February 12, 2019
Halifax, Nova Scotia

KILLAM APARTMENT REIT ANNOUNCES STRONG Q4 AND 2018 FINANCIAL PERFORMANCE, A RECORD YEAR OF ACQUISITIONS AND OCCUPANCY, ALONG WITH A 3.1% DISTRIBUTION INCREASE

Killam Apartment REIT (TSX: KMP.UN) ("Killam") today reported its results for the fourth quarter and year ended December 31, 2018.

2018 Financial Highlights

- Generated net operating income ("NOI") of $135.7 million, a 17.8% increase from $115.2 million in 2017.
- Reported net income of $175.2 million compared to $104.8 million in the prior year, due to strong operating performance, contributions from acquisitions and fair value gains on investment properties.
- Earned funds from operations ("FFO") per unit of $0.94, a 4.4% increase from the prior year.
- Increased adjusted funds from operations ("AFFO") per unit by 5.6% to $0.76, compared to $0.72 in 2017, and reduced AFFO payout ratio 200 bps to 84%, from 86% in 2017.
- Achieved same property NOI growth of 4.8% over 2017 and a 70 bps NOI margin improvement.
- Improved interest coverage to 3.22x from 3.13x at December 31, 2017.

	Three months ended December 31,			***Twelve months ended December 31,***		
	2018	2017	Change	**2018**	2017	Change
Property revenue	**$58,041**	$48,579	19.5%	**$215,959**	$187,377	15.3%
Net operating income	**$36,889**	$29,747	24.0%	**$135,712**	$115,220	17.8%
Net income	**$44,273**	$37,850	17.0%	**$175,171**	$104,760	67.2%
FFO (1)	**$20,611**	$18,067	14.1%	**$81,808**	$69,873	17.1%
FFO per unit (diluted) (1)	**$0.23**	$0.22	4.5%	**$0.94**	$0.90	4.4%
AFFO per unit (diluted) (1)	**$0.18**	$0.18	—%	**$0.76**	$0.72	5.6%
AFFO payout ratio (diluted) (1)	**87%**	86%	100 bps	**84%**	86%	(200) bps
Same property apartment occupancy (2)	**97.7%**	97.6%	10 bps	**97.1%**	96.6%	50 bps
Same property revenue growth	**3.1%**			**3.6%**		
Same property net operating income growth	**5.0%**			**4.8%**		

(1) FFO and AFFO are defined in "Non-IFRS Measures" below. A reconciliation between net income and FFO is included on page 25 of the 2018 Management Discussion and Analysis. A reconciliation from FFO to AFFO is included on page 27 of the 2018 Management Discussion and Analysis.

(2) Occupancy represents actual residential rental revenue, net of vacancy, as a percentage of gross potential residential rent.

As at December 31,	**2018**	2017	Change
Debt to total assets	**49.8%**	48.7%	110 bps
Weighted average mortgage interest rate	**2.95%**	2.89%	6 bps
Weighted average years to debt maturity	**4.4**	4.0	0.4 years
Normalized debt to EBITDA(1)	**10.62x**	10.50x	1.1%
Debt service coverage(1)	**1.58x**	1.51x	4.6%
Interest coverage(1)	**3.22x**	3.13x	2.9%

(1) Normalized debt to EBITDA, debt service coverage and interest coverage are defined in "Non-IFRS Measures" below.

Operational Highlights

FFO per Unit Growth of 4.4% and AFFO Growth per Unit of 5.6%
Killam generated strong FFO and AFFO per unit growth in 2018. FFO per unit was $0.94 in 2018, 4.4% higher than the $0.90 generated in 2017, and AFFO per unit increased 5.6% in 2018 to $0.76 compared to $0.72 in 2017. The growth in FFO and AFFO was attributable to a 17.8% increase in NOI due to strong same property performance and incremental contributions from recent acquisitions. This growth was partially offset by a 10.8% increase in the weighted average number of units outstanding from an aggregate $134.6 million of equity issued in November 2017 and June 2018. AFFO was further augmented by the addition of newer high-quality assets to the portfolio, which require lower maintenance capital expenditure.

