NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 9, 2019

March 28, 2019

TABLE OF CONTENTS

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**Meeting**") of the shareholders of Medical Facilities Corporation (the "**Corporation**") will be held at the offices of Goodmans LLP, Bay Adelaide Centre – West Tower, 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7 on Thursday, the 9th day of May, 2019 at the hour of 10:00 a.m. (Eastern time) for the following purposes:

1. **TO RECEIVE** the financial statements of the Corporation for the year ended December 31, 2018, 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; and

4. **TO TRANSACT** such further or other business as may properly come before the Meeting and any and all adjournments thereof.

The Corporation is using "notice and access" delivery 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 April 1, 2019, shareholders will be sent a Notice and Access Notification containing instructions on how to access proxy materials for the fiscal year ended December 31, 2018. The Notice and Access Notification also provides instructions on how to vote online and includes instructions on how to receive a paper copy of the proxy materials by mail. 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 28th day of March, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

"*Marilynne Day-Linton*"

Chair of the Board of Directors
Medical Facilities Corporation

Note: If you are a shareholder and you are not able to be present at the Meeting, please exercise your right to vote by signing and returning the enclosed form of proxy to Computershare Investor Services Inc. so as to 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. The enclosed form of proxy may be returned via facsimile at the number indicated on the form of proxy or by mail or by hand to Medical Facilities Corporation, c/o Proxy Department, Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. The Board of Directors of the Corporation has fixed the record date for the Meeting as March 22, 2019 (the "Record Date"). 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. Only shareholders of record as at the close of business on the Record Date will be entitled to notice of the Meeting or any adjournment thereof. 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 at 647.931.7454 or by email at contact@shorecrestgroup.com.

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 general meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of the Corporation to be held on May 9, 2019 at the offices of Goodmans LLP, Bay Adelaide Centre – West Tower, 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7 commencing at 10:00 a.m. (Eastern time), and at all postponements or adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting.

The information contained herein is given as at March 28, 2019, 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, 2018 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 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.

APPOINTMENT AND REVOCATION OF PROXIES

Together with this information circular, registered Shareholders 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 crossing out the persons named in the enclosed form of proxy and inserting such other person's name or by completing another proper form of proxy. Such other person need not be a Shareholder of the Corporation.**

To be valid, proxies must be submitted to the Corporation's transfer agent, Computershare Investor Services Inc. (the "**Agent**"), by fax within North America at 1.866.249.7775, outside North America at 416.263.9524, or by mail or by hand to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 so as not to arrive later than 10:00 a.m. (Eastern time) on Tuesday, May 7, 2019. 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.

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 Shareholder who has given a proxy may revoke the proxy:

(a) by completing and signing a proxy bearing a later date and depositing it as aforesaid;

(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.

VOTING OF PROXIES

The persons named in the accompanying form of proxy will vote or withhold from voting common shares ("**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 and, 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*"; and

(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*".

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 enclosed 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 of the Corporation know of no such amendments, variations or other matters.

INFORMATION FOR BENEFICIAL OWNERS OF SECURITIES

OVERVIEW OF BOOK-ENTRY ONLY REGISTRATION

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

A non-registered securityholder of the Corporation (a "**Beneficial Holder**") 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 Holder or in the name of a clearing agency in which the intermediary is a participant), all of which are referred to as "**Intermediary** or **Intermediaries**" in this information circular, should note that only proxies or instructions deposited by securityholders whose names are on the records of the Corporation as the registered holders of such securities can be recognized and acted upon at the Meeting.

Common Shares that are listed in an account statement provided to a Beneficial Holder by an Intermediary are registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**"), or its nominee, and not in the Beneficial Holder's own name on the records of the Corporation.

Applicable regulatory policy in Canada requires Intermediaries to seek voting instructions from Beneficial Holders 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 Holders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Holder by its Intermediary is identical to that provided to registered securityholders. However, its purpose is limited to instructing the registered securityholder how to vote on behalf of the Beneficial Holder. Most Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**").

Broadridge typically prepares a machine-readable voting instruction form in lieu of the form of proxy provided by the Corporation, mails those forms to the Beneficial Holders and asks Beneficial Holders to return the voting instruction forms to Broadridge at the address provided. Alternatively, Beneficial Shareholders can vote via telephone at the number provided on the voting instruction form or access Broadridge's dedicated voting website at www.proxyvote.com to deliver their voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions representing the voting of the Common Shares to be represented at the Meeting. A Beneficial Holder receiving a Broadridge voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge or, alternatively, instructions must be received by Broadridge well in advance of the Meeting in order to have the Common Shares voted.

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 http://www.medicalfacilitiescorp.ca/Investors/shareholder-information.aspx. Refer to "*Notice and Access*" section below for further information.

Although Beneficial Holders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their broker or other intermediary, a Beneficial Holder may attend the Meeting as proxyholder for the registered holder and vote their Common Shares in that capacity. Beneficial Holders who wish to attend the Meeting and indirectly vote their own Common Shares as proxyholder for the registered holder should enter their own names in the blank space on the voting instruction form provided to them and return the same to their broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of 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 plainlanguage 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 April 1, 2019, the Corporation has elected to deliver its Meeting Materials to Beneficial Holders 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 Holders 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 28, 2019, there were 31,054,500 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 March 22, 2019, the record date established for the notice of the Meeting, 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 28, 2019, 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 45 St. Clair Avenue West, Suite 200, Toronto, Ontario, M4V 1K6, Canada, and include the information set out in the Advance Notice Policy. As the Corporation is utilizing notice and access system for the delivery to Shareholders of 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 eight.

Mr. Irving Gerstein will be retiring from the Board upon the election of directors at the Meeting and, accordingly, is not standing for re-election at the Meeting. The Corporation would like to thank Mr. Gerstein for his dedication and commitment, and for providing the Board with extensive business, financial, public company and corporate governance experience and knowledge. Mr. Gerstein has been an independent director of the Corporation since its inception in March 2004 and has served on its Audit Committee and Corporate Governance, Nominating and Compensation Committee, as well as chaired the Business Development and Acquisition Committee of the Corporation's U.S. corporate subsidiary.

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 eight 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.

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.

David R. Bellaire
Operating Partner, Waud Capital Partners
Atlanta, Georgia, United States

Age: 65
Director Since: March 19, 2014
Independent

Mr. Bellaire is an operating partner with Waud Capital Partners (Chicago) and an investor in and director for several private companies operating at the intersection of technology application and healthcare. He previously was a senior advisor following a decade as senior partner and director at Bain & Company where he held leadership roles in health insurance, provider and related service sectors. Prior to Bain & Company, Mr. Bellaire was EVP and COO of a NASDAQ-listed health technology company, lead partner of Booz Allen Hamilton, SVP at APM, Inc. and Computer Sciences Corp., lead executive for two specialty reinsurance companies sold to an industry consolidator, and faculty member of Northwestern University Medical School. He has served in interim turnaround and merger/integration leadership roles and was the founder/CEO of a prosthetics company. He has served in a number of governance and ownership roles over his career including for a medical information company, toxicology labs, physical therapy company, national specialty pharmacy provider, genomic informatics company, and a pharmaceutical care services provider, among others. Mr. Bellaire received his MBA and graduate (prosthetics/bio-engineering) degrees from Northwestern University.

