

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

1. Name and address of Company

Montfort Capital Corp. (the "**Company**")
Suite 835 - 1100 Melville Street
Vancouver, BC V6E 4A6

2. Date of Material Change

October 3, 2022

3. News Release

A news release announcing the material change was issued on October 3, 2022, disseminated through the facilities of a recognized newswire service and subsequently filed on www.sedar.com.

4. Summary of Material Change

The Company announced that it closed the previously announced acquisition of approximately 78% of Langhaus Financial Partners Inc. ("**Langhaus**"). Langhaus is the parent company of Langhaus Financial Corporation, Canada's largest independent provider of insurance policy backed loans, with a specific focus on high-net-worth individuals and entrepreneurs.

The acquisition was completed pursuant to a share purchase agreement, by way of a \$7.02 million cash payment to the vendors plus contingent payments totaling \$2.34 million to be paid upon the achievement of certain financial targets during an earn-out period. The Company has not issued common or preferred shares as part of the purchase price.

5.1 Full Description of Material Change

See the attached news release.

5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

7 Omitted Information

Not applicable.

8 Executive Officer

Michael Walkinshaw, Chief Executive Officer
Telephone: 604-398-8839

9 Date of Report:

October 11, 2022

Montfort Capital Acquires Majority Stake in Leading Insurance Lender

Montfort closes on the third acquisition in the past year bringing total consolidated assets to \$475 million

VANCOUVER, BC, Oct. 3, 2022 /CNW/ - **Montfort Capital Corporation ("Montfort" or the "Company")** (TSXV: [MONT](#)) (OTCQB: MONTF), a leading alternative lender utilizing focused strategies, experienced management teams and advanced technology, is pleased to announce it has closed on the acquisition of approximately 78% of Langhaus Financial Partners Inc. ("Langhaus"). Langhaus is the parent company of Langhaus Financial Corporation ("LFC"), Canada's largest independent provider of insurance policy backed loans, with a specific focus on high-net-worth individuals and entrepreneurs. The Langhaus acquisition was previously announced on May 12, 2022. The total common share valuation of Langhaus is \$12 million and the board, management and vendors of Langhaus are at arm's length to the Company.

The acquisition was completed pursuant to a share purchase agreement, by way of a \$7.02 million cash payment to the vendors plus contingent payments totaling \$2.34 million to be paid upon the achievement of certain financial targets during an earn-out period. Montfort has not issued common or preferred shares as part of the purchase price.

Coincident with the acquisition, Langhaus and Montfort have entered into a lock-up agreement with certain holders of non-voting preferred shares of LFC who are also selling shareholders of Langhaus, representing approximately 53% of the outstanding preferred shares of LFC having an aggregate original purchase price of \$6.57 million (the "Lock-Up Agreement"). The Lock-Up Agreement provides for a 6-month period post-closing of the acquisition for these holders of existing preferred shares of LFC to exchange their shares for a new series of preferred shares to be issued by LFC that will, subject to certain conditions, be redeemable in cash on October 3rd, 2024 for the original purchase price of the existing preferred shares of LFC and any accrued and unpaid dividends or, at the option of the holder, exchangeable into a new class or series of preferred shares of the Company having substantially similar terms and ranking on an equivalent basis to the outstanding Series A Preferred Shares of the Company, including the option to convert such preferred shares into common shares of the Company.

"We would like to welcome the Langhaus team to the family of Montfort private credit companies," said Mike Walkinshaw, CEO of Montfort. "TIMIA Capital, Pivot Financial, Brightpath Capital, and now Langhaus are leaders in their respective private credit verticals and continue to experience growth in 2022. The successful integration of Pivot has provided important experience onboarding private credit companies to the Montfort platform. With the recent close of the Brightpath and Langhaus acquisitions, we look forward to leveraging our financing relationships, back-office platform, and technology expertise to make each of these businesses more efficient and more profitable."

For fiscal 2021, Langhaus generated approximately \$6.5 million in revenue with an approximate net loss of \$954,000. During the first quarter of 2022, Langhaus achieved breakeven and generated approximately \$14,000 in net income. Langhaus had approximately \$123.4 million in long-term debt at the December 31, 2021 year-end. (All figures reflecting consolidated information, including Langhaus' subsidiary LFC.)

