KRG MANAGEMENT INC.

555 Wilson Ave., North York, Ontario, M3H 5Y6

October 9, 1999

Ontario Securities Commission
Suite 800
20 Queen Street West
Toronto, Ontario
M5H 3S8

Attention: Continuous Disclosure

Dear Sirs:

Re: Material Change Report Under Section 75(2) of the Act

Item 1. ***Reporting Issuer***

The name of the reporting issuer is KRG Management Inc. (the "Issuer"). Its registered head office is located at 555 Wilson Ave., North York, Ontario, M3H 5Y6.

Item 2. ***Date of Material Change***

The material change occurred on September 29, 1999.

Item 3. ***Press Release***

A press release was issued through BCE Emergis in Toronto. A copy of the press release as issued is annexed hereto as Schedule "A".

Item 4. ***Summary of Material Change***

On September 29, 1999, KRG announced that it will seek shareholder approval for a proposal to privatize the company.

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

On September 29, 1999, KRG announced that it will seek shareholder approval for a proposal to privatize the company. Subject to regulatory approval, shareholders will vote on the proposed transaction at a special meeting of KRG shareholders to be held in December, 1999.

Under the terms of the proposed transaction, holders of KRG common shares will receive $1.63 cash for each KRG common share held.
Reference is made to Schedule “A” for further details.

Items 6 and 7. ***Omitted Information and Reliance on Section 75(3)***

The Issuer is not relying on section 75(3) of the Act for the filing of this report nor is any information being omitted in reliance thereon.

Item 8. ***Senior Officers***

For further information, please contact Steven H. Wise, President and CEO of the Issuer, at (416) 636-4544.

Item 9. ***Statement of Senior Officer***

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario this 9th day of October, 1999.

KRG Management Inc.

Per: (signed)
Steven H. Wise, President and CEO

Schedule "A"

KRG MANAGEMENT INC.

PRESS RELEASE

FOR IMMEDIATE RELEASE SEPTEMBER 29, 1999

TORONTO, ONTARIO – KRG Management Inc. (KRG.TO) today announced that it will seek shareholder approval for a proposal to privatize the company. The proposed transaction is in response to the continued lack of liquidity for shareholders in their investment in KRG common shares.

Under the terms of the proposed transaction, KRG shareholders would receive $1.63 cash for each KRG common share. The offer price represents a premium of approximately 6% over recent stock market prices for KRG common shares, which averaged $1.54 during the past 40 trading days.

Shareholders will be asked to consider this proposal at an annual and special meeting of KRG, which, subject to regulatory approvals, will be held on or about December 1, 1999. The transaction is also subject to regulatory approval as well as the requirements of OSC Policy 9.1. The board of directors of KRG has appointed a committee of independent directors to review the terms of the proposal. The results of this review will be contained in the information circular for the shareholders meeting, which will be mailed to all shareholders within the next four to six weeks.

FOR FURTHER INFORMATION CONTACT

Steven H. Wise, President and Chief Executive Officer, at 416-636-4544.