Q1-2015 Management's Discussion & Analysis

Dollar amounts in thousands of Canadian Dollars (except as noted)

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PART I

Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") has been prepared by Management and focuses on key statistics from the consolidated financial statements and pertains to known risks and uncertainties. To ensure that the reader is obtaining the best overall perspective, this MD&A should be read in conjunction with material contained in the Company's audited consolidated financial statements for the years ended December 31, 2014, and 2013. The consolidated financial statements for the years ended December 31, 2014, and 2013, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These documents, along with the Company's 2014 Annual Information Form, are available on SEDAR at www.sedar.com. The discussions in this MD&A are based on information available as at May 5, 2015.

Forward-looking Statements

Certain statements in this MD&A constitute "forward-looking statements". In some cases, forward-looking statements can be identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "potential", "continue" or the negative of these terms or other comparable terminology, and by discussions of strategies that involve risks and uncertainties. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated or implied, or those suggested by any forward looking statements, including: competition, national and regional economic conditions and the availability of capital to fund further investments in Killam's business. Further information regarding these risks, uncertainties and other factors may be found under the heading "Risk Management" in this MD&A and in the Company's most recent Annual Information Form. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements contained, or incorporated by reference, in this MD&A.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events may not occur. Although Management believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that future results, levels of activity, performance or achievements will occur as anticipated. Neither Killam nor any other person assumes responsibility for the accuracy and completeness of any forward-looking statements, and no one has any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, circumstances, or such other factors which affect this information, except as required by law. The forward-looking statements in this document are provided for the limited purpose of enabling current and potential investors to evaluate an investment in the Company. Readers are cautioned that such statements may not be appropriate and should not be used for any other purpose.

Non-IFRS Measures

There are measures included in this MD&A that do not have a standardized meaning under IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Company includes these measures as a means of measuring financial performance.

- Net operating income ("NOI") is calculated by the Company as income from property operations. The use of NOI when referring to a particular segment is calculated as property revenue less property operating costs for that segment.
- Funds from operations ("FFO") are calculated by the Company as net income plus deferred tax expense and depreciation on owner-occupied property less fair value gains and non-controlling interest. Killam's definition of FFO is calculated in accordance with the REALpac definition.
- Adjusted funds from operations ("AFFO") are calculated by the Company as FFO less the industry standard of $450 per apartment unit for "maintenance" versus "NOI enhancing" related capital costs and $100 per Manufactured Home Community ("MHC") site, although the MHC industry does not have a standard amount for "maintenance" related capital costs.
- Same store results in relation to the Company are revenues and property operating expenses for stabilized properties the Company has owned for equivalent periods in 2015 and 2014 (92% of the portfolio based on the March 31, 2015, unit count).
- Capitalization Rate ("cap-rate") is the rate calculated by dividing the forecasted NOI from a property by the property's fair value.
- Interest coverage is calculated by dividing the earnings before interest, tax, depreciation, and fair value adjustments by interest expense.
- Debt service coverage is calculated by dividing the earnings before interest, tax, depreciation, and fair value adjustments by interest expense and principal mortgage repayments.

PART II

Business Overview

Killam Properties Inc., based in Halifax, Nova Scotia ("NS"), is one of Canada's largest residential landlords, owning, operating, managing and developing multi-family residential and MHC properties. Killam's 171 apartment properties are located in Atlantic Canada's six largest urban centres, Ontario ("ON") and Calgary, Alberta ("AB"). The Company's 35 MHCs are located in Ontario and Atlantic Canada. The value of Killam's real estate assets at March 31, 2015, was $1.8 billion. Killam is focused on increasing FFO per share, growing its portfolio and maximizing the value of its properties.

Killam was founded in 2000, based on the recognition of an opportunity to create value through the consolidation of apartments in Atlantic Canada and MHCs across Canada. Killam's first apartment was purchased in 2002 and its first MHC was purchased in 2003. From 2002 to 2009, Killam's apartment portfolio grew through the acquisition of properties in Atlantic Canada's six largest cities, namely Halifax, Moncton, Saint John, Fredericton, St. John's and Charlottetown. Killam is now Atlantic Canada's largest residential landlord, with a 13.8% market share of the multi-family rental units in these core markets.

Killam entered the Ontario apartment market in 2010, and today has investments in fifteen properties in the province, including assets in Toronto, Ottawa, London and Cambridge. In 2014, Killam acquired its first apartment property in Calgary. Killam plans to expand its presence in Ontario and Western Canada with additional acquisitions and developments.

Since 2010, Killam has complemented its acquisition program with the construction of apartment buildings and has completed six projects to date. Currently, the Company has two projects under construction totaling 264 units expected to be completed in 2015 and 2016. The apartment business is Killam's largest business segment, accounting for 93% of the Company's NOI from property operations for the three months ended March 31, 2015. At March 31, 2015, Killam's apartment portfolio consisted of 13,427 units.

In addition, the Company owns MHCs, also known as land-lease communities or trailer parks. Killam owns the land and infrastructure supporting each community and leases the lots to tenants, who own their own homes and pay Killam monthly site rent. Killam owns 35 communities (5,165 sites) which accounted for 7% of Killam's NOI for the three months ended March 31, 2015.

Key Performance Indicators ("KPIs")

Management measures Killam's performance based on the following KPIs:

1) FFO per Share – A standard measure of earnings for real estate entities. Management is focused on growing FFO per share on an annual basis.
2) Rental Increases – Management expects to achieve increases in average rental rates on an annual basis and measures the average rate increases achieved.
3) Occupancy – Management is focused on maximizing occupancy levels while also managing the impact of higher rents. This measure is a percentage based on vacancy divided by gross potential residential rent (in dollars) of total stabilized properties for the quarter.
4) Same Store NOI Growth – This measure considers the Company's ability to increase the NOI at properties that it has owned for equivalent periods, removing the impact of acquisitions, dispositions, developments and other non-same store operating adjustments.
5) Weighted Average Interest Rate of Total Debt – Killam monitors the weighted average cost of its mortgage debt and total debt.
6) Debt to Total Assets – Killam measures its debt levels as a percentage of total assets and works to ensure that the debt to total assets remains at a range of 55% to 65%.
7) Term to Maturity – Management monitors the average number of years to maturity on its debt.
8) Interest Coverage Ratio – A common measure of credit risk used by lenders, this measure considers Killam's ability to pay interest on outstanding debt. Generally, the higher the interest coverage ratio, the lower the credit risk.
9) Debt Service Coverage Ratio – A common measure of credit risk used by lenders, this measure considers Killam's ability to pay interest and principal on outstanding debt. Generally, the higher the debt service coverage ratio, the lower the credit risk.

