing exchange rate on December 31, 2020: US\$1 = C\$1.2735.

(2) Mr. Dineley was in compliance with his target share ownership of \$165,000 as of February 26, 2021.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

For the year ended December 31, 2020, there was no indebtedness of any current or former officers or directors of the Corporation to the Corporation or its subsidiaries entered into in connection with a purchase of securities of the Corporation or its subsidiaries or for any other purpose.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The directors and officers of the Corporation and its subsidiaries are covered under a directors' and officers' liability insurance policy consisting of a primary policy and an umbrella policy as well as crime, employment practices liability, and fiduciary liability policies. The aggregate limit of liability applicable to the insured directors and officers under the policy is \$65 million, including defence costs. Under the policy, each entity will have reimbursement coverage to the extent that it has indemnified the directors and officers.

The by-laws of the Corporation and its direct and indirect subsidiaries and the partnership agreements of each MFC Partnership also provide for the indemnification of their respective directors and officers from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations.

AUDIT COMMITTEE AND AUDITORS' FEES

The Corporation established an Audit Committee comprised of five directors. The current members of the Audit Committee are Mr. Dineley (Chair), Ms. Cormack, Ms. Enright, Ms. Lawr and Mr. Lozon (*ex officio* member), each of whom is "independent" of the Corporation and its direct and indirect subsidiaries, including the MFC Partnerships, and "financially literate" within the meaning of National Instrument 52-110, *Audit Committees*.

The Audit Committee is responsible for oversight of the accounting and financial reporting practices and procedures of the Corporation, monitoring the adequacy of internal accounting controls and procedures, and reviewing the quality and integrity of financial statements of the Corporation. The independent auditors of the Corporation report directly to the Audit Committee. In addition, the Audit Committee is responsible for the review and oversight of the auditors' examination and for recommending to the Board of Directors the selection of independent auditors of the Corporation. The charter of the Audit Committee is attached to the Corporation's annual information form as Schedule "A".

Relevant Education and Experience of Audit Committee Members

The following table sets forth the education or experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by the Corporation to prepare its annual and interim financial statements.

Audit Committee Member	Relevant Education and Experience
Stephen Dineley (Chair)	Mr. Dineley, FCPA, FCA is a retired partner with over 30 years of experience who specialized in assurance services at KPMG LLP. As an audit partner, Mr. Dineley mostly worked in the public company sphere and as such reported to audit committees for various clients on a quarterly basis. From 1998 to 1999, Mr. Dineley was chair of the audit committee of Gas Management Income Fund, and from 1998 to 2000, held the position of Chief Financial Officer at Extencicare Inc., one of the leaders in Canada's senior housing sector. Mr. Dineley chairs the audit committee and governance committee of the Bank of New York Trust Company Canada, and previously chaired the audit committee of DionyMed Brands Inc.
Lois Cormack	Ms. Cormack is a member of the audit committee of Allied Properties Real Estate Investment Trust (TSX:AP.UN). Ms. Cormack served as President and Chief Executive Officer and a director of Sienna Senior Living Inc. (TSX:SIA) for seven years, and has more than 30 years of experience as an executive in the senior living, real estate and health care sectors. She previously served on the Board of Governors of Seneca College and as chair of the finance administration committee. These positions have enabled Ms. Cormack to develop a strong understanding of accounting principles sufficient to ensure her financial literacy.

Audit Committee Member	Relevant Education and Experience
Erin Enright	Ms. Enright's experience includes serving on audit committees of publicly- and privately-listed companies and as a financial executive. She is a member of the audit committee of Dynatronics Corporation (NASDAQ:DYNT), a publicly-traded medical products company focused on the physical therapy, athletic training and chiropractic markets, and chairs the audit committee of Keystone Dental, Inc., a private company controlled by the private equity firm Accelmed. Formerly, she served on the audit committee of Biolase, Inc. (NASDAQ:BIOL), a publicly-traded dental laser company, and, from 2005 to 2007, was Chief Financial Officer of InfuSystem, Inc. (NASDAQ:INFU), an oncology infusion service provider.
Dale Lawr	Ms. Lawr is a CPA, CA with executive experience in a broad range of organizations. Until March 2015, Ms. Lawr was Chief Risk Officer at Infrastructure Ontario, which she joined in 2011 as Chief Financial Officer. Ms. Lawr has also served as Chief Financial Officer of Altus Group Limited (TSX:AIF) and RTC Industries Inc., a retail design firm, Vice-President Finance of Frankel & Co., a national marketing services agency and a business unit of Publicis SA, and Senior Manager and Director of Finance for Accenture in the firm's Chicago and Toronto offices. Ms. Lawr also worked for Ernst & Young and Grant Thornton as an auditor with clients in several industries. Ms. Lawr chairs the finance, audit and risk committee of the Ontario Institute for Cancer Research.
Jeffrey Lozon	Mr. Lozon has reported to and participated in audit committees in both commercial and not-for-profit sectors for over 30 years. In his various capacities, he has served as a member of audit committees as well as reported to same. Mr. Lozon chaired the audit committee of Voalte, Inc., a healthcare technology company, from 2013 to 2019.

Non-Audit Services

The Corporation's Audit Committee has adopted specific policies and procedures for the engagement of external auditors for all services, including non-audit services. The policies require Audit Committee approval for all such engagements but the Audit Committee may delegate pre-approval authority to the chair of the Audit Committee.

External Auditors Service Fees

The table below sets forth disclosure regarding the services provided and fees earned by the Corporation's external auditors over the two most recently completed fiscal years, dividing the services into the three categories of work performed.

Type of Work	2020 Fees ⁽¹⁾	2019 Fees ⁽¹⁾
Audit fees ⁽²⁾	C\$ 200,500 (i)	C\$ 191,000
	C\$ 50,000 (ii)	-
	US\$ 299,000 (iii)	US\$ 321,700
	US\$ 19,100 (iv)	US\$ 18,800
	C\$ 138,000 (v)	C\$ 135,000
	C\$ 143,000 (vi)	-
	C\$ 26,000 (vii)	C\$ 25,000
	C\$ 97,000 (viii)	C\$ 84,000
		C\$ 86,000
Tax compliance fees ⁽³⁾	C\$ 47,000	C\$ 6,500
Other fees ⁽⁴⁾	C\$ 9,400 (i)	C\$ 120,000
	US\$ 47,763 (ii)	

(1) Fees shown are net of Canadian Public Accountability Board's participation fees, technology and support charges, travel costs and harmonized sales tax.

(2) Audit fees billed for professional services rendered by the auditors for the (i) audit of the Corporation's consolidated financial statements for the year ended December 31, 2020, (ii) additional audit procedures in respect of IFRS 16, *Leases* and new auditing standards: CAS 540, *Auditing Accounting Estimates and Related Disclosures* and CAS 701, *Communicating Key Audit Matters in the Independent Auditor's*

Report, (iii) audit of four (2019: five) MFC Partnerships for the year ended December 31, 2020, (iv) review of an MFC Partnership for the year ended December 31, 2020, (v) review of the interim consolidated financial statements of the Corporation for Q1, Q2 and Q3 2020, (vi) additional review procedures in respect of Q1 and Q2 2020 as a result of the impact of COVID-19 on the Corporation's business and financial reporting and the sale of ownership interest in an MFC Partnership and its real estate assets, (vii) audit of the balance sheet and income statement of an MFC Partnership acquired in 2018, and (viii) additional procedures in respect of the 2019 audit.

- (3) Tax fees billed for professional services rendered by the auditors for general tax compliance.
- (4) Other fees in 2020 included tax fees billed for professional services rendered by the auditors for tax advice in respect of the (i) settlement of an intercompany loan and review of income tax filings by tax authorities, and (ii) review of the Corporation's long-term incentive plans. Other fees in 2019 consisted of tax fees billed for professional services rendered by the auditors for tax advice in respect of internal reorganization.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate external auditors not been adopted by the Board of Directors.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The following is a statement of the Corporation's corporate governance practices in accordance with National Policy 58-201, *Corporate Governance Guidelines* (the "**Governance Guidelines**") and National Instrument 58-101, *Disclosure of Corporate Governance Practices* (the "**Governance Disclosure Rule**"), which were adopted by the securities regulatory authorities in Canada. The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices. The Governance Disclosure Rule requires that, if management of an issuer solicits proxies from its securityholders for the purpose of election of directors, specified disclosure of its corporate governance practices must be included in its management information circular.

The Board of Directors of the Corporation believes that sound corporate governance practices are in the interest of Shareholders and contribute to prudent and effective decision-making. Accordingly, directors of the Corporation are committed to thorough and effective corporate governance arrangements. The Board of Directors fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased, and the nature of the agenda items may be changed depending on the state of the Corporation's affairs and in light of opportunities or risks which the Corporation faces. The directors are kept informed of the Corporation's operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The Corporation's corporate governance practices have been and continue to be in compliance with applicable Canadian requirements. The Corporation continues to monitor developments in Canada with a view to further revising its governance policies and practices, as appropriate. The Corporation's objective is to meet and, where applicable, exceed all corporate governance guidelines.

The following is a description of the Corporation's governance practices which has been prepared by the CNCG Committee and has been approved by the Board of Directors.

BOARD OF DIRECTORS CHARTER

The Board of Directors believes that clear accountability leads to the best governance and, therefore, maintains a charter for the Board. The Board of Directors Charter is included in this information circular as Schedule "A". Under the Charter, the Board is responsible for overseeing the management of the business of the Corporation and for providing stewardship and governance to ensure the viability and growth of its business. The Charter describes the duties and responsibilities of the Board in matters of independence and integrity, strategic planning, risk oversight, leadership and succession, financial reporting, corporate communications, public disclosure, and corporate governance.

BOARD OF DIRECTORS

Director Independence

Use of the term “independent” in relation to a director in this information circular means a director is independent as defined under Governance Disclosure Rule and, in particular, is free of any direct or indirect material relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the director’s independent judgment.

The Board of Directors reviews the nature and significance of relationships between the directors and the Corporation and any of its subsidiaries to determine independence. The Board of Directors has concluded that five of the seven directors standing for re-election at the Meeting are independent.

The Board has determined that Dr. Shahim is a non-executive, non-independent director. Dr. Shahim is a minority owner of Arkansas Surgical Hospital, LLC (“ASH”), an MFC Partnership, and a minority member of an ownership group that owns and leases hospital real estate to ASH. As well, Dr. Shahim is a minority member of another ownership group that owns and leases imaging equipment to ASH.

The Board has determined that Mr. Horrar is not independent. Mr. Horrar is the CEO of the Corporation.

Chair of the Board of Directors

The Chair of the Board, Mr. Lozon, is an independent director within the meaning of Governance Disclosure Rule. The Board of Directors, in conjunction with the CGNC Committee, has developed broad terms of reference for the Chair of the Board which, among other things, include managing and developing a more effective Board and ensuring that such Board can function independently of management. The Corporation believes that having an independent Chair of the Board fosters strong leadership, robust discussion, and effective decisions while avoiding potential conflicts of interest. The position description of the Chair of the Board is available on the Corporation’s website at www.medicalfacilitiescorp.ca.

Other Public Company Directorships

Ms. Cormack, an independent director, is a trustee of Allied Properties Real Estate Investment Trust (TSX:AP.UN). Ms. Enright, an independent director, is chair of the board of Dynatronics Corporation (NASDAQ:DYNT). No other directors serve on boards of other public corporations.

Interlocking Board Relationships

The Board does not have any interlocking board relationships which affect the independence of any of its Board members, as determined in accordance with National Instrument 52-110, *Audit Committees*.

