

This is the form of material change report required under section 85(1) of the *Securities Act* and section 151 of the *Securities Rules*.

FORM 53-901F
(Previously From 27)

MATERIAL CHANGE REPORT UNDER
SECTION 85(1) OF THE *SECURITIES ACT* (BRITISH COLUMBIA)

This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this are complied with.

Every report required to be filed under section 85(1) of the *Securities Act* (the "Act") shall be sent to the British Columbia Securities Commission (the "Commission") in an envelope addressed to the Commission and marked "Continuous Disclosure".

WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS "CONFIDENTIAL - SECTION 85", AND EVERYTHING THAT IS REQUIRED TO BE FILED SHALL BE PLACED IN AN ENVELOPE ADDRESSED TO THE SECRETARY OF THE COMMISSION MARKED "CONFIDENTIAL".

1 Reporting Issuer

Waterfront Capital Corporation
2489 Bellevue Avenue
West Vancouver, British Columbia V7V 1E1

Telephone (604) 922-2030

(the "Company")

2 Date of Material Change

July 24, 2009

3 Press Release

Issued in West Vancouver, B.C. on July 24, 2009 under Section 85 (1) of the Act and disseminated through the facilities of Market News and Stockwatch.

4 Summary of Material Change

The Company has transferred certain debenture subsidiaries.

5 Full Description of Material Change

The Company announced that it has transferred certain subsidiaries namely, Churchill III Debenture Corp. ("CDC III"), Churchill IV Debenture Corp. ("CDC IV") and Churchill V Debenture Corp. ("CDC V") (collectively the "Churchill Debenture Corporations").

The Churchill Debenture Corporations, together with certain real estate limited partnerships, previously completed public offerings of debentures and limited partnership units. In order for the debentures to be qualified investments under the *Income Tax Act* (Canada) for RRSPs, RRIFs, RESPs and DPSPs ("Registered Plans"), the Churchill Debenture Corporations had to be controlled, directly or indirectly, by a corporation whose shares were listed on a prescribed stock exchange in Canada, of which the TSX Venture Exchange is a prescribed stock exchange. In order to maintain

the eligibility of the debentures for investment in Registered Plans, the Churchill Debenture Corporations, Churchill International Securities Corporation ("CISC") and Waterfront Capital entered into certain agreements (the "Agreements"). The Agreements provided in part that CISC could nominate another third party purchaser (listed on a prescribed stock exchange) to acquire all of the shares in the capital of each of the Churchill Debenture Corporations owned by Waterfront Capital at an aggregate purchase price of \$100. Effective July 1, 2009, and in order to streamline its operations, CISC exercised its option under the Agreements, and accordingly, Waterfront Capital has transferred all of the shares of the Churchill Debenture Corporations held by it to Knightswood Financial Corporation ("Knightswood"), a company whose common shares are listed and posted for trading on the TSX Venture Exchange. In connection with the transfer of the Churchill Debenture Corporations to Knightswood, Bruce Morley and Nigel Woodall, nominees of Waterfront Capital to the board of directors for the Churchill Debenture Corporations, have resigned as directors and officers thereof.

For further information, contact Mr. Clive Shallow, investor communications at 604-922-2030 or visit the Company's website at www.waterfrontgroup.com.

6 Reliance on Section 85(2) of the Act

Not applicable

7 Omitted Information

No information has been intentionally omitted from this form.

8 Senior Officers

Douglas L. Mason, President & CEO
Sead Hamzagic, CFO & Secretary

Further information may be obtained from Bruce E. Morley, director of the Company, 2489 Bellevue Avenue, West Vancouver, British Columbia, V7V 1E1, (604) 922-2030

9 Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at West Vancouver, British Columbia, this 24th day of July, 2009.

WATERFRONT CAPITAL CORPORATION

"Bruce E. Morley"

Signature

Director

(Official capacity - please print)

Bruce E. Morley

(Please print here name of individual whose signature appears above, if different from name of vendor or agent printed above)

THIS IS THE FORM OF A MATERIAL CHANGE REPORT REQUIRED UNDER **SECTION 85(1)** OF THE SECURITIES ACT (**BRITISH COLUMBIA**)