

## MATERIAL CHANGE REPORT

### 1. Name and Address of Company

Luxxfolio Holdings Inc. (the "Company")  
212 – 1080 Mainland Street  
Vancouver, British Columbia V6B 2T4

### 2. Date of Material

May 31, 2019

### 3. News Release

The Company disseminated a news release in respect of the material change on June 03, 2019 via Baystreet and Stockwatch news wire services. The news release was filed on SEDAR on June 3, 2019.

### 4. Summary of Material Change

The Company's wholly owned subsidiary, Luxxfolio Networks Inc. ("LNI"), repaid in full previously issued promissory notes and enter into a line of credit.

#### 5.1 Full Description of Material Change

On June 3, 2019, LNI repaid in full the promissory notes it issued on March 15, 2019 (the "Notes"). The Notes accrued interest at 8% per annum on a total principal amount of \$526,000.00. The term of the Notes was 24 months from the date of issue. LNI had the right to repay the Notes at any time during their term without penalty. Upon repayment, LNI had paid a total of \$9,319.09 in interest on the Notes. The general security interest over the assets of LNI that was granted to the holders of the Notes will be removed as soon as practicable.

LNI entered into a letter of intent with CHP Capital Inc. ("CHI") on May 31, 2019 (the "LOI"). Under the LOI, CHI agrees to grant LNI a revolving line of credit up to a maximum of the lesser of \$526,000.00 and the amount permitted by applicable policies regarding related party transactions (the "LOC"). The LOC will accrue interest at a rate of 8.5% per annum calculated monthly on any amounts borrowed and owed by LNI. LNI will grant CHI a general security interest over LNI's assets as security for the LOC. The parties have agreed to enter into a definitive agreement regarding the LOC by June 21, 2019.

Management of LNI believes that the replacement of the Notes with the LOC will be more cost effective because it will no longer incur interest on funds it does not immediately require and as such the LOC will provide more flexible access to such funds if LNI should need it in the future.

CHI, LNI, and the Company have certain common directors, officers, and or insiders. As such, the LOC is a related party transaction as defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). No formal valuation is required under section 5.4(1) of MI 61-101 for this transaction. The Company has relied upon the exemption from the minority approval requirement of MI 61-101 contained in section 5.7(1)(f) of MI 61-101. The management of the Company and LNI, after discussion, decided that the LOC is on reasonable commercial terms that are not less advantageous to LNI than a line of credit obtained from an arm's length party under materially similar circumstances. No part of the LOC is directly or indirectly convertible into, or repayable by the issuance of, securities of LNI or the Company.

The Company did not file a material change report 21 days prior to the effective date of the LOI and the deadline for the LOC definitive agreement because the details of the LOI and the LOC had not been confirmed at that time.

## **5.2 Disclosure for Restructuring Transaction**

Not applicable.

## **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 significant facts required to be disclosed have been omitted.

## **8. Executive Officer**

For further information contact:

Name: Dean Linden

Officer: Chief Executive Officer

Telephone: (604) 398-3837

## **9. Date of Report**

June 03, 2019