Strategic Planning Oversight

Pursuant to the Board of Directors Charter, the Board oversees the development and execution of a long-range strategic plan and a short-range business plan for the Corporation, which are designed to achieve the Corporation’s principal objectives and identify the principal strategic and operational opportunities and risks of the Corporation’s business. To assist the Board in meeting its responsibility, the agenda for every regularly-scheduled Board meeting includes a discussion of the progress of the short-term business plan and quarterly results as well as management’s review of operations, business development, financial forecast, and emerging trends and opportunities so as to provide the directors the information required for them to discuss and analyze the main risks associated with the Corporation’s business plan and make recommendations to adjust the plan, if necessary. In addition, the Board holds annual strategic planning sessions where directors meet and discuss the long-term plan for the organization in detail with management, and internal and external advisors, as required.

Board Oversight of Risk Management

Pursuant to the Board of Directors Charter, the Board is responsible for overseeing the implementation by management of appropriate systems to identify, report, and manage the principal risks faced by the Corporation. The Board has delegated to the Audit Committee the responsibility of assisting the Board with respect to risk oversight.

As part of the risk management processes, risk register has been developed through risk identification and risk assessment exercises facilitated by management. Risk information is sourced throughout the organization using a variety of methods, including risk identification interviews and questionnaires. Key risks and associated mitigation strategies are reviewed by management and are presented to the Audit Committee. The key risk categories assessed include financial reporting, quality of care, operational policy and execution, human resources, regulation, compliance, reputation, information technology and cybersecurity, and external factors such as pandemics, epidemics and other outbreaks, adverse weather conditions and natural disasters. Risks are assessed across the organization using a risk scoring matrix to assess impact and likelihood. The development and execution of risk treatment plans for the organization's top risks are actively monitored by management. The Audit Committee oversees management to ensure the risk governance structure and risk management processes are robust, and that the Corporation's risk appetite is thoroughly considered in decision-making.

Internal Controls

The Board is responsible for monitoring the integrity of the Corporation's internal controls and management information systems. The Board has delegated internal control oversight responsibilities to the Audit Committee, which includes monitoring the system of internal control over financial reporting. The Audit Committee reviews quarterly and annual financial statements and recommends them to the Board for approval. Management updates the Audit Committee quarterly on assessments of the design and operating effectiveness of the system of internal control over financial reporting and the preparation of financial statements for external reporting purposes.

Succession Planning

The Board has included succession planning as part of the mandate of the CGNC Committee. The CGNC Committee has responsibility for ensuring that a succession planning process is in place and for reviewing this process on an annual basis.

Succession planning is viewed by the CGNC Committee as an ongoing process for identifying and developing the talent, leadership, and skills necessary to ensure the Corporation has the continued capability to meet future strategic objectives and fulfill key organizational roles in the future.

The CGNC Committee, with the assistance from the CEO in the case of other Executives, is mandated to make recommendations to the Board with respect to succession planning including (i) policies and principles for the selection and performance review of the executive officers, and potential successors to the executive officers; and (ii) policies and plans regarding succession in the event of an abrupt departure or retirement of an executive officer.

The CGNC Committee requires that the CEO review the performance of his executive team members at minimum on an annual basis.

If no internal succession candidates are identified, the Corporation expects to source potential successors through external hiring. In these instances, plans would be developed to provide for filling the role on an interim basis pending the external hire.

Standing Committees of the Board

The Board of Directors, in part, performs its mandated responsibilities through the activities of its three standing committees: the Audit Committee, the CGNC Committee and the Investment Committee. The Audit Committee and the CGNC Committee are comprised entirely of independent directors. The Investment Committee is comprised of independent directors with the exception of Dr. Shahim who is considered non-executive non-independent as described above. From time to time, when appropriate, an *ad-hoc* committee of the Board may be appointed by the Board.

The following table sets forth the composition of the Board committees as at December 31, 2020.

Director	Audit Committee	CGNC Committee	Investment Committee
Independent Directors:			
Lois Cormack	✓	✓	✓
Stephen Dineley	Chair		✓
Erin Enright	✓		Chair
Dale Lawr	✓	Chair	
Jeffrey Lozon	✓ (<i>ex officio</i> member)	✓	✓
Non-Executive Non-Independent Director:			
Reza Shahim			✓
Executive Director:			
Robert Horrar			

Further information about the Audit Committee is provided under the heading “*Audit Committee and Auditors’ Fees*” in this information circular. Further information about the CGNC Committee is provided under the heading “*Statement of Executive Compensation – Compensation Discussion and Analysis*” of this information circular.

Investment Committee

The Investment Committee assesses and makes recommendations to the Board in respect of management’s acquisition and investment recommendations, including assessment of risk and risk mitigation with respect to material investment transactions. The Investment Committee is comprised of Ms. Enright (chair), Ms. Cormack, Mr. Dineley, Mr. Lozon, and Dr. Shahim. The Investment Committee Charter is available on the Corporation’s website at www.medicalfacilitiescorp.ca.

Board and Standing Committee Meeting Attendance

Directors are expected to attend all meetings of the Board and the committees on which they participate either in person or by teleconference, subject to unavoidable conflicts. During the COVID-19 pandemic, all meetings of the Board and committees were and continue to be held virtually. Subject to the Corporation’s articles, a quorum for the transaction of business at any meeting of the Board or its committees shall consist of a majority of the number of directors then holding office present in person or by telephone. Notwithstanding any vacancy among the number of directors, a quorum of directors may exercise all of the powers of the directors. Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

Directors are also expected to attend the annual meeting of Shareholders. Directors are welcome to attend all committee meetings regardless of membership to enhance their knowledge of the Corporation’s business and their understanding of particular committee matters. From time to time, directors may visit MFC Partnerships to gain a better understanding of their operations.

The Board meets in person a minimum of five times per year. The Audit Committee meets in person at least four times a year, the CGNC Committee meets in person at least four times a year, and the Investment Committee meets in person at least four times a year, or more frequently as deemed necessary by each committee. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the business and affairs which the Corporation faces from time to time.

The following table sets forth the attendance (in person, by teleconference or virtually) of the Board and standing committee meetings held and attended by directors during 2020.

Director	Board Meetings		Audit Committee Meetings ⁽¹⁾	CGNC Committee Meetings ⁽¹⁾	Investment Committee Meetings ⁽¹⁾	Total Board and Committee Meeting Attendance	
	Regularly Scheduled	Non-Regularly Scheduled					
Lois Cormack ⁽²⁾	1 of 1	N/A	N/A	N/A	N/A	1 of 1	100%
Stephen Dineley	6 of 6	8 of 8	5 of 5	N/A	5 of 5	24 of 24	100%
Erin Enright	6 of 6	8 of 8	5 of 5	N/A	5 of 5	24 of 24	100%
Robert Horrar	6 of 6	8 of 8	N/A	N/A	N/A	14 of 14	100%
Dale Lawr	6 of 6	8 of 8	5 of 5	5 of 5	N/A	24 of 24	100%
Jeffrey Lozon	6 of 6	8 of 8	4 of 5	5 of 5	5 of 5	28 of 29	97%
Reza Shahim	6 of 6	8 of 8	N/A	N/A	5 of 5	19 of 19	100%

(1) Does not include attendance by directors who are not members of the committees but may attend by invitation to enhance their knowledge of the Corporation's business and their understanding of the committee's work.

(2) Ms. Cormack was appointed to the Board on December 17, 2020.

Board and Committee Meetings without Management

The non-executive directors meet without members of management present at every meeting of the Board and at the meetings of standing committees of the Board, as required. Each regularly scheduled Board meeting agenda includes an *in-camera* session at the beginning and at the end of each meeting. Each regularly scheduled committee meeting agenda includes an *in-camera* session at the end of each meeting. As a non-executive non-independent member of the Board, Dr. Shahim is invited to attend the independent meetings of the Board unless the Board determines that Dr. Shahim's non-independent status conflicts with the matters under discussion at such meetings.

POSITION DESCRIPTIONS

The Board of Directors has developed written position descriptions for the Chair of the Board of Directors and the chair of each standing committee of the Board. In conjunction with the CEO, the Board of Directors has developed a written position description for the CEO. The position descriptions for the Chair of the Board, committee chairs and the CEO are available on the Corporation's website at www.medicalfacilitiescorp.ca.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

Director Orientation

All new directors of the Corporation receive a comprehensive orientation. It is the responsibility of the CGNC Committee to approve an appropriate orientation and education program for new directors. Every new Board member is briefed on the role of the Board of Directors, its committees, the contribution individual directors are expected to make, and on the nature and operation of the Corporation and its business by the Chair of the Board or his or her designate and is provided with the Corporation's comprehensive Director Orientation Manual (the "**Manual**"). The Manual contains information and comes with a package of materials concerning:

- a) the Corporation's key corporate governance and public disclosure documents;
- b) the Corporation's business, legal framework and organizational structure;
- c) the structure of the Board and its committees;
- d) expectations from the directors and their principal roles and responsibilities;
- e) evaluation process for the Board, its committees, the chairs and individual directors;

- f) directors' and officers' liability insurance;
- g) expectations and guidelines regarding continuing education and professional development, including suggested literature and resources which the Board believes would be of assistance to the new director; and
- h) policies and procedures pertaining to the directors.

New Board members are also expected to visit, within 12 to 18 months of appointment, at least one MFC Partnership to familiarize themselves with operations by touring the facility and meeting members of the local governing board.

Continuing Education

The Corporation recognizes the importance of optimizing the ability of the directors to understand their roles and responsibilities within the organization and keeping current their knowledge and understanding of issues affecting the Corporation. In this respect, the Corporation expects its directors to attend seminars and courses and undertake individual reading and self-study on a variety of topics, including economy, corporate matters, securities regulation, external reporting standards, healthcare industry, compensation practices, major litigation developments, director duties, and risk management.

Procedures are in place to ensure that the Board is kept up to date and to facilitate timely and efficient access to all information necessary to carry out its duties. Among other things, the directors:

- a) receive a comprehensive package of information prior to each Board and committee meeting;
- b) are involved in setting the agenda for the Board and committee meetings;
- c) attend strategic planning meetings;
- d) have full access to senior management; and
- e) receive regular updates between Board and committee meetings on matters affecting the Corporation's business.

In addition, management distributes various materials and makes presentations to the Board and committees when they are making key business decisions, during strategic planning meetings, on topical issues from time to time and in response to requests from directors. Directors are also provided with updates summarizing changes to the laws in respect of corporate governance and receive continuing education that, among other things, assists directors in maintaining or enhancing their skills and abilities as directors and ensures that their knowledge and understanding of the Corporation and its business remain current. Occasional site visits by the directors to the Corporation's subsidiaries are also used as educational tool for directors.

The Corporation pays for educational courses for members of the Board relating to matters concerning the Board. The Corporation also pays for directors' membership dues to the Institute of Corporate Directors that provides relevant publications and educational opportunities.

In 2020, all directors attended educational sessions organized by the Corporation concerning the ASC industry and Canadian capital markets. Also in 2020, the CGNC Committee approved topics for 2021 educational sessions on the recommendation by the CEO.

CORPORATE AND BOARD POLICIES

Code of Business Conduct and Ethics

The Board has adopted a written code of business conduct and ethics for the Corporation (the “**Code of Conduct**”), which constitutes written standards that are designed to promote integrity and to deter wrongdoing. The Code of Conduct addresses the following issues:

- a) compliance with laws, rules and regulations;
- b) conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a personal interest;
- c) confidentiality of corporate information;
- d) protection and proper use of corporate assets and opportunities;
- e) fair dealing with the Corporation’s securityholders, customers, suppliers, competitors and employees;
- f) discrimination and harassment; and
- g) reporting of any illegal or unethical behaviour.

