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Exchange Income Corporation Announces Two Acquisitions and a \$70 Million Bought Deal Financing of Common Shares

WINNIPEG, Manitoba – October 8, 2019 – Exchange Income Corporation (TSX: EIF) (“EIC”, the “Corporation”, or “we”) announced today that it has entered into an agreement to sell, on a bought deal basis, 1,860,000 common shares (the “Shares”) from treasury to a syndicate of underwriters (the “Underwriters”) co-led by CIBC Capital Markets, National Bank Financial Inc. and Laurentian Bank Securities Inc. The Shares will be offered at a price of \$37.65 per Share, for gross proceeds to the Corporation of approximately \$70 million (the “Offering”). The net proceeds of the sale of the Shares will be used to fund two acquisitions (as described below), and for general corporate purposes.

The Corporation has also granted to the Underwriters an over-allotment option to purchase up to 279,000 additional Shares, representing 15% of the size of the Offering. The over-allotment option may be exercised, in whole or in part, at the sole discretion of the Underwriters, until 30 days following the closing of the offering.

Closing of the Offering is expected to occur on or about October 29, 2019. We expect to report third quarter results on November 7, 2019, which we expect to be in-line with or above analyst consensus estimates, prior to an adjustment for a small, one-time bad debt allowance charge related to the insolvency of a single airline customer.

The Offering is subject to normal regulatory approvals, including approval of the Toronto Stock Exchange of the listing of the Shares, and will be offered in each of the provinces of Canada by way of a short form prospectus. The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, and accordingly will not be offered, sold or delivered, directly or indirectly within the United States, its possessions and other areas subject to its jurisdiction or to, or for the account or for the benefit of a United States person, except pursuant to applicable exemptions from the registration requirements.

Acquisitions

EIC announced today it has acquired L.V. Control Mfg. Ltd. (“L.V. Control”) and expects to close the acquisition of Advance Window, Inc. (“AWI”) next week. Further details on L.V. Control follows below. AWI is a full-service glazier that operates in the Northeastern United States. Upon the close of the transaction, EIC will announce its completion and provide further details on the acquisition. The closing of the Offering is not contingent on the closing of the AWI acquisition.

The aggregate purchase price for the two companies is up to \$78 million if certain post-closing targets are achieved. At closing, EIC will pay \$72 million funded with \$62.6 million in cash and \$9.4 million in EIC shares.

The acquisitions, after giving effect to the Offering, are expected to be immediately accretive to EIC, resulting in increases to both Adjusted Net Earnings per share and Free Cash Flow less Maintenance Capital Expenditures per share. As a result, the payout ratios calculated using both metrics are expected to further improve. In addition to being immediately accretive, the leverage of the Corporation will decrease as a result of these transactions as, at closing, the acquisitions will be fully financed with equity.

L.V. Control

Founded in 1975, L.V. Control is an electrical and control systems integrator focused on the agriculture material handling segment with primary activities in grain handling, crop input, feed processing, and seed cleaning. L.V. Control has their own proprietary technology, which enables them to integrate multiple systems into one seamless interface. With decades of industry-specific knowledge they have developed unique products that help to increase the efficiency of their customers' operations by improving product flow-through, reducing energy and human resource costs, and capturing data. Through significant investment in product development and delivering value to their customer, they are the established leader in agriculture process control systems and automation in Canada.

"We are very excited about the acquisition of L.V. Control," stated CEO Mike Pyle. "As a leader in their market, they are a great addition to our growing manufacturing segment. The transaction is accretive to our earnings, cash flow and ability to pay a growing dividend. Brent and Grant have built an outstanding business with exceptional customer relationships, a skilled and experienced team of employees and substantial growth opportunities."

The two owners, Brent Murray and Grant Floren, have committed to continue in their current roles at L.V. Control. In addition to its owners, the company has a solid depth of tenured key managers, and the average tenure of all the company's employees is over ten years. In explaining the decision to sell to EIC, Murray stated, "We decided to sell the business to ensure a smooth succession and strengthen the company's long-term future. We wanted a partner who would work with us to help the company grow." Floren added, "L.V. Control is a family run company and it's very important to us that we are able to maintain our unique culture, as it's critical to our success. EIC's approach resonated with how we envision the future of L.V. and how we want to treat our valued employees. EIC's track record speaks for itself and we are confident that this is the right fit for our company, our employees and our customers."

"This is an attractive investment for EIC, as it meets both our financial and qualitative requirements and has a solid outlook," stated Adam Terwin, Chief Corporate Development Officer of EIC. "L.V. Control is a successful family business in a niche market, combining engineering with proprietary products and software to generate a one-of-a-kind solution to their customers. It is a unique opportunity to grow our manufacturing segment and increase our exposure to the agricultural sector with a best-in-class operator."

About Exchange Income Corporation:

Exchange Income Corporation is a diversified acquisition-oriented company, focused in two sectors: aerospace & aviation services and equipment, and manufacturing. The Corporation uses a disciplined acquisition strategy to identify already profitable, well-established companies that have strong management teams, generate steady cash flow, operate in niche markets and have opportunities for organic growth.

The Corporation currently operates two segments: Aerospace & Aviation and Manufacturing. The Aerospace & Aviation segment consists of the operations of Perimeter Aviation, Keewatin Air, Calm Air International, Bearskin Lake Air Service (operating as a division of Perimeter Aviation), Custom Helicopters, Regional One, Provincial Aerospace and Moncton Flight College, and an investment in Wasaya Group. The Manufacturing segment consists of the operations of Overlanders Manufacturing, Water Blast, Stainless Fabrication, WesTower Communications, Ben Machine and Quest Window Systems. For more information on the Corporation, please visit www.ExchangeIncomeCorp.ca. Additional information relating to the Corporation, including all public filings, is available on SEDAR (www.sedar.com).

About L.V. Control

For over 40 years, L.V. Control has specialized in the design and manufacturing of electrical distribution equipment and process control systems. The company's focus on expertise is primarily concentrated on meeting the needs of the agricultural industry, including automation of grain handling, feed processing, seed cleaning and fertilizer blending facilities. For more information please visit www.lvcontrol.com

Caution Concerning Forward-Looking Statements

The statements contained in this news release that are forward-looking are based on current expectations and are subject to a number of uncertainties and risks, and actual results may differ materially. These uncertainties and risks include, but are not limited to, the dependence of Exchange Income Corporation on the operations and assets currently owned by it, the degree to which its subsidiaries are leveraged, the fact that cash distributions are not guaranteed and will fluctuate with the Corporation's financial performance, dilution, restrictions on potential future growth, the risk of shareholder liability, competitive pressures (including price competition), changes in market activity, the cyclical nature of the industries, seasonality of the businesses, poor weather conditions, and foreign currency fluctuations, legal proceedings, commodity prices and raw material exposure, dependence on key personnel, and environmental, health and safety and other regulatory requirements. Further information about these and other risks and uncertainties can be found in the disclosure documents filed by Exchange Income Corporation with the securities regulatory authorities, available at www.sedar.com.

For further information, please contact:

Mike Pyle
Chief Executive Officer
Exchange Income Corporation
(204) 982-1850
MPyle@eig.ca

Trevor Heisler
Investor Relations
NATIONAL Capital Markets
(416) 848-1434
theisler@national.ca