FORM 51-102F3

MATERIAL CHANGE REPORT

Section 7.1 of National Instrument 51-102
Continuous Disclosure Obligations

ITEM 1: REPORTING ISSUER:

Killam Properties Inc.
Suite 100, 3700 Kempt Road
Halifax, NS B3K 4X8

ITEM 2: DATE OF MATERIAL CHANGE:

May 23, 2007

ITEM 3: NEWS RELEASE:

May 23, 2007, Killam Properties Inc. ("Killam") issued a press release through Canada News Wire.

ITEM 4: SUMMARY OF MATERIAL CHANGE

On May 23, 2007, Killam issued a press release announcing the implementation of a consolidation of Killam's common shares on the basis of one post-consolidation common share for every four pre-consolidation common shares as approved by shareholders of Killam at the meeting held on May 10, 2007 (the "Consolidation").

Killam also announced that due to the implementation of the Consolidation, the dividend announced by Killam on May 14, 2007 and to be paid on June 15, 2007 to shareholders of record on May 31, 2007 will now be paid on a consolidated basis such that the dividend will be $0.046667 per common share outstanding on May 31, 2007.

ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE:

On May 23, 2007, Killam announced the implementation of the Consolidation. Killam also announced that its common shares would begin trading on a consolidated basis on the TSX when the market opens for trading on May 24, 2007. The trading symbol for Killam on the TSX will remain unchanged. The Consolidation will not affect any shareholder's percentage ownership in Killam, except to the extent that Killam will not issue fractional shares in connection with the Consolidation.

Due to the implementation of the Consolidation, the dividend announced by Killam on May 14, 2007 and to be paid on June 15, 2007 to shareholders of record on May 31, 2007 will now be paid on a consolidated basis such that the dividend will be $0.046667 per common share outstanding on May 31, 2007.

ITEM 6: RELIANCE ON SECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102:

Not applicable

ITEM 7: OMITTED INFORMATION:

No material information has been omitted from this report.

ITEM 8: EXECUTIVE OFFICER:

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ITEM 9: DATE OF REPORT:

May 28, 2007