

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Medical Facilities Corporation (the “**Company**”)
4576 Yonge Street, Suite 701
Toronto, Ontario
M2N 6N4

Item 2 Date of Material Change

November 15, 2024

Item 3 News Release

The Company issued and filed news releases on November 14, 2024 (the “**Initial News Release**”) and November 18, 2024 (the “**Closing News Release**”). Copies of the Initial News Release and the Closing News Release are attached as Schedule “A” and Schedule “B” hereto, respectively, and are available on SEDAR+ at www.sedarplus.ca.

Item 4 Summary of Material Change

On November 18, 2024, the Company announced that one of MFC’s specialty surgical hospitals, Black Hills Surgical Hospital, LLP (“**BHSH**”), located in Rapid City, SD, closed its previously announced sale to Sanford Health (with certain affiliates, “**Sanford**”) on November 15, 2024. The transaction was structured as a merger pursuant to which Sanford acquired 100% of the equity securities of BHSH for a total purchase price of \$194,000,000, subject to customary purchase price adjustments.

Item 5 Full Description of Material Change

A full description of the material change is provided in the news releases attached as Schedule “A” and Schedule “B”.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

The material change report is not being filed on a confidential basis.

Item 7 Omitted Information

No information has been omitted.

Item 8 Executive Officer

For further information, please contact:

David Watson
Chief Financial Officer
Medical Facilities Corporation
615.721.2290
investors@medicalfc.com

Item 9

Date of Report

November 22, 2024

Schedule "A"

(see attached)



NEWS RELEASE

Medical Facilities Corporation Announces Sale of Black Hills Surgical Hospital, LLP

TORONTO, Ontario, November 14, 2024 – Medical Facilities Corporation (“MFC” or the “Corporation”) (TSX: DR), announced that one of MFC’s specialty surgical hospitals, Black Hills Surgical Hospital, LLP (“BHSH”), located in Rapid City, SD, has entered into a definitive agreement to sell BHSH to Sanford Health (with certain affiliates, “Sanford”). The proposed transaction is structured as a merger in which Sanford would acquire 100% of the equity securities of BHSH for a total purchase price of \$194 million, subject to customary purchase price adjustments (the “Transaction”). The Transaction is expected to yield gross proceeds of approximately \$105.2 million for MFC’s 54.22% ownership share of BHSH. MFC’s minority partner in BHSH, Black Hills Surgical Physicians, LLC, is also participating in the Transaction. The Transaction is expected to close within the week. All amounts are expressed in U.S. dollars.

“The sale of Black Hills Surgical Hospital will be effected at a material premium to current trading levels and unlock significant value for Medical Facilities’ shareholders,” said Jason Redman, President and CEO of MFC. “This transaction aligns with our strategic direction, allowing us to better focus on our remaining core assets, and continue delivering high-quality healthcare services in our key markets. Additionally, the sale strengthens our balance sheet and should provide us with the flexibility to continue creating value for our shareholders.”

Michael Gisser, Chairman of the board of directors of MFC noted, “We are proud to have played a role in building BHSH into one of the top orthopedic hospitals in the United States. In particular, it has been an honour to partner with the exceptional professionals at BHSH over the years. Their staff and surgeons are indeed second to none.”

For the most recent fiscal year ended December 31, 2023, BHSH generated revenue of \$106 million and income from operations of \$17.9 million, representing 23.8% and 26.7% of MFC’s consolidated facility service revenue and income from operations, respectively.

The Corporation is currently evaluating various alternatives for the majority of the anticipated net proceeds, including repurchasing shares under the Corporation’s normal course issuer bid, making a substantial issuer bid, and/or making distributions to shareholders.

About Medical Facilities

Medical Facilities, in partnership with physicians, owns a portfolio of highly rated, high-quality surgical facilities in the United States. MFC’s ownership includes controlling interests in three specialty surgical hospitals located in Arkansas, Oklahoma, and South Dakota, and an ambulatory surgery center (“ASC”) located in California. The specialty surgical hospitals perform scheduled surgical, imaging, diagnostic and other procedures, including primary and urgent care, and derive their revenue from the fees charged for the use of their facilities. The ASC specializes in outpatient surgical procedures, with patient stays of less than 24 hours. For more information, please visit www.medicalfacilitiescorp.ca.

Caution concerning forward-looking statements

Statements made in this news release, other than those concerning historical financial information, may be forward-looking and therefore subject to various risks and uncertainties. Some forward-looking statements may be identified by words like “may”, “will”, “anticipate”, “estimate”, “expect”, “intend”, or “continue” or the negative thereof or similar variations and include statements about the Company’s normal course issuer bid and any future transactions. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Factors that could cause results to vary include those identified in Medical Facilities’ filings with Canadian securities regulatory authorities such as legislative or regulatory developments, intensifying competition, technological change and general economic conditions. All forward-looking statements presented herein should be considered in conjunction with such filings. Medical Facilities does not undertake to update any forward-looking statements; such statements speak only as of the date made.

For further information, please contact:

David Watson	Trevor Heisler
Chief Financial Officer	Vice President
Medical Facilities Corporation	MBC Capital Markets Advisors
615.721.2290	416.848.7380
investors@medicalfc.com	theisler@maisonbrison.com

Schedule "B"

(see attached)



NEWS RELEASE

Medical Facilities Corporation Announces Closing of Sale of Black Hills Surgical Hospital, LLP

TORONTO, Ontario, November 18, 2024 – Medical Facilities Corporation (“MFC” or the “Corporation”) (TSX: DR), announced that one of MFC’s specialty surgical hospitals, Black Hills Surgical Hospital, LLP, located in Rapid City, SD, closed its previously announced sale to Sanford Health on November 15, 2024.

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