Board and Committee Membership[1]

	Term in 2018	Meeting Attendance	
Board of Directors	January 1 – December 31	Regularly Scheduled	4 of 4 (100%)
		Non-Regularly Scheduled	7 of 7 (100%)
Corporate Governance, Nominating and Compensation Committee	January 1 – December 31	5 of 5 (100%)	
Investment Committee (Chair)	January 1 – December 31	6 of 6 (100%)	

Other Public Board Directorships

None

Voting Results of 2018 Annual General Meeting of Shareholders[2]

Votes For	6,096,850	98.48%
Votes Withheld	94,407	1.52%

Securities Held

Common Shares[3]	Deferred Share Units[4]	Total	Total Value[5]	2018 Compensation
-	20,681	20,681	$217,526	$117,000

Minimum Share Ownership Requirements[6]

Target Ownership at December 31, 2018	Meets Target Requirements
N/A	N/A / Target date to meet share ownership requirements: March 19, 2019

Marilynne Day-Linton
Corporate Director
Toronto, Ontario, Canada

Age: 63
Director Since: January 4, 2013
Independent

Ms. Day-Linton is a CPA, CA with board experience on reporting issuer and not-for-profit boards and senior management experience in the travel and travel-related service industries. Ms. Day-Linton was a member of the board of the Greater Toronto Airports Authority, which operates Toronto Pearson International Airport, and chaired its board and audit committee. In 2017, she completed her thirteen-year tenure on the board of St. Joseph's Health Centre Foundation in Toronto and had chaired its board and finance committee. Prior to that, she held senior financial management roles at Signature Vacations Inc., Wardair International, The Gemini Group LP, an electronic distribution company servicing travel service providers, and obtained her designation working for KPMG as an auditor with clients in a diverse group of industries.

Board and Committee Membership(1)

	Term in 2018	Meeting Attendance	
Board of Directors (Chair)	January 1 – December 31	Regularly Scheduled	4 of 4 (100%)
		Non-Regularly Scheduled	7 of 7 (100%)
Audit Committee	January 1 – December 31	4 of 4 (100%)	
Corporate Governance, Nominating and Compensation Committee	January 1 – December 31	5 of 5 (100%)	
Investment Committee	January 1 – December 31	6 of 6 (100%)	

Other Public Board Directorships

None

Voting Results of 2018 Annual General Meeting of Shareholders(2)

Votes For	6,108,708	98.67%
Votes Withheld	82,549	1.33%

Securities Held

Common Shares(3)	Deferred Share Units(4)	Total	Total Value(5)	2018 Compensation
11,400	42,044	53,444	$562,115	$161,500

Minimum Share Ownership Requirements(6)

Target Ownership at December 31, 2018	Meets Target Requirements
$165,000	Yes

Stephen Dineley
Consultant
Toronto, Ontario, Canada

Age: 67
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 Extendicare 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. Mr. Dineley is a director and chair of the audit committee of DionyMed Brands Inc., a CSX-listed company, and serves as a director for the Bank of New York Trust Company Canada. Mr. Dineley holds an ICD.D designation with the Institute of Corporate Directors.

Board and Committee Membership(1)

	Term in 2018	Meeting Attendance	
Board of Directors	January 1 – December 31	Regularly Scheduled	4 of 4 (100%)
		Non-Regularly Scheduled	6 of 7 (86%)
Audit Committee (Chair)	January 1 – December 31	4 of 4 (100%)	
Investment Committee	January 1 – December 31	6 of 6 (100%)	

Other Public Board Directorships

DionyMed Brands Inc.

Voting Results of 2018 Annual General Meeting of Shareholders(2)

Votes For	6,094,700	98.44%
Votes Withheld	96,557	1.56%

Securities Held

Common Shares(3)	Deferred Share Units(4)	Total	Total Value(5)	2018 Compensation
415	12,784	13,199	$138,828	$120,000

Minimum Share Ownership Requirements(6)

Target Ownership at December 31, 2018	Meets Target Requirements
N/A	N/A / Target date to meet share ownership requirements: February 26, 2021

Erin S. Enright
Managing Member, Prettybrook Partners LLC
Austin, Texas, United States

Age: 57
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 Woodrow Wilson School of Public and International Affairs at Princeton University and J.D. from the University of Chicago Law School.

Board and Committee Membership(1)(7)

	Term in 2018	Meeting Attendance	
Board of Directors	August 8 – December 31	Regularly Scheduled	1 of 1 (100%)
		Non-Regularly Scheduled	3 of 3 (100%)
Audit Committee	August 8 – December 31	1 of 1 (100%)	
Investment Committee	August 8 – December 31	2 of 2 (100%)	

Other Public Board Directorships

Dynatronics Corporation

Voting Results of 2018 Annual General Meeting of Shareholders(2)

Votes For	N/A	N/A
Votes Withheld	N/A	N/A

Securities Held

Common Shares(3)	Deferred Share Units(4)	Total	Total Value(5)	2018 Compensation
-	3,711	3,711	$39,034	$40,902

Minimum Share Ownership Requirements(6)

Target Ownership at December 31, 2018	Meets Target Requirements
N/A	N/A / Target date to meet share ownership requirements: August 8, 2023

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

Age: 53
Director Since: November 8, 2017
Executive Director

Mr. Horrar is President and Chief Executive Officer of the Corporation which he joined in May 2017 initially as Chief Operating Officer. Mr. Horrar 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. Horrar was with Humana, Inc. for over 11 years and held several key management positions, including Executive Director for Nevada operations. Mr. Horrar 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.

Board and Committee Membership(8)

	Term in 2018	**Meeting Attendance**	
Board of Directors	January 1 – December 31	Regularly Scheduled	4 of 4 (100%)
		Non-Regularly Scheduled	7 of 7 (100%)

Other Public Board Directorships

None

Voting Results of 2018 Annual General Meeting of Shareholders(2)

Votes For	6,115,400	98.77%
Votes Withheld	75,857	1.23%

Securities Held

Common Shares(3)	**Deferred Share Units**(4)	**Total**	**Total Value**	**2018 Compensation**(9)
-	N/A	-	-	N/A

Minimum Share Ownership Requirements(10)

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: 68
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; in addition, Ms. Lawr is on the board of directors of the Museum of Contemporary Art in Toronto, Canada, and is a member of its finance and audit committee.

Board and Committee Membership[1]

	Term in 2018	**Meeting Attendance**	
Board of Directors	January 1 – December 31	Regularly Scheduled	4 of 4 (100%)
		Non-Regularly Scheduled	7 of 7 (100%)
Audit Committee	January 1 – December 31	4 of 4 (100%)	
Corporate Governance, Nominating and Compensation Committee (Co-Chair)	January 1 – December 31	5 of 5 (100%)	

Other Public Board Directorships

None

Voting Results of 2018 Annual General Meeting of Shareholders[2]

Votes For	6,105,907	98.62%
Votes Withheld	85,350	1.38%

Securities Held

Common Shares[3]	**Deferred Share Units**[4]	**Total**	**Total Value**[5]	**2018 Compensation**
-	24,634	24,634	$259,098	$105,000

Minimum Share Ownership Requirements[6]

Target Ownership at December 31, 2018	**Meets Target Requirements**
N/A	N/A / Target date to meet share ownership requirements: November 12, 2019

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

Age: 67
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 honourary 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.

Board and Committee Membership(1)

	Term in 2018	**Meeting Attendance**	
Board of Directors	January 1 – December 31	Regularly Scheduled	4 of 4 (100%)
		Non-Regularly Scheduled	7 of 7 (100%)
Corporate Governance, Nominating and Compensation Committee (Co-Chair)	January 1 – December 31	5 of 5 (100%)	
Investment Committee	January 1 – December 31	6 of 6 (100%)	

Other Public Board Directorships

None

Voting Results of 2018 Annual General Meeting of Shareholders(2)

Votes For	6,056,878	97.83%
Votes Withheld	134,379	2.17%

Securities Held

Common Shares(3)	**Deferred Share Units**(4)	**Total**	**Total Value**(5)	**2018 Compensation**
3,300	15,574	18,874	$198,514	$105,000

Minimum Share Ownership Requirements(6)

Target Ownership at December 31, 2018	**Meets Target Requirements**
N/A	N/A / Target date to meet share ownership requirements: November 11, 2020

Reza Shahim, M.D.
Neurosurgeon
Little Rock, Arkansas, United States

Age: 51
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.

