

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Aylen Capital Inc. (**Aylen** or the **Company**)
Suite 2502, Scotia Plaza
Toronto, Ontario M5H 3Y2

Item 2 Date of Material Change

September 2, 2020

Item 3 News Release

A press release was disseminated by the Company through GlobeNewswire, and subsequently filed on SEDAR, on September 2, 2020.

Item 4 Summary of Material Change

On September 2, 2020, the Company announced that it has entered into an acquisition agreement with Loc8 Corp., pursuant to which Aylen will acquire all of the issued and outstanding securities of Loc8.

Item 5 Full Description of Material Change

The Company announced that it has entered into an acquisition agreement dated September 2, 2020 (the "**Acquisition Agreement**") with Loc8 Corp. ("**Loc8**"), pursuant to which Aylen will acquire all of the issued and outstanding securities of Loc8 (the "**Acquisition**").

The Acquisition is subject to a number of terms and conditions as set forth in the Acquisition Agreement, including (among other things) the approval of the Canadian Securities Exchange (the "**Exchange**"). If completed, the Acquisition will constitute a "Fundamental Change" of Aylen, as such term is defined in Exchange policies. Aylen's shares will remain halted until the Exchange has reviewed and approved the Acquisition.

In addition, under the Acquisition Agreement, concurrent with the completion of the Acquisition, Aylen will sell to John Pennal, Aylen's now former Chief Executive Officer, Aylen's wholly-owned subsidiary Grapevine Analytics Inc. ("**Grapevine**") which includes the assets, liabilities and obligations of the Grapevine business currently operated by Aylen (the "Grapevine Sale" and together with the Acquisition, the "**Transaction**"). As part of the Grapevine Sale, and immediately prior to completion of the Acquisition, the following steps will occur: (i) John Pennal will pay \$100 to Aylen and will agree to indemnify Aylen in respect of any taxes, losses or other costs resulting from the Grapevine Sale; (ii) John Pennal will agree to terminate his employment agreement with Aylen and to relinquish all severance and bonus payments to which he would otherwise be entitled; and (iii) Aylen will pay a dividend to existing Aylen shareholders equal to the amount of unencumbered cash held by Aylen at the time, which is currently expected to be approximately \$400,000 or \$0.022 per share.

About Loc8 Corp.

Loc8 (operating as Deepspatial AI) leverages artificial intelligence to create robust location intelligence solutions for transforming existing location data into business outcomes. Location data can be anything from addresses and latitude/longitude coordinates, buildings, monuments etc. and when this data is correlated with internal business data, it creates business context to improve decision making backed by data driven analytics. Few of the key

outcomes of Loc8 include (but not limited to): prediction for ideal location to open new outlets/stores, performance improvement scope for existing outlets, competitor mapping & analysis, customer archotyping & personalized promotions for a target group, optimized inventory management & demand forecasting along with retail assortment strategizing.

Loc8 processes business data geospatially and creates knowledge and insights that help businesses know who their customers are (customer archetypes), inventory management, site selection, targeted marketing, predict what they need and supply it optimally. It brings geo-personalisation to any business as a service using AI. Loc8's AI platform can be integrated into retail chains, logistics firms, manufacturing supply chain companies, banks and more.

The Transaction

Pursuant to the Acquisition Agreement, Aylen will consolidate its issued and outstanding shares on a one (1) new share for four (4) old share basis (the "**Consolidation**"). Aylen currently has 16,856,632 common shares issued and outstanding.

Immediately following the Consolidation, Aylen will acquire all of the issued and outstanding securities of Loc8 from Loc8's securityholders. Each shareholder of Loc8 will receive one (1) Aylen common share for each common share of Loc8 held. Loc8 currently has 83,575,000 common shares issued and outstanding. Loc8 will also issue 700,000 common shares as a finders fee in connection with the completion of the Transaction. Upon completion of the Transaction, Loc8 will become a wholly-owned subsidiary of the Company and the Company will change its name to "DeepSpatial Inc.", or such other name as determined by Loc8. The combined entity (the "**Resulting Issuer**") will continue the business of Loc8.

As the Transaction is considered a "related party transaction" pursuant to the provisions of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), it will require "minority approval" from Aylen's shareholders at its special meeting expected to be held in November, 2020. In support of the Transaction, Aylen appointed a special committee of independent directors to review its merits.

As Aylen is a company listed on the Exchange, it is exempt from the formal valuation requirements of MI 61-101 pursuant to the exemption contained in section 5.5(b) of MI 61-101 on the basis that no securities of Aylen are listed or quoted on the markets specified therein.

The proposed Transaction will constitute a "related party" transaction under MI 61-101 since John Pennal will be acquiring the Grapevine business from Aylen pursuant to the Grapevine Sale, and John Pennal is the former Chief Executive Officer and former director of Aylen, and he is also a "control person" of Aylen and currently holds a 34.8% interest in the common shares of Aylen. All shares of Aylen owned and controlled by John Pennal will be excluded from voting on the Transaction.

The Transaction is conditional upon, among other things:

- (i) the representations and warranties of each of Aylen and Loc8, as set out in the Acquisition Agreement, being true and correct in all material respects at the closing of the Transaction;
- (ii) the absence of any material adverse change in the business of each of the parties;
- (iii) the parties receiving all requisite regulatory approval, including the approval of the Exchange, and any third party approvals and authorizations;

- (iv) Loc8 and Ayleen obtaining the requisite shareholder approvals for the Transaction; and
- (v) Loc8 completing a private placement financing for minimum aggregate gross proceeds of not less than \$1,000,000 at \$0.30 per share.

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

Richard Sutin
Interim CEO
ricksutin@gmail.com

Item 9 Date of Report

September 28, 2020