Portfolio Growth from Acquisitions
2018 was the largest year of acquisitions in Killam's history, with the completion of $315 million of acquisitions. Killam acquired apartments totaling $210 million, which added approximately 750 units to its portfolio across Calgary, Edmonton, Halifax, London and Ottawa. Killam also acquired a large office and commercial complex in Waterloo for $80 million, which has significant future development potential. Killam was able to further enhance this development potential through strategic acquisitions of two adjoining land parcels. Almost 70% of the capital deployed in 2018 was in Alberta and Ontario, as Killam executed on its strategy to increase the percentage of NOI generated outside Atlantic Canada.

Strong Rental Demand Drove Same Property Revenue Growth and Highest NOI Growth Since 2010
Killam achieved 4.8% NOI growth during 2018, generated by a 3.6% increase in same property revenue coupled with modest expense growth of only 1.6%. Same property NOI growth was solid in Killam's core markets, with highlights including 4.1% in Halifax, 5.4% in Ontario and an aggregate 8.1% for New Brunswick. Killam realized strong rental rate growth on unit turns and lease renewals, averaging 5.3% and 1.7%, compared to 3.4% and 1.0% in 2017. Same property occupancy for the portfolio was 97.1%, the highest annual same property occupancy in Killam's history.

Efficiencies and Cost Management Initiatives Minimize Same Property Expense Growth
Killam's same property total operating expenses increased a modest 1.6% for the year ended December 31, 2018, compared to 2017. Utility and fuel expenses for 2018 were up 3.0% compared to 2017, due to increases in natural gas rates in New Brunswick and Nova Scotia, offset partially by reductions in both electricity and water expense. These costs declined during the year as a result of electricity rate reductions in Ontario and reduced utility consumption following capital investments in both water and electricity related efficiency projects. Increases in general operating expenses were limited to 0.9%, and successful appeals limited property tax expense increases to 1.3%.

Strong NOI Growth Supports Fair Value Gains
Killam recorded $134.8 million of fair value gains related to its investment property portfolio during the year. These fair value gains were attributable primarily to higher rental rates and NOI growth across Killam's core markets and strong market fundamentals driving cap-rate compression in certain regions. Killam's weighted average cap-rate as at December 31, 2018, for its apartment portfolio was 5.15% and for its manufactured home community ("MHC") portfolio it was 6.76%.

Suite Repositioning Program Augmenting NOI and NAV Growth
Killam invested $3.0 million in its expanded unit repositioning program in 2018, extensively upgrading approximately 170 of its units. This program was expanded from 47 extensive upgrades completed in 2017. During 2018, the repositionings have generated monthly rental lifts averaging $253 per unit, resulting in an average return on investment ("ROI") of approximately 14%, based on an average investment of $22,000 per unit. The repositionings completed in 2018 are expected to generate an additional $0.5 million in NOI on an annualized basis, contributing to $10 million in net asset value ("NAV") growth.

Developments Generate NAV Growth and Pipeline Expanded
Killam completed two developments in 2018. Saginaw Park, a 94-unit property located in Cambridge, was completed in April 2018, and The Alexander, Killam's 240-unit joint development in Halifax, NS, was completed in October 2018. Both properties were fully leased by year-end and contributed $7.7 million in fair value gains. Killam acquired the remaining 50% ownership interest in The Alexander in December 2018. At year-end, Killam had two developments underway. The Frontier, a 228-unit building located in Ottawa (50% interest), is expected to be completed in Q2-2019, and a 78-unit building in Charlottetown is expected to be completed in 2020.

Killam doubled its development pipeline in 2018, increasing its future development opportunities to close to 3,000 units. In Waterloo, Killam's purchase of Westmount Place, a commercial/office complex with excess land for residential development, as well as the acquisition of additional adjacent land parcels throughout the year, added 800 units to the pipeline. Killam also acquired land for development in Calgary, Kitchener and Charlottetown, expanding the pipeline by another 500 units. Approximately 70% of Killam's current development pipeline is located in Ontario and Alberta.