For the combined entity, which now includes TIMIA Capital, Pivot Financial, Brightpath Capital and Langhaus, Montfort reports the following financial metrics:

- Pro forma combined assets of approximately \$475 million at the date of close.

- For the year ended December 31, 2021, key pro forma full year amounts for the combined entity include:
 - Revenue of approximately \$29.7 million, an increase over Montfort's consolidated revenue of \$9.7 million for Fiscal 2021
 - Operating expenses of approximately \$23.5 million, an increase over Montfort's consolidated operating expenses of \$6.7 million for Fiscal 2021
 - Net income after taxes of \$4.5 million, an increase over Montfort's consolidated net income of \$2.4 million.
- The acquisition is expected to be accretive for Montfort shareholders during fiscal 2024 based upon forecasted growth and financing costs incurred.

No finder's fees were payable in connection with the proposed transaction.

In addition, the Board of Directors of Montfort approved the issuance of 1,285,000 stock options and 350,000 restricted and performance share units to members of management and employees of Montfort, Brightpath and Langhaus.

About Langhaus

Langhaus Financial is the leading non-bank provider of insurance policy-backed lending solutions to high-net-worth individuals and entrepreneurs throughout Canada. Working cooperatively with Canada's major insurance companies and top advisers, the Langhaus team designs flexible lending programs in a way that best meets the needs of borrowers, with an expertise in structured finance transactions and complex borrower structures that fall outside the typical purview of Canadian banks.

About Montfort Capital Corporation

Montfort manages a diversified family of specialized private credit brands that utilize focused strategies and experienced management teams combined with advanced technology to improve fee related performance. Montfort facilitates transparency for its investors through public company reporting. For further information, please visit www.montfortcapital.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

Forward-Looking Information

Certain information and statements in this news release contain and constitute forward-looking information or forward-looking statements as defined under applicable securities laws (collectively, "forward-looking statements"). Forward-looking statements normally contain words like 'believe', 'expect', 'anticipate', 'plan', 'intend', 'continue', 'estimate', 'may', 'will', 'should', 'ongoing' and similar expressions, and within this news release include any statements (express or implied) respecting the future growth of the Company, the Company's future financial performance and the impact and benefits of the completion of the Company's recent acquisitions, the future financial performance of Langhaus, and the future accretive value to the Company's shareholders of the acquisition of Langhaus.

Forward-looking statements are not guarantees of future performance, actions, or developments and are based on expectations, assumptions and other factors that management currently believes are relevant, reasonable and appropriate in the circumstances, including, without limitation, the following assumptions: that the Company and family of private credit companies are able to meet their respective future objectives and priorities, assumptions concerning general economic growth and the absence of unforeseen changes in the legislative and regulatory framework for the Company; assumptions regarding the Company's ability to integrate its recently completed acquisitions in order to achieve anticipated benefits.

Although management believes that the forward-looking statements are reasonable, actual results could be substantially different due to the risks and uncertainties associated with and inherent to Montfort's business. Material risks and uncertainties applicable to the forward-looking statements set out herein include, but are not limited to, the Company having insufficient financial resources to achieve its objectives; availability of further investments that are appropriate for the Company on terms that it finds acceptable or at all; successful completion of exits from investments on terms that constitute a gain when no such exits are currently anticipated; intense competition in all aspects of business; reliance on limited management resources; risks related to the integration of the businesses of its recently completed acquisitions, general economic risks and risks related to the private credit market; new laws and regulations and risk of litigation. Although Montfort has attempted to identify factors that may cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, predicted, estimated or intended. Also, many of the factors are beyond the control of Montfort. Accordingly, readers should not place undue reliance on forward-looking statements. Montfort undertakes no obligation to reissue or update any forward-looking statements as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements contained in this news release are qualified by this cautionary statement.

SOURCE Montfort Capital Corp.

View original content: <http://www.newswire.ca/en/releases/archive/October2022/03/c7558.html>

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