

PRESS RELEASE

For Immediate Distribution

KILLAM PROPERTIES INC.

Halifax, Nova Scotia

August 11, 2005

KILLAM PROPERTIES INC. ANNOUNCES STRONG 2005 SECOND QUARTER RESULTS.

Killam Properties Inc. (TSX:KMP) is pleased to announce its financial and operating results for the second quarter ended June 30, 2005. Killam's portfolio grew from 7,770 rental units at the start of the second quarter to 9,784 apartment and manufactured home units at June 30, 2005. During the second quarter of 2005, Killam completed 14 acquisitions totaling 2,014 units and at June 30, 2005, Killam owned 5,590 apartment units and 4,194 manufactured home units representing 81% and 19% of its capital assets, respectively.

Total assets at the end of second quarter grew by 166% to \$398.6 million from \$150 million at June 30, 2004, and from \$242.8 million at December 31, 2004. On May 4, 2005 the Company completed a \$57.5 million financing consisting of \$42.2 million of unsecured convertible subordinated debentures and six million common shares. The funds raised will continue to be utilized to pursue Killam's strategy of consolidating the rental apartment and manufactured home community markets, primarily in Atlantic Canada.

Killam recorded a net income of \$107,556 in the second quarter 2005, compared to a net income of \$18,065 for second quarter 2004. Funds from operations jumped to \$2,561,445 or \$0.03 per share basic and fully diluted compared to \$803,225 (\$0.02 per share basic and fully diluted) in the second quarter 2004 representing a 319% increase. Funds from operations (FFO) is a generally accepted measure of operating performance of real estate companies; however, it is a non-GAAP measurement and readers are cautioned that Killam's calculation of FFO may be different than that used by other companies. Killam calculates FFO as net income plus amortization, non-cash share compensation, non-cash debenture interest and future income tax expenses (recovery).

Financial highlights include:

Quarter ended	June 30, 2005	June 30, 2004
Revenue.....	\$10,887,502	\$3,497,223
Funds from operations	\$2,561,445	\$803,225
Net income	\$107,556	\$18,065
Total Assets.....	\$398,574,952	\$149,983,371
Shareholders' Equity	\$94,472,536	\$71,493,999
Earnings per share.....	\$0.001	\$0.0004
FFO/Share	\$0.0326	\$0.0162

Six months ended	June 30, 2005	June 30, 2004
Revenue.....	\$19,758,069	\$6,242,270
Funds from operations	\$4,159,635	\$1,169,852
Net income (loss)	\$45,738	\$(126,685)
Earnings per share.....	\$0.0006	\$(0.0026)
FFO/Share.....	\$0.0542	\$0.0239

On June 30, 2005, Killam's portfolio had an overall occupancy level of 97%. The apartment portfolio had an occupancy level of 95.3% with an average monthly rent of \$711 and the manufactured home community portfolio had an occupancy level of 99.3% with an average monthly rent of \$182. Approximately 220 additional vacant units were undergoing renovation, and therefore unavailable for renting. Included in the 220 units are 99 units at Killam's Woodward Gardens which is undergoing extensive renovations and is expected to come on-line during the end of the third quarter of 2005.

Killam's portfolio at June 30, 2005 breaks down as follows:

	<u>Units</u>	<u>Vacancy</u>	<u>Average Rent</u>
<i>APARTMENTS</i>			
NOVA SCOTIA	3,096	3.49%	\$699
NEW BRUNSWICK	1,805	6.62%	\$635
NEWFOUNDLAND	436	4.59%	\$567
PRINCE EDWARD ISLAND	253	5.53%	\$629
<i>MANUFACTURED HOME COMMUNITIES</i>	<u>4,194</u>	.70%	\$182
	9,784		

Philip Fraser, President and Chief Executive Officer noted: "We have been very active growing our business over the past few months. I am very pleased to announce that subsequent to the quarter end we have surpassed the 10,000 unit mark. Starting with just 149 multi-family units in February 2002, Killam has grown to become the largest landlord in Atlantic Canada. With overall portfolio occupancy at 97%, Killam has successfully and accretively built its portfolio in Atlantic Canada and Ontario by consolidating a stable revenue base that is diversified throughout five provinces and two sub-classes of rental housing. We are actively pursuing numerous attractive deals and are in various stages of negotiations with respect to the acquisition of approximately \$50 million of properties, and expect to announce additional accretive acquisitions over the coming weeks and months".

Financial Statements

Killam's June 30, 2005 financial statements and notes are available on our website at www.killamproperties.com

Killam Properties Inc. is a leading real estate company based in Halifax, Nova Scotia. Killam is the largest owner and manager of multi-family residential rental properties and manufactured home communities in Atlantic Canada.

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Note: The Toronto Stock Exchange has neither approved or disapproved of the information contained herein. Certain statements in this report may constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of Killam to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Killam does not undertake to update any of such forward-looking statements.