Summary of Q4-2018 Results

Killam generated FFO per unit of $0.23 in Q4-2018, a 4.5% increase over $0.22 in Q4-2017. Similar to the results for the year, growth was attributable to higher earnings from the same property portfolio and growth from acquisitions and developments. These gains were partially offset by higher interest expense on refinancings, an increase in deferred financing costs and a 10.7% increase in the weighted average number of units outstanding, following the equity issuance in 2018 to reduce leverage and fund growth.

Same property revenue increased 3.1% in Q4-2018, compared to Q4-2017, due to a 2.7% increase in the average rental rate, a 10 bps increase in occupancy for the apartment portfolio and 2.8% top-line growth within the MHC portfolio. Performance was strongest in Ontario, New Brunswick and Halifax, where revenues increased by 3.8%, 3.6% and 3.5%, respectively. Operating expenses for the fourth quarter were 0.1% higher than the same period in 2017; a reduction in utility and fuel expenses, from lower consumption due to efficiency investments and warmer weather, along with maintaining relatively flat operating costs more than offset rising property taxes. In total, same property NOI for Q4-2018 was 5.0% higher than in Q4-2017, and the operating margin improved 120 bps to 61.9%.

3.1% Distribution Increase

The Board of Trustees has approved a 3.1% increase in Killam's distribution on an annualized basis, to $0.66 per unit from $0.64 per unit. The monthly distribution will be $0.055 per unit, up from $0.0533 per unit. The increase is effective for the March 2019 distribution, to be paid in April 2019.

Management's Comments

"We had a very successful 2018, with strong financial results, a record year for acquisitions, and the successful completion and lease-up of two new developments," noted Philip Fraser, President and CEO. "We are executing on our three strategic priorities and see the positive returns. Our portfolio delivered impressive results, including same property NOI growth of 4.8% compared to 2017. Apartment fundamentals remain strong, and we have been successful in translating this momentum into increased rental rates and higher occupancy."

"The $315 million of acquisitions in 2018 focused on new, high-quality properties and geographic diversification. Doubling our development pipeline in 2018 is exciting as it provides long-term supply to expand our value-creating development program. We expect to break ground on two new developments in 2019 and complete the first phase of the Ottawa development," stated Mr. Fraser.

"With strong demand for apartments, our suite repositioning program, energy-efficiency projects and advancements from technological investments, Killam is well positioned to leverage the momentum initiated in 2018 and we are confident about our performance in the year ahead."

Financial Summary (in thousands, except per unit amounts)

The following chart provides Killam's consolidated financial highlights for the three and twelve month periods ending December 31, 2018, and 2017, per International Financial Reporting Standards (IFRS). A reconciliation of net income to FFO is also provided. FFO is an industry-standard measure of real estate entities' operating performance, and REALpac, Canada's national industry association for owners and managers of investment real estate, has recommended guidelines for the calculation of FFO based on IFRS. Killam calculates FFO in accordance with the REALpac definition, with the exception of the add-back of REIT conversion costs. Notwithstanding the foregoing, FFO does not have a standardized meaning under IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies.

Consolidated Financial Highlights	*Three months ended December 31,*		*Twelve months ended December 31,*	
(unaudited)	**2018**	2017	**2018**	2017
Property revenue	**$58,041**	$48,579	**$215,959**	$187,377
Net operating income	**36,889**	29,747	**135,712**	115,220
Fair value adjustments	**36,059**	28,046	**127,877**	56,202
Net income	**44,273**	37,850	**175,171**	104,760
Net income attributable to unitholders	**44,257**	37,832	**175,144**	104,732

Reconciliation of Net Income to FFO	*Three months ended December 31,*		*Twelve months ended December 31,*	
	2018	2017	**2018**	2017
Net income	**$44,273**	$37,850	**$175,171**	$104,760
Fair value adjustments	**(36,059)**	(28,046)	**(127,877)**	(56,202)
Loss on disposition	**16**	20	**197**	259
Non-controlling interest	**(15)**	(4)	**(27)**	(28)
Deferred tax expense	**11,423**	7,637	**31,478**	18,659
Interest expense related to exchangeable units	**626**	599	**2,453**	2,383
Unrealized gain (loss) on derivative liability	**245**	(35)	**129**	(362)
Internal leasing costs	**66**	—	**131**	—
Depreciation on owner-occupied building	**36**	46	**153**	168
REIT conversion costs	**—**	—	**—**	236
FFO	**$20,611**	$18,067	**$81,808**	$69,873
FFO unit - diluted	**$0.23**	$0.22	**$0.94**	$0.90

Financial Statements

Killam's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2018, are posted under Financial Reports in the Investor Relations section of Killam's website at www.killamreit.com. This news release should be read in conjunction with the audited consolidated financial statements as well as the Management's Discussion and Analysis for the year ended December 31, 2018.

