

FORM 51-102F3

MATERIAL CHANGE REPORT

1. Name and Address of Company

Chesswood Group Limited ("**Chesswood**")
4077 Chesswood Drive
Toronto, Ontario
M3J 2R8.

2. Date of Material Change

December 4, 2013.

3. News Release

On December 4, 2013 a news release in respect of the material change was disseminated through Marketwire, a copy of which is attached to this report as Schedule "A".

4. Summary of Material Change

On December 4, 2013, Chesswood announced that it had entered into an agreement with a syndicate of underwriters co-led by National Bank Financial Inc. and RBC Capital Markets and including Cormark Securities Inc. and Canaccord Genuity Corp. (the "**Underwriters**"), pursuant to which it will issue, on a "bought-deal" basis, subject to regulatory approval, \$20,000,000 aggregate principal amount of convertible unsecured subordinated debentures (the "**Debentures**") at a price of \$1,000 per Debenture (the "**Offering**").

5. Full Description of Material Change

Chesswood announced that it had entered into an agreement with a syndicate of underwriters co-led by National Bank Financial Inc. and RBC Capital Markets and including Cormark Securities Inc. and Canaccord Genuity Corp., pursuant to which it will issue, on a "bought-deal" basis, subject to regulatory approval, \$20,000,000 aggregate principal amount of Debentures at a price of \$1,000 per Debenture. Chesswood has granted the Underwriters an over-allotment option to purchase up to an additional \$3,000,000 aggregate principal amount of Debentures at the same price, exercisable in whole or in part for a period of 30 days following closing of the Offering, to cover over-allotments. Chesswood intends to use the net proceeds from the Offering to fund acquisitions, to fund growth in the finance portfolios of Chesswood's operating subsidiaries and to pay down debt of Chesswood and/or its operating subsidiaries.

The Debentures will bear interest from the date of issue at 6.50% per annum, payable semi-annually in arrears on December 31 and June 30 in each year, commencing June 30, 2014. The Debentures will have a maturity date of December 31, 2018 (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 business day immediately preceding the Maturity Date and the business day immediately preceding the date specified by Chesswood for redemption of the Debentures, into common shares of Chesswood ("**Common Shares**") at a conversion price (the "**Conversion Price**") of \$21.25 per Common Share, being a conversion rate of 47.0588 Common Shares for each \$1,000 principal amount of Debentures. The Conversion Price and conversion rate will be subject to customary adjustment provisions.

The Debentures will not be redeemable before December 31, 2016 (the "**First Call Date**"). On and after the First Call Date and prior to December 31, 2017, the Debentures will be redeemable at Chesswood's option at par plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and after December 31, 2017, the Debentures will be redeemable at Chesswood's option at any time at par plus accrued and unpaid interest.

Subject to any required regulatory approval and provided no event of default has occurred and is continuing, Chesswood has the option to satisfy its obligation to repay the principal amount of the Debentures, in whole or in part, due upon redemption or at maturity by delivering that number of freely tradable Common Shares obtained by dividing the principal amount of the Debentures to be redeemed or which have matured by 95% of the current market price on the date of redemption or maturity, as applicable.

Closing of the Offering is expected to occur on or about December 16, 2013. The Offering is subject to normal regulatory approvals, including approval of the Toronto Stock Exchange. The Debentures will be eligible for sale in all provinces and territories of Canada, other than Quebec, by way of a supplement to Chesswood's existing short form base shelf prospectus dated November 27, 2013.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102

This report is not being filed on a confidential basis.

7. Omitted Information

No information has been omitted from this report.

8. Executive Officer

Barry Shafran, President and Chief Executive Officer at (416) 386-3099.

9. Date of Report

December 5, 2013.



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CHESSWOOD GROUP LIMITED ANNOUNCES \$20 MILLION BOUGHT DEAL FINANCING

TORONTO, December 4, 2013 – Chesswood Group Limited ("Chesswood Group" or the "Company") (TSX: CHW) announced today that it has entered into an agreement with a syndicate of underwriters co-led by National Bank Financial Inc. and RBC Capital Markets and including Cormark Securities Inc. and Canaccord Genuity Corp. (the "Underwriters") pursuant to which the Company will issue, on a "bought-deal" basis, subject to regulatory approval, \$20,000,000 aggregate principal amount of convertible unsecured subordinated debentures (the "Debentures") at a price of \$1,000 per Debenture (the "Offering"). The Company has granted the Underwriters an over-allotment option to purchase up to an additional \$3,000,000 aggregate principal amount of Debentures at the same price, exercisable in whole or in part for a period of 30 days following closing of the Offering, to cover over-allotments. The Company intends to use the net proceeds from the Offering to fund acquisitions, to fund growth in the finance portfolios of the Company's operating subsidiaries and to pay down debt of the Company and/or its operating subsidiaries.

The Debentures will bear interest from the date of issue at 6.50% per annum, payable semi-annually in arrears on December 31 and June 30 in each year, commencing June 30, 2014. The Debentures will have a maturity date of December 31, 2018 (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 business day immediately preceding the Maturity Date and the business day immediately preceding the date specified by the Company for redemption of the Debentures, into common shares of the Company ("Common Shares") at a conversion price (the "Conversion Price") of \$21.25 per Common Share, being a conversion rate of 47.0588 Common Shares for each \$1,000 principal amount of Debentures. The Conversion Price and conversion rate will be subject to customary adjustment provisions.

The Debentures will not be redeemable before December 31, 2016 (the "First Call Date"). On and after the First Call Date and prior to December 31, 2017, the Debentures will be redeemable at the Company's option at par plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the Conversion Price. On and after December 31, 2017, the Debentures will be redeemable at the Company's option at any time at par plus accrued and unpaid interest.

Subject to any required regulatory approval and provided no event of default has occurred and is continuing, the Company has the option to satisfy its obligation to repay the principal amount of the Debentures, in whole or in part, due upon redemption or at maturity by delivering that number of freely tradable Common Shares obtained by dividing the principal amount of the Debentures to be redeemed or which have matured by 95% of the current market price on the date of redemption or maturity, as applicable.

Closing of the Offering is expected to occur on or about December 16, 2013. The Offering is subject to normal regulatory approvals, including approval of the Toronto Stock Exchange. The Debentures will be eligible for sale in all provinces and territories of Canada, other than Quebec by way of a supplement to the Company's existing short form base shelf prospectus dated November 27, 2013 and via private placement in the United States to "Qualified Institutional Buyers" pursuant to Rule 144A of the U.S. Securities Act of 1933.

About Chesswood Group Limited

Chesswood Group Limited is a financial services company with operating businesses in both Canada and the U.S.

To learn more about Chesswood Group Limited, visit www.ChesswoodGroup.com . The separate websites of Chesswood Group Limited's operating businesses are at www.PawneeLeasing.com , www.CaseFunding.com , www.AcuraSherway.com and www.cars4U.com .

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This press release contains forward-looking statements that involve a number of risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Many factors could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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