Q1-2015 Management's Discussion & Analysis

Dollar amounts in thousands of Canadian Dollars (except as noted)

Financial and Operational Highlights

The following table presents a summary of Killam's financial and operating performance for the three months ended March 31, 2015, and 2014:

Results of Operations

For the three months ended March 31,

	2015	2014	Change
Property revenue	**$39,536**	$35,065	12.8%
NOI	**$20,655**	$17,620	17.2%
Income before fair value gains, gain on disposition and income taxes	**$9,122**	$7,046	29.5%
Fair value gains	**$793**	$-	N/A
Net income attributable to common shareholders	**$6,922**	$4,869	42.2%
Earnings per share (diluted)	**$0.11**	$0.09	22.2%
FFO	**$8,922**	$6,827	30.7%
FFO per share (diluted)	**$0.15**	$0.12	25.0%
AFFO per share (diluted)	**$0.12**	$0.10	20.0%
Weighted average shares outstanding (diluted)(1) (000's)	**61,035**	54,896	11.2%

(1) Calculated per the FFO calculation as defined on Page 20 of the MD&A.

Same Store Results

For the three months ended March 31,

	2015	2014	Change
Same store revenue	**$34,619**	$33,804	2.4%
Same store expenses	**(16,752)**	(16,787)	(0.2)%
Same store NOI	**$17,867**	$17,017	5.0%

Balance Sheet

	As at March 31, 2015	As at December 31 2014	Change
Investment properties	**$1,778,324**	$1,733,895	2.6%
Total assets	**$1,827,490**	$1,775,234	2.9%
Total liabilities	**$1,151,797**	$1,112,551	3.5%
Total equity	**$675,693**	$662,683	2.0%

Ratios

	As at March 31, 2015	As at December 31, 2014	Change
Total debt to total assets	**55.1%**	54.9%	20 bps
Weighted average mortgage interest rate	**3.51%**	3.60%	(9) bps
Weighted average years to debt maturity	**4.5**	4.4	0.1 years
Interest coverage (rolling twelve months)	**2.25x**	2.18x	3.2%
Debt service coverage (rolling twelve months)	**1.36x**	1.32x	3.0%

Summary of Q1-2015 Results and Operations

25% Growth in FFO per Share

Killam generated FFO per share growth of 25% quarter-over-quarter, earning $0.15 in Q1-2015 compared to $0.12 in Q1-2014. The earnings growth was attributable to same store property NOI growth of 5.0%, contributions from stabilized developments and acquisitions, and interest expense savings from refinancings.

Same Store Property Revenue Growth of 2.4%

Same store revenue growth of 2.4% was achieved through a 1.1% and 3.0% increase in rental rates related to the apartment and MHC portfolios, as well as a 80 basis point ("bps") increase in apartment occupancy and a 37% reduction in rental discounts and incentives.

All regions contributed positively to revenue growth with the largest gains observed in Ontario (5.4%), St. John's (4.2%) and other Atlantic regions (6.5%). Killam's largest rental market, Halifax, generated a 1.8% increase in same store property revenue during Q1-2015.

Same Store NOI Growth of 5.0%

Killam's same store property expenses decreased by 0.2% in Q1-2015, contributing to the 5.0% NOI growth. During Q1-2015 the Company benefited from lower oil prices, with the apartment portfolio enjoying a 24% reduction in oil costs. Total natural gas costs were comparable quarter-over-quarter with an increase in both Halifax and Ontario natural gas prices offset by a reduction in pricing in New Brunswick.

Killam also managed controllable costs, limiting same store operating expenses to a modest increase of 0.6% through a continued focus on regional efficiencies. These savings however, were offset by a 15% increase in snow removal costs as a result of record snow fall in many of Killam's core Atlantic markets in Q1-2015.

Developments and Stabilized Acquisitions Contribute Positively to FFO per Share

The Company earned $1.2 million in funds from operations in Q1-2015 from acquisitions completed throughout 2014, a recently completed development project as well as previous developments that were stabilized part way through 2014.

At the end of the first quarter, the Company completed the second phase of its two phase development in St. John's. Phase I contains 63 units and is now 95% occupied and Phase II contains 39 units. Currently, 74% of the units in the second building are leased.

$28 Million Acquisition Completed

On March 31, 2015, the Company completed a $28 million acquisition in Halifax. The acquisition includes a modernized heritage complex with 158,000 square feet of office and retail space for $22.3 million, representing a capitalization rate of 7.0%, as well as a 50% interest in 47,650 square feet of vacant land adjacent the commercial property for $5.2 million. The site is approved, through a development agreement, for construction of a 280-unit multi-residential property. Killam and its 50% partner expect to begin construction during the second half of 2015.

Interest Cost Savings

Killam successfully refinanced $18.7 million of maturing apartment mortgages with $31.5 million of new debt at a weighted average interest rate of 2.49%, 304 bps lower than the weighted average interest rate prior to refinancing. This included a mix of 10-year and 5-year debt. The Company refinanced the 5-year debt at a weighted average rate of 1.74% and the 10-year debt at a weighted average rate of 2.87%.

The Company's weighted average interest rate decreased to 3.51% at March 31, 2015 from 3.60% at December 31, 2014.

Dollar amounts in thousands of Canadian Dollars (except as noted)

Performance Compared to 2015 Key Objectives

Consolidation of Multi-family Residential Real Estate Market and Increase Investment in New Properties	
2015 Target	Complete a minimum of $75 million in acquisitions and continue to develop two current development projects on schedule and within 5% of budget.
2015 Performance	Killam completed a $28.0 million acquisition in Q1-2015 which includes an office and retail complex, as well as a 50% interest in vacant land adjacent the commercial property. Through a development agreement, the vacant land is approved for construction of a 280-unit multi-residential property. Killam and its development partner expect to begin construction during the second half of 2015. Killam completed its Chelsea Place development in St. John`s in the first quarter of 2015. Chelsea Place includes 102 units and was completed on budget. The Saginaw development in Cambridge, representing 122 units, is progressing on time and is expected to be completed prior to the end of the second quarter. This development is currently on budget and 39% pre-leased. Killam's Southport project, a 142-unit development in Halifax, is underway and the Company expects to obtain construction financing during Q2-2015. Killam owns a 50% interest in the project, representing 70 rental units. The expected completion of this project is the third quarter of 2016.

Geographic Diversification	
2015 Target	Killam's 2015 acquisition program is to have over 50% of its 2015 acquisitions outside Atlantic Canada, with a focus on Ontario and Alberta
2015 Performance	Killam did not complete any acquisitions outside Atlantic Canada during Q1-2015. The Company continues to look for opportunities to acquire properties in certain Ontario markets as well as Alberta, and maintains its acquisition target of 50% outside Atlantic Canada for 2015. During Q1-2015 the Company generated 20% of its NOI from properties located outside Atlantic Canada.

Growth in Same Store Net Operating Income	
2015 Target	Same Store NOI growth of 0% to 2%.
2015 Performance	Killam achieved positive same store NOI growth of 5.0% in Q1-2015. Positive net revenue growth from all regions contributed to this increase. The Company expects to achieve net rental growth between 1.0% - 2.0% in 2015. This will be achieved through rental rate increases in most markets, stable occupancy and a reduction in rental incentives. The Company also expects to benefit from lower oil and natural gas pricing.