The Code of Conduct applies to all directors, officers, employees, representatives, and agents (collectively, the “**Personnel**”) of the Corporation. The Corporation’s operating subsidiaries have also adopted a similar code of conduct that applies to their respective personnel and mirrors or substantially reflects the provisions of the Code of Conduct. All Personnel, including that of the Corporation, as defined above, and of each subsidiary of the Corporation, must conduct themselves in accordance with the respective code of conduct and seek to avoid even the appearance of improper behaviour. Conflicts of interest, defined as when an individual’s private interests interfere in any way with the interests of the Corporation and its subsidiaries, are prohibited under the Code of Conduct. Upon becoming aware of a conflict or a potential conflict, Personnel are required to bring it to the attention of a supervisor or department head or other senior member of the Corporation. Where illegal or unethical behaviour is observed, Personnel are also instructed to look to the Corporation’s Whistle Blower Policy (discussed below) for the recommended procedures for reporting such violations.

Administration of the Code of Conduct is the responsibility of senior management of the Corporation. The CFO has been delegated by the Board to ensure that a copy of the Code of Conduct is circulated to all new Personnel upon engagement. In addition, periodic training sessions for the Personnel have been mandated by the Board to ensure familiarity and comfort with the Code of Conduct. The Audit Committee receives quarterly reports as to the compliance with the Code of Conduct and the Whistle Blower Policy. The Code of Conduct may be found on SEDAR at www.sedar.com or the Corporation’s website at www.medicalfacilitiescorp.ca. In the alternative, copies may be obtained from the CFO of the Corporation upon written request.

Disclosure Policy

The Corporation has a corporate disclosure policy to ensure that communications to investors and potential investors are timely, factual, and accurate, and that the information is disseminated in accordance with all applicable legal and regulatory requirements to the investing public, analysts, and the media.

Whistle Blower Policy

The Corporation’s Whistle Blower Policy establishes a method for dealing appropriately with any complaints made by Personnel of violation of the Code of the Conduct, fraudulent or illegal activities, or irregular and dishonest accounting, internal accounting control, and auditing matters. Anyone who in good faith reports such activity will be protected from threats of retaliation or discrimination as a result of the report. Reports under the Whistle Blower Policy can be made anonymously and addressed to the Audit Committee chair, the Corporation’s compliance advisor or legal

counsel. On a quarterly basis, the CFO informs the Audit Committee of all reports made under the Whistle Blower Policy. The Whistle Blower Policy is available on the Corporation's website at www.medicalfacilitiescorp.ca.

Policies Concerning Trading in Securities

The Corporation's Policy Concerning Confidentiality, Fair Disclosure and Trading in Securities and Insider Reporting Policy place restrictions on the individuals in a special relationship with the Corporation when trading securities of the Corporation. These policies include, among other things, (i) restriction from trading securities of the Corporation during quarterly trading blackout periods as well as *ad-hoc* blackout periods; (ii) communication of the dates for regular blackout periods; and (iii) prohibition from communicating insider information to others other than in the necessary course of business. All reporting insiders are required to disclose all trading activity pursuant to the Canadian securities laws and file insider reports via the Internet-based System for Electronic Disclosure by Insiders. Policy Concerning Confidentiality, Fair Disclosure and Trading in Securities is available on the Corporation's website at www.medicalfacilitiescorp.ca.

NOMINATION OF DIRECTORS

The duties of the nominating committee are conducted by the CGNC Committee. The Board has appointed the CGNC Committee, composed of three independent directors as at the date of this information circular, to identify and recommend new candidates to the Board. The responsibilities, powers and operation of the CGNC Committee are outlined in the CGNC Committee Charter included in this information circular as Schedule "B".

The CGNC Committee monitors the size and composition of the Board and its committees and succession issues. It regularly reviews the competencies, skills and personal qualities required of Board members and develops and recommends criteria for selecting new Board members. The Committee identifies candidates based on the requisite skills, qualities and background, including gender, and assesses a candidate's ability to make valuable contribution to the Board, including considering whether the candidate can devote sufficient time and resources to his or her duties as a Board member. To identify possible candidates, the CGNC Committee may invite suggestions from other directors and management and may engage external consultants. The CGNC Committee actively seeks individuals qualified, in the context of the Corporation's needs and formal criteria established by the Board, to become members of the Board for recommendation to the Board. As discussed below under the "*Diversity*" section of this information circular as well as set forth in the Board of Directors Charter included in this information circular as Schedule "A", the Corporation recognizes the importance of women having representation at key decision-making points in organizations and is supportive of the requirements of the Canadian Securities Administrators in this regard. Accordingly, as one factor in the foregoing analysis, the CGNC Committee and the Board consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election.

The CGNC Committee holds regular succession planning reviews and makes recommendations to the Board to ensure that the composition, diversity (including with respect to gender or otherwise), and the number and specific skill sets of directors are appropriate for the size and complexity of the Corporation and facilitate effective decision-making. In this regard, the CGNC Committee identifies skill sets and expertise requirements for potential future director nominees. When the CGNC Committee engages an independent firm of search consultants, it requests the development of a list of potential candidates based on the criteria developed by the CGNC Committee for the selection of a new director. The search consultants screen candidates and discuss potential candidates with CGNC Committee members. Based on those discussions, they then create a list of primary candidates. Based on this list, the search consultants determine the interest and availability of the potential candidates. This process is designed to provide the best opportunity for identifying strong Board candidates. Once identified, each candidate is interviewed by a panel of directors, which typically includes the Chair of the Board and the members of the CGNC Committee.

Director recruitment and renewal activities have been ongoing since 2012. With consideration that an independent director was retiring at the end of 2020, the Board appointed a search committee to work with an independent search consultant to identify, screen and interview candidates, and present finalists to the CGNC Committee and the Board. As a result of this process, Ms. Cormack was appointed to the Board with an effective date of December 17, 2020.

DIRECTOR SKILLS AND EXPERIENCE

The Board and the CGNC Committee review the experience, qualifications, and skills of the directors on a regular basis to ensure that the composition of the Board and committees and skills of the members are in line with those that the Board and respective committees should possess.

The CGNC Committee maintains a skills matrix to identify and evaluate the competencies and skills of the directors based on the individual experience and background. The skills matrix is reviewed and updated annually based on self-assessment by each director whereby each director is asked to rate their experience and background on a variety of key subject areas, including executive leadership, strategy, U.S. healthcare industry, corporate governance, financial literacy, legal and regulatory experience, financial markets, mergers and acquisitions, compensation and human resources, risk management, and information technology. This data is compiled into a matrix representing the Board skills for current directors. This matrix is used in the nomination process as a reference tool to identify areas for strengthening the Board.

COMPENSATION

The Board has appointed the CGNC Committee to review and recommend compensation of the Corporation's directors and executive officers. The responsibilities, powers and operation of the CGNC Committee are outlined in the CGNC Committee Charter included in this information circular as Schedule "B". Additional information on director and senior officer compensation can be found in this information circular under the headings "*Statement of Executive Compensation – Compensation Discussion and Analysis*" and "*Compensation of Directors*".

BOARD AND COMMITTEE ASSESSMENTS

The CGNC Committee is responsible for annual assessment of the effectiveness of the Board as a whole, the Board's committees and individual directors. The Corporation undertakes a formal process in which surveys are delivered to and, when considered appropriate, a telephone interview is held with each director in order to help assess the effectiveness of the Board, the various committees, the Chair of the Board, the chairs of the committees, and the individual directors.

The evaluation process includes the engagement of a third-party independent consultant who conducts online surveys of the Board members. The surveys ask directors to evaluate the Board structure, and Board and committee composition, effectiveness, performance and conduct of meetings, as well as the Corporation's strategy, operations, and organization. In addition, the directors are asked to evaluate the performance of the Chair of the Board and the committee members are asked to evaluate the performance of their respective committee chairs. Each director is also asked to evaluate his or her peers on, among other things, attendance, preparedness, contribution and participation, knowledge of the business, required skills and expertise. Certain responses also require write-in comments, and, at the end of each section, the directors are also encouraged to add their comments.

The consultant compiles the results and reports, in writing and verbally, to the chair of the CGNC Committee and the Chair of the Board. Individual director assessment reports are provided to and discussed with the Chair of the Board only. The Board, Chair of the Board and committee assessment reports are shared with and discussed by the CGNC Committee and the entire Board. Each committee also discusses its respective report and utilizes its results to highlight performance and areas for improvement. The Chair of the Board holds discussions with each director about the results of the surveys and the operations of the Board.

With respect to 2020, the survey responses had a positive trend in numerical scores and favourable write-in comments. The overall conclusion was that the Board continues to be highly functioning and very effective, is committed to strong governance, and has effectively worked in conjunction with management to navigate through various COVID-19 extraordinary factors and challenges. Based on the results of the evaluation, the CGNC Committee will identify and recommend goals and objectives for the Board to focus on in future periods as part of continuous improvement and learning.

DIVERSITY

Board Diversity

The Board of Directors strongly supports the principle of boardroom diversity, of which gender is one important aspect. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit and against objective criteria, including diversity. In identifying candidates, the CGNC Committee, among many factors, considers the diversity of the Board and in particular the representation of women on the Board. The existing number of women on the Board is a factor considered in assessing potential new director candidates.

The Board has adopted a written board diversity policy. The purpose of the policy is to express the importance the Corporation places on the diversity of its Board. The Board believes that diversity enriches discussions among the members of the Board and improves the Corporation's evolving relationships with its employees, Shareholders and other stakeholders. In furtherance of this purpose, the CGNC Committee is guided by the following principles when identifying candidates to recommend for election or appointment to the Board:

- a) an intention that the Board be composed of directors who possess extensive knowledge and competencies, diverse points of view, and relevant expertise, enabling each director to make an active, informed and positive contribution to the management of the Corporation, the conduct of its business and its future development;
- b) seeking a balance in terms of the knowledge and competencies of directors to help the Board fulfil its responsibilities in all respects; and
- c) considering diversity criteria by seeking directors who represent both genders, various ages, and geographic and ethnic diversity, as well as a broad range of business and educational experience, professional expertise, personal skills and perspectives.

The Board reviews its diversity policy at least annually to ensure the objectives of the policy are being considered and it continues to be implemented effectively. The Board takes regular steps to measure its progress in furtherance of the principles outlined above. The CGNC Committee considers the objectives of the Board diversity policy when making decisions regarding Board appointments.

The Board is dedicated to ensuring it benefits from the broader exchange of perspectives made possible by diversity of thought, background, skills, and experience.

The Board has not adopted specific targets for gender diversity at the Board level due to the Board's relatively small size and the need to consider a balance of criteria in each individual appointment. In particular, it is important that each appointment to the Board be made on the merits of the individual and the needs of the Board and the Corporation at the relevant time. Targets based on specific criteria could limit the Board's ability to ensure that the overall composition of the Board meets the needs of the Corporation and its Shareholders.

The Board has three female directors, representing 43% of the seven directors of the Corporation and 50% of the six non-executive directors of the Corporation.

Management Diversity

Executive appointments at the Corporation are determined based on merit and qualifications relevant for the specific role. Consideration is given to a broad range of skills, background, experience, knowledge, merit, and cultural fit within the organization. Diversity is taken into account, however, the ultimate decision is determined based on the best candidate for the role. In addition, the Corporation's executive team is relatively small consisting of four executive officer positions: CEO, CFO, CDO and COO. For the reasons described above, the Corporation does not specifically consider the level of representation of women in executive positions and has not adopted a specific target regarding the number or percentage of women in executive positions. All four Executives joined the Corporation within the last four years. At the time of their appointments, considerations were made both to competencies and personal attributes, including with respect to gender and otherwise, to build the strongest leadership team for the Corporation.