Board and Committee Membership			
	Term in 2018	**Meeting Attendance**	
Board of Directors	January 1 – December 31	Regularly Scheduled	4 of 4 (100%)
		Non-Regularly Scheduled	7 of 7 (100%)
Investment Committee	January 1 – December 31	6 of 6 (100%)	

Other Public Board Directorships

None

Voting Results of 2018 Annual General Meeting of Shareholders(2)		
Votes For	6,087,146	98.32%
Votes Withheld	104,111	1.68%

Securities Held(11)

Common Shares(3)	Deferred Share Units(4)	Total	Total Value(5)	2018 Compensation
-	13,447	13,447	$141,435	$106,000

Minimum Share Ownership Requirements(6)

Target Ownership at December 31, 2018	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 show of hands at the 2018 Annual General Meeting of Shareholders.

(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, 2018.

(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, 2018. 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$14.35, which was the average of the closing prices of the Common Shares on the Toronto Stock Exchange on March 29, 2018, June 29, 2018, September 28, 2018 and December 31, 2018. 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, 2018: US$1 = C$1.3641.

(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. Enright was appointed to the Board on August 8, 2018.

(8) 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.

(9) 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.

(10) 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*".

(11) Dr. Shahim has an indirect ownership of 4.22% 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 15,017 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 ninety days of the meeting at which the election was held, the Board shall make its decision, on the CGNC Committee recommendation. In considering 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 thirty 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 thirty 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.

To the knowledge of the Corporation, none of its directors and 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.

To the knowledge of the Corporation, none of its directors and 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.

FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation for the year ended December 31, 2018 and the Auditors' Report thereon will be placed before the Shareholders at the Meeting for their consideration. 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 are the Corporation's NEOs for the year ended December 31, 2018.

Name	Position
Robert Horrar[(1)]	President and Chief Executive Officer ("**CEO**")
Tyler Murphy	Chief Financial Officer ("**CFO**")
James Rolfe	Chief Development Officer ("**CDO**")
James Porter	Vice-President, Operations ("**VPO**")
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 ("**COO**") and was appointed as CEO in October 2017. Where references in this information circular are made to COO, these references are to the options or restricted share units Mr. Horrar was awarded in accordance with the terms of his COO employment agreement.

The discussion which follows applies to Messrs. Horrar, Murphy, Rolfe and Porter 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, Murphy, Rolfe and Porter 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. Mr. Gerstein is retiring and will not stand for re-election at the Meeting.

CGNC Committee Member	Relevant Skills and Experience
Jeffrey Lozon (Co-Chair)	Mr. Lozon was appointed to the CGNC Committee in November 2015 and has been its co-chair responsible for nominating and compensation matters since May 2016, except when he was interim chief executive officer of the Corporation from June to October 2017. Mr. Lozon was re-appointed as co-chair of the CGNC Committee in November 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.
Dale Lawr (Co-Chair)	Ms. Lawr was appointed to the CGNC Committee in January 2015 and has been its co-chair responsible for corporate governance and nominating matters since May 2016. 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.
David Bellaire	Mr. Bellaire was appointed to the CGNC Committee in May 2016. He has served on boards of public, private equity-sponsored, ESOP-owned, and non-profit companies over 20+ years. Mr. Bellaire has significant board director experience, including as an executive board chair, executive committee and audit committee chair and member, compensation, nominating and governance committee member and chair, and executive coach. He is a current and past investor in health and health technology companies where he has played key roles in executive recruitment, development, and transition, and has led development of compensation plans (including incentive equity) for key executives and their teams.
Marilynne Day-Linton	Ms. Day-Linton was appointed to the CGNC Committee in March 2013. She has attended in an *ex officio* capacity all corporate governance and nominating and human resources and compensation committee meetings in her former role as chair of the board of directors of the Greater Toronto Airports Authority, a reporting issuer. She has had direct experience in executive compensation matters as a result of serving as an officer or director of other organizations where her duties included determination or the review of appropriate levels and types of employee compensation.

CGNC Committee Member	Relevant Skills and Experience
Irving Gerstein	Mr. Gerstein was appointed to the CGNC Committee in May 2016. He is a member of the corporate, nominating and governance committee of Atlantic Power Corporation (TSX:ATP; NYSE:AT), and, from 2004 to 2018, served on the corporate, nominating and governance committee of Student Transportation Inc., which was previously listed on the Toronto Stock Exchange and NASDAQ. In his career as an executive and a director on a number of public issuers' boards, Mr. Gerstein has gained extensive experience and dealings in executive management employment terms and senior compensation issues. His current directorship also provides additional exposure to recent executive compensation matters and trends.

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.

Reviewing Compensation Design and Market Trends
• The CGNC Committee, with input from an external compensation consultant and the CEO, reviews the design and purpose of all executive compensation pay elements in terms of alignment to business strategy, overall compensation philosophy, and market best practices. • The CGNC Committee reviews and considers any feedback from shareholders and proxy advisory firms regarding executive compensation program and policies. • The CGNC Committee reflects on market trends and emerging practices in executive compensation. • The CGNC Committee reviews a compilation of vested and unvested restricted share units, performance share units, and stock options. • Management updates the CGNC Committee on actual performance against pre-established targets for performance-based short-term incentive.

Setting Compensation and Targets for Fiscal Year
• External compensation consultant uses compensation peer group data to inform the CGNC Committee of competitive pay levels for executive officers. • The CGNC Committee reviews base salaries for the year, approves corporate and personal performance objectives under the short-term incentive program, and sets vesting conditions for long-term incentives.

Assessing Results and Approving Compensation
• The CEO develops compensation recommendations based on performance of the respective executive officers against the pre-determined goals set for the fiscal year for approval by the CGNC Committee. • The CEO presents an assessment of his individual performance results and discusses his performance against his goals for the year. A formal CEO performance review takes place annually. • The CGNC Committee assesses the Corporation's performance to determine if targets were met, and conducts CEO's performance review and discusses CEO's performance for the prior fiscal year. • The CGNC Committee recommends for approval by the Board short-term and long-term executive compensation.

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 performance share units, restricted share units, and stock options. Performance 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 not 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 VPO, with actual entitlements ranging 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) stock option rewards which vest five years after the grant date and, in the case of the CFO and CDO, if dividend distribution performance criteria are met, (ii) restricted share units which vest equally over three years beginning on the first anniversary of the grant, and (iii) performance share units which vest three years after the grant date based on cumulative performance over the three years.

- **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:** Executive officers 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 recommendation of the CGNC Committee, 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
VPO	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, 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 issued upon vesting 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. 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' deadlines to satisfy their respective current minimum share ownership guidelines.

Executive	Minimum Share Ownership Guideline ($)	Deadline to Meet Ownership Guideline
Robert Horrar	1,800,000	October 25, 2022
Tyler Murphy	700,000	November 21, 2021
James Rolfe	450,000	September 19, 2021
James Porter	430,000	January 1, 2023

Policy Regarding Executive Recoupment

The Board 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

Since 2015, the CGNC Committee has retained 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 co-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 2018, the CGNC Committee retained the services of Hexarem to perform compensation related work including providing external comparator data for and reviewing the executive compensation structure, assisting with Performance Share Unit Plan (the "**PSU Plan**") design, reviewing director compensation, and reviewing of the information circular.

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

Fees Paid(1)	**2018 (C$)**	**2017 (C$)**
Executive and director compensation related fees	33,129	14,225
All other fees	-	2,300
Total fees	**33,129**	**16,525**

(1) Fees presented net of harmonized sales tax.