Outlook

Developments to Contribute to FFO

Development projects are expected to contribute positively to FFO per share growth during 2015. Phase II of Chelsea Place, representing 39 of the 102-unit development in St. John's, was completed in March 2015, and Saginaw Gardens, the 122-unit building in Cambridge, should be completed during Q2-2015. Both projects are expected to contribute positively to FFO during the year. In addition, two of Killam's developments completed in 2013, The Plaza and S2, achieved full lease-up during the second half of 2014 and will contribute a full year of stabilized earnings in 2015.

NOI growth for Same Store Properties

Management expects to generate positive same store NOI growth in 2015. Economic growth in Atlantic Canada, and an anticipated decrease in the number of Atlantic Canadians moving west given lower oil prices, are expected to contribute to improved occupancy levels in 2015. Coupled with expected rental rate increases of between 1.0% to 2.0% in the year, Management expects to realize top line growth. As well, expense growth is expected to be moderate in 2015, benefiting from savings in oil costs, less volatile natural gas costs and operational efficiencies.

Natural Gas Pricing to Remain Uncertain in Near-Term

Constrained natural gas pipeline and storage capacity in New England and Atlantic Canada, coupled with increased demand from utilities in New England and colder than normal weather in the winters of 2014 and 2015, has resulted in historically high natural gas prices over the last three winters. Costs are expected to moderate from April to November 2015.

Management is encouraged by the fact the Northeastern US is also exposed to these gas supply constraints and resulting price volatility, so there is strong motivation to find a permanent solution. Projects are already underway to address the pricing issue, including the construction of a natural gas storage facility in Nova Scotia by AltaGas and proposed pipeline expansions in New England.

Drilling of three natural gas storage wells, located 60 kilometers from Halifax, began in August 2014 and may be ready for gas storage in 2018. The initial target capacity of the storage facility is between 4.0 and 4.5 billion cubic feet (Bcf), with the potential to expand to 10 Bcf. Heritage Gas Limited ('Heritage"), Killam's natural gas distributor in Nova Scotia and a subsidiary of AltaGas, has contracted a significant portion of this capacity, subject to regulatory approval. The project will allow Heritage to purchase and store natural gas at low summer rates and access the gas during periods of higher pricing during cold weather, resulting in more affordable natural gas prices in Nova Scotia during the winter months.

Capacity solutions are also underway in New England. Spectra Energy has proposed three pipeline expansion projects which are expected to lead to more stable and affordable gas prices in New England in the future. These projects include the Algonquin Incremental Market (AIM) Project, the Atlantic Bridge Project and the New England Energy Reliability Solution. Timing for the three projects varies, but could result in more moderate pricing starting as early as 2016. All three projects are projected to be completed by 2018.

Management will continue to work closely with its gas distributors to manage its exposure to natural gas.

Interest Savings on Refinancings

Subsequent to quarter-end Killam refinanced an additional six apartment mortgages totaling $17.1 million at a weighted average interest rate of 1.84%, 192 bps below the weighted average interest rate of 3.76%. Killam expects to generate $0.5 million in annualized interest savings from mortgages refinanced to-date in 2015. Killam has $53.8 million of apartment debt maturing during the remainder of 2015.

Dollar amounts in thousands of Canadian Dollars (except as noted)

Large Economic Projects in Atlantic Canada

Large economic projects are expected to drive economic and population growth in Atlantic Canada, especially in Nova Scotia. With the modernization of its Halifax shipyard complete, Irving Shipbuilding Inc. expects to begin construction of the first phase of its $25 billion shipbuilding contract starting in September 2015. This project is expected to generate jobs in Halifax and contribute positively to the economy. In New Brunswick, Irving's $450 million investment in its mill upgrade is contributing positively to the Saint John economy. A summary of large economic projects, either proposed or underway, include:

Province	Project[1]	Commitment/ Size ($)	Term	Estimated # of Jobs	Comments
Nova Scotia	Irving Shipbuilding Contract	$25 billion	25-year contract	1,000-1,500 direct up to 11,500 indirect	Irving is finishing the $350 million modernization of the Halifax Shipyard and expects to begin cutting steel in September 2015.
	Energy Exploration off NS Coast	$2.1 billion (British Petroleum and Shell Canada)	6 years (exploration phase)	Not available	This offshore oil exploration activity has the potential for long-term investment and employment opportunities in the region.
	Various Halifax Construction Projects	$1-2 billion	3-4 years	Not available	Investment made in a new convention centre, two new military facilities and various real estate projects.
New Brunswick	Energy East Pipeline	$12 billion (proposed total project cost)	6 years (development phase)	3,700 during development; 385 during 40-year operating phrase	Application to National Energy Board in October 2014. An estimated $2.8 billion GDP contribution for NB during this project.
	Saint John Mill Upgrade	$450 million	4-5 years	600 direct	Two phase upgrade began in 2014, corresponding with a 20% increase in the NB softwood that will be made available to the forestry industry.
Newfoundland and Labrador	Muskrat Falls Hydro Project	$7.8 billion	5 years	1,500 direct with peak of 3,100	Construction of the 824 megawatt hydroelectric dam is underway.
	Maritime Link	$1.5 billion	4 years	300 direct	Subsea cable designed to transport electricity from NL to NS. Construction began in 2014. The first power is planned for delivery in 2017.
	Hebron Oil Project	$14 billion	10 years	3,000 - 3,500 direct	Suncor has reconfirmed its commitment to Hebron (Jan 13, 2015) and expects it to come online in 2017.

(1) Project details including commitment, size, term and job growth are taken from various sources, such as company press releases, economic studies and related websites.

Dollar amounts in thousands of Canadian Dollars (except as noted)

Portfolio Summary

Apartment Portfolio

The following table summarizes Killam's apartment portfolio by market as at and for the three months ended March 31, 2015:

	Units(1)	Number of Properties	% of Apartment NOI
Nova Scotia			
Halifax(2)	5,056	55	40.3%
Sydney	139	2	1.2%
	5,195	57	41.5%
New Brunswick			
Moncton	1,629	31	9.2%
Fredericton	1,394	20	8.8%
Saint John	1,143	13	4.0%
Miramichi	96	1	0.7%
	4,262	65	22.7%
Ontario(3)			
Ottawa	780	9	4.7%
London	264	2	4.6%
Cambridge	225	2	3.3%
Toronto	378	2	4.1%
	1,647	15	16.7%
Newfoundland and Labrador			
St. John's	915	12	8.3%
Grand Falls	148	2	0.9%
	1,063	14	9.2%
Prince Edward Island			
Charlottetown	906	17	6.4%
Summerside	86	2	0.3%
	992	19	6.7%
Alberta(3)			
Calgary	307	1	3.2%
Total	**13,466**	**171**	**100.0%**

(1) Unit count includes properties held through Killam's partnerships and joint arrangements.

(2) Killam owns a 49% interest in, and manages, Garden Park Apartments, a 246-unit building located in Halifax, NS. Killam's 49% ownership interest represents 120 of the 246 units related to this property.