As at December 31, 2020, women occupied 25% (three of twelve) of senior officer positions at the Corporation's corporate and operating subsidiaries. However, appointment of senior officers at the operating subsidiaries level is not a matter in respect of which the Corporation has rights.

DIRECTOR TENURE

The Corporation does not have a mandatory age for retirement of directors and there are no term limits. As previously discussed, the Corporation has a robust annual evaluation process which includes peer review to determine, among other considerations, the contribution of each director.

Although term limits can be a factor in promoting an environment in which fresh ideas and viewpoints are available to the Board, term limits for directors can also disadvantage the Corporation by depriving it of the contribution of individuals who have developed, over a period of time, a deep knowledge of, and insight into, the Corporation and its operations. The Board seeks a balance with new and experienced appointments.

The CGNC Committee annually reviews the Board's policy on tenure and retirement to ensure that the policy, along with Board composition reviews and the succession planning process, are providing for Board renewal that meets the ongoing and developing needs of the Corporation. The Corporation has an active Board renewal program in place, reflected by the appointment of seven non-executive directors since 2013.

ENVIRONMENTAL AND SOCIAL ISSUES

The Corporation and MFC Partnerships are committed to conducting their business in a safe and responsible manner, promoting sound environmental practices, minimizing the impact of the environment on their operations, enhancing human and community resources, and complying with all local, state, and federal regulations. The MFC Partnerships' commitment to social responsibility is primarily reflected in pursuit of quality of care for patients, ensuring health and safety of employees, and contribution to the overall health and well-being of the communities where MFC Partnerships are located and conducting business sustainably. Management has processes in place whereby it is made aware of any health, safety, or environment issues at the MFC Partnerships and regularly reports on these matters to the Board.

As discussed under the "Named Executive Officers" section above and described in detail in the Corporation's annual information form, the Corporation does not have any ongoing business operations of its own. Instead, through its wholly-owned subsidiaries, the Corporation holds indirect ownership interests in five surgical hospitals and seven ASCs (hereinafter collectively, the "Facility" or "Facilities"). The business and operations of the Facilities are under the operational control and direction of management of each Facility or, for certain ASCs, a management company. The Corporation's control and general oversight over these Facilities are through contractual rights in respect of reduction in distributions, certain budgeting matters, material deviations from budget and specified fundamental transactions. As such, policies, practices, and procedures, including in respect of environmental and social issues, may not be uniform across the Facilities, and the Corporation does not have approval rights in respect of such policies, practices, and procedures and relies on the decisions made by non-controlling owners of the MFC Partnerships. However, while the Corporation is limited to its contractual rights, it constantly shares best practices with the Facilities and has representation on the governing boards of the Facilities where decisions in respect of environmental and social issues are made. Furthermore, the U.S. healthcare industry is highly regulated, as described in detail in the Corporation's annual information form, and the Facilities are subject to numerous local, state and federal regulations in respect of protection of environment, health and safety, quality of care, patient records and personal information, among others.

In 2020, oversight of significant environmental and social ("E&S") risks, strategies, policies, programs and practices was formally delegated to the CGNC Committee and is reflected in the CGNC Committee's Charter included in the Schedule "B" to this information circular. The CGNC Committee is also taking an active role in the continued evolution of the Corporation's E&S public reporting. In addition, the Audit Committee is responsible for the oversight of the Corporation's risk management practices, including the review and approval of the Enterprise Risk Management Framework, Risk Appetite Statement, and significant risk management policies, including environment and social risk management topics.

A summary of the Corporation's and Facilities' E&S-related policies, practices and initiatives follows.

Environmental Issues

Facilities' Level

The Facilities are dedicated to minimizing the impact on the environment of their operations, including infectious waste, and to complying with all local, state, and federal regulations regarding waste management. They have implemented and follow policies for identification and proper handling and disposal of infectious medical waste. Hazardous drugs, outdated and expired medications, and unused medications are identified and disposed of during a regular medication reconciliation process. Certain Facilities provide “waste sites” on discharge instructions to patients so the patients know where and how to dispose of unused and expired medications.

The Facilities also follow policies for safety and proper storage of medical gas cylinders, and in respect of sanitation, construction, and laundering.

The Facilities continuously look for ways to make their operations more sustainable, updating their infrastructure through various initiatives, which include:

- Decreasing energy consumption by replacing lighting systems, older fixtures and equipment with more energy-efficient alternatives.
- Increasing water conservation by changing vacuum pumps from water cooled to air cooled and installing water aerators on faucets.
- Implementing recycling programs for paper, plastic and aluminium.

Certain Facilities are located in the geographies where natural disasters and adverse weather events, such as flooding, tornadoes, winter storms, windstorms and earthquakes, are common and may be further exacerbated by the effects of climate change. Such occurrences may result in damage to or destruction of buildings and/or equipment, inability to perform services resulting in loss of revenue, incurrence of clean up costs, rebuilding and/or replacing buildings and/or equipment, general business disruptions and adverse impact on the general economy in the communities in which the Facilities are located.

To mitigate the impacts of adverse weather events and natural disasters, the Facilities have in place safety, maintenance and asset protection programs and maintain appropriate insurance coverage. In addition, the Corporation and the Facilities have adopted crises communication plans which include various scenario preparedness planning including for natural disasters, and outline procedures for crisis management, communication and post-crisis reputation. All of the Corporation’s surgical hospitals comply with the Centers for Medicare & Medicaid Services (“CMS”) Emergency Preparedness Rule and ASCs with CMS’ regulations to maintain an emergency preparedness plan.

Corporate Level

Since 2014, the Corporation has been using “notice and access” for the delivery of Meeting Materials to its Beneficial Shareholders each year, reducing printing and delivery costs and environmental footprint. Also since 2014, the Corporation has been delivering to its Board and management all materials in electronic format only further reducing supply, printing, and delivery costs and corresponding environmental footprint. The Corporation also encourages its employees at the corporate offices in Toronto, Ontario and Franklin, Tennessee to store records electronically, and print double sided, set printers to black and white printing, use refurbished printer toners, and recycle printer toners. While both Toronto and Franklin offices sublease their office space from independent third-parties, the corporate staff follows the recycling programs of their respective landlords.

Social Issues

Patient Experience

The Facilities aim to provide the highest standard of care to their patients, efficiently and cost-effectively. This aim is achieved through implementation of quality assessment and performance improvement programs, the focus of which is to deliver safe, professional, and cost-effective patient care through ongoing quality performance analysis and timely

review and responses to patient feedbacks. The quality performance analysis is facility-wide and data driven. The Facilities consistently rank high in industry-leading surveys and studies of patient satisfaction.

Community Investment

The Facilities are distinguished in each of their respective marketplaces. Most provide services in smaller communities that boost the local economy, while serving as medical destinations which draw visitors from neighboring towns, cities, and states. The Facilities also contribute to their communities by supporting local charities.

Employee Health and Safety

The Facilities are fully committed to providing a safe working environment. To achieve this, the Facilities have in place employee health and safety programs and policies aimed at providing a healthy atmosphere for the employees, preventing transmission of infections, detecting and controlling outbreaks of infections, encouraging good personal hygiene, safety, and health habits. These include verification of immunizations upon hiring, mandatory flu vaccination programs, annual health and tuberculosis screens as well as health and safety education for employees. In response to COVID-19 pandemic, the Facilities have implemented regular testing and monitoring of employees for COVID-19 infection and offered COVID-19 vaccinations to Facilities' employees.

The Facilities also have departments responsible for ensuring a healthy work environment through coordinating occupational exposure and injury follow-up. Occupational exposure and injury follow-up policies are developed by following guidance from the Centers for Disease Control and Prevention, Department of Health and Human Services ("DOH"), and Occupational Safety and Health Administration. Other policies and programs include:

- Safe medical devices policies and procedures designed to identify, report, and evaluate medical devices that are not properly functioning.
- Hazard communication program establishing guidelines to keep employees informed about potentially hazardous materials, chemicals and substances that employees may encounter as they perform their job duties.
- Emergency eye wash stations policies providing guidelines concerning the proper use, safety, testing, and maintenance of emergency eye wash stations.

Employee Diversity and Inclusion

The Corporation and the Facilities have adopted non-discrimination and non-harassment policies assuring provision of benefits, services, and employment to all persons without regard to any status protected by applicable law, or otherwise discriminate against any person on such grounds. In addition, the Corporation's corporate office in Franklin, Tennessee and the Facilities have adopted equal employment opportunity policies and affirmative action plans to ensure recruitment, hiring, training, promotion, and compensation of persons in all job titles without regard to any protected status.

Compliance Programs

The Facilities are subject to numerous regulations related to fraud, abuse, bribery and corruption, including, but not limited to, U.S. federal physician self-referral law or Stark Law, *The Patient Protection and Affordable Care Act*, Anti-Kickback Statute, and *False Claims Act*. The Regulation section in the Corporation's annual information form includes detailed discussion about these and other regulations.

Consistent with the Office of the Inspector General ("OIG") of the DOH Compliance Program Guidance for Hospitals, the Corporation maintains a robust compliance program that reflects the Corporation's and Facilities' commitment to complying with all laws, rules and regulations applicable to their business, and that meets ethical obligations in conducting business. The Corporation's compliance plan includes the seven elements noted in the OIG guidance, along with written policies and procedures addressing compliance with the Anti-Kickback Statute and the Stark Law, among others. In addition, the Corporation's compliance advisor periodically reviews a substantial number of the

Facilities' arrangements with referral sources to determine the extent to which they comply with their policies and procedures and with the Anti-Kickback Statute, the Stark Law and similar state statutes.

Vendor Relationships

As part of their compliance programs, the Facilities have in place vendor relationship policies establishing procedures for relationships and transactions with and ethical conduct of vendors and other organizations that provide products, equipment, services, or tangible support to the Facilities. In addition, the Corporation has adopted Corporate Guidelines re: Medical Vendor Relationships which outline key policy components that Facilities' vendor relationship policies must include.

Privacy, Electronic Health Records and Data Security

As providers of healthcare services, information technology is a critical component of the day-to-day operation of the Facilities. The Facilities rely on information technology to create, process, transmit and store sensitive and confidential data, including protected health information, personally identifiable information, and proprietary and confidential business performance data. The Facilities utilize electronic health records and other health information technology, along with additional technology systems, in connection with their operations, including for, among other things, billing and supply chain and labour management. The Facilities' information systems and applications also require continual maintenance, upgrading and enhancement to meet their operational needs.

As discussed in detail in the Corporation's annual information form, the Facilities are subject to *The Health Insurance Portability and Accountability Act of 1996*, as amended ("HIPAA"), which includes a number of provisions designed to: (i) streamline the electronic transmission of health claims and other standard transactions; (ii) protect the privacy and security of personal health information; and (iii) ensure notification to individuals and the government regulators when there has been a breach of such information. In addition to HIPAA, the Facilities are subject to numerous other laws and legislative and regulatory initiatives at the federal and state levels addressing privacy, security and breach notification obligations.