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. For 2018, the members of the executive compensation comparator group were:

Acadia Healthcare Company, Inc.	LifePoint Health, Inc.
Akumin Inc.	National HealthCare Corporation
Amedisys, Inc.	Nobilis Health Corporation
American Renal Associates Holdings	RadNet, Inc.
Brookdale Senior Living Inc.	SunLink Health Systems Inc.

Community Health Systems, Inc.	Surgery Partners, Inc.
Encompass Health Corporation	Universal Health Services, Inc.
Envision Healthcare	US Physical Therapy Inc.

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 provision in the case of the CEO and VPO, 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	• 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	• Cash incentive. • Payout based on combination of corporate and individual performance.
Long-Term Incentives:				
Performance Share Units ("**PSUs**")	Promotes retention and rewards long-term performance and shareholder value.	Variable	Three Years	• Annual grants. • Three-year cliff vesting based on cumulative performance over the three years. • Settled in cash.
Restricted Share Units ("**RSUs**")	Promotes retention and rewards long-term performance and shareholder value.	Variable	Three Years	• *Ad-hoc* 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	• 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.

Component	Purpose	Risk	Time Frame	Description
Indirect Compensation				
Group Benefits	Invests in employee health and well-being.	N/A	N/A	• Benefits plan which offers medical, dental (paid by employee), vision (paid by employee), basic life and accidental death and dismemberment, short-term disability and long-term disability (co-paid by the Corporation and employee) coverage.
Retirement	Provides a source of retirement income.	N/A	N/A	• Voluntary 401K plan.
Perquisites	If relocation is required, a one-time inducement to relocate to U.S. head office in Franklin, Tennessee.	N/A	Once	• Reimbursement of relocation expenses.

In November 2018, the CGNC Committee reviewed the design and elements of the executive compensation, taking into account market data provided by Hexarem, and concluded that no changes to the executive compensation were required.

2018 Compensation Decisions and Actions

The following discusses features of each compensation component and 2018 compensation decisions and actions for the Executives.

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 2018.

Executive	Position	Base Salary ($)
Robert Horrar	CEO	450,000
Tyler Murphy	CFO	350,000
James Rolfe	CDO	300,000
James Porter	VPO	215,000

The 2018 base salaries remained unchanged from the 2017 level.

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. In addition, in the case of the CFO and CDO, for the first two twelve-month periods of employment, STIP awards shall be no less than 70% of the target annual short-term incentive.

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.

Base Salary ($) × STIP Target (% Salary) × (Corporate Score x Weighting + Individual Score x Weighting) = **STIP Payout ($)**

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	2018 Base Salary ($)	2018 STIP Target		Performance Weighting	
			% of Salary	($)	Corporate	Individual
Robert Horrar	CEO	450,000	75%	337,500	75%	25%
Tyler Murphy	CFO	350,000	50%	175,000	75%	25%
James Rolfe	CDO	300,000	50%	150,000	75%	25%
James Porter	VPO	215,000	40%	86,000	75%	25%

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 2018 performance metrics, Executives' goal weighting and actual results.

Performance Metric/Goal	Goal Weighting CEO	CFO	CDO	VPO	Threshold	Target	Maximum	Actual Achieved
Organic Growth (MFC Partnerships)								
Revenue	10%	10%	10%	15%	$404.4M	$425.6M	$447.0M	$431.6M
EBITDA	10%	10%	10%	15%	$110.0M	$115.8M	$122.0M	$108.3M
Cash Flow	10%	10%	10%	15%	$86.9M	$91.50M	$96.0M	$93.8M
Consolidated EBITDA(1)	30%	30%	20%	20%	$100.9M	$106.2M	$111.6M	$99.0M
Acquisitive Revenue Growth	15%	15%	25%	10%	$20.0M	$30.0M	$40.0M	-
Total	**75%**	**75%**	**75%**	**75%**				
2018 Average Score Calculation:	**37.04%**	**31.85%**	**31.85%**	**47.78%**				

(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, 2018.

2018 STIP Awards

The table below sets forth 2018 STIP results and payouts to the Executives.

Executive	Position	2018 STIP Target ($)	Performance Corporate	+	Individual	2018 STIP Award ($)	% of Target
Robert Horrar	CEO	337,500	75% x 37.04%	+	25%	178,133	53%
Tyler Murphy	CFO	175,000	75% x 31.85%	+	25%	118,553(1)	68%
James Rolfe	CDO	150,000	75% x 31.85%	+	25%	96,151(2)	64%
James Porter	VPO	86,000	75% x 47.78%	+	25%	52,318	61%

(1) A portion of 2018 STIP award reflects a guarantee of no less than 70% of the target annual short-term incentive covering the period up to November 21, 2018 in accordance with the CFO's employment agreement.

(2) A portion of 2018 STIP award reflects a guarantee of no less than 70% of the target annual short-term incentive covering the period up to September 19, 2018 in accordance with the CDO's employment agreement.

2018 CEO Individual Performance

Mr. Horrar's individual goals for 2018 represent 25% of his STIP award. He achieved his goals relating to the improvement of operating performance of and overseeing potential improvements at an MFC Partnership, integration of seven ambulatory surgical centers acquired at the beginning of 2018, evaluation of potential acquisitive growth opportunities, increased communication with analyst and investor communities, promotion of the Corporation as a preferred physician partner with surgical facilities, and support of the governance functions at the MFC Partnerships. Mr. Horrar's finalized STIP payment represents 100% achievement of his individual goals for 2018.

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: PSUs, RSUs, and stock options.

Performance Share Units

In 2018, the Board approved a PSU Plan. PSUs are designed to encourage alignment of interests of the PSU 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 PSUs 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. All PSUs accrue notional dividends that are allocated in the form of additional PSUs 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, 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 PSU Plan, refer to Schedule “C” to this information circular.

2018 PSU Grants

The first grant of PSUs occurred in March 2018 (“**2018 PSUs**”). The Board, on the recommendation of the CGNC Committee, granted a total of 59,003 2018 PSUs to the Executives as set forth in the table below. The grant date for 2018 PSUs was March 29, 2018. The performance period is 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 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.

Executive	Number of 2018 PSUs Granted (#)	Value of 2018 PSUs Granted ($)
Robert Horrar	20,191	225,000
Tyler Murphy	15,704	175,000
James Rolfe	13,461	150,000
James Porter	9,647	107,500

Restricted Share Units

RSUs were awarded annually until 2017 and are awarded on an *ad-hoc* basis as of 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.

2018 RSU Grants

On May 10, 2018, the Board, on the recommendation of the CGNC Committee, granted 17,040 RSUs to the CDO with a value of $200,000.

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 following table sets forth the annual burn rate of the Stock Option Plan for 2018, which was adopted in 2017.

	2018
Burn rate Total options granted during the year, as a percentage of the weighted average number of Common Shares outstanding.	1.84%

<u>2018 Option Grants</u>

During 2018, the Board, on the recommendation of the CGNC Committee, granted a total of 450,000 options to Mr. Horrar in accordance with his CEO employment agreement entered into in October 2017, and 120,000 options to Mr. Porter upon joining the Corporation in January 2018.

Benefits and Perquisites

The Corporation's subsidiary, Medical Facilities (USA) Holdings, Inc. ("**MFH**"), provides the Executives with a selection of benefits and perquisites 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 premium for dental and vision coverage and 50% of the premium for long-term disability coverage.

MFH also has a defined contribution 401K plan (the "**401K Plan**") in respect of which Executives, at their option, are eligible to participate. As at December 31, 2018, all of the Executives 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. There is no matching or compensatory contributions made to the 401K Plan by MFH on behalf of an eligible participant.

