

**PRESS RELEASE**

For Immediate Distribution

**KILLAM PROPERTIES INC.**

Halifax, Nova Scotia

November 7, 2005

**KILLAM PROPERTIES INC. ANNOUNCES RECORD 2005 THIRD QUARTER RESULTS.**

Killam Properties Inc. (TSX:KMP) is pleased to announce its financial and operating results for the third quarter ended September 30, 2005. Killam recorded net income of \$251,729 in the third quarter 2005, compared to net income of \$185,710 for third quarter 2004, an increase of 36% over the same period last year. Funds from operations jumped to \$3,626,536 or \$0.045 per share basic and fully diluted compared to \$1,368,789 (\$0.02 per share basic and fully diluted) in the third quarter 2004 representing a 165% 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.

Killam's portfolio grew from 9,784 rental units at the start of the third quarter to 10,094 apartment and manufactured home units at September 30, 2005. During the third quarter of 2005, Killam completed 7 acquisitions totaling 310 units and at September 30, 2005, Killam owned 5,900 apartment units and 4,194 manufactured home units representing 83% and 17% of its capital assets, respectively.

Total assets at the end of third quarter grew by 126% to \$412.7 million from \$182.3 million at September 30, 2004, and from \$242.8 million at December 31, 2004.

Financial highlights include:

<u>Quarter ended</u>	<u>September 30, 2005</u>	<u>September 30, 2004</u>	<u>% Increase</u>
Revenue.....	\$13,777,554	\$5,070,617	172%
Funds from operations .....	\$3,626,536	\$1,368,789	165%
Net income .....	\$251,729	\$185,710	36%
Total assets.....	\$412,742,376	\$182,342,086	126%
Shareholders' equity .....	\$95,002,185	\$75,286,835	26%
Earnings per share.....	\$0.0031	\$0.0026	19%
FFO/Share.....	\$0.0450	\$0.0200	125%

<b>Nine months ended</b>	<b>September 30, 2005</b>	<b>September 30, 2004</b>	<b>% Increase</b>
Revenue.....	<b>\$33,535,623</b>	<b>\$11,312,887</b>	<b>196%</b>
Funds from operations .....	<b>\$7,786,171</b>	<b>\$2,538,641</b>	<b>207%</b>
Net income .....	<b>\$297,467</b>	<b>\$59,025</b>	<b>404%</b>
Earnings per share.....	<b>\$0.0038</b>	<b>\$0.0010</b>	<b>280%</b>
FFO/Share .....	<b>\$0.0997</b>	<b>\$0.0449</b>	<b>122%</b>

On September 30, 2005, Killam's portfolio had an overall occupancy level of 96.9%. The apartment portfolio had an occupancy level of 95.3% with an average monthly rent of \$683 and the manufactured home community portfolio had an occupancy level of 99.2% with an average monthly rent of \$197. Approximately 123 additional vacant units were undergoing renovation, and therefore unavailable for renting. Also, Woodward Gardens, a 99 unit complex that has undergone extensive renovations, is now 70% occupied and expected to fully come on-line towards the end of the fourth quarter of 2005.

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

	<u>Units</u>	<u>Vacancy</u>	<u>Average Rent</u>
<b><i>APARTMENTS</i></b>			
NOVA SCOTIA	3,406	3.91%	\$703
NEW BRUNSWICK	1,805	5.77%	\$631
NEWFOUNDLAND	436	4.59%	\$569
PRINCE EDWARD ISLAND	253	8.55%	\$630
<b><i>MANUFACTURED HOME COMMUNITIES</i></b>	<u>4,194</u>	<b>0.80%</b>	<b>\$197</b>
	10,094		

Philip Fraser, President and Chief Executive Officer commented: "2005 continues to produce exciting results for Killam. We are growing our portfolio with quality assets and simultaneously refining and enhancing our management platform. At this stage the synergies of our portfolio are becoming more evident with our ability to increase rents, drive down general and administrative expenses and control energy costs. We have sufficient capital and funds from alternative sources to continue to pursue accretive acquisitions at the same pace that we have enjoyed over the last two years."

Killam will conduct a conference call to discuss third quarter 2005 results and other current issues on Tuesday, November 8, 2005 at 10:00 am (EST).

Participation & Registration: Please RSVP to Investor Relations at 902-442-5645 or by email to [athomas@killamproperties.com](mailto:athomas@killamproperties.com).

Teleconference: The telephone numbers for the conference are: 416-641-6715 (within Toronto) or toll-free 1-800-381-6756 (within North America).

Replay: An audio recording of the teleconference will be available from 12:30 pm (EST) on November 8, 2005 until 12:30 pm (EST) on November 15, 2005. You can access it by dialing 1-800-633-8625 and using the passcode 21265620 followed by the pound (#) key.

### **Financial Statements**

Killam's September 30, 2005 Management's Discussion and Analysis, Consolidated Financial Statements and notes can be found on our website at [www.killamproperties.com](http://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.

### **FOR FURTHER INFORMATION PLEASE CONTACT:**

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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.*