

MATERIAL CHANGE REPORT

ITEM 1. Name and Address of Company:

Gravitas Financial Inc. (the "Corporation")
333 Bay Street, Suite 1700
Toronto, Ontario M5H 2R2

ITEM 2. Date of Material Change:

September 24, 2019

ITEM 3. News Release:

A press release attached hereto as Schedule "A" was issued on September 24, 2019 and disseminated through NewsFile and filed under the Corporation's profile on SEDAR at www.sedar.com.

ITEM 4. Summary of Material Change:

On September 24, 2019, the Corporation announced that further to its news release issued on May 28, 2019 announcing the entering into of an accommodation agreement and related sale and investment solicitation process ("SISP"), it entered into an agreement with Principle Capital Partners Corporation ("Principle") and Ridley Park Capital Inc. ("RPC", and together with Principle, the "Purchasers") pursuant to which: (i) Principle will acquire the Corporation's directly- or indirectly-held interest in Gravitas Ventures Inc., Ubika Corp. and certain other securities directly-held by the Corporation; (ii) RPC will acquire certain securities directly held by the Corporation or indirectly-held through Gravitas Ventures Inc. and Ubika Corp., and the Corporation's interest in Prime City One Capital Corp.; and (iii) each Purchaser will also acquire certain related interests, dividends, and repayments of debt principal or receive a set-off for such amounts to the extent retained by the Corporation, for total cash proceeds of \$800,000 subject to adjustment for amounts retained by the Corporation in respect of certain securities holdings sold since June 30, 2019 (the "Transaction").

The proceeds of the Transaction will be used in accordance with the accommodation agreement and will permit the Corporation to obtain the needed working capital in order to continue operations in the short term as well as further the SISP.

The Transaction is structured to close in multiple closings as required in respect of receipt of consents and approvals with the first closing expected to occur on or about October 4, 2019.

ITEM 5. Full Description of Material Change:

5.1 Full Description of Material Change

The material change is described in the press release attached hereto as Schedule "A".

Disclosure required by Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101")

Principle is a "related party" of the Corporation pursuant to MI 61-101 and as such, the Transaction is a "related party transaction" (as defined in MI 61-101) and is subject to certain disclosure requirements under MI 61-101.

The following supplementary information is provided pursuant to Section 5.2 of MI 61-101.

(a) a description of the transaction and its material terms,

See Item 4 above and the press release attached hereto as Schedule "A".

(b) the purpose and business reason for the transaction,

See Item 4 above.

(c) the anticipated effect of the transaction on the issuer's business and affairs,

See Item 5(b) above. The disinterested members of the Board of Directors of the Corporation, acting in good faith, have determined that due to the Corporation's current financial situation, that the Transaction is designed to improve the Corporation's financial position, and that the terms of the Transaction are reasonable in the Corporation's circumstances.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage.

Not applicable. No securities of the Corporation were issued in connection with the Transaction.

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee,

See the press release attached hereto as Schedule "A". The Corporation implemented a SISF to seek proposals for a debt financing or refinancing and/or equity financing for a restructuring transaction, and/or a sale of all or a portion of the business and property of the Corporation. FTI Capital Advisors – Canada ULC ("FTI") and FAAN Advisors Group Inc., in its capacity as Chief Process Advisor to the Corporation, ran the SISF. The Corporation formed the special committee (the "Special Committee") to, among other matters, receive details of and supervise the response of the Issuer to, or, if necessary, to conduct any negotiations or discussions with respect to, a Qualified Bid (as defined in the SISF). The Corporation, with the assistance of FTI, engaged in arm's-length negotiations. FTI recommended to the Special Committee that the Corporation approve

the offer made in connection to the Transaction, the Special Committee recommended to the Board of Directors of the Corporation that it approved the Transaction, and the disinterested member of the Board of Directors of the Corporation approved the Transaction.

The Corporation is relying on the exemption from minority shareholder approval requirements of MI 61-101 contained in Section 5.7(1)(e) on the basis of the "financial hardship" exemption therein.

- (f) *a summary, in accordance with section 6.5, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction,*

Not applicable. The Corporation is relying on the exemption from the formal valuation requirements of MI 61-101 contained in Section 5.5(g) on the basis of the "financial hardship" exemption therein.

- (g) *disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction,*

(i) *that has been made in the 24 months before the date of the material change report, and*

(ii) *the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer,*

Not applicable.

- (h) *the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction,*

See Item 4 above.

- (i) *disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7, respectively, and the facts supporting reliance on the exemptions.*

Due to the Corporation's current financial situation, the Corporation is relying on the exemption from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in Section 5.5(g) and Section 5.7(1)(e) of MI 61-101, respectively, on the basis of the "financial hardship" exemption therein.

The Corporation expects that this material change report will be filed not more than 21 days before the expected closing of the Transaction because the closing date of the Transaction had not yet been determined and the Corporation deems such timeline reasonable in the circumstances to as to be able to avail itself of the proceeds of the Transaction in an expeditious manner.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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:

For further information contact:

Vikas Ranjan
President
647-352-2666

ITEM 9. Date of Report:

October 3, 2019

Forward Looking Statements

Certain statements in this report constitute "forward-looking" statements. These statements relate to future events or the Corporation's future performance and, in certain cases, can be identified by the use of words such as "intends", "plans", "expects", "anticipates", or variations of such words and phrases as statements that certain actions, events or results "may", "can", "will", "might", "shall", "would" occur, or the negative forms of any of these words and other similar expressions. Forward-looking statements include the closing of the Transaction and the statement that the Transaction will permit the Corporation to obtain needed working capital in order to continue operations in the short term. All such statements involve substantial known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to vary from those expressed or implied by such forward-looking statements. Forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date of this report. Forward-looking statements involve significant risks and uncertainties, they should not be read as guarantees of future performance or results, and they will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, that the closing will not occur and that the proceeds from the Transaction will be insufficient for the Corporation's financial needs, even in the short term. Although the forward-looking statements contained in this report are based upon what management of the Corporation believes are reasonable assumptions on the date of this report, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties and other risks detailed from time-to-time in the Corporation's ongoing filings with the securities regulatory authorities, which filings can be found at www.sedar.com. These forward-looking statements are made as of the date of this report and the Corporation disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

Schedule "A"
PRESS RELEASE

[see attached.]