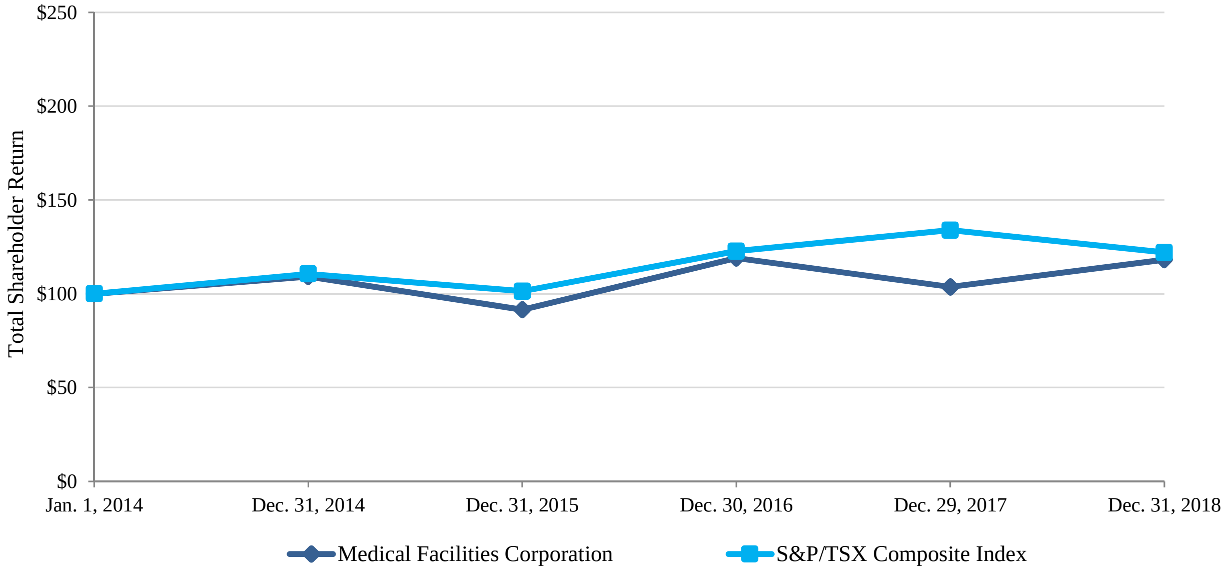
The employment agreements for Messrs. Murphy and Rolfe provide for reimbursement of relocation expenses from their place of residence before they joined the Corporation to the Corporation's office in Franklin, Tennessee.

Pension Plan Benefits

As at December 31, 2018, 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, 2014 to December 31, 2018.



Five-Year Cumulative Total Shareholder Return on C$100 Investment and NEOs Total Direct Compensation

	Jan. 1, 2014	Dec. 31, 2014	Dec. 31, 2015	Dec. 30, 2016	Dec. 29, 2017	Dec. 31, 2018
Medical Facilities Corporation	C$100.00	C$109.18	C$91.51	C$119.02	C$103.62	C$118.23
S&P/TSX Composite Index	C$100.00	C$110.55	C$101.36	C$122.73	C$133.89	C$121.99
NEOs Total Direct Compensation (in thousands)		US$2,272	US$2,202	US$3,813	US$3,536	US$3,703

The 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), as indicated in the table above, reflects changes to the executive compensation framework that began in 2016 and continued into 2018 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, 2018, 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 Compen-sation ($)	Total Compen-sation ($)
					Annual Incentive Plans ($)	Long-Term Incentive Plans ($)			
Robert Horrar President and Chief Executive Officer	2018	450,000	225,000	464,494	178,133	N/A	N/A	-	1,317,627
	2017	227,419	23,425	326,574	99,108	N/A	N/A	-	676,526
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tyler Murphy[(3)] Chief Financial Officer	2018	350,000	175,000	-	118,553	N/A	N/A	85,188	728,741
	2017	350,000	106,438	-	122,500	N/A	N/A	-	578,938
	2016	38,889	200,000	446,768	-	N/A	N/A	-	685,657
James Rolfe[(3)] Chief Development Officer	2018	300,000	350,000	-	96,151	N/A	N/A	-	746,151
	2017	300,000	117,123	-	110,625	N/A	N/A	85,624	613,372
	2016	86,905	-	530,022	42,623	N/A	N/A	-	659,550
James Porter[(4)] Vice-President, Operations	2018	215,000	107,500	123,865	52,318	N/A	N/A	-	498,683
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2016	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	2018	450,008	N/A	N/A	46,831	N/A	N/A	170,000	666,839
	2017	450,008	N/A	N/A	43,610	N/A	N/A	35,000	528,618
	2016	450,008	N/A	N/A	52,634	N/A	N/A	25,000	527,642

(1) The 2018 amounts in this column represent the total value ascribed to the PSUs granted to the Executives on March 29, 2018. These values were calculated by multiplying the Executive's base salary 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. In 2016, Mr. Murphy received an initial grant of RSUs with a value of $200,000 upon commencement of his employment with the Corporation in accordance with his employment agreement.

(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	September 19, 2016 Grant Value (CDO)	November 21, 2016 Grant Value (CFO)	May 18, 2017 Grant Value (COO)	March 29, 2018 Grant Value (CEO and VPO)
Expected option term in years	5	5	5	5
Expected volatility	21.95%	21.77%	22.77%	27.76%
Expected dividend yield	5.22%	6.18%	6.74%	8.02%
Risk-free interest rate	0.73%	0.99%	0.99%	1.96%
Exercise price	C$ 21.15	C$ 17.98	C$ 16.47	C$ 14.03
Option value	**C$ 2.00**	**C$ 1.41**	**C$ 1.27**	**C$ 1.33**

The option grant values in the Summary Compensation Table above have been converted into U.S. dollars at the Bank of Canada exchange rates on grant dates: September 19, 2016 grant: US$1 = C$1.3207; November 21, 2016 grant: US$1 = C$1.3413; and May 18, 2017 grant: US$1 = 1.3611, and at The Wall Street Journal closing exchange rate on March 29, 2018 US$1 = 1.2885.

(3) The "All Other Compensation" column includes relocation benefits paid to Mr. Rolfe in 2017 and Mr. Murphy in 2018 in accordance with the terms of their employment agreements.

(4) Mr. Porter joined the Corporation on January 1, 2018.

(5) The amounts in the "Annual Incentive Plans" column represent short-term incentive awards paid to Dr. Curd by his MFC Partnership. The 2018 amount in "All Other Compensation" column includes $91,000 paid to Dr. Curd by the Corporation for his services as chief medical officer of the Corporation in accordance with the consulting agreement between Dr. Curd and the Corporation.

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, 2018.

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	350,000 450,000	16.47 14.03	May 18, 2027 March 29, 2028	- 454,500	21,385 PSUs 1,550 RSUs	320,672 23,245	- -
Tyler Murphy Chief Financial Officer	425,000	17.98	November 21, 2026	-	16,633 PSUs 12,846 RSUs	249,412 192,624	- -
James Rolfe Chief Development Officer	350,000	21.15	September, 19, 2026	-	14,257 PSUs 25,673 RSUs	213,781 384,966	- -
James Porter Vice-President, Operations	120,000	14.03	March 29, 2028	121,200	10,218 PSUs	153,210	-
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$15.04, which was the closing trading price of the Common Shares on the TSX on December 31, 2018. Stock options have a ten-year term and vest five years after the grant date.

(2) The total number of RSUs and PSUs includes RSUs and PSUs granted and RSUs and PSUs 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$14.99, which was calculated as the volume weighted average trading price per Common Share on the TSX for the five trading days preceding December 31, 2018.

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, 2018.

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	-	8,253	178,133
Tyler Murphy Chief Financial Officer	-	106,070	118,553
James Rolfe Chief Development Officer	-	41,288	96,151
James Porter Vice-President, Operations	-	-	52,318

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] ($)
R. Blake Curd Chief Executive Officer Sioux Falls Specialty Hospital, LLP	N/A	N/A	46,831

(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 value and are shown as "-".