As such, Facilities have privacy and security processes in place to protect sensitive health and business information and the Corporation and the Facilities have implemented strong controls over data privacy and security measures to mitigate material risks for the patients, employees, vendors, and other stakeholders. These include:

- Incident response policies and processes that provide for prompt identification and management of security incidents to facilitate maintenance and/or restoration of business continuity.
- Quarterly internal control testing on each Facility of information technology risks.
- As part of HIPAA Security Rule requirements, internal and external vulnerability assessments, to identify potential information security risks and mitigate these risks appropriately on a regular basis.
- Obtaining insurance against cyber risks and attacks. Through the Corporation's cyber insurance carrier, quarterly testing is conducted that includes assessments and scoring of security, ransomware and cyber extortion, phishing and dark web monitoring, and business interruption and system failure domains.
- As part of the onboarding process, training new employees on information security and appropriate codes of conducts regarding computer and mobile device usage.

At the corporate level, all employees are required to participate in a security awareness training program. In addition, the Corporation has adopted a Privacy Breach Policy the purpose of which is to guide the Corporation's personnel on how to proceed in the event of a privacy breach. It outlines the steps that need to be taken to determine if a breach has occurred, and, if this is the case, how to respond and contain the breach, notify those affected, report the breach to the Office of the Privacy Commissioner of Canada, and document, investigate, and implement changes to prevent future breaches.

The Corporation believes that operation of the Facilities, and associated business associate relationships in the corporate family, is conducted in material compliance with HIPAA requirements, as well as state laws regarding the

confidentiality of personally identifiable information. However, the Corporation and the Facilities recognize that compliance does not equate to invincibility, and the Corporation and the Facilities continue to evaluate and invest in good information privacy and security programs and practices. To date, the Corporation and the Facilities have not experienced any information security breaches.

Hospital Price Transparency

Effective January 1, 2021, all hospitals that operate in the United States, including the Corporation's surgical hospitals, are required to comply with CMS' Price Transparency Requirements detailed in its Final Rule (the "Rule"). This Rule establishes requirements to establish, update, and make public a list of their standard charges for the items and services that they provide. These actions aim to promote price transparency in health care and public access to hospital standard charges and allow the public, including patients, employers, clinicians, and other third parties, to have the information necessary to make more informed decisions about their care. This Rule is expected to increase market competition, and ultimately drive down the cost of health care services, making them more affordable for all patients. All of the Corporation's surgical hospitals are in compliance with the Rule.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, no informed person of the Corporation, as defined in applicable securities laws, nor any proposed director, nor any associate or affiliate of any informed person or proposed director, has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the ordinary course of business, the Corporation and its subsidiaries may, from time to time, be subject to various pending and threatened lawsuits in which claims for monetary damages are asserted. None of the Corporation or its subsidiaries is involved in any legal proceedings which have a material effect on the Corporation. To the knowledge of management, no legal proceedings of a material nature involving the Corporation or its subsidiaries have been pending or threatened by any individuals, entities or governmental authorities.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are KPMG LLP, Chartered Professional Accountants, Toronto, Ontario.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. located in Vancouver, British Columbia.

OTHER BUSINESS

The directors are not aware of any matters intended to come before the Meeting other than those items of business set forth in the attached Notice of Meeting accompanying this information circular. If any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy to vote in respect of those matters in accordance with their judgment.

ADDITIONAL INFORMATION

Financial information concerning the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2020. A copy of the Corporation's audited annual financial statements, interim financial statements, management's discussion and analysis, annual information form and management information circular may be found on SEDAR at www.sedar.com or the Corporation's website at www.medicalfacilitiescorp.ca. In the alternative, copies may be obtained from the CFO of the Corporation upon written request. The Corporation's annual reports may be found on its website at www.medicalfacilitiescorp.ca.

APPROVAL OF DIRECTORS

The contents and the sending of this information circular to the Shareholders have been approved by the Board of Directors.

Dated: March 26, 2021

BY ORDER OF THE BOARD OF DIRECTORS

“Jeffrey Lozon”

Chair of the Board of Directors
Medical Facilities Corporation

SCHEDULE "A"

BOARD OF DIRECTORS CHARTER

PURPOSE

The Board of Directors (the "**Board**") is elected annually by the shareholders of Medical Facilities Corporation (the "**Corporation**") to supervise the management of the business and affairs of the Corporation, in the best interests of the Corporation. The Board shall assume responsibility for the stewardship of the Corporation by undertaking the following:

- Review and approve the strategic plan and business objectives of the Corporation that are submitted by executive management and monitor the implementation by executive management of the strategic plan. During at least one meeting each year, the Board will review the Corporation's long-term strategic plans and the principal issues that the Corporation expects to face.
- Review the principal strategic, reporting and compliance risks for the Corporation and oversee, with the assistance of the Board's standing committees, the implementation and monitoring of appropriate risk management systems and the monitoring of risks.
- Ensure, with the assistance of the Corporate Governance, Nominating and Compensation Committee, the effective functioning of the Board and its committees in compliance with the corporate governance requirements of applicable laws, regulatory requirements, and policies of the Canadian Securities Administrators, and that such compliance is reviewed periodically by the Corporate Governance, Nominating and Compensation Committee.
- Ensure internal controls and management information systems for the Corporation are adequately designed, implemented, and monitored and are evaluated and reviewed periodically on the initiative of the Audit Committee.
- With the assistance of the Corporate Governance, Nominating and Compensation Committee, assess the performance of the Corporation's executive management, including oversight of the appropriate training, performance reviews and succession planning.
- Be responsible for the hiring and termination of the Chief Executive Officer ("**CEO**"), the role of the CEO and the performance review of the CEO, including the development of policies and principles for CEO selection and performance review and policies regarding succession in an emergency or upon retirement of the CEO.
- Monitor the compensation levels of executive management based on determinations and recommendations made by the Corporate Governance, Nominating and Compensation Committee.
- Ensure that the Corporation has in place a disclosure policy for effective communication with shareholders, other stakeholders and the public generally.
- Review and, where appropriate, approve the recommendations made by the various committees of the Board, including, without limitation, to: select nominees for election to the Board; appoint directors to fill vacancies on the Board; appoint members of the various committees of the Board; and establish the form and amount of director compensation.

COMPOSITION

The directors (individually, a "**Director**" or, collectively, "**Directors**") shall be elected by the shareholders at each annual meeting of shareholders to hold office until the next annual meeting of shareholders or until their successors are elected or appointed. The appointment and removal of Directors shall occur in accordance with the Corporation's

by-laws. A majority of the Board shall meet the independence requirements of applicable legislation, regulatory requirements, and policies of the Canadian Securities Administrators.

The Board should be comprised of that number of individuals which will permit the Board's effective functioning. The Board collectively should possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight and stewardship of the Corporation's business. All such factors will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. In maximizing the Board's effectiveness, the Corporation takes a long-term, sustainable, and measured approach. All Board appointments shall be based exclusively on merit, with the prime consideration being to maintain and enhance the Board's overall effectiveness. The Corporation recognizes the importance of women having representation at key decision making points in organizations and is supportive of the requirements of the Canadian Securities Administrators in this regard. Accordingly, as one factor in the foregoing analysis, the Board shall consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election.

The Board shall not be required to establish a limit on the number of times a Director may stand for election, but shall consider nominations for re-election in the context of seeking an optimum composition to maximize overall effectiveness.

COMMITTEES

The Board may delegate authority to individual Directors and committees where the Board determines it is appropriate to do so. The Board expects to accomplish a substantial amount of its work through committees and shall form at least the following committees: the Audit Committee, the Corporate Governance, Nominating and Compensation Committee, and the Investment Committee. The Board may, from time to time, establish or maintain additional standing or special committees as it determines to be necessary or appropriate. Each committee should have a written charter and should report regularly to the Board, summarizing the committee's actions and any significant issues considered by the committee.

RESPONSIBILITIES

The mandate of the Directors is the stewardship of the Corporation, and their responsibilities include, without limitation to their general mandate (as outlined above under "**Purpose**"), the following specific responsibilities:

1. Review and approve the Corporation's strategic plan as recommended by executive management, defining the longer-term objectives and accomplishments aspired for the organization which take into account, among other things, the business opportunities, and risks. Annually monitor the performance of the Corporation against the strategic plan.
2. Develop, together with the appropriate committee(s) of the Board, the Corporation's approach to: (i) the nomination of the Directors; (ii) the enhancement of governance; (iii) matters relating to compensation of the Directors; and (iv) matters relating to strategy, financial reporting and internal controls.
3. Maintain a high standard for integrity and work ethic within the Board and management of the Corporation. The Board shall satisfy itself, to the extent feasible:
 - (a) as to the integrity of the CEO and other members of the management of the Corporation; and
 - (b) that the CEO and executives of the Corporation create a culture of integrity throughout the organization.
4. With the assistance of the Corporate Governance, Nominating and Compensation Committee:
 - (a) review the composition of the Board and ensure it respects the objectives of this charter;
 - (b) ensure that an appropriate review and selection process for new nominees as Directors is in place;

- (c) ensure that an appropriate orientation and education program for new Directors is in place; and
 - (d) adopt disclosure and securities compliance policies, including, without limiting the foregoing, communication policies of the Corporation.
5. With the assistance of the Audit Committee:
- (a) ensure the integrity of the Corporation's internal controls and management information systems;
 - (b) ensure the Corporation's ethical behaviour and compliance with laws and regulations, audit and accounting principles and the Corporation's own governing documents;
 - (c) identify the principal financial and non-financial enterprise risks of the Corporation's business and ensure that appropriate systems are in place to manage these risks;
 - (d) review and approve significant operational and financial matters and provide direction to management on these matters; and
 - (e) review and approve the interim and annual financial statements, including the notes thereto, and related disclosure materials.
6. With the assistance of the Investment Committee, review and approve the executive management's acquisition and investment recommendations, including executive management's assessment of risk and risk mitigation with respect to material investment transactions.
7. Oversee policies for disclosure of corporate information to facilitate effective communications with shareholders, other stakeholders and the public, and monitor and review feedback provided by the Corporation's various stakeholders.
8. Declare dividends payable to the shareholders.
9. Review major decisions which require the approval of the Board and, where appropriate, approve such decisions as they arise.
10. Review, assess and update this charter as deemed appropriate by the Board.
11. Perform such other functions as prescribed by law or assigned to the Board in the by-laws of the Corporation.

MEETINGS

The Board will meet a minimum of four times per year and as needed to conduct the business of the Board. All members of the Board should strive to be at all meetings. Subject to the Corporation's by-laws, a quorum for the transaction of business at any meeting of the Board shall consist of a majority of the number of Directors then holding office and, notwithstanding any vacancy among the number of Directors, a quorum of Directors may exercise all of the powers of the Directors.

The non-executive Directors of the Board may meet separately, periodically, without executive management, and may request any member of executive management or the Corporation's outside counsel or independent auditor to attend meetings of the Board or with advisors thereto.

Minutes shall be maintained for all meetings together with copies of materials presented at meetings and copies made available to all Board members, with the exception of special meetings of the non-executive Directors for which the maintenance and distribution of minutes shall be at the discretion of the Chair of the Board.

The Chair, in consultation with the CEO, will develop the agenda for each Board meeting. Agendas will be distributed

to the Directors before each meeting, and all Directors shall be free to suggest additions to the agenda in advance of the meeting.

Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the Directors in advance of the meeting. Reports may be presented during the meeting by members of the Board, management and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it will not be prudent or appropriate to distribute written materials in advance.

INDEPENDENT ADVICE

In discharging its mandate, the Board shall have the authority to retain, at the expense of the Corporation, special legal, accounting, or other advisors as the Board determines to be necessary to permit it to carry out its duties.

ANNUAL EVALUATION

Annually, or more frequently at the request of the Chair as a result of legislative or regulatory changes, the Board through the Corporate Governance, Nominating and Compensation Committee shall, in a manner it determines to be appropriate:

- Perform a review and evaluation of the performance of the Board and its members and committees, including the compliance of the Board with this charter.
- Review and assess the adequacy of this charter and those of its committees and make any changes the Board determines appropriate.

