MATERIAL CHANGE REPORT

UNDER SECTION 67(1) OF THE SECURITIES ACT, BRITISH COLUMBIA
UNDER SECTION 75(2) OF THE SECURITIES ACT, ONTARIO
UNDER SECTION 73 OF THE SECURITIES ACT, QUEBEC
UNDER SECTION 84 OF THE SECURITIES ACT, MANITOBA
THE SECURITIES ACT, ALBERTA
THE SECURITIES ACT, NEWFOUNDLAND & LABRADOR
UNDER SECTION 84 OF THE SECURITIES ACT, SASKATCHEWAN
THE SECURITIES ACT, NOVA SCOTIA

Reporting Issuer:

Dylex Limited
637 Lake Shore Boulevard West
Toronto, Ontario
M5V 1A8

Date of Material Change: August 19, 1998

Press Release: Issued August 19, 1998 at Toronto, Ontario (a copy is attached as Schedule ”A”)

Summary of Material Change:

On August 19, 1998, Dylex Limited (the "**Company**") filed with The Toronto Stock Exchange and the Montreal Exchange (collectively, the "**Exchanges**"), and the Exchanges approved, a notice of intention to make a normal course issuer bid (the "**Issuer Bid**") for a portion of its outstanding common shares (the "**Common Shares**") as appropriate opportunities arise from time to time. The Issuer Bid is being made in accordance with the by-laws, rules and policies of the Exchanges. The Company was permitted to begin making purchases under the Issuer Bid on August 24, 1998.

The Company currently has 51,009,124 outstanding Common Shares. Pursuant to the Issuer Bid, the Company intends to acquire up to 4,389,170 of these shares over the next twelve months, which number represents approximately 10% of the public float. Purchases will be made at market prices through the facilities of the Exchanges. The Company will fund the purchases out of corporate cash flow.

The Company intends to cancel the Common Shares that it purchases.

Full Description of Material Change:

On August 19, 1998, the Company filed with the Exchanges, and the Exchanges approved, a notice of intention to make the Issuer Bid for a portion of the Common Shares as appropriate opportunities arise from time to time. The Issuer Bid will be made in accordance with the by-laws, rules and policies of the Exchanges. The Company was permitted to begin purchases under the Issuer Bid on August 19, 1998 and has appointed Midland Walwyn Capital Inc. as its broker to purchase Common Shares pursuant to the Issuer Bid.

The Company currently has 51,009,124 outstanding Common Shares. Pursuant to the Issuer Bid, the Company intends to acquire up to 4,389,170 of these shares over the next twelve months, which number represents approximately 10% of the "public float" (as such term is defined in the by-laws of the Exchanges). The number of Common Shares that may be purchased pursuant to the Issuer Bid in any given thirty-day period may not exceed 1,020,182 (approximately 2% of the number of Common Shares currently outstanding). Purchases will be made at market prices through the facilities of the Exchanges, provided that each purchase by the Company pursuant to the Issuer Bid shall be made at a price that is not higher than the price of the last independent trade of a board lot of Common Shares.

The Company intends to fund the purchases out of available cash. The Company does not intend to make any purchases of Common Shares other than open market purchases during the period that the Issuer Bid is outstanding. The Company intends to cancel Common Shares that it purchases pursuant to the Issuer Bid.

On January 28, 1998, the Company filed, and the Exchanges approved, a notice of intention to make a normal course issuer bid through the facilities of the Exchanges (the "**Previous Bid**"). Under the Previous Bid, the Company was permitted to purchase up to 3,394,154 Common Shares during the twelve-month period commencing January 30, 1998.

On March 12, 1998, the Company announced its intention to make a substantial issuer bid (the "**Substantial Bid**") for up to 4,000,000 of the Common Shares at a price of $6.10 per share. In accordance with the rules of the Exchanges, the Company terminated the Previous Bid upon formally making the Substantial Bid. The Company did not purchase any Common Shares under the Previous Bid. The Company purchased 4,000,000 in April 1998 pursuant to the Substantial Bid.

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Michael Sherman, Vice President, Corporate and Public Affairs and Corporate Secretary of the Company, is knowledgeable and may be contacted about the material change described herein at (416) 586-6982.

The foregoing accurately discloses the material changes referred to herein.

Dated at Toronto, Ontario, August 24, 1998.

"*Michael Sherman*"

Michael Sherman, Vice President, Corporate and Public Affairs and Corporate Secretary

SCHEDULE "A"

PRESS RELEASE

NORMAL COURSE ISSUER BID BY DYLEX LIMITED

TORONTO, CANADA, August 19, 1998 - Dylex Limited announced today that The Toronto Stock Exchange and the Montreal Exchange have approved its notice of intention to make a normal course issuer bid for a portion of its outstanding common shares as appropriate opportunities arise from time to time. Dylex's normal course issuer bid will be made in accordance with the by-laws, rules and policies of both of the exchanges. Dylex may purchase common shares for the twelve-month period commencing August 24, 1998 and ending August 23, 1999.

Dylex currently has outstanding 51,009,124 common shares. Pursuant to the notice, Dylex is permitted to acquire up to 4,389,170 of these shares, which number represents 10% of the public float. Purchases will be made at market prices through the facilities of the exchanges. Dylex intends to cancel the common shares that it purchases. The board of directors of Dylex believes that, on occasion, common shares of the company become available at prices which make their purchase an attractive investment and an appropriate use of Dylex's funds.

As previously announced, on January 28, 1998, the Company filed, and the exchanges approved, a prior notice of intention to make a normal course issuer bid through the facilities of the exchanges. Pursuant to the prior notice, the Company was permitted to purchase up to 3,394,154 of its common shares during the twelve-month period commencing January 30, 1998.

On March 12, 1998, the Company announced its intention to make a substantial issuer bid for up to 4,000,000 of its common shares at a price of $6.10 per share. In accordance with the rules of the exchanges, the Company terminated the normal course issuer bid under the prior notice upon formally making the substantial issuer bid. The Company did not purchase any common shares pursuant to the prior notice. The Company purchased 4,000,000 in April 1998 pursuant to the substantial issuer bid.

For further information, contact: Michael Sherman
Corporate Secretary
(416) 586-6982