(2) Represents cash payment made for 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 value was 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, 2018.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options (#)	Weighted-Average Exercise Price of Outstanding Options (C$)	Number of Common Shares Remaining Available for Future Issuance under Equity Compensation Plans[1] (#)
Equity compensation plans approved by Shareholders	1,918,562	17.02	1,181,438
Equity compensation plans not approved by Shareholders	None	None	None
Total	**1,918,562**	**17.02**	**1,181,438**

(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 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 seventy-four days after the termination date each Executive would be entitled to termination payment as described in the table below.

The CEO and VPO are entitled to terminate their employment with the Corporation within ninety days after occurrence of the following events ("**Resignation for Good Reason**"): (a) a material unauthorized diminution in their authority, duties, or responsibilities; (b) relocation in excess of thirty-five 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 and VPO were entitled to participate as at the date of their respective employment agreements.

The CFO and CDO employment agreements specify that certain terms, conditions and benefits are applicable to each of the CFO and CDO in the event of a "Change of Control", which is defined in each specific agreement, but 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 twenty-four 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, PSUs and stock options upon termination, resignation, permanent disability and death.

Type	Base Salary	STIP	RSUs or PSUs	Stock Options
Termination for Cause[(1)]	Accrued but unpaid base salary through the date of termination.	None.	Unvested awards expire immediately.	Unexercised vested options are forfeited. Unvested options expire immediately.
Termination without Cause[(1)]	Accrued but unpaid base salary through the date of termination plus two times base salary.	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 and VPO, any earned but unpaid short-term incentive for prior period.	CEO and VPO: Awards vest on the date of termination on a pro-rated basis relative to the length of the early vesting period. CFO, CDO and COO: 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.	Unexercised vested options must be exercised within thirty days of termination. Unvested options expire on the date of termination in the case of the CEO and VPO options, and 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 in the case of CFO, CDO and COO options.
Termination without Cause within Twenty-Four Months following Change of Control	CFO and CDO: Two times base salary.	CFO and CDO: Two times the target short-term incentive.	Unvested awards vest.	Unvested options vest. Unexercised vested options must be exercised within twenty-four months of termination or by the end of the original term, whichever is sooner.
Resignation[(1)]	Accrued but unpaid base salary through the date of resignation.	None.	Awards expire on resignation.	Unvested options expire on resignation. Unexercised vested options must be exercised within thirty days of resignation.
Resignation for Good Reason (only in the Case of the CEO and VPO)[(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 termination on a pro-rated basis relative to the length of the early vesting period.	Unexercised vested options must be exercised within thirty days of termination. Unvested options expire on the date of termination.
Permanent Disability[(1)]	Accrued but unpaid base salary through the date of permanent disability.	In the case of CEO and VPO only, any earned but unpaid short-term incentive for prior period.	Awards vest on the original vesting dates.	Options exercised in accordance with original vesting schedule.

Type	Base Salary	STIP	RSUs or PSUs	Stock Options
Death[(1)]	Accrued but unpaid base salary through the date of death.	In the case of CEO and VPO only, 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.	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 and VPO are also entitled to reimbursement of any eligible unreimbursed expenses.

The following table sets forth the payments that would have been made to each Executive pursuant to their employment agreements and their RSUs, PSUs 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, 2018.

Executive	Triggering Event	Termination Payment ($)	RSU Payment[(1)] ($)	PSU Payment[(1)(2)] ($)	Share Option Payment[(3)] ($)	Total ($)
Robert Horrar President and Chief Executive Officer	Termination without Cause	1,177,241	8,536	59,628	-	1,245,405
	Change of Control	N/A	17,041	235,080	333,187	585,308
	For Good Reason	1,177,241	8,536	59,628	-	1,245,405
Tyler Murphy Chief Financial Officer	Termination without Cause	941,053	83,657	46,377	-	1,071,087
	Change of Control	1,050,000	141,209	182,851	-	1,374,060
James Rolfe Chief Development Officer	Termination without Cause	806,776	114,250	39,752	-	960,778
	Change of Control	900,000	282,213	156,720	-	1,338,933
James Porter Vice-President, Operations	Termination without Cause	534,636	-	28,489	-	563,125
	Change of Control	N/A	-	112,316	88,850	201,166
	For Good Reason	534,636	-	28,489	-	563,125

(1) The RSUs and PSUs have been valued using the Common Share value of C$14.99, which was calculated as the volume weighted average trading price per Common Share on the TSX for the five trading days preceding December 31, 2018, and converted into U.S. dollars using December 31, 2018 The Wall Street Journal closing exchange rate of US$1=C$1.3641.

(2) The PSUs have performance factor attached in the range of between 0.5x to 1.0x of target. For the purposes of this calculation, the maximum performance target of 1.0x was used.

(3) Some of the options were not in-the-money on December 31, 2018 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 an annual 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.

For the purposes of benchmarking director compensation, the Corporation uses a director compensation comparator group consisting of Canadian and U.S. organizations with annual revenues below $1 billion. Canadian-based organizations include publicly-traded companies in the healthcare sector or with a corporate strategy of consolidating an industry. U.S.-based organizations include publicly-traded companies in the healthcare services and facilities sector, and is the same compensation comparator group used in the executive compensation review as discussed under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis*".

The Canadian comparator group includes the companies listed below:

Centric Health Corporation	MTY Food Group Inc.
Chartwell Retirement Residences	NorthWest Healthcare Properties REIT
Cominar Real Estate Investment Trust	RECIPE Unlimited Corporation (formerly Cara Operations Limited)
Extendicare Inc.	Richelieu Hardware Ltd.
Fiera Capital Corporation	Sienna Senior Living Inc.
GDI Integrated Facility Services Inc.	

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 2018.

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 Co-Chairs (Each)	5,000
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	8,000
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 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 $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.

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, 2018.

Name[(1)]	Cash Fees Earned ($)	Share-Based Awards[(2)] ($)	Option-Based Awards ($)	Non-Equity Incentive Plan Compen-sation[(3)] ($)	Pension Value ($)	All Other Compen-sation ($)	Total ($)
David Bellaire	66,764	50,236	N/A	N/A	N/A	N/A	117,000
Marilynne Day-Linton	80,750	80,750	N/A	N/A	N/A	N/A	161,500
Stephen Dineley	60,000	60,000	N/A	N/A	N/A	N/A	120,000
Erin Enright[(4)]	-	40,902	N/A	N/A	N/A	N/A	40,902
Irving Gerstein	50,000	50,000	N/A	N/A	N/A	N/A	100,000
Dale Lawr	52,500	52,500	N/A	N/A	N/A	N/A	105,000
Jeffrey Lozon	52,500	52,500	N/A	N/A	N/A	N/A	105,000
Reza Shahim	-	106,000	N/A	N/A	N/A	N/A	106,000

(1) Compensation information for Mr. Horrar, who was Board member during 2018 and is NEO for the year ended December 31, 2018, 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. Enright was appointed to the Board on August 8, 2018 and her annual fees were pro-rated accordingly.

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, 2018.

Name	Share-Based Awards		
	Number of DSUs (#)	Market or Payout Value of Share-Based Awards that Have Not Vested ($)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed(1) ($)
David Bellaire	20,681	-	227,341
Marilynne Day-Linton	42,044	-	462,163
Stephen Dineley	12,784	-	140,530
Erin Enright	3,711	-	40,795
Irving Gerstein	18,336	-	201,553
Dale Lawr	24,634	-	270,789
Jeffrey Lozon	15,574	-	171,196
Reza Shahim	13,447	-	147,816

(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 were valued at C$14.99 per Common Share, representing the five-day weighted average price of the Common Shares on the TSX preceding December 31, 2018, and converted into U.S. dollars using December 31, 2018 The Wall Street Journal closing exchange rate of US$1=C$1.3641.