(3) Killam owns and manages three buildings located in Ontario and one building in Alberta through a joint arrangement, with Killam having a 50% ownership interest in all four properties. Killam's ownership interest represents 402 of the 804 units related to these properties.

Manufactured Home Communities Portfolio

The following table summarizes Killam's MHC investment by province as at and for the three months ended March 31, 2015:

	Sites	Number of Communities	% of MHC NOI
Nova Scotia	2,626	16	67.1%
Ontario	2,145	16	28.5%
New Brunswick	224	1	-%
Newfoundland and Labrador	170	2	4.4%
Total	**5,165**	**35**	**100.0%**

Commercial Portfolio

Killam also has a 50% ownership in one commercial property containing 70,000 square feet of retail and office space, as well as 100% ownership of a newly acquired commercial property with 158,000 square feet of retail and office space, both located in Halifax, NS.

Dollar amounts in thousands of Canadian Dollars (except as noted)

PART III

Q1-2015 Financial Overview

Consolidated Results

For the three months ended March 31,

	Total Portfolio			Same Store			Non-Same Store		
	2015	2014	% Change	**2015**	2014	% Change	**2015**	2014	% Change
Property revenue	**$39,536**	$35,065	12.8%	**$34,619**	$33,804	2.4%	**$4,917**	$1,261	289.9%
Property expenses									
Operating expenses	**(6,732)**	(6,009)	12.0%	**(5,803)**	(5,766)	0.6%	**(929)**	(243)	282.3%
Utility and fuel expenses	**(7,452)**	(7,219)	3.2%	**(6,927)**	(7,044)	(1.7)%	**(525)**	(175)	200.0%
Property taxes	**(4,697)**	(4,217)	11.4%	**(4,022)**	(3,977)	1.1%	**(675)**	(240)	181.3%
Total property expenses	**(18,881)**	(17,445)	8.2%	**(16,752)**	(16,787)	(0.2)%	**(2,129)**	(658)	223.6%
NOI	**$20,655**	$17,620	17.2%	**$17,867**	$17,017	5.0%	**$2,788**	$603	362.4%
Operating margin	**52.2%**	50.2%	200 bps	**51.6%**	50.3%	130 bps	**56.7%**	47.8%	890 bps

Total property revenue for the three months ended March 31, 2015, was $39.5 million, a 12.8% increase in revenue over the same period in 2014. Property revenue in Q1-2014 excludes the 25% ownership interest in three properties that were previously held through a joint venture as the associated earnings were recorded as equity income in Q1-2014. Removing the impact of this equity income, revenue would have increased by 4.9%. The growth was generated through revenue from acquisitions and developments and increased same store revenue.

Killam's total property expenses increased 8.2% in Q1-2015 compared to Q1-2014 as a result of expenses associated with new acquisitions and completed developments. Despite the increase in property expenses, the Q1 operating margin increased 200 bps as a result of lower utility and fuel expenses and higher margins on newly acquired assets outside of Atlantic Canada, as well as, higher margins on new developments that had not yet been stabilized in Q1-2014.

Same store property NOI reflects 190 stabilized properties that Killam has owned for equivalent periods in 2015 and 2014. The same store analysis includes a combined total of 17,046 units and MHC sites, or 92% of Killam's portfolio. Same store properties realized net revenue growth of 2.4% in the three months ended March 31, 2015, and property operating costs declined slightly by (0.2%). Combining both strong net revenue growth and savings in property expenses, same store NOI grew by 5.0% in Q1-2015. These variances are discussed in more detail in the Apartment and MHC sections of the MD&A.

Non-same store property NOI consists of properties acquired in 2014 and 2015, development projects completed in 2014 and 2015, other non-stabilized properties and adjustments to normalize for non-operational revenue or expense items. Details of properties acquired in 2015 are found on page 23.

Dollar amounts in thousands of Canadian Dollars (except as noted)

Apartment Results

For the three months ended March 31,

	Total Portfolio			Same Store			Non-Same Store		
	2015	2014	% Change	**2015**	2014	% Change	**2015**	2014	% Change
Property revenue	**$36,624**	$32,020	14.4%	**$31,839**	$31,100	2.4%	**$4,785**	$920	420.1%
Property expenses									
Operating expenses	**(5,925)**	(5,259)	12.7%	**(5,070)**	(5,064)	0.1%	**(855)**	(195)	338.5%
Utility and fuel expenses	**(7,098)**	(6,879)	3.2%	**(6,585)**	(6,717)	(2.0)%	**(513)**	(162)	216.7%
Property taxes	**(4,508)**	(4,040)	11.6%	**(3,868)**	(3,827)	1.1%	**(640)**	(213)	200.5%
Total property expenses	**(17,531)**	(16,178)	8.4%	**(15,523)**	(15,608)	(0.5)%	**(2,008)**	(570)	252.3%
NOI	**$19,093**	$15,842	20.5%	**$16,316**	$15,492	5.3%	**$2,777**	$350	693.4%
Operating margin	**52.1%**	49.5%	260 bps	**51.2%**	49.8%	140 bps	**58.0%**	38.0%	2,000 bps

Apartment Revenue

Total apartment revenue for the three months ended March 31, 2015, was $36.6 million, a 14.4% increase over the three months ended March 31, 2014. This growth was attributable to acquisitions and completed developments, growth in rental rates, decrease in rental incentives and increased occupancy.

Same store apartment property revenue increased 2.4% for the three months ended March 31, 2015, due to a 1.1% increase in rental rates and a 80 bps improvement in occupancy. Also contributing to the strong revenue growth was a 50 bps decline in rental incentives as a percentage of residential rent, to 0.8% for Q1-2015.

Based on current rents, an annualized 100 bps change in the apartment vacancy rate would impact the annualized rental revenue by $1.5 million.

Apartment Occupancy and Average Rent Analysis by Core Market

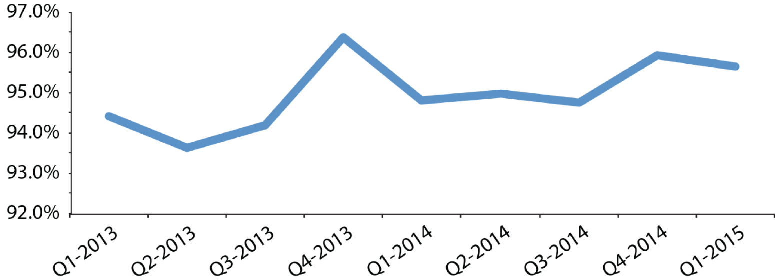
For the three months ended March 31,

	2015			2014				
	Units	**Occupancy(1)**	**Average Rent**	Units	Occupancy(1)	Average Rent	Change Occ. (bps)	% Change Avg Rent
Halifax, NS	5,056	95.2%	$949	4,973	94.5%	$925	70 bps	2.6%
Moncton, NB	1,629	94.0%	829	1,629	93.0%	832	100 bps	(0.4)%
Fredericton, NB	1,394	94.2%	896	1,394	94.9%	898	(70) bps	(0.2)%
Saint John, NB	1,143	93.4%	750	1,143	93.9%	745	(50) bps	0.7%
St. John's, NL	915	97.0%	934	813	95.1%	861	190 bps	8.5%
Charlottetown, PE	906	97.0%	888	906	95.8%	877	120 bps	1.3%
Ontario	1,647	97.6%	1,268	1,495	97.6%	1,205	- bps	5.2%
Alberta	307	98.1%	1,392	-	- %	-	- bps	- %
Other Atlantic	469	97.9%	821	469	94.5%	803	340 bps	2.2%
Total Apartments (weighted average)	**13,466**	**95.5%**	**$952**	12,822	94.7%	$916	80 bps	3.9%

(1) Includes all stabilized properties.

