Form 27

SECURITIES ACT (Ontario)

MATERIAL CHANGE REPORT UNDER SECTION 75(2) OF THE ACT

NOTE: This form is a guideline only. A letter or other document may be used if the substantive provisions of this form are complied with.

WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS "CONFIDENTIAL——S.75".

ITEM 1 —— **Reporting Issuer:**
State the full name and address of the principal office in Canada of the reporting issuer.

Advantex Marketing International Inc.
491 Eglinton Ave West, Third Floor
Toronto, Ontario M5N 1A8

ITEM 2 —— **Date of Material Change**:

December 31, 2003

ITEM 3 —— **Press Release:**
State the date and place(s) of issuance of the press release issued pursuant to section 75(1) of the Act.

A press release in respect of the material change was disseminated on December 31, 2003 through Canada NewsWire, Canadian Disclosure Network.

ITEM 4 —— **Summary of Material Change:**
Provide a brief but accurate summary of the nature and substance of the material change.

On December 19, 2003 Advantex Marketing International Inc. (the "Corporation") announced that it had agreed to complete a tax assisted financing which would raise gross cash proceeds of $2.4 million. Pursuant to the transaction, the Support Division of the Corporation's wholly owned subsidiary, Advantex Dining Corporation ("Advantex Dining") was sold to a limited partnership, Advantex Systems Limited Partnership (the "Operating Partnership"), in exchange for $2.4 million in cash, promissory notes and limited partnership units of the Operating Partnership. The Support Division will continue to provide its services to Advantex Dining and will be managed by the general partner of the Operating Partnership, Advantex GP Inc., which is a wholly-owned subsidiary of the Corporation. In January, 2005, the Corporation will have the right to, and intends to, re-acquire the Support Division in consideration of the assignment of the promissory notes and the issuance of up to 8 million common shares of the Corporation.

The transaction closed on December 31, 2003.

ITEM 5 —— **Full Description of Material Change:**
Supplement the summary required under Item 4 with the disclosure which should be sufficiently complete to enable a reader to appreciate the significance of the material change without reference to other material. Management is in the best position to determine what facts are significant and must disclosure those facts in a meaningful manner. See also Item 7.

This description of the significant facts relating to the material change will therefore include some or all of the following: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the reporting issuer or its subsidiaries. Specific financial forecasts would not normally be required to comply with this form.

The above list merely describes examples of some of the facts which may be significant. The list is not intended to be inclusive or exhaustive of the information required in any particular situation.

Effective December 15, 2003, the Corporation, through Advantex Dining, sold its Support Division to the Operating Partnership for an aggregate purchase price of $12 million.

Prior to concluding the transaction with the Operating Partnership, Advantex Dining completed a sale of its Support Division to 1600011 Ontario Limited ("Newco"), a wholly-owned subsidiary of Advantex Dining, for a promissory note equal to $11,800,000 (the "Newco Note") and common shares of Newco for a subscription price of $200,000. Advantex Dining then sold all of the shares of Newco to the Operating Partnership for units in the Operating Partnership having a value of $200,000. Newco then sold the assets of the Support Division to the Operating Partnership for $12,000,000 and received as consideration therefor a promissory note in the amount of $11,160,000 (the "Acquisition Note"), units ("OP Units") in the Operating Partnership having an aggregate subscription price of $640,000 and a promissory note in the amount of $200,000. Newco then assigned the Acquisition Note and the OP Units to Advantex Dining, in full payment of the Newco Note.

Pursuant to an offering by way of private placement of Class A units ("Class A Units") of the Madison Grant Limited Partnership III (the "Offering Partnership") which closed on December 31, 2003, investors subscribed for Class A Units for an aggregate subscription price of $12 million (comprised of $3,240,000 in cash and $8,760,000 in promissory notes (the "Investor Notes")). The Offering Partnership then subscribed for $8,760,000 of OP Units of the Operating Partnership, and, in consideration for such subscription, the Offering Partnership assumed the obligations of the Operating Partnership under the Acquisition Note. The Offering Partnership satisfied its obligations under the Acquisition Note by paying to Advantex Dining $2,400,000 in cash and assigning to Advantex Dining the Investor Notes. The balance of $840,000 in cash was used by the Offering Partnership to pay the fees and expenses of the offering.

In order to facilitate the transaction, the consent of the holder of the Corporation's $4 million convertible debenture was required. In consideration for giving such consent, the conversion price per common share of the Corporation under the debenture was reduced from $0.17 to $0.15, and as a consequence, the number of common shares issuable upon conversion of the debenture was increased from 23,529,411 to 26,666,666 shares.

In order to effect the above transactions, the Corporation and Advantex Dining were party to a number of agreements including the following.