Results Conference Call

Management will host a webcast and conference call to discuss these results and current business initiatives on Wednesday, February 13, 2019, at 10:00 AM ET. The webcast will be accessible on Killam's website at the following link http://www.killamreit.com/investor-relations/events-and-presentations. A replay will be available for 15 days after the webcast at the same link.

The dial-in numbers for the conference call are as follows:
North America (toll free): 1-866-521-4909
Overseas or local (Toronto): 1-647-427-2311

Profile

Killam Apartment REIT, based in Halifax, Nova Scotia, is one of Canada's largest residential landlords, owning, operating, managing and developing a $2.8 billion portfolio of apartments and manufactured home communities. Killam's strategy to enhance value and profitability focuses on three priorities: 1) increasing earnings from existing operations, 2) expanding the portfolio and diversifying geographically through accretive acquisitions, with an emphasis on newer properties, and 3) developing high-quality properties in its core markets.

Non-IFRS Measures

Management believes these non-IFRS financial measures are relevant measures of the ability of the REIT to earn revenue and to evaluate Killam's financial performance. The non-IFRS measures should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS, as indicators of Killam's performance, or sustainability of Killam's distributions. These measures do not have standardized meanings under IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded organizations.

- Funds from operations ("FFO"), and applicable per unit amounts, are calculated by Killam as net income adjusted for depreciation on an owner-occupied building, fair value gains (losses), interest expense related to exchangeable units, gains (losses) on disposition, deferred tax expense (recovery), unrealized gains (losses) on derivative liability, internal commercial leasing costs, REIT conversion costs and non-controlling interest. FFO are calculated in accordance with the REALpac definition, except for the adjustment of REIT conversion costs as noted above; REALpac does not address this adjustment.
- Adjusted funds from operations ("AFFO"), and applicable per unit amounts and payout ratios, are calculated by Killam as FFO less an allowance for maintenance capital expenditures ("capex") (a three-year rolling historical average capital spend to maintain and sustain Killam's properties), commercial leasing costs and straight-line commercial rents. AFFO are calculated in accordance with the REALpac definition. Management considers AFFO an earnings metric.
- Same property results in relation to Killam are revenues and property operating expenses for stabilized properties that Killam has owned for equivalent periods in 2018 and 2017. Same property results represent 77% of the fair value of Killam's investment property portfolio as at December 31, 2018. Excluded from same property results in 2018 are acquisitions, dispositions and developments completed in 2017 and 2018, as well as non-stabilized commercial properties linked to development projects.

- Interest coverage is calculated by dividing earnings before interest, tax, depreciation and amortization ("EBITDA") by interest expense, adjusted for interest expense related to exchangeable units.
- Debt service coverage is calculated by dividing EBITDA by interest expense, less interest expense related to exchangeable units, and principal mortgage repayments.
- Normalized debt to EBITDA is calculated by dividing interest-bearing debt (net of cash) by EBITDA that has been adjusted for a full year of stabilized earnings from recently completed acquisitions and developments.

See the 2018 Management's Discussion and Analysis for further details on these non-IFRS measures and, where applicable, reconciliations to the most directly comparable IFRS measure.

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Note: The Toronto Stock Exchange has neither approved nor disapproved of the information contained herein. Certain statements in this report may constitute forward-looking statements relating to our operations and the environment in which we operate, which are based on our expectations, estimates, forecast and projections, which we believe are reasonable as of the current date. 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. For more exhaustive information on these risks and uncertainties, you should refer to our most recently filed annual information form which is available at ***www.sedar.com****. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made and should not be relied upon as of any other date. Other than as required by law, Killam does not undertake to update any of such forward-looking statements.*