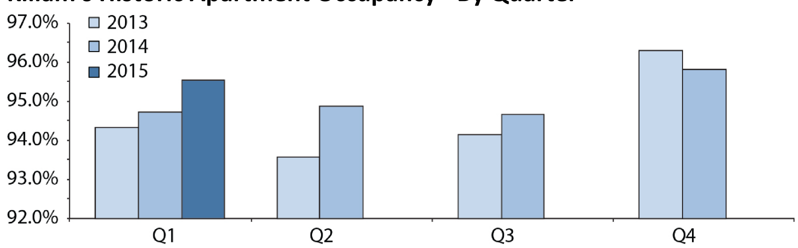
Occupancy in the above chart represents the percentage of gross potential rent achieved during the three month periods of Q1-2015 and Q1-2014. It is calculated based on vacancy (in dollars) divided by gross potential residential rent (in dollars) of total stabilized units for the quarter. Previously Killam had reported vacancy as of the end of the quarter as a percentage of vacant units divided by the total stabilized units at that point in time.

Killam's Historic Apartment Occupancy - 2013-2015 By Quarter



Killam’s stabilized apartment units were 95.5% occupied during Q1-2015, a 80 bps improvement from Q1-2014. Average rents also increased by 3.9% quarter-over-quarter. As shown in the preceding table, the weighted average monthly rent for Killam’s apartment portfolio was $952 at March 31, 2015, up 3.9% from $916 at March 31, 2014. This increase includes the impact of recent acquisitions and developments. Killam’s same store apartment portfolio, which excludes recent acquisitions and developments, realized a 1.1% increase in average rents over Q1-2014. The improvement quarter-over-quarter is attributable to Killam’s marketing initiatives, enhanced leasing processes, professional staff and continued maintenance and capital investment in its properties.

Killam's Historic Apartment Occupancy - By Quarter



Halifax is Killam’s largest rental market, representing 40% of Killam’s apartment NOI during Q1-2015. Killam’s Halifax apartment portfolio achieved 95.2% occupancy during the quarter, a 70 bps improvement from Q1-2014, and average rents were up 1.5%. Overall, the Halifax same store apartment portfolio achieved 2.1% revenue growth in the quarter.

The Halifax rental market remains competitive due to the amount of new rental units introduced into the market in the last four years. From 1999 to 2010, new rental apartments completed in Halifax averaged approximately 650 units per year (on a base of approximately 40,000 units). From 2011-2014, the average number of rental units completed averaged approximately 1,100 units, including a high of 1,681 rental apartment units completed in 2013. Levels were down in 2014, with 958 new rental apartment units completed.

The increase in new developments has been fuelled by low interest rates and increasing demand for apartments from an aging and growing population base. The Irving Shipbuilding contract is the largest project expected to contribute to economic and population growth in the city. In addition, Halifax’s demographics include large groups of empty nesters and seniors who are beginning to transition from home ownership into apartment-style living. The majority of the new supply introduced into the market in recent years caters to this demographic, with spacious units of 1,200 square feet or more, and monthly rents of $1,300 and higher.

Despite higher than historical levels of development, CMHC reported a decrease in rental apartment starts in 2014 (854 units) compared to 2013 and 2012 (1,402 and 1,276). There are 1,269 apartment units remaining under construction in the city as at March 31, 2015, which now has 43,985 apartment units, as reported by CMHC. This compares with 1,867 units under construction at March 31, 2014.

Killam’s three core markets in NB represented 22% of the Company’s apartment NOI in Q1-2015, and as a group achieved 2.0% revenue growth during Q1-2015. Fredericton achieved 3.0% in same store revenue growth in Q1, the highest revenue growth in NB. Despite lower occupancy levels (94.2% in Q1-2015, compared to 94.9% in Q1-2014), revenue growth was achieved through a reduction in rental incentives. Moncton achieved a 100 bps improvement in occupancy quarter-over-quarter, contributing to 1.9% growth in same store revenue. Saint John, which was Killam’s strongest year-over-year performing market in NB in 2014, achieved a 0.9% increase in same store revenue, despite a 50 bps decrease in same store occupancy in the quarter. Increased rents and decreased rental incentives resulted in top line growth. Overall, Killam’s three NB markets are stable, with modest revenue growth expected through occupancy improvements and rental rate growth.

Dollar amounts in thousands of Canadian Dollars (except as noted)

Killam's St. John's portfolio achieved a 190 bps improvement in occupancy in Q1-2015 compared to Q1-2014, as well as a 2.2% increase in rental rates for its same store portfolio. The Company's St. John's portfolio had experienced a decrease in occupancy during the first half of 2014 due partially to the opening of a new 500-bed residence at Memorial University. This portfolio has been a top performer since 2008 due to the positive spin-offs associated with offshore energy investment. Killam to-date has not seen a significant change in rental demand in response to lower oil prices but does anticipate more moderate rental growth in 2015 than the levels experienced over the last five years.

The Company's Charlottetown portfolio experienced growth in Q1-2015, with a 120 bps increase in occupancy and rental rates up 1.1%. Same store revenue overall was up 2.5%. An increase in international migration has contributed to stronger demand for rental units in Charlottetown. PEI is the only province in Atlantic Canada with rent control for apartments. The allowable rental increase is 1.75% in 2015, compared to 2.0% in 2014.

Killam's small portfolio of assets held outside its core markets in Atlantic Canada experienced a 340 bps occupancy improvement during Q1-2015, primarily attributable to the Company's Sydney, NS, properties that are now both fully leased.

Killam's apartment portfolio outside of Atlantic Canada represented 20% of apartment NOI in Q1-2015. Occupancy levels in Killam's Ontario portfolio were flat, at 97.6%, quarter-over-quarter. Killam's Ontario same store rental rates were up 0.8% in the quarter, contributing to a 2.1% increase in rental revenue overall.

Killam expanded its apartment portfolio into Alberta in December 2014 with a 50% interest in Grid 5 Apartments, a 307-unit property in Calgary. This building was 98.1% occupied during Q1-2015.

Apartment Expenses

Total same store property expense for the three months ended March 31, 2015, was $15.5 million, a 0.5% decrease over the three months ended March 31, 2014. The ability to maintain total property operating costs quarter over quarter was due in part to the 2.0% decrease in utility and fuel expenses as a result of lower oil and natural gas costs, as well as modest growth in operating and property tax costs.

