



**MATERIAL CHANGE REPORT
PURSUANT TO SECTION 7.1 OF NATIONAL INSTRUMENT 51-102**

1. **Name and Address of Company:**

Exchange Income Corporation (the "Corporation")
1067 Sherwin Road
Winnipeg, Manitoba
R3H 0T8

2. **Date of Material Change:**

March 6, 2019.

3. **News Release:**

The Corporation issued a press release regarding the material change on March 6, 2019, a copy of which is attached hereto.

4. **Summary of Material Change:**

On March 6, 2019, the Corporation announced that it entered into an agreement to sell, on a bought deal basis, \$75,000,000 aggregate principal amount of 7 Year 5.75% convertible unsecured subordinated debentures (the "Debentures") to a syndicate of underwriters co-led by National Bank Financial Inc., CIBC World Markets Inc. and Laurentian Bank Securities Inc. (the "Offering"). The Corporation also granted to the underwriters an over-allotment option to purchase up to an additional \$11,250,000 aggregate principal amount of Debentures on the same terms and conditions, representing 15% of the size of the Offering, exercisable in whole or in part at any time for a period of up to 30 days following closing of the Offering, to cover over-allocations, if any, and for market stabilization purposes.

5. **Full Description Of Material Change:**

See the press release dated March 6, 2019 attached as Schedule "A" hereto.

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

Not Applicable.

7. **Omitted Information:**

Not Applicable.

8. **Executive Officer:**

Dianne Spencer, Corporate Secretary
Tel: (204) 982-1852

DATED at Winnipeg, Manitoba this 8th day of March, 2019.

Exchange Income Corporation

Per: (signed) "Dianne Spencer"
Dianne Spencer, Corporate Secretary



SCHEDULE "A"

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES.

NEWS RELEASE

Exchange Income Corporation Announces \$75,000,000 Bought Deal Financing of 5.75% Convertible Unsecured Subordinated Debentures

Winnipeg, Manitoba – March 6, 2019 – Exchange Income Corporation (TSX: EIF) (the "Corporation") announced today that it has reached an agreement with a syndicate of underwriters co-led by National Bank Financial Inc., CIBC Capital Markets and Laurentian Bank Securities Inc., and including Raymond James Ltd., RBC Capital Markets, Scotiabank, TD Securities Inc., BMO Capital Markets, Canaccord Genuity Corp., Wellington-Altus Private Wealth Inc., AltaCorp Capital Inc., Cormark Securities Inc., Industrial Alliance Securities, and Macquarie Capital Markets Canada Ltd. (the "Underwriters"), pursuant to which the Corporation will issue on a "bought deal" basis, subject to regulatory approval, \$75,000,000 aggregate principal amount of convertible unsecured subordinated debentures (the "Debentures") at a price of \$1,000 per principal amount of Debentures (the "Offering"). The Corporation has granted to the Underwriters an over-allotment option to purchase up to an additional \$11,250,000 aggregate principal amount of Debentures at the same price, exercisable in whole or in part at any time for a period of up to 30 days following closing of the Offering, to cover over-allotments. The Corporation intends to use the net proceeds from the Offering to fund the redemption of certain debentures as set forth below and to reduce indebtedness under the credit facility of the Corporation. The Debentures will bear interest from the date of closing at 5.75% per annum, payable semi-annually in arrears on March 31 and September 30 each year commencing September 30, 2019. The Debentures will each have a maturity date of March 31, 2026 (the "Maturity Date").

The Debentures will be convertible at the holder's option at any time prior to the close of business on the earlier of the Maturity Date and the business day immediately preceding the date specified by the Corporation for redemption of the Debentures into common shares of the Corporation ("Common Shares") at a conversion price of approximately \$49.00 per Common Share, being a conversion rate of 20.4082 Common Shares for each \$1,000 principal amount of Debentures, subject to adjustment as provided in the indenture governing the Debentures.

The Corporation also announced that it will issue a notice of redemption to the holders of its currently outstanding 7 year 6.00% convertible unsecured subordinated debentures maturing on March 31, 2021 (the "2014 Debentures"). The Corporation has the right to redeem the 2014 Debentures after March 31, 2019, and subject to all necessary approvals, will redeem all issued and outstanding 2014 Debentures following the closing of the Offering on a date to be determined by the Corporation (the "Redemption Date"). Holders of the 2014 Debentures will have the option to convert the 2014 Debentures into Common Shares prior to the Redemption Date at a price of \$31.70 per share. The 2014 Debentures are redeemable at a redemption price equal to their principal amount, plus accrued and unpaid interest thereon up to, but excluding, the Redemption Date. As of the close of business on March 6, 2019, there was approximately \$28 million principal amount of 2014 Debentures issued and outstanding.

The Corporation intends to use the net proceeds of the Offering to fund the redemption of the 2014 Debentures, as required, and to repay indebtedness under its credit facility. The redemption of the 2014 Debentures is not conditional upon the completion of the Offering.

Closing of the Offering is expected to occur on or about March 26, 2019. The Offering is subject to normal regulatory approvals, including approval of the Toronto Stock Exchange of the listing of the Debentures and the Common Shares to be issued upon conversion of the Debentures. The Debentures will be offered in each of the provinces of Canada by way of a short form prospectus, and by way of private placement in the United States to Qualified Institutional Buyers pursuant to Rule 144A.



About Exchange Income Corporation

Exchange Income Corporation is a diversified acquisition-oriented company, focused in two sectors: aerospace & aviation services and equipment, and manufacturing. The Corporation uses a disciplined acquisition strategy to identify already profitable, well-established companies that have strong management teams, generate steady cash flow, operate in niche markets and have opportunities for organic growth.

The Corporation currently operates two segments: Aerospace & Aviation and Manufacturing. The Aerospace & Aviation segment consists of the operations by Perimeter Aviation, Keewatin Air, Calm Air International, Bearskin Lake Air Service (operating as a division of Perimeter Aviation), Custom Helicopters, Regional One, Provincial Aerospace and Moncton Flight College, and an investment in Wasaya Group. The Manufacturing segment consists of the operations of Overlanders Manufacturing, Water Blast, Stainless Fabrication, WesTower Communications, Ben Machine and Quest Window Systems. For more information on the Corporation, please visit www.ExchangeIncomeCorp.ca. Additional information relating to the Corporation, including all public filings, is available on SEDAR (www.sedar.com).

Caution Concerning Forward-Looking Statements

The statements contained in this news release that are forward-looking are based on current expectations and are subject to a number of uncertainties and risks, and actual results may differ materially. These uncertainties and risks include, but are not limited to, the dependence of Exchange Income Corporation on the operations and assets currently owned by it, the degree to which its subsidiaries are leveraged, the fact that cash distributions are not guaranteed and will fluctuate with the Corporation's financial performance, dilution, restrictions on potential future growth, the risk of shareholder liability, competitive pressures (including price competition), changes in market activity, the cyclical nature of the industries, seasonality of the businesses, poor weather conditions, and foreign currency fluctuations, legal proceedings, commodity prices and raw material exposure, dependence on key personnel, and environmental, health and safety and other regulatory requirements. Further information about these and other risks and uncertainties can be found in the disclosure documents filed by Exchange Income Corporation with the securities regulatory authorities, available at www.sedar.com.

For further information, please contact:

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