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 and/or convertible unsecured subordinated debentures 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, 2018 and December 31, 2017, 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
David Bellaire	2018	-	20,681	20,681	217,526	N/A	165,000	19-Mar-19
	2017	-	14,848	14,848	186,090	N/A	300,000	01-Jan-22
Marilynne Day-Linton	2018	11,400	42,044	53,444	562,115	Yes	165,000	01-Apr-18
	2017	9,600	32,018	41,618	521,595	N/A	450,000	01-Jan-22
Stephen Dineley	2018	415	12,784	13,199	138,828	N/A	165,000	26-Feb-21
	2017	415	6,699	7,114	89,165	N/A	300,000	01-Jan-22
Erin Enright	2018	-	3,771	3,771	39,034	N/A	300,000	08-Aug-23
	2017	N/A	N/A	N/A	N/A	N/A		
Irving Gerstein	2018	9,000	18,336	27,336	287,513	Yes	165,000	01-Apr-18
	2017	9,000	12,695	21,695	271,903	Yes	300,000	01-Jan-22
Dale Lawr	2018	-	24,634	24,634	259,098	N/A	165,000	12-Nov-19
	2017	-	18,314	18,314	229,531	N/A	300,000	01-Jan-22
Jeffrey Lozon	2018	3,300	15,574	18,874	198,514	N/A	165,000	11-Nov-20
	2017	3,300	8,001	11,301	141,629	N/A	300,000	01-Jan-22
Reza Shahim	2018	-	13,447	13,447	141,435	N/A	300,000	17-Aug-22
	2017	-	3,367	3,367	42,195	N/A		

(1) For purposes of measurement, which is in accordance with the Corporation's Policy re: Directors' Ownership of Securities, the 2018 market value of the Common Shares and DSUs was calculated using the Common Share value of C$14.35, which was the average of the closing prices of the Common Shares on the TSX on March 29, 2018, June 29, 2018, September 28, 2018 and December 31, 2018. 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, 2018: US$1 = C$1.3641.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

For the year ended December 31, 2018, 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. Day-Linton, Ms. Enright, Mr. Gerstein and Ms. Lawr, 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*. Mr. Gerstein is retiring and will not stand for re-election at the Meeting.

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 Extendicare 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 the audit committee of DionyMed Brands Inc., a CSX-listed company.
Marilynne Day-Linton	Ms. Day-Linton is a Chartered Professional Accountant (CPA/CA). She has served on the Audit Committee of the Corporation since joining the Board in 2013. She previously served as a chair of the audit committee of the Greater Toronto Airports Authority, a reporting issuer which operates Toronto Pearson International Airport. Ms. Day-Linton also has held several senior financial roles in industry and worked for KPMG LLP as an auditor with clients in several industries, including telecommunications, construction and hospitality.
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.
Irving Gerstein	Mr. Gerstein is a member of the audit committee of Atlantic Power Corporation (TSX:ATP; NYSE:AT) and, from 2004 to 2018, served on the audit committee of Student Transportation Inc., previously listed on the Toronto Stock Exchange and NASDAQ. These positions, in conjunction with his economics background and his previous experience as a director of several public companies have enabled him to develop a strong understanding of accounting principles sufficient to ensure his financial literacy.

Audit Committee Member	Relevant Education and Experience
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, and is a member of the finance and audit committee of the Museum of Contemporary Art in Toronto, Canada.

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	2018 Fees[1]			2017 Fees[1]	
Audit fees[2]	C$	187,200	(i)	C$	180,000
	US$	310,250	(ii)	US$	296,500
	US$	18,400	(iii)	US$	17,700
	C$	135,000	(iv)	C$	132,000
	C$	25,000	(v)	C$	82,000
	C$	38,000	(vi)	US$	8,000
Tax compliance fees[3]	C$	25,000		C$	45,000
Other fees[4]	C$	43,974		C$	6,735

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

(2) For the year ended December 31, 2018, audit fees billed for professional services rendered by the auditors: (i) for the audit of the Corporation's consolidated financial statements for the year ended December 31, 2018; (ii) for the audit of five MFC Partnerships for the year ended December 31, 2018; (iii) for the review of an MFC Partnership for the year ended December 31, 2018; (iv) for the review of the interim consolidated financial statements of the Corporation for Q1, Q2 and Q3 2018; (v) for the audit of the opening balance sheet and income statement of an MFC Partnership acquired in 2018; and (vi) for additional 2017 audit procedures in respect of goodwill impairment.

(3) Tax fees billed for professional services rendered by the auditors for general tax compliance.

(4) Other fees in 2018 included accounting advisor fees in respect of transition to IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers*. Other fees in 2017 included tax fees billed for professional services rendered by the auditors for general tax advice.

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.

ABOUT THE BOARD OF DIRECTORS

The following are highlights of the independence, diversity and skills of the directors standing for re-election at the Meeting:

- Six out of eight directors are independent.
- Three out of eight directors are women.
- Three non-executive directors are U.S.-based.
- 100% of the directors have corporate governance experience.
- Five of the directors have U.S. healthcare experience.

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 judgement.

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 six of the eight 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, an MFC Partnership, and a minority member of an ownership group that owns and leases hospital real estate to Arkansas Surgical Hospital, LLC. As well, Dr. Shahim is a minority member of another ownership group that owns and leases imaging equipment to Arkansas Surgical Hospital, LLC.

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, Ms. Day-Linton, 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

Mr. Gerstein, an independent director, serves as chair of the board of directors of Atlantic Power Corporation (TSX:ATP, NYSE:AT). Mr. Gerstein is retiring and will not stand for re-election at the Meeting. Ms. Enright, an independent director, is chair of the board of Dynatronics Corporation (NASDAQ: DYNT). Mr. Dineley, an independent director, is a director of DionyMed Brands Inc. (CSE:DYME). 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 service, information technology, safety, operational policy and execution, human resources, regulation, compliance, and reputation. 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 emergency or the 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, 2018.

Director	Audit Committee	CGNC Committee	Investment Committee
Independent Directors:			
David Bellaire		✓	Chair
Marilynne Day-Linton	✓	✓	✓
Stephen Dineley	Chair		✓
Erin Enright	✓		✓
Irving Gerstein	✓	✓	
Dale Lawr	✓	Co-Chair	
Jeffrey Lozon		Co-Chair	✓
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 of material investment transactions. The Investment Committee is comprised of Mr. Bellaire (chair), Ms. Day-Linton, Mr. Dineley, Ms. Enright, 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. 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 four times per year. The Audit Committees meets in person at least four times a year, the CGNC Committee meets in person at least five times a year, 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 and by teleconference) of the Board and standing committee meetings held and attended by directors during 2018.

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					
David Bellaire	4 of 4	7 of 7	N/A	5 of 5	6 of 6	22 of 22	100%
Marilynne Day-Linton	4 of 4	7 of 7	4 of 4	5 of 5	6 of 6	26 of 26	100%
Stephen Dineley	4 of 4	6 of 7	4 of 4	N/A	6 of 6	20 of 21	95%
Erin Enright[(2)]	1 of 1	3 of 3	1 of 1	N/A	2 of 2	7 of 7	100%
Irving Gerstein	4 of 4	7 of 7	4 of 4	5 of 5	N/A	20 of 20	100%
Robert Horrar	4 of 4	7 of 7	N/A	N/A	N/A	11 of 11	100%
Dale Lawr	4 of 4	7 of 7	4 of 4	5 of 5	N/A	20 of 20	100%
Jeffrey Lozon	4 of 4	7 of 7	N/A	5 of 5	6 of 6	22 of 22	100%
Reza Shahim	4 of 4	7 of 7	N/A	N/A	6 of 6	17 of 17	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. Enright was appointed to the Board on August 8, 208 and, therefore, attended four out of eleven Board meetings, one out of four Audit Committee meetings, and two out of six Investment Committee meetings.

