

**Form 51-102F3**

**MATERIAL CHANGE REPORT**

**1. Full name and address of the Company.**

Urbanfund Corp. (the “Corporation”)  
35 Lesmill Road  
Toronto, Ontario M3B 2T3

**2. Date of Material Change.**

July 27, 2015

**3. News Release.**

A news release was disseminated through Marketwired and was filed on SEDAR on July 28, 2015.

**4. Summary of Material Change.**

The Corporation announced that it completed the acquisition of a controlling interest in a multi-residential rental complex redevelopment project located at 48 Weber Street West in Kitchener, Ontario (the “Property”), which Property was acquired for an aggregate purchase price of \$2,400,000.

A portion of the purchase price of the Property was funded by an initial draw-down under a credit facility provided by an institutional lender (the “Credit Facility”). The limited partnership’s obligations under the Credit Facility are secured by a first-ranking mortgage registered against title to the Property, a first-ranking security interest in all present and after-acquired personal property located on or related to the Property and joint and several guarantees from certain parties, including the Corporation.

**5. Full Description of Material Change.**

The Corporation announced that it completed the acquisition of a controlling interest in a multi-residential rental complex redevelopment project located at the Property, which Property was acquired for an aggregate purchase price of \$2,400,000.

Pursuant to a limited partnership agreement through which the Corporation holds its controlling interest in the Property, the Corporation’s initial capital contribution was approximately \$1.17 million, representing approximately 87% of the total initial equity capital contributed. The balance of the purchase price was funded by an initial draw-down under the Credit Facility. The maximum principal amount available for draw-down pursuant to the Credit Facility is \$3.2 million. The Credit Facility matures on the earlier of the date that is 18 months following the initial advance and February 1, 2017. The limited partnership’s obligations are secured by a first-ranking mortgage registered against title to the Property, a first-ranking security interest in all present and after-acquired personal property located on or related to the Property and joint and several guarantees from certain parties, including the Corporation.

To the extent that additional capital contributions are required in order to draw on the Credit Facility, each limited partner's contribution shall be determined by multiplying each limited partner's proportionate share by the total additional capital required. If any limited partner does not contribute its share of additional capital, the general partner, or any limited partners who are prepared to do so, may advance such amount to the limited partnership on behalf of the non-contributing partner, and such advance shall be treated as an interest-bearing limited recourse loan from the contributing partner(s) to the non-contributing partner(s), which shall be repayable out of the first cash available for distribution otherwise payable to the non-contributing partner(s).

Following redevelopment of the Property, any cash available for distribution shall be paid or distributed by the limited partnership (i) first, to the Corporation until it has received its initial capital contribution amount, plus an amount required to achieve an annualized internal rate of return equal to 6% thereon; (ii) second, to one of the other limited partners (the "second limited partner") until it has received its initial capital contribution amount, plus an amount required to achieve an annualized internal rate of return equal to 6% thereon; and (iii) thereafter, 64.99% to the Corporation, 10% to the second limited partner, subject to meeting certain conditions precedent, 25% to the other limited partner (the "third limited partner"), and 0.01% to the general partner.

The Corporation currently holds an 82.5% voting interest in the limited partnership. Such voting interest is subject to a carried interest held by the third limited partner, which is contingent upon satisfaction of certain conditions. If such conditions are met, the Corporation's voting interest shall be reduced to 65%.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102.**

Neither subsection 7.1(2) nor (3) is being relied upon.

7. **Omitted Information.**

No Information has been omitted on the basis that it is confidential information.

8. **Executive Officer.**

For further information, please contact Mitchell Cohen, President and Chief Executive Officer, Telephone: (416) 703-1877

9. **Date of Report.**

**DATED** at Toronto, Ontario, this 4<sup>th</sup> day of August, 2015