

Form 51-102F3

**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company:**

Kadestone Capital Corp. (“**Kadestone**” or the “**Company**”)  
Suite 2600, Three Bentall Centre, 595 Burrard Street  
Vancouver, BC  
V7X 1L3

**Item 2 Date of Material Change:**

May 2, 2022

**Item 3 News Release:**

A news release announcing the material change was disseminated through the facilities of Cision Newswire on May 2, 2022 and a copy was filed on the Company’s profile at [www.sedar.com](http://www.sedar.com).

**Item 4 Summary of Material Change:**

On May 2, 2022, Kadestone announced that it had entered into an agreement (the “**Loan Agreement**”) with the Zhang Family (2015) Trust (the “**Lender**”), pursuant to which the Lender will provide a term loan to Kadestone by way of an unsecured, non-revolving credit facility (the “**Facility**”) in the aggregate maximum amount of up to CAD\$10 million. The proceeds of the Facility are to be used by Kadestone for general working capital purposes.

Interest is payable on the outstanding amounts of the Facility at a rate of 5% per annum. The principal outstanding and any interest accrued thereon is payable on the earliest of (i) the maturity of the Facility on March 31, 2024 and (ii) the occurrence of an event of default under the Loan Agreement.

The Loan Agreement also provides the Lender with certain participation rights in future equity financings of the Company as well as a right of first offer with respect to the financing of future real estate development projects.

**Item 5 Full Description of Material Change:**

Description of Transaction and its Material Terms

*General*

On May 2, 2022, Kadestone announced that it had entered into the Loan Agreement with the Lender, pursuant to which the Lender will provide a term loan to Kadestone by way of the Facility in the aggregate maximum amount of up to CAD\$10 million. The proceeds of the Facility are to be used by Kadestone for general working capital

purposes.

Interest is payable on the outstanding amounts of the Facility at a rate of 5% per annum. The principal outstanding and any interest accrued thereon is payable on the earliest of (i) the maturity of the Facility on March 31, 2024 and (ii) the occurrence of an event of default under the Loan Agreement.

The Loan Agreement also provides the Lender with certain participation rights in future equity financings of the Company as well as a right of first offer with respect to the financing of future real estate development projects.

The Lender will make the Facility available to the Company pursuant to one or more advances (the “**Loans**”) prior to March 31, 2024.

Each Loan will be evidenced by a promissory note (each a “**Promissory Note**” and together, the “**Promissory Notes**”), each dated on the date such Loan is made by the Lender to the Company and payable to the order of the Lender in the amount set out therein.

#### *Events of Default*

The Loan Agreement sets out certain events that constitute “Events of Default” with respect to the Loan Agreement, which include, among others: (a) failure to make payment of any amount due and payable by the Company in the manner and at the time provided in the Loan Agreement or the Promissory Notes and such due amount continues unpaid for a period of five (5) business days; (b) the Company becomes insolvent, which includes: (i) the institution by the Company of proceedings in respect of an adjudication of bankruptcy or any similar proceedings or the seeking by it of relief under any applicable federal, provincial, state or other law relating to bankruptcy, (ii) the commencement of any proceedings by a person for the bankruptcy or any similar proceedings of the Company, and (iii) the entry of a decree or order by a court having jurisdiction adjudging the Company bankrupt or approving as properly filed an application or a petition seeking bankruptcy in respect of the Company under any applicable law relating to bankruptcy or relief of debtors; (c) the commencement of any steps or proceedings by Kadestone to liquidate, dissolve or wind up; (d) the failure of the Company to remedy the default of: (i) a covenant or obligation in the Loan Agreement required on its part to be observed or performed, or (ii) a curable representation or warranty made or deemed to be made by the Company in the Loan Agreement that is incorrect or misleading, within 30 days after the earlier of: (i) notice thereof from the Lender to the Kadestone; or (ii) knowledge thereof of the Borrower; and (e) the occurrence and continuation of a material adverse effect on the financial condition, business, operations or liabilities of the Company in the opinion of the Lender acting reasonably.

Upon the occurrence of an Event of Default, the Lender may at any time thereafter by written notice to the Company declare all or part of the outstanding principal amounts of the Loans and all other amounts payable in respect thereof to be immediately due and payable, and the Facility shall be terminated.

#### Review and Approval Process of the Board

The Loan Agreement was unanimously approved by the directors of Kadestone. The

directors unanimously believe that the Loan Agreement is in the best interests of the Company and that it is the best alternative available to the Company in the circumstances.

**Item 6 Reliance on Section 7.1(2) of National Instrument 51-102:**

Not applicable.

**Item 7 Omitted Information:**

Not applicable.

**Item 8 Executive Officer:**

For further information, please contact:

David Negus  
Chief Financial Officer  
Tel: 604-671-8142  
E-mail: [dnegus@kadestone.com](mailto:dnegus@kadestone.com)

**Item 9 Date of Report:**

May 12, 2022