FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Element Financial Corporation
161 Bay Street, Suite 3600
Toronto, Ontario M5J 2S1

Item 2 Date of Material Change

February 16, 2016

Item 3 News Release

The news release referenced herein was disseminated over Marketwired on February 16, 2016 and is available on Element's profile at www.sedar.com.

Item 4 Summary of Material Change

On February 16, 2016, Element Financial Corporation ("Element") announced by way of news release that following the completion of a strategic review of each of Element's business units, the Board of Directors of Element (the "Board") has approved plans to proceed with a transaction that will result in the separation (the "Separation") of Element into two publicly traded companies: (i) a fleet management company ("Element Fleet Management") to be led by Bradley Nullmeyer; and (ii) a North American commercial finance company ("Element Commercial Asset Management") to be led by Steven Hudson.

Item 5 Full Description of Material Change

On February 16, 2016, Element announced by way of news release that following the completion of a strategic review of each of Element's business units, the Board has approved plans to proceed with a transaction that will result in the separation of Element into two publicly traded companies: (i) Element Fleet Management to be led by Bradley Nullmeyer; and (ii) Element Commercial Asset Management to be led by Steven Hudson. It is anticipated that Mr. Nullmeyer will serve as vice chairman of Element Commercial Asset Management and that Mr. Hudson will served as vice chairman of Element Fleet Management.

Proposed Business Structure

It is anticipated that Element Fleet Management will include Element's current fleet management operations in the United States, Canada, Mexico, Australia and New Zealand as well as under Element's global alliance with BNP-Arval. It is anticipated that Element Fleet Management's assets will include Element's current portfolio of fleet assets as well as Element's current portfolio of rail assets.

It is anticipated that Element Commercial Asset Management will include Element's current North American commercial and vendor finance business as well as Element's current aviation and rail asset management businesses. It is anticipated that Element Commercial Asset Management's assets will include Element's current portfolio of commercial finance assets as well as Element's current portfolio of commercial aviation assets.

Separation Process

Element is currently analyzing the most efficient method to implement the Separation. The allocation of the assets, liabilities and capital structure of Element Fleet Management and Element Commercial Asset Management, as well as the structure of the boards of such new entities and the deployment of current corporate services staff between such new entities will be determined as the details of the Separation are determined.

It is currently anticipated that the Separation will be completed on a tax free basis before the end of 2016. The Separation will be subject to customary approvals including the receipt of all required third party approvals and the final approval of the Board.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Michel Béland, Chief Financial Officer & Chief Administrative Officer
(416) 386-1067

Item 9 Date of Report

February 19, 2016.