Gravitas Announces Sale of Portfolio of Assets

Toronto, Ontario--(Newsfile Corp. - September 24, 2019) - Further to its news release issued on May 28, 2019 announcing the entering into of an accommodation agreement and related sale and investment solicitation process ("**SISP**"), Gravitas Financial Inc. (CSE: GFI) ("**Gravitas**") today announces that it has entered into an agreement with Principle Capital Partners Corporation ("**Principle**") and Ridley Park Capital Inc. ("**RPC**") pursuant to which: (i) Principle will acquire Gravitas' directly- or indirectly-held interest in Gravitas Ventures Inc., Ubika Corp. and certain other securities directly-held by Gravitas; (ii) RPC will acquire certain securities directly held by Gravitas or indirectly-held through Gravitas Ventures Inc. and Ubika Corp., and Gravitas' interest in Prime City One Capital Corp. and (iii) each purchaser will also acquire certain related interests, dividends, and repayments of debt principal or receive a set-off for such amounts to the extent retained by Gravitas, for total cash proceeds of \$800,000 subject to set-off for amounts retained by Gravitas in respect of certain securities holdings sold since June 30, 2019 (the "**Transaction**").

The proceeds of the Transaction will be used in accordance with the accommodation agreement and will permit Gravitas to obtain the needed working capital in order to continue operations in the short term as well as further the SISP.

A committee established in connection with the SISP (the "**SISP Committee**"), comprised of an independent and disinterested member of the board of directors of Gravitas (the "**Board**") reviewed and accepted the terms of the Transaction and determined that it is in the best interest of Gravitas considering, among other things:

- the recommendation of FTI Capital Advisors - Canada ULC ("**FTI**"), the party assisting with the SISP, after consultation with FAAN Advisors in its capacity as Chief Process Advisor, with FTI advising that the Transaction is reasonable and appropriate;
- the Transaction being supported by the majority holders of Gravitas' secured debt; and
- the current financial situation of Gravitas.

The Transaction is subject to certain customary closing conditions as well as a pre-closing reorganization to transfer certain assets which are not being acquired by the purchasers to Gravitas or its affiliates and receipt of certain customary consents or notice requirements in respect of the transfers and TSXV approval in respect of the sale of Gravitas' interest in Prime City One Capital Corp. and is structured to close in multiple closings as required in respect of receipt of consents and approvals with the first closing expected to occur on or about October 4, 2019.

The Transaction will constitute a "related party transaction" within the meaning of Multilateral Instrument 61-101 - *Protections of Minority Security Holders in Special Transactions* ("**MI 61-101**"). However, due to Gravitas' current financial situation, Gravitas is relying on the exemption from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in Section 5.5(g) and Section 5.7(1)(e) of MI 61-101, respectively, on the basis of the "financial hardship" exemption therein.

The disinterested members of the Board, acting in good faith, have determined that due to Gravitas' current financial situation, that the Transaction is designed to improve Gravitas' financial position, and that the terms of the Transaction are reasonable in Gravitas' circumstances. As the members of the Board, Winfield Ding, Vikas Ranjan and Lawrence Xing, disclosed an interest in the Transaction and recused themselves from voting on the approval of the Transaction, the Transaction was approved by the remaining disinterested members of the Board.

Gravitas expects to file a material change report in respect of the related party transaction less than 21 days prior to the closing of the Transaction, which Gravitas deems reasonable in the circumstances so as to be able to avail itself of the proceeds of the Transaction in an expeditious manner.

Forward-looking Statements

Certain statements in this news release constitute "forward-looking" statements. These statements relate to future events or our future performance. Forward-looking statements include the closing of the Transaction and the statement that the Transaction will permit Gravitas to obtain needed working capital in order to continue operations in the short term. All such statements involve substantial known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to vary from those expressed or implied by such forward-looking statements. Forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date of this news release. Forward-looking statements involve significant risks and uncertainties, they should not be read as guarantees of future performance or results, and they will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, that the closing will not occur and that the proceeds from the Transaction will be insufficient for Gravitas' financial needs, even in the short term. Although the forward-looking statements contained in this news release are based upon what management of Gravitas believes are reasonable assumptions on the date of this news release, Gravitas cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties and other risks detailed from time-to-time in Gravitas' ongoing filings with the securities regulatory authorities, which filings can be found at www.sedar.com. These forward-looking statements are made as of the date of this news release and Gravitas disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

ABOUT GRAVITAS FINANCIAL INC.

Gravitas Financial Inc. is a platform company that creates businesses in key traditional and emerging sectors with strong industry partners. Our industry focus includes financial services and fintech. We leverage our unique platform to develop a continuous pipeline of new ventures with significant blue-sky potential. Our platform is complimented by strong investment research and digital investment media groups.

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further information or to receive a copy of the early warning report referred to above, please contact:

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