Board and Committee Meetings without Management

The independent 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 and 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 twelve to eighteen 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.

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. Both policies are 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 five 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 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.

As a result of director recruitment and renewal activities that have been ongoing since 2012, the CGNC Committee and the Board continue the focus on Board renewal with consideration to succession planning and future retirements and with a view to expanding the Board's skill sets to support the strategic growth of the Corporation and fulfilling those areas where skill gaps may arise. As a result of this process, in 2018 Ms. Enright was appointed to the Board with an effective date of August 8, 2018.

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 regularly 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, healthcare industry, corporate governance, financial literacy, legal and regulatory experience, Canadian 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 of the Board, if any.

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 questionnaires 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.

For 2018, the evaluation process included the engagement of a third-party independent consultant who conducted online surveys of the Board members. The surveys asked 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 were asked to evaluate the performance of the Chair of the Board and the committee members were asked to evaluate the performance of their respective committee chairs. Each director was 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. Under each section, the directors were encouraged to add their comments.

The consultant compiled the results and provided a report to the co-chair of the CGNC Committee and the Chair of the Board. The Chair of the Board held discussions individually with each director about the results of the surveys and the operations of the Board. The results of the evaluation were then presented and discussed by the CGNC Committee followed by the discussion by the entire Board.

With respect to 2018, the overall conclusion from this evaluation was that the Board is committed to strong governance and the Board and its committees were performing effectively with select areas identified for on-going improvement. Based on the results of the evaluation, the CGNC Committee has identified and set goals and objectives for the Board to focus on in future periods. In addition, the committees utilize their results to highlight performance and areas for improvement.

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.

Consistent with its diversity policy, the Board and CGNC Committee considered the above referenced principles in identifying and recommending Ms. Enright to join the Board in August 2018. 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 Corporation'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 38% of the eight directors of the Corporation standing for re-election at the Meeting and 43% of the seven non-executive directors of the Corporation standing for re-election at the Meeting.

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, in 2018 consisting of four executive officer positions: CEO, CFO, CDO and VPO. 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 three 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.

Currently, women occupy 25% (three of twelve) of executive officer positions at the Corporation's corporate and operating subsidiaries. However, appointment of executive 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.

HEALTH, SAFETY, ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY

The Corporation and MFC Partnerships are committed to conducting their business in a safe and responsible manner, promoting sound environmental practices, enhancing human and community resources, and reducing or avoiding exposure to environmental liabilities. The MFC Partnerships 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. 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. Management regularly reports on these matters to the Board.

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 and 5.9% convertible unsecured subordinated debentures is Computershare Investor Services Inc. located in Vancouver, British Columbia (Common Shares) and Toronto, Ontario (5.9% convertible unsecured subordinated debentures).

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, 2018. 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 28, 2019

BY ORDER OF THE BOARD OF DIRECTORS

"*Marilynne Day-Linton*"

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 "**Director**" or collectively "**Directors**") shall be elected by the shareholders at the 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; and

   d) review and approve significant operational and financial matters and provide direction to management on these matters.

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 "**Company**") is appointed by the board of directors of the Company (the "**Board**") to assist the Board in discharging its responsibilities relating to the:

a) development and recommendation of appropriate corporate governance guidelines for the Company;

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 director nominees for each annual meeting of shareholders, and 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 Company's senior executives;

h) design and recommendation of the compensation framework of the Company's senior executives, including compensation plans, benefit plans, policies and programs;

i) oversight of succession planning and development with respect to the Company's senior executives;

j) oversight of the executive performance at the Company's direct subsidiaries, Medical Facilities America, Inc. ("**MFA**") and Medial Facilities IMD Holdings, Inc. ("**MF IMD**") and indirect subsidiary, Medical Facilities (USA) Holdings, Inc. ("**MFH**") (together with the Company, the "**MFC Group**"); and

k) oversight of the responsibilities and contractual rights of MFA, IMD and MFH in respect of executive performance at the Company's subsidiaries.

REPORTS

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

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

The Committee shall prepare a report on the Company's corporate governance practices for inclusion in the management information circular or other public disclosure documents of the Company, including a report disclosing the extent (if any) to which the Company 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 Company 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 Company policies regarding Board member independence.

c) Annually review the adequacy of the corporate governance practices of the Company 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 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 recommend to the Board the annual information form and the management information circular and other annual security filings prior to public disclosure by the Company.

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 Company in light of the opportunities and risks facing the Company and the Company's proposed strategies; the need to ensure the adequacy of expertise relevant to the Company'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 Company and its business (including the Company'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 Company'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, 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 Company. Upon the recommendation of the CEO, the Committee shall review and approve the hiring and termination of the CFO and report to the Board. The CEO shall inform the Committee concerning the hiring and termination of the CEO's other direct reports.

b) Annually, review the Company's compensation strategy to ensure it is viable, current and aligned with the long-term goals and objectives of the Company.

c) Annually review and make recommendations, as appropriate, to the Board with respect to the Company'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 Company. 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 Company's stock option and 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 Company.

g) Annually, in consultation with the CEO, review the Company'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 Company's policies and practices for ensuring that the Company 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, engage and compensate any compensation consultant to assist in the evaluation of senior executive compensation and to 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 Company;

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 Company'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 Company or the Company'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”

PERFORMANCE SHARE UNIT PLAN

The following is a summary of key terms of Medical Facilities Corporation’s (the “**Corporation**”) 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 performance share units (the “**PSUs**”) to be granted to Eligible Participants, or it may also delegate to management of the Corporation such determination and the allocation of the PSUs 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 PSUs, and other particulars applicable to awards granted thereunder.

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:

PSUs granted to an Eligible Participant (an “**Award**”) will vest three years following the date on which such PSUs 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 PSUs.

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 PSU holder or in the case of retirement, voluntary termination of employment, or termination for cause (as defined in the PSU Plan). In the case of death of a PSU holder or termination of a PSU holder’s employment without cause, the PSU 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 an Award as reasonably promptly as possible following the end of the vesting period of such Award by paying to the PSU holder (or, if deceased, his or her legal representative) an amount in cash equal to: (i) the number of PSUs 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 PSUs are vested. 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 PSU holder accrued to the date of the amendment, suspension or termination without the consent or deemed consent of the PSU 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 27, 2018 to March 28, 2019 under the Stock Option Plan.

	As at March 27, 2018		Activity		As at March 28, 2019	
	# of Options	**% of Common Shares Outstanding**	**# of Options Granted**	**# of Options Cancelled**	**# of Options**	**% of Common Shares Outstanding**
Options granted and outstanding	1,348,562	4.4%	570,000[(1)]	-	1,918,562	6.2%
Options available for future grants	1,751,438	5.6%	(570,000)	-	1,181,438	3.8%
Total:	**3,100,000**	**10.0%**			**3,100,000**	**10.0%**

(1) Options granted in 2018 represent 1.8% of the issued and outstanding Common Shares of the Corporation as at March 28, 2019.

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 thirty 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 twenty-four 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 twenty-four 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 twenty-four 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.

(This page intentionally left blank.)

(This page intentionally left blank.)

MEDICAL FACILITIES CORPORATION

www.medicalfacilitiescorp.ca
1.877.402.7162 | 416.848.7380 | investors@medicalfc.com

TIME IS OF THE ESSENCE. PLEASE VOTE TODAY.

Shorecrest | 5 YEARS

Industry Leader Since 2013.

Questions may be directed to:

North American Toll-Free **1-888-637-5789**
Banks and Brokers and collect calls outside North America **647-931-7454**

Email at **contact@shorecrestgroup.com** | **www.shorecrestgroup.com**