Same store operating expenses increased 0.1% for Q1-2015. Although there was an increase in contract services costs due to additional snow plowing and hauling required in Q1-2015, this was mitigated by savings in repairs and maintenance and advertising costs compared to the same period in 2014.

Utility and Fuel Expense - Same Store

For the three months ended March 31,

	2015	2014	% Change
Natural gas	**$2,802**	$2,833	(1.1)%
Electricity	**2,126**	2,135	(0.4)%
Water	**1,102**	1,020	8.0%
Oil	**545**	721	(24.4)%
Other	**10**	8	25.0%
Total utility and fuel expenses	**$6,585**	$6,717	(2.0)%

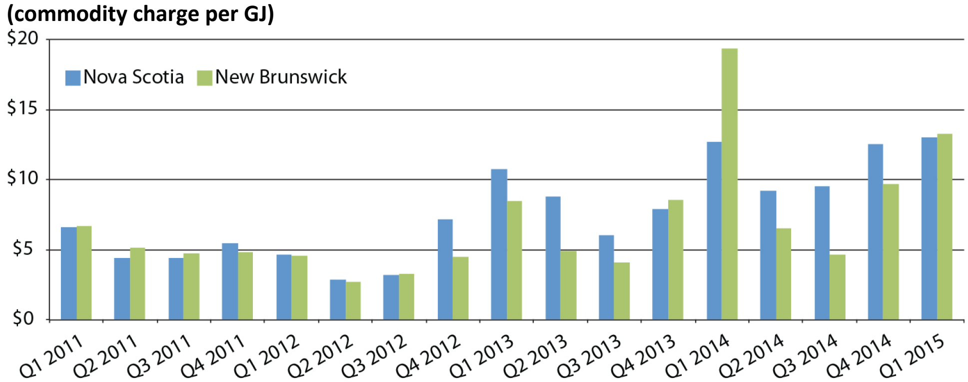
Utility and fuel costs represent a significant operating expense for Killam, representing approximately 40% of total property expenses in the first quarter and approximately 32% of total property expenses annually. Killam's apartment properties are heated with a combination of natural gas (56%), electricity (35%), oil (8%) and other (1%). Electricity costs at the unit level are typically paid directly by tenants, reducing Killam's exposure to the majority of the 4,600 units heated with electricity. Killam is primarily exposed to the electricity costs associated with common areas. Fuel costs associated with natural gas or oil-fired heating plants are paid by Killam.

Natural gas was Killam’s largest expense relating to utility and fuel costs during Q1-2015 and it decreased by 1.1% quarter-over-quarter. The slight expense savings was attributable to lower commodity rates in New Brunswick, which more than offset higher rates in Nova Scotia and Ontario. Killam’s weighted average natural gas cost per gigajoule ("GJ") was down approximately 19% in New Brunswick during Q1-2015 and up approximately 1.8% in Nova Scotia.

The difference between the two provinces is attributable to the provinces’ gas distributor's approach to fixing contracts in advance of the winter months. Killam’s commodity price during the winter was floating in New Brunswick, while the cost in Nova Scotia was influenced by fixed-rate contracts. The chart below shows Killam’s cost of natural gas (excluding distribution charges) in Nova Scotia and New Brunswick over the last four years.

Cost of Natural Gas in Nova Scotia and New Brunswick

(commodity charge per GJ)



As noted in previous quarterly reports, natural gas costs in New Brunswick and Nova Scotia have been volatile over the last three years due to pipeline capacity constraints and increased natural gas demand in New England driving up pricing at the Algonquin Citygate natural gas hub during periods of cold weather. These factors, augmented by the extremely cold weather in the winters of 2014 and 2015, drove up market pricing in both Q1-2014 and Q1-2015. As well, rates to forward fix for the winter of 2015 were impacted, as reflected in higher costs in Nova Scotia.

Management expects natural gas pricing in Atlantic Canada (and New England) to remain volatile during the winter months until approximately 2018, when long-term solutions to the pipeline capacity issue are expected to be completed, as discussed in the Outlook section on page 7.

Electricity costs for Killam’s same store properties were down 0.4% in Q1-2015 compared to Q1-2014. Electricity costs represent common area electricity and heating expenses for certain electrically heated buildings with heat included as part of the rental agreement. The decrease relates to a rate reclassification on a 102-unit building in Ontario, as well as the benefit of energy-saving initiatives implemented in the past year.

Water expense for same store properties increased 8.0% quarter-over-quarter. This increase was most prominent in Halifax, where water expense increased 19.0% quarter-over-quarter. This increase was expected following significant water rate increases which came into effect in April 2014. Killam will continue to invest in water-saving initiatives to mitigate its exposure to these increased costs.

Heating oil expense decreased by 24.4% from Q1-2015 due to decreasing world oil prices. Killam’s average per litre cost of oil was down 31.6% in Q1-2015 compared to Q1-2014.

Dollar amounts in thousands of Canadian Dollars (except as noted)

Apartment Same Store NOI by City

For the three months ended March 31,

	2015	2014	$ Change	% Change
Halifax	**$7,058**	$6,981	$77	1.1%
Moncton	**1,660**	1,612	48	3.0%
Fredericton	**1,529**	1,444	85	5.9%
Ontario	**1,997**	1,930	67	3.5%
St. John's	**1,432**	1,327	105	7.9%
Saint John	**787**	540	247	45.7%
Charlottetown	**1,237**	1,093	144	13.2%
Other Atlantic locations	**616**	565	51	9.0%
	$16,316	$15,492	$824	5.3%

Killam achieved positive net rental growth in all regions in the first quarter of 2015, which was attributable to occupancy gains, positive rental rate increases and a reduction in incentive offerings. Combining this strong net revenue growth with the slight decrease in operating expenses, all regions realized positive NOI growth for the quarter. In NB, where most of Killam's properties are heated with natural gas, strong NOI gains were recorded in Q1-2015 relative to NOI achieved in Q1-2014 when natural gas prices were at an all-time high.

Halifax's same store NOI increased 1.1% for Q1-2015, driven by net revenue growth of 2.1%. Property expenses increased by 3.3% due to higher water and natural gas costs, additional snow hauling required in the winter of 2015 and increases in property taxes. This was partially offset by savings realized for properties heated with oil and savings in discretionary spending.

Moncton and Fredericton recorded positive same store NOI growth of 3.0% and 5.9% for Q1-2015 due to net revenue growth of 2.9% and 1.9% in those cities. Despite an increase in electricity costs associated with the inclusion of unit electricity in rents and increased snow hauling services in Q1-2015, both regions realized expense savings in natural gas, heating oil and water costs, leading to modest property expense growth of 1.1% and 0.6%.

Saint John's same store NOI achieved strong growth of 45.8% in Q1-2015 following a 40.5% decline in same store NOI in Q1-2014. This growth was a result of a 1.1% increase in net revenue growth, along with significant savings in utility and fuel costs, and a decrease in the inclusion of unit electricity in rents.