MEASURES FOR RECEIVING FEEDBACK

All publicly disseminated materials shall provide for a mechanism for feedback from the Corporation's stakeholders.

SCHEDULE “B”

CORPORATE GOVERNANCE, NOMINATING AND COMPENSATION COMMITTEE CHARTER

PURPOSE

The Corporate Governance, Nominating and Compensation Committee (the “**Committee**”) of Medical Facilities Corporation (the “**Corporation**”) is appointed by the board of directors of the Corporation (the “**Board**”) to assist the Board in discharging its responsibilities relating to the:

- a) development and recommendation of appropriate corporate governance guidelines for the Corporation;
- b) annual review of the performance of the Board, its committees and individual directors;
- c) review and oversight of the annual regulatory filings;
- d) development and recommendation of criteria for selecting new Board members and identifying and considering candidates;
- e) recommendation of the director nominees for each annual meeting of shareholders and for membership of each committee of the Board;
- f) recommendation of the form and quantum of compensation for non-executive directors, committees and chairs of the Board and its committees;
- g) review and oversight of the evaluation of the performance of the Corporation’s senior executives;
- h) design and recommendation of the compensation framework of the Corporation’s senior executives, including compensation plans, benefit plans, policies and programs;
- i) oversight of succession planning and development with respect to the Corporation’s senior executives;
- j) oversight of the executive performance at the Corporation’s direct subsidiaries, Medical Facilities America, Inc. (“**MFA**”) and Medical Facilities IMD Holdings, Inc. (“**MF IMD**”) and indirect subsidiary, Medical Facilities (USA) Holdings, Inc. (“**MFH**”) (together with the Corporation, the “**MFC Group**”); and
- k) oversight of the responsibilities and contractual rights of MFA, IMD and MFH in respect of executive performance at the Corporation’s subsidiaries.

REPORTS

The Committee shall report to the Board on a regular basis and before any public disclosure by the Corporation on compensation and governance matters.

The Committee shall review and approve reports on executive compensation as required by applicable legislation and regulations and/or pursuant to the Corporation’s undertaking to provide necessary information to comply with its disclosure obligations.

The Committee shall prepare a report on the Corporation’s corporate governance practices for inclusion in the management information circular or other public disclosure documents of the Corporation, including a report disclosing the extent (if any) to which the Corporation does not comply with corporate governance guidelines of applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators or other relevant corporate governance guidelines.

The Committee shall report to the Board annually with an assessment of the performance of the Board, its committees and individual directors. The chair of the Board shall also discuss the report with all members of the Board.

COMPOSITION

The members of the Committee shall be two or more Board members who are appointed (and may be replaced) by the Board. The members shall be appointed annually and the chair shall be determined by the Board, failing which the committee members and chair shall continue on the Committee. The Committee shall meet the independence requirements of any relevant regulatory authority or stock exchange on which securities of the Corporation are listed.

Any member of the Committee will abstain from voting on any matter in which he or she has, or may have, a conflict of interest. In such event, the Board or the Committee members who are not so conflicted may appoint from the Board an interim member of the Committee for purposes of considering and/or approving such matter. Such interim member may serve only for such purpose.

REMUNERATION OF THE COMMITTEE MEMBERS

The members of the Committee and the chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

RESPONSIBILITIES

CORPORATE GOVERNANCE AND COMPLIANCE

The Committee shall:

- a) Make recommendations concerning the oversight of senior management.
- b) Annually review the size of the Board and the number of Board members who are independent for the purpose of applicable requirements or guidelines and Corporation policies regarding Board member independence.
- c) Annually review the adequacy of the corporate governance practices of the Corporation and recommend any proposed changes to the Board for approval.
- d) Annually review the practices of the Board (including separate meetings of non-executive Board members) to identify improvements in corporate governance practices.
- e) Annually review the powers, mandates and performance, and the membership of the various committees of the Board and, if appropriate, make recommendations to the Board.
- f) Annually review the performance of the Board, its committees, Board and committee chairs, and individual directors and report to the Board the results of the review. The chair of the Board will review with each of the individual directors the results of their review.
- g) Annually review the relationship between senior management and the Board and, if appropriate, make recommendations to the Board with a view to ensuring that the Board is able to function independently of management.
- h) Annually review with the Board the succession plans relating to the position of the CEO and, in consultation with the CEO, other senior positions, and make recommendations to the Board with respect to the selections of individuals to occupy these positions.

- i) Review and make recommendations to the Board with respect to the annual information form and the management information circular and other annual security filings prior to public disclosure by the Corporation.
- j) Review and oversee the Corporation's significant environmental, social and governance risks, strategies, policies, programs and practices.

DIRECTOR CANDIDATES

The Committee shall:

- a) Review annually the competencies, skills, diversity and personal qualities required of Board members, including: the objective of adding value to the Corporation in light of the opportunities and risks facing the Corporation and the Corporation's proposed strategies; the need to ensure the adequacy of expertise relevant to the Corporation's lines of business and markets; the need to ensure that a majority of the Board is comprised of individuals who meet the independence requirements of the applicable stock exchange rules, legislation or other guidelines; and that the Board is representative of the diversity of gender, cultural, demographic and geographic characteristics of the communities in which it operates and investors it represents.
- b) Review annually the policies of the Board with respect to Board member tenure, retirement and succession and Board member commitments and, if appropriate, make recommendations to the Board.
- c) Establish and oversee an appropriate orientation and education program for new Board members in order to familiarize them with the Corporation and its business (including the Corporation's reporting structure, strategic plans, significant financial, accounting and risk issues, compliance programs and policies, management and the external auditors).
- d) Actively seek individuals qualified (in context of the Corporation's needs and any formal criteria established by the Board) to become members of the Board for recommendation to the Board.
- e) Annually review directors' and officers' insurance coverage and, from time to time, review the directors' and officers' indemnification agreement and recommend any changes to the Board.
- f) Review and recommend to the Board the membership and allocation of Board members to the various committees of the Board, and the chairs thereof.
- g) From time to time, review and make recommendations to the Board with respect to the compensation of non-executive Board members, the chair of the Board, and those acting as committee chairs to, among other things, ensure their compensation appropriately reflects the responsibilities they are assuming.
- h) Appoint and, if appropriate, terminate any search firm to be used to identify Board candidates and any compensation consultant to be used to assist in the evaluation of Board compensation and to approve the search firm's and compensation consultant's fees and other retention terms.

ENGAGEMENT/COMPENSATION OF SENIOR EXECUTIVES

The Committee shall:

- a) Make recommendations to the Board concerning the hiring and termination of the CEO of the Corporation. The CEO shall inform the Committee concerning the hiring and termination of the CEO's direct reports.

- b) Annually review the Corporation's compensation strategy to ensure it is viable, current and aligned with the long-term goals and objectives of the Corporation.
- c) Annually review and make recommendations, as appropriate, to the Board with respect to the Corporation's executive compensation programs and practices for senior executives, including incentive-compensation plans, equity-based plans, the terms of any employment agreements, severance arrangements, and change in control arrangements or provisions, and any special or supplemental benefits.
- d) Annually review and approve the position description and performance goals and objectives of the CEO. Recommend to the Board the CEO's performance goals annually to ensure his or her goals are aligned with the strategy and goals of the Corporation. Evaluate the CEO's annual performance in light of those goals and objectives, and recommend to the Board the CEO's compensation levels based on that evaluation.
- e) Approve share-based and option-based awards to senior executives pursuant to the Board's approval of total periodic awards under any of the Corporation's stock option or share-based plans.
- f) Annually, in consultation with the CEO, review key human resources policies and programs in place and under development related to manpower planning, management development, succession planning, career path planning and performance evaluation and their consistency with the strategy of the Corporation.
- g) Annually, in consultation with the CEO, review the Corporation's policies on salary administration, recruitment, job evaluation, pay and employment equity, basic incentive and total cash compensation, retirement benefits, and long-term incentives and recommend changes to the Board, if appropriate.
- h) Annually review the Corporation's policies and practices for ensuring that the Corporation complies with legal prohibitions, disclosure and other requirements on making or arranging for personal loans and amending or extending any such loans or arrangements.
- i) Select and engage any compensation consultant to assist in the evaluation of senior executive compensation and approve the consultant's fees and other retention terms.
- j) Review and recommend to the Board all executive compensation disclosure prior to public disclosure by the Corporation.
- k) Provide advice concerning the above-listed matters in respect of management of MFA, MF IMD and MFH.
- l) Advise the Board concerning MFH's oversight responsibilities and contractual rights in respect of executive performance at the Corporation's indirect subsidiaries.

MEETINGS

The Committee shall meet at least quarterly and more frequently as circumstances require. A quorum for meetings shall be a majority of the members of the Committee present in person or by telephone. All decisions shall be decided by a majority of the members present at the meeting.

Minutes of meetings shall be maintained, together with copies of materials presented at meetings, and copies be made available to all Board members.

The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel to attend meetings of the Committee or with any members of, or advisors to, the Committee. The CEO may be present at meetings of the Committee.

The Committee may form and delegate authority to individual members and subcommittees where the Committee determines it is appropriate to do so.

INDEPENDENT ADVICE

In discharging its mandate, the Committee shall have the authority to retain, at the expense of the Corporation, special advisors as the Committee determines to be necessary to permit it to carry out its duties.

ANNUAL EVALUATION

Annually, the Committee shall, in a manner it determines to be appropriate:

- a) Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this charter.
- b) Review and assess the adequacy of this charter and recommend to the Board any improvements to this charter that the Committee believes to be appropriate.

SCHEDULE "C"

AMENDED AND RESTATED PERFORMANCE SHARE UNIT PLAN

The following is a summary of key terms of Medical Facilities Corporation's (the "**Corporation**") Amended and Restated Performance Share Unit Plan (the "**PSU Plan**").

Eligibility:

Key employees (as defined in the PSU Plan) are eligible to participate in the PSU Plan ("**Eligible Participants**"). The Corporate Governance, Nominating and Compensation Committee (the "**CGNC Committee**") may from time to time determine the number of share units (the "**Share Units**") to be granted to Eligible Participants, or it may also delegate to management of the Corporation such determination and the allocation of the Share Units among Eligible Participants. The CGNC Committee has discretion to establish at the time of each grant, within the restrictions set forth in the PSU Plan, the date of grant, the vesting date, the level of performance which must be attained over a specific time period for the vesting of all or some of the Share Units, and other particulars applicable to awards granted thereunder. The CGNC Committee also has discretion to determine whether the Share Units will be in the form of performance share units ("**PSUs**") or deferred share units ("**DSUs**"). Generally, Eligible Participants will receive DSUs until they achieve their share ownership requirements, after which time they may elect to receive DSUs or PSUs in accordance with the terms of the PSU Plan.

Non-Assignability:

Rights and privileges granted under the PSU Plan are non-assignable and non-transferable, in whole or in part, either directly or by operation of law other than by will or pursuant to the laws of succession.

Vesting:

Share Units granted to an Eligible Participant (an "**Award**") will vest three years following the date on which such Share Units are granted, or on such earlier date or series of earlier dates, as may be determined by the CGNC Committee and specified in the award letter (as defined in the PSU Plan), provided that applicable considerations set out in the PSU Plan and any conditions set forth by the CGNC Committee are met. In no case will the vesting date of an Award occur more than three years after the date such Award is granted. The CGNC Committee includes performance objectives as a condition for the vesting of all or some of the Share Units.