Under the terms of the Support Agreement between the Operating Partnership and Advantex Dining, the Operating Partnership will provide computer processing support to Advantex Dining in connection with the processing of the transactions effected under Advantex Dining's loyalty marketing programs. As compensation for such services, during the initial three year term the Operating Partnership will be paid a processing fee per transaction completed. During the last year of the term of the Support Agreement, the Operating Partnership will have the right to extend the term of the Support Agreement for a further three years, and the processing fee for the renewal term will be determined by negotiation between the Operating Partnership and Advantex Dining, on such terms as may be mutually agreeable to the parties.

The Marketing Agreement between the Offering Partnership, the Corporation and the Operating Partnership provides that the Corporation will commit a minimum of $14 million to marketing and promotion of Advantex Dining's loyalty marketing programs by December 31, 2007.

The Call Option Agreement between the Offering Partnership and the Corporation gives the Corporation the right, but not the obligation, to purchase all of the issued and outstanding OP Units held by the Offering Partnership at any time between January 15, 2005 and June 30, 2005 for a purchase price equal to the greater of $8,760,000 and the fair market value of the OP Units on the date of exercise of the Call Option. If the Call Option is exercised, the Corporation will pay the purchase price first, by assigning the Investor Notes to the Offering Partnership and second, to the extent the purchase price exceeds the amount owing under the Investor Notes, by issuing up to 8 million common shares of the Corporation. For purposes of determining the number of common shares of the Corporation to be issued by the Corporation in partial satisfaction of the purchase price, if any, the price per common share shall be an amount equal to the greater of $0.30 and the amount equal to the weighted average of the trading prices of the common shares on the Toronto Stock Exchange for each of the business days on which there was a closing price falling not more than 10 business days before the date on which the Call Option is exercised.

The Accelerated Call Option Agreement between the Offering Partnership and the Corporation gives the Corporation the right to purchase all of the OP Units held by the Offering Partnership at any time for a purchase price to be mutually agreed upon. The purchase price will be satisfied by the assignment of all of the Investor Notes to the Offering Partnership and by the issuance of 8 million common shares of the Corporation. The Corporation shall not be entitled to exercise such option unless and until one of the following events occurs: (i) a take over bid respecting the common shares of the Corporation is initiated pursuant to which the offeror is offering at least $0.60 per common share in cash and/or marketable securities; or (ii) an amalgamation, merger, plan of arrangement or other business combination involving the Corporation is proposed, under which the common shares of the Corporation are valued at at least $0.60 per common share.

The Liquidity Agreement between the Offering Partnership, Advantex Dining and the Operating Partnership provides the Offering Partnership with the right to exercise certain liquidity rights by giving notice to the Operating Partnership on June 30, 2006 that it intends to initiate either: (i) the sale of the Support Division at fair market value, with a right for Advantex Dining to match or exceed any third party offers; or (ii) the refinancing of the OP Units held by the Offering Partnership which is intended to provide Class A Unitholders in the Offering Partnership with the same economic result as a sale at fair market value as described in (i) above.

In January, 2005, the Corporation intends to re-acquire the Support Division, pursuant to the Call Option Agreement.

ITEM 6 —— Reliance on Section 75(3) of the Act:

If the report is being filed on a confidential basis in reliance on section 75(3) of the Act, state the reasons for such reliance.

The report is not being filed on a confidential basis.

INSTRUCTION:

Refer to section 75 of the Act and to the Regulation concerning continuing obligations in respect of reports filed pursuant to section 75(3) of the Act.

ITEM 7 —— Omitted Information:

In certain circumstances where a material change has occurred and a material change report has been or is about to be filed but section 75(3) of the Act will no longer or will not be relied upon, a reporting issuer may nevertheless believe one or more significant facts otherwise required to be disclosed in the material change report should remain confidential and not be disclosed or not be disclosed in full detail in the material change report.

State whether any information has been omitted on this basis and provide the reasons for any such omission in sufficient detail to permit the Commission to exercise its discretion pursuant to section 140(2) of the Act.

The reasons for the omissions may be contained in a separate letter filed as provided in section 4 of the Regulation.

No information has been omitted.

ITEM 8 —— Senior Officers:

To facilitate any necessary follow-up by the Commission, give the name and business telephone number of a senior officer of the reporting issuer who is knowledgeable about the material change and the report or an officer through whom such senior officer may be contacted by the Commissions.

Ron Cannata, Chief Financial Officer

ITEM 9 —— Statement of Senior Officer:

Include a statement in the following form signed by a senior officer of the reporting issuer:—

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, in the Province of Ontario, this 5th day of January, 2004.

"Ron Cannata"

Ron Cannata, Chief Financial Officer