Ontario and other Atlantic locations both achieved NOI growth in Q1-2015 due to increases in rental rates and occupancy. Ontario's 3.4% growth was due to a 90 bps increase in occupancy and 0.8% increase in rental rates. Killam's other Atlantic locations realized 9.0% NOI growth due to a 340 bps increase in occupancy and a 2.2% increase in rental rates.

St. John's and Charlottetown both recorded positive same store NOI growth of 7.9% and 13.1% for Q1-2015, due to rental rate growth, occupancy improvements and savings in repairs and maintenance, and utility and fuel costs during the quarter. Charlottetown also benefited from the lower oil pricing in Q1-2015.

Dollar amounts in thousands of Canadian Dollars (except as noted)

MHC Results

For the three months ended March 31,

	Total Portfolio			Same Store			Non-Same Store		
	2015	2014	% Change	**2015**	2014	% Change	**2015**	2014	% Change
Property revenue	**$2,780**	$2,898	(4.1)%	**$2,780**	$2,703	2.8%	**$-**	$195	(100.0)%
Property expenses									
Operating expenses	**(751)**	(702)	7.0%	**(733)**	(702)	4.4%	**(18)**	-	N/A
Utility and fuel expenses	**(342)**	(327)	4.6%	**(342)**	(327)	4.6%	**-**	-	-%
Property taxes	**(154)**	(149)	3.4%	**(154)**	(149)	3.4%	**-**	-	-%
Total property expenses	**(1,247)**	(1,178)	5.9%	**(1,229)**	(1,178)	4.3%	**(18)**	-	N/A
NOI	**$1,533**	$1,720	(10.9)%	**$1,551**	$1,525	1.7%	**$(18)**	$195	(109.2)%
Operating margin	**55.1%**	59.4%	(430) bps	**55.8%**	56.4%	(60) bps	**N/A**	100.0%	N/A

Killam's MHC business accounted for 7% of NOI from property operations during the three months ended March 31, 2015, compared to 8% for the same period in 2014. Property revenue from the MHCs decreased $0.1 million, or 4.1%, in Q1-2015 compared to Q1-2014 due to non-recurring revenue that was earned on the sale of vacant land in NS in Q1-2014. This was partially offset by increased revenue from same store properties. Occupancy remains strong for the Company's MHC business, ending the quarter with 98.3% occupancy, 30 bps higher than March 31, 2014. MHC rents increased an average of 3.0% from Q1-2014.

Same store MHC property revenue increased 2.8% for the three months ended March 31, 2015, compared to the same period in 2014. This was a result of a 3.0% increase in weighted average rent per site to $228, up from $221 in 2014. Total same store property expenses increased 4.3% or $51,000 in Q1-2015 due to higher water and utility costs, additional snow plowing and hauling required in Q1-2015, along with a 3.4% increase in property taxes.

Same store revenue growth, partially offset by increased operating expenses, generated MHC same store NOI growth of 1.7% for the three months ended March 31, 2015.

Non-same store revenue in Q1-2014 related to non-recurring revenue associated with the sale of vacant land in NS, while the non-same store expenses related to timing of salary pay periods quarter-over-quarter.

Dollar amounts in thousands of Canadian Dollars (except as noted)

PART IV

Other Income

Equity Income

For the three months ended March 31,

	2015	2014	% Change
	$-	$168	(100.0)%

Equity income in Q1-2014 represented Killam's 25% interest in the net income of a joint venture that owned three apartments, all located in Ontario. The joint venture was dissolved on December 9, 2014, and Killam purchased the remaining ownership of the assets. Killam subsequently sold 50% of its ownership in two of the properties.

Home Sales

For the three months ended March 31,

	2015	2014	% Change
Home sale revenue	**$120**	$446	(73.1)%
Cost of home sales	**(105)**	(420)	(75.0)%
Operating expenses	**(12)**	(16)	(25.0)%
	$3	**$10**	**(70.0)%**

Killam completed one home sale during Q1-2015, compared to four home sales in Q1-2014. The Company projects an additional 10-14 home sales for 2015, which will include a mix of newly developed sites and sales on vacant lots throughout the MHC portfolio.

Corporate Income

For the three months ended March 31,

	2015	2014	% Change
	$374	$178	110.1%

Corporate income includes property management fees, interest on bank account balances, and interest on a loan receivable. The 110.1% increase for the quarter relates to increased property management fees as a result of managing five properties in Q1-2015 compared to four properties in Q1-2014. The Company also earned interest revenue on a $4.0 million mezzanine loan that was issued in Q2-2014, bearing annualized interest at prime plus 7.0% or a minimum of 10.0%.

Fair Value Gains

For the three months ended March 31,

	2015	2014	% Change
IPUC	**$793**	$-	N/A
	$ 793	$-	N/A

Killam recorded a $0.8 million fair value gain in Q1-2015 on a development property in Cambridge that is nearing completion. Prior to Q1-2015, the development property was recorded at cost.

There was no movement in cap-rates in Q1-2015 or Q1-2014 and therefore there were no fair value gains or losses recorded related to Killam's apartment or MHC properties for those periods.

See further discussion on cap-rates in the "Investment Properties" section of the MD&A.

Dollar amounts in thousands of Canadian Dollars (except as noted)

Other Expenses

Financing Costs

For the three months ended March 31,

	2015	2014	% Change
Mortgage, loan, and construction loan interest	**$7,950**	$7,221	10.1%
Amortization of fair value adjustments on assumed debt	**(122)**	(127)	(3.9)%
Convertible debenture interest	**1,712**	1,683	1.7%
Capitalized interest	**(427)**	(167)	155.7%
	$9,113	$8,610	5.8%

Financing costs increased $0.5 million, or 5.8%, in the first quarter of 2015 compared to the same period in 2014 due primarily to new debt placements on acquired properties. Killam's acquisitions in the last three quarters of 2014 totalled $140.2 million and debt associated with these acquisitions totalled $102.3 million. This increase in financing costs is offset by refinancings at lower interest rates, as well as increased capitalized interest. Interest costs associated with development projects are capitalized to the respective development property until substantial completion.

Mortgage and loan interest expense related to Killam's same store properties was $6.3 million in Q1-2015, down from $6.6 million in Q1-2014. As a percentage of property revenue, same store mortgage and loan interest expense was lower during the first quarter of 2015, at 18.1% compare to 19.5% in Q1-2014.

Killam manages interest rate risk by entering into fixed rate mortgages and staggering the maturity dates, and may at times enter into forward interest rate hedges. An annualized 100 bps change in the interest rate on Killam's mortgage and vendor debt at March 31, 2015, would affect financing costs by approximately $8.9 million per year. However, only $91.5 million of Killam's fixed mortgage and vendor debt matures in the next twelve months. Assuming these mortgages are refinanced at similar terms, except at a 100 bps increase in interest rates, financing costs would increase by $0.9 million per year. The Company's credit facilities are discussed on page 28 of the MD&A.