The PSU Plan provides that Awards may vest before their vesting date or expire, as the case may be, in several circumstances, including in the case of death of a Share Unit holder, termination as a result of a permanent long-term disability (as defined in the PSU Plan), retirement, voluntary termination of employment, or termination for cause or without cause (as defined in the PSU Plan). In the case of death of a Share Unit holder, retirement, or termination of a Share Unit holder's employment as a result of a permanent long-term disability or without cause, the Share Unit holder (or his or her legal representative, as applicable) will be entitled to receive cash settlements based on a pro-rated vesting calculation as specified in the PSU Plan.

Cash Settlement:

Unless an Award has expired prior to the vesting date, and subject to certain provisions in the PSU Plan, the Corporation will settle (a) an Award of PSUs as reasonably promptly as possible following the end of the vesting period of such Award of PSUs and (b) an Award of DSUs as reasonably promptly as possible following the date that such DSU holder ceases to be an employee of the Corporation, in each case by paying to the Share Unit holder (or, if deceased, his or her legal representative) an amount in cash equal to: (i) the number of Share Units forming part of the vested Award, adjusted pursuant to the PSU Plan, multiplied by (ii) the level of achievement of performance objectives, multiplied by (iii) the weighted average trading price per common share of the Corporation on the Toronto Stock Exchange for the five days preceding the date on which the Share Units are vested or, in the case of DSUs, the date of death or termination, as applicable. The PSU Plan is non-dilutive and will not rely upon common shares from treasury, nor are there any corresponding common shares reserved in treasury for purposes of the PSU Plan.

Amendment:

The CGNC Committee may amend, suspend or terminate the PSU Plan in whole or in part at any time and from time to time, provided no such amendment, suspension or termination impairs the rights of any Share Unit holder accrued to the date of the amendment, suspension or termination without the consent or deemed consent of the Share Unit holder.

SCHEDULE "D"

RESTRICTED SHARE UNIT PLAN

The following is a summary of key terms of Medical Facilities Corporation's (the "**Corporation**") Restricted Share Unit Plan (the "**RSU Plan**").

Eligibility:

Key employees (as defined in the RSU Plan) are eligible to participate in the RSU Plan ("**Eligible Participants**"). The Corporate Governance, Nominating and Compensation Committee (the "**CGNC Committee**") may from time to time determine the number of restricted share units (the "**RSUs**") to be granted to Eligible Participants, or it may also delegate to management of the Corporation such determination and the allocation of RSUs among Eligible Participants. The CGNC Committee has discretion to establish at the time of each grant, within the restrictions set forth in the RSU Plan, the date of grant, the vesting date, the minimum level of performance which must be attained over a specific time period, as an additional condition for the vesting of the RSUs, and other particulars applicable to awards granted thereunder.

Non-Assignability:

Rights and privileges granted under the RSU Plan are non-assignable and non-transferable, in whole or in part, either directly or by operation of law other than by will or pursuant to the laws of succession.

Vesting:

RSUs granted to an Eligible Participant (an "**Award**") will vest three years following the date on which such RSUs are granted, or on such earlier date or series of earlier dates, as may be determined by the CGNC Committee and specified in the award letter (as defined in the RSU Plan). In no cases will the vesting date of an Award occur more than three years after the date such Award is granted. RSUs vesting incrementally over three years will be administered as if each increment were a distinct, smaller Award with its own vesting date.

The RSU Plan provides that Awards will vest before their vesting date or expire, as the case may be, in several circumstances. Awards will vest in the case of death, retirement, resignation due to long-term disability, or termination without cause in the event of a change of control. Awards will expire on voluntary termination of employment or termination for cause. In the case of death of an RSU holder or termination of an RSU holder's employment without cause, the RSU holder (or his or her legal representative, as applicable) will be entitled to receive cash settlements based on a pro-rated vesting calculation as specified in the RSU Plan.

Cash Settlement:

Unless an Award has expired prior to the vesting date, and subject to certain provisions in the RSU Plan, the Corporation will settle an Award as reasonably promptly as possible following the end of the vesting period of such Award by paying to the RSU holder (or, if deceased, his or her legal representative) an amount in cash equal to: (i) the number of RSUs forming part of the vested Award, adjusted pursuant to the RSU Plan, multiplied by (ii) the weighted average trading price per common share of the Corporation on the Toronto Stock Exchange for the five days preceding the date on which the RSUs are vested. The RSU Plan is non-dilutive and will not rely upon common shares from treasury, nor are there any corresponding common shares reserved in treasury for purposes of the RSU Plan.

Amendment:

The CGNC Committee may amend, suspend or terminate the RSU Plan in whole or in part at any time and from time to time, provided no such amendment, suspension or termination impairs the rights of any RSU holder accrued to the date of the amendment, suspension or termination without the consent or deemed consent of the RSU holder.

SCHEDULE "E"

STOCK OPTION PLAN

The following is a summary of key terms of Medical Facilities Corporation's (the "**Corporation**") Stock Option Plan (the "**Stock Option Plan**").

Eligibility:

Employees of the Corporation who contribute significantly to the financial success of the Corporation are eligible to voluntarily participate in the Stock Option Plan (for greater certainty, non-employee directors are not eligible to participate). The Corporate Governance, Nominating and Compensation Committee is generally responsible for administering the Stock Option Plan and the board of directors of the Corporation (the "**Board**") will make the final determination, at its discretion, as to who is eligible to receive options under the Stock Option Plan.

Non-Assignability:

Options granted pursuant to the Stock Option Plan, or any right in respect thereof, may not be assigned or transferred, other than by will or pursuant to the laws of succession. Options may not be exercised by anyone other than the person to whom an option has been granted pursuant to the Stock Option Plan (the "**Optionee**").

Shares Offered:

The total number of authorized and unissued common shares of the Corporation available for options under the Stock Option Plan is equal to 3,100,000.

The Stock Option Plan provides that any one individual cannot receive options under the Stock Option Plan which will entitle such individual to receive more than 5% of the number of common shares issued and outstanding. Common shares in respect of which options are granted but not exercised prior to the termination of such options due to the expiration, termination or lapse of such options or otherwise, are to be available for new grants of options pursuant to the provisions of the Stock Option Plan.

The table below summarizes the option activity, including grants and cancellations, from March 31, 2020 to March 26, 2021 under the Stock Option Plan.

	As at March 31, 2020		Activity		As at March 26, 2021	
	# of Options	% of Common Shares Outstanding	# of Options Granted	# of Options Cancelled	# of Options	% of Common Shares Outstanding
Options granted and outstanding	1,944,906	6.3%	-	-	1,944,906	6.3%
Options available for future grants	1,155,094	3.7%	-	-	1,155,094	3.7%
Total:	3,100,000	10.0%			3,100,000	10.0%

Exercise Price:

The exercise price for an option granted pursuant to the Stock Option Plan will be determined by the Board and may not be less than the volume weighted average trading price per common share of the Corporation on the Toronto Stock Exchange for the five days preceding the date on which the option is granted.

Vesting:

Unless otherwise determined by the Board, options granted pursuant to the Stock Option Plan will be subject to the vesting schedule specified in the option agreement (the "**Option Agreement**") between the Corporation and the Optionee. The vesting schedule in the Option Agreement will be determined by the Board in order to fulfil the purposes

of the Stock Option Plan. The Board expects that options will typically vest after five years of employment subject to certain early vesting triggers.

Term:

Unless otherwise provided in the Stock Option Plan or the Option Agreement, each option may be exercised only during the period commencing as per the vesting schedule specified in the Option Agreement and expiring on the last day of the tenth year following the date on which the option is granted (the “**Option Period**”). If the Option Period expires during a period self-imposed by the Corporation during which directors, officers and certain employees of the Corporation shall not trade the securities of the Corporation (a “**Blackout Period**”), the expiry of the Option Period shall be extended for ten business days after the end of the Blackout Period.

Cessation:

Leaves, Retirement or Permanent Long-Term Disability

If an Optionee, before the expiration of the Option Period: (i) is granted authorized leave of absence for sickness or other reasons; (ii) becomes a retiree (as defined in the Stock Option Plan); or (iii) voluntarily terminates his or her employment as a result of permanent Long-Term Disability (as defined in the Stock Option Plan), the Optionee will be entitled to exercise his or her options in accordance with the regular vesting and exercise schedule.

Death

If an Optionee dies before the expiration of the Option Period, his or her legal representatives will be entitled to exercise his or her vested options within a period of one year following such death. A pro-rata amount of the unvested options will vest as of the date of death based upon the length of time between the grant date and death as a percentage of the length of time between the grant date and the vesting date of the options.

Termination of Employment or Resignation

Except as described above or otherwise provided in the Option Agreement or an employment agreement in respect of options granted prior to the effective date of the Stock Option Plan, if an Optionee’s employment is terminated, or if an Optionee resigned from his or her employment with the Corporation, all of the Optionee’s unvested options will expire effective on the date of such termination or resignation. The Optionee will have a period of 30 days from the date of such termination or resignation to exercise his or her unexercised vested options.

If an Optionee’s employment is terminated without cause within 24 calendar months following a change of control (as defined in the Stock Option Plan): (i) each unexercised vested option held by the Optionee will remain exercisable for a period of 24 calendar months from the date of termination, but not later than the end of the Option Period; and (ii) each unvested option then held by the Optionee will become exercisable upon such termination and will remain exercisable for a period of 24 calendar months from the date of termination, but not later than the end of the Option Period.

Competing Activities

The rights of an Optionee (or his or her legal representatives) with respect to his or her options in the event of retirement, permanent long-term disability, death, termination of employment or resignation are subject to the Stock Option Plan’s provisions regarding competing activities.

The unexercised vested options of an Optionee will be forfeited and his or her unvested options will expire immediately, if: (i) during the Optionee’s employment with the Corporation or at any time within the two-year period following the end of such employment, the Optionee, without the prior written consent of the Corporation: (a) engages in any activity that directly or indirectly competes with any business carried on by the Corporation; (b) directly or indirectly acts as a consultant to any other person, firm or corporation, who or which competes with any business carried on by the Corporation; or (c) engages in any other activity which is prejudicial to the interests of the

Corporation; (ii) during the Optionee's employment with the Corporation or at any time thereafter, the Optionee discloses any confidential information, trade secrets, records, intellectual property or other private affairs of the Corporation to any person, without the prior written consent of the Corporation; or (iii) the Optionee's employment with the Corporation is terminated for cause (as defined in the Stock Option Plan).

Insider Participation Limit:

The number of common shares issuable to insiders, at any time, and the number of common shares issued to insiders within any one-year period, in each case under the Stock Option Plan, or when combined with all of the Corporation's other security-based compensation arrangements, shall not exceed 10% of the issued common shares.

Amendment:

The Board has the sole discretion, subject to receipt of requisite regulatory approval where required, to make the following amendments, without having to obtain shareholder approval. Such changes include, without limitation: (i) amendments of a "housekeeping" or clerical nature; (ii) amendments clarifying any provision of the Stock Option Plan; (iii) a change to the vesting provisions of an option; (iv) a change to the termination provisions of an option which does not entail an extension beyond the original Option Period, as extended by the Blackout Extension Term (as defined in the Stock Option Plan), if applicable; (v) a change to the number of options granted to an Optionee and the options' exercise price, in the event of a declaration of a stock dividend or a subdivision, consolidation or reclassification, or other change or action affecting the common shares; and (vi) suspending or terminating the Stock Option Plan.

The Stock Option Plan provides that shareholder approval will be required in the case of: (i) any amendments to the number of common shares issuable under the Stock Option Plan subject to the terms of the Stock Option Plan; (ii) any change which would allow non-employee directors to participate in the Stock Option Plan; (iii) any amendment which would permit any option granted under the Stock Option Plan to be transferable or assignable other than by will or pursuant to the laws of succession; (iv) any reduction in the exercise price of an option after the option has been granted or any cancellation of an option and the substitution of that option by a new option with a reduced exercise price (other than in connection with a declaration of a stock dividend or a subdivision, consolidation or reclassification, or other change or action affecting the common shares); (v) any extension to the term of an option beyond the original Option Period, unless the term is being extended by the Blackout Period; (vi) any increase to the insider participation limit referenced above subject to the terms of the Stock Option Plan; and (vii) any change to the Stock Option Plan's amendment provision other than amendments of a "housekeeping" or clerical nature or to clarify such provision.

SCHEDULE "F"

AMENDED ARTICLES

MEDICAL FACILITIES CORPORATION

Medical Facilities Corporation (the “**Company**”) has as its articles the following articles.

Adopted by Special Resolution of the shareholders on May 13, 2011.

Amended by Special Resolution of the shareholders on May 12, 2016.

Incorporation number: C0724565

PART 1 - INTERPRETATION

1.1 Definitions

Without limiting Article 1.2 in these Articles, unless the context otherwise requires:

- (1) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (2) “*Business Corporations Act*” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) “legal personal representative” means the personal or other legal representative of the shareholder;
- (4) “OBCA” means the *Business Corporations Act* (Ontario) and all amendments thereto in force from time to time and any statute or code of the Province of Ontario that supercedes such Act;
- (5) “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register; and
- (6) “seal” means the seal of the Company, if any.

1.2 *Business Corporations Act and Interpretation Act Definitions Applicable*

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

PART 2 - SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and

- (2) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so

surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

2.10 Lien on Shares

The Company has a lien on any share or shares registered in the name of a shareholder or his legal representative for any debt of that shareholder to the Company.

2.11 Enforcement of Lien

The lien referred to in Article 2.10 may be enforced by any means permitted by law and:

- (a) where the share or shares are redeemable pursuant to the articles of the Company by redeeming such share or shares and applying the redemption price to the debt;
- (b) subject to the *Business Corporations Act*, by purchasing the share or shares for cancellation for a price equal to the book value of such share or shares and applying the proceeds to the debt;
- (c) by selling the share or shares to any third party whether or not such party is at arm's length to the Company, and including, without limitation, any officer or director of the Company, for the best price which the directors consider to be obtainable for such share or shares; or

- (d) by refusing to register a transfer of such share or shares until the debt is paid.

PART 3 - ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (a) past services performed for the Company;
 - (b) property;
 - (c) money; and
- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

3.6 Fractional Shares

The Company may issue fractional shares, and the holders of fractional shares of the Company shall be entitled to exercise the rights of a shareholder for such fractional share in proportion to the fraction of the share held.

PART 4 - SHARE REGISTERS

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

PART 5 - SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

- (1) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company;
- (3) such additional requirements as may be imposed from time to time in accordance with Part 25 of these articles have been complied with; and
- (4) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of

having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

PART 6 - TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

PART 7 - PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2 and 7.3, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

7.3 Restriction on Intercorporate ownership of own Shares

The Company shall not hold shares in itself or in its holding corporation and shall not permit any of its subsidiaries to hold shares of the Company unless such holding would be permitted under the OBCA.

7.4 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

PART 8 - BORROWING POWERS

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

PART 9 - ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by special resolution:

- (1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (4) if the Company is authorized to issue shares of a class of shares with par value:
 - (a) decrease the par value of those shares; or
 - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (6) alter the identifying name of any of its shares; or
- (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the

Business Corporations Act.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may by special resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name

The Company may by special resolution authorize an alteration of its Notice of Articles in order to change its name.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

PART 10 - MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Place of Meetings

Meetings of the shareholders shall be held at the place where the registered office of the Company is situate or, if the board shall so determine, at some other place within or outside British Columbia.

10.4 Calling of Meetings of Shareholders

The directors may, whenever and wherever they think fit, call a meeting of shareholders. The Company can hold its general meetings at a specified location outside of British Columbia if so authorized by a resolution of its directors.

10.5 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the

auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

10.6 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. (Toronto time) on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

10.9 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have

attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

- (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
- (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

10.10 Meeting Held by Electronic Means

The board or shareholders who call a meeting of shareholders pursuant to the *Business Corporations Act*, may determine that the meeting shall be held, in accordance with the *Business Corporations Act* and the regulations thereto, by means of telephonic, electronic, or other communication facility that permits all participants to communicate with each other during the meeting, provided the Company makes provision for electronic voting at such meeting in accordance with the *Business Corporations Act* and section 11.23. Any person who participates in a meeting through those means shall be deemed for the purposes of the *Business Corporations Act* to be present in person at such meeting.

10.11 Participation in Meeting by Electronic Means

Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the *Business Corporations Act* and the Articles, by means of telephonic, electronic or other communications facilities that permits all participants to communicate with each other during the meeting, provided the Company makes available such telephonic, electronic or other communications facility. A person participating in such a meeting is deemed to be present in person at the meeting and a shareholder or proxy holder entitled to vote at such a meeting may vote, in accordance with the *Business Corporations Act*, by means of the telephonic, electronic or other communications facility that the Company has made available for that purpose, whether such meeting is to be held at a designated place or solely by means of a telephonic, electronic, or other communications facility.

PART 11 - PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
 - (a) business relating to the conduct of or voting at the meeting;
 - (b) consideration of any financial statements of the Company presented to the meeting;

- (c) consideration of any reports of the directors or auditor;
- (d) the setting or changing of the number of directors;
- (e) the election or appointment of directors;
- (f) the appointment of an auditor;
- (g) the setting of the remuneration of an auditor;
- (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
- (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons, present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy for a shareholder so entitled holding at least 25% of the shares entitled to vote at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (1) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the auditor of the Company, such other persons entitled to attend under the *Business Corporations Act* and any other persons invited by the chair of the meeting or with the consent of the meeting are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders

entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any meeting reconvened after an adjournment other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
 - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.22 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

11.23 Electronic Voting

Any vote referred to in sections 11.13 may be held entirely by means of a telephonic, electronic or other communication facility if the Company makes available such a communication facility; provided the facility enables the votes to be gathered in a manner that permits their subsequent verification.

PART 12 - VOTES OF SHAREHOLDERS**12.1 Number of Votes by Shareholder or by Shares**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must:
 - (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
 - (b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (2) if a representative is appointed under this Article 12.5:
 - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (b) the representative, if present at the meeting, is to be counted for the purpose

of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

- (2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]

(the “Company”)

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder):

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (1) received at the registered office of the Company at any time up to and including the

last business day before the day set for the holding of the meeting at which the proxy is to be used; or

- (2) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

PART 13 - DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4.

13.2 Residency of Directors

A majority of the directors shall be resident Canadians provided that if the number of directors is fewer than three, at least one shall be a resident Canadian.

13.3 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.4 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.5 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.6 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.7 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.8 Special Remuneration for Directors

If any director who is not an employee or officer performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director who is not an employee or officer, or if any director who is not an employee or officer is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director who is not an employee or officer, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.9 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

PART 14 - ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution in lieu of an annual general meeting as contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) the date on which his or her successor is elected or appointed; and
- (4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 14.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or

appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by ordinary resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

PART 15 - POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

15.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

PART 16 - DISCLOSURE OF INTEREST OF DIRECTORS

16.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act* or the OBCA.

16.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

16.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

16.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

16.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

16.6 No Disqualification

Subject to any restrictions under the OBCA, no director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

16.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act* and the OBCA, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

16.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act* and the OBCA, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

PART 17 - PROCEEDINGS OF DIRECTORS

17.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

17.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

17.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors if:
 - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (c) the chair of the board and the president, if a director, have advised the

secretary, if any, or any other director, that they will not be present at the meeting.

17.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

17.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

17.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

17.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director has waived notice of the meeting.

17.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director, does not invalidate any proceedings at that meeting.

17.9 Waiver of Notice of Meetings

Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of

any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director.

17.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be a majority of the number directors, provided that where the number of directors of the Company is two directors, both directors must be present to constitute a meeting.

17.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

17.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

PART 18 - EXECUTIVE AND OTHER COMMITTEES

18.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent

directors' resolution.

18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
 - (a) the power to fill vacancies in the board of directors;
 - (b) the power to remove a director;
 - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3 Obligations of Committees

Any committee appointed under Articles 18.1, 18.2 and 18.6, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times as the directors may require.

18.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 18.1, 18.2 and 18.6:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

18.5 Committee Meetings

Subject to Article 18.3(1) and unless the directors otherwise provide in the resolution

appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1, 18.2 and 18.6:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.6 Audit Committee

If the Company is a public company the directors shall, and otherwise the directors may, constitute an audit committee composed of not fewer than three directors, a majority of whom are not officers or employees of the Company or any of its affiliates, and who shall hold office until the next annual meeting of shareholders. Notwithstanding anything provided in this Part 18, the audit committee shall have the powers and duties provided in the *Business Corporations Act*.

PART 19 - OFFICERS

19.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

19.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

19.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

PART 20 - INDEMNIFICATION

20.1 Definitions

In this Article 20:

- (1) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director or a former director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director of the Company:
 - (a) is or may be joined as a party; or
 - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) “expenses” has the meaning set out in the *Business Corporations Act*.

20.2 Mandatory Indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company must indemnify a director or former director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

20.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

20.4 Non-Compliance with *Business Corporations Act*

The failure of a director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

20.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, officer, employee or agent of the Company;
- (2) is or was a director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (4) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

PART 21 - DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

21.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. (Toronto time) on the date on which the directors pass the resolution declaring the dividend.

21.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of cash or cash equivalents, specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

21.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

21.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

21.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

21.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

21.13 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

21.14 Unclaimed Dividend

Any dividend that is unclaimed after six years from the date on which it was declared payable shall be forfeited and shall revert to the Company.

PART 22 - DOCUMENTS, RECORDS AND REPORTS

22.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

22.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

PART 23 - NOTICES

23.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) for a record delivered to a director or officer, the prescribed address for

delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

- (c) in any other case, the delivery address of the intended recipient;
- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (5) physical delivery to the intended recipient.

23.2 Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

23.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 23.1, prepaid and mailed or otherwise sent as permitted by Article 23.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

23.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
 - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

PART 24 - SEAL

24.1 Who May Attest Seal

The Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of any one or more duly authorized directors or officers or other persons as may be determined by the directors from time to time.

24.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer.

24.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

PART 25 – SPECIAL RIGHTS AND RESTRICTIONS

25.1 Definitions

In this Article 25:

- (1) “designated security” means:
 - (a) a voting security of the Company;
 - (b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
 - (c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- (2) “security” has the meaning assigned in the *Securities Act* (British Columbia);

- (3) “voting security” means a security of the Company that:
- (a) is not a debt security, and
 - (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

25.2 Application

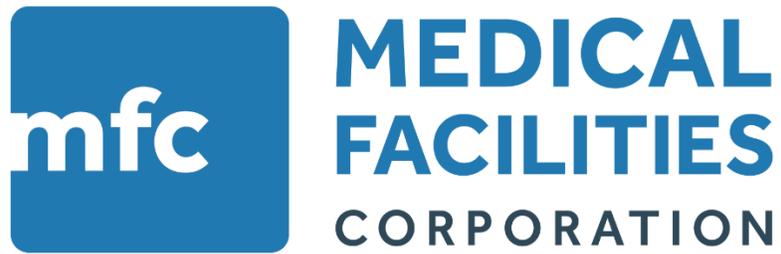
Article 25.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

25.3 Consent Required for Transfer of Shares or Designated Securities

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

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