Depreciation Expense

For the three months ended March 31,

	2015	2014	% Change
	$180	$145	24.1%

Depreciation expense relates to the Company's head office building, vehicles, heavy equipment and administrative office furniture, fixtures and computer software equipment. Although the vehicles and equipment are used at various properties, they are not considered part of investment properties and are depreciated for accounting purposes. The increase quarter-over-quarter was a result of depreciation related to vehicles, computer software and leasehold improvements.

Dollar amounts in thousands of Canadian Dollars (except as noted)

Amortization of Deferred Financing Costs

For the three months ended March 31,

	2015	2014	% Change
	$463	$412	12.4%

Deferred financing amortization increased 12.4% as a result of refinancings and new debt placed on acquired properties since Q1-2014. Deferred financing costs include mortgage assumption fees, application fees and legal costs related to obtaining financing, and these costs are amortized over the term of the respective mortgage. CMHC insurance fees are amortized over the amortization period of the mortgage. The costs associated with the convertible debentures are amortized over the terms of the debentures.

Administration Expenses

For the three months ended March 31,

	2015	2014	% Change
	$2,155	$1,763	22.2%
As a percentage of total revenues	**5.5%**	5.0%	

Administration expenses include expenses which are not specific to an individual property. These expenses include TSX related costs, management and head office salaries and benefits, marketing costs, office equipment leases, professional fees and other head office and regional office expenses. Administrative expenses as a percentage of revenues were higher quarter-over-quarter as a result of increased compensation related expenses.

Management targets annualized administrative costs at approximately 6.0% of total revenues.

Deferred Tax Expense

The Company has booked future income tax expense for three months ended March 31, 2015, and 2014. Killam is not currently cash taxable and does not expect to pay significant cash taxes in the near future as the Company has the ability to claim CCA deductions to reduce taxable income. Based on the assumption that the Company does not add to its asset base, Management estimates that it would become cash taxable in two to four years.

Dollar amounts in thousands of Canadian Dollars (except as noted)

PART V

Funds from Operations

FFO is recognized as an industry-wide standard measure for real estate entities' operating performance, and Management considers FFO per share to be a key measure of operating performance. The calculation of FFO includes adjustments specific to the real estate industry applied against net income to calculate a supplementary measure of performance that can be compared with other real estate companies and real estate investment trusts. REALpac, Canada's senior national industry association for owners and managers of investment real estate, has recommended guidelines for a standard industry calculation of FFO based on IFRS. FFO does not have a standardized meaning under IFRS and therefore may not be comparable to similarly titled measures presented by other public companies. Killam calculates FFO in accordance with the REALpac definition. FFO for the three months ended March 31, 2015, and 2014, is determined as follows:

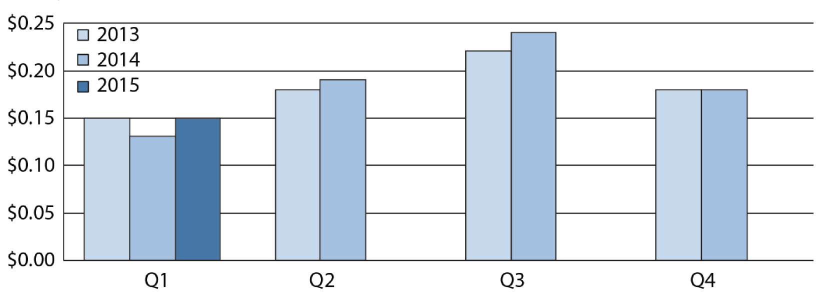
For the three months ended March 31,

	2015	2014	% Change
Net income	**$7,168**	$5,055	41.8%
Fair value gains	**(793)**	-	N/A
Non-controlling interest (before fair value gains)	**(246)**	(258)	(4.7)%
Deferred tax expense	**2,747**	2,085	32%
Depreciation on owner-occupied building	**46**	39	17.9%
Gain on disposition	**-**	(94)	(100.0)%
FFO	**$8,922**	$6,827	30.7%
FFO/share - basic	**$0.15**	$0.13	15.4%
FFO/share - diluted	**$0.15**	$0.12	25.0%
Weighted average shares- basic (000's)	**60,668**	54,606	11.1%
Weighted average shares - diluted (000's) (1)	**61,035**	54,896	11.2%

(1) The calculation of weighted average shares outstanding for diluted FFO purposes excludes the convertible debentures for periods ended March 31, 2015, and 2014 as they are anti-dilutive. For FFO purposes, the price used to calculate the conversion feature of the convertible debentures is the conversion price of $13.40 for the 5.65% convertible debentures and $14.60 for the 5.45% convertible debentures.

Killam earned FFO of $8.9 million, or $0.15 per share during Q1-2015 compared to $6.8 million or $0.12 per share during Q1-2014. The increase in FFO per share is attributable to contributions from acquisitions and completed and stabilized developments ($1.2 million), same store NOI growth of 5.0% ($0.7 million), same store interest expense savings ($0.4 million) and an increase in corporate income ($0.3 million) offset by higher G&A and amortization of deferred financing and other assets ($0.5 million).

FFO per Share ($)



Dollar amounts in thousands of Canadian Dollars (except as noted)

Adjusted Funds from Operations

AFFO is a supplemental measure used by real estate analysts and some investors to represent FFO after taking into consideration the capital spend related to maintaining the earning capacity of a portfolio versus NOI enhancing capital investments. AFFO is a non-IFRS measure and Management believes that significant judgment is required to determine the annual capital expenditures that relate to maintaining earning capacity of an asset compared to the capital expenditures that will lead to higher rents or more efficient operations.

In order to provide investors with information to assist in assessing the Company's payout ratio, Management has calculated AFFO using the industry standard of $450 per apartment unit. The MHC industry does not have a standard amount for "maintenance" related capital expenditures. Management has assumed $100 per MHC site as a reasonable estimate of non-NOI enhancing capital expenditures per MHC site. The weighted average number of rental units owned during the year was used to determine the capital adjustment applied to FFO to calculate AFFO.

For the three months ended March 31,

	2015	2014	% Change
FFO	**$8,922**	$6,827	30.7%
Maintenance Capital Expenditures			
Apartments	**(1,443)**	(1,378)	4.7%
MHCs	**(129)**	(129)	-%
AFFO	**$7,350**	$5,320	-%
AFFO/ share - basic	**$0.12**	$0.10	20.0%
AFFO/ share - diluted[(1)]	**$0.12**	$0.10	20.0%
AFFO payout ratio - diluted[(2)]	**125%**	155%	(19.4)%
AFFO payout ratio - rolling 12 months	**95%**	100%	(5.0)%

(1) The calculation of weighted average shares outstanding for diluted AFFO purpose excludes the convertible debentures as they are anti-dilutive. For AFFO purposes, the price used to calculate the conversion feature of the convertible debentures is the conversion price of $13.40 for the 5.65% convertible debentures and $14.60 for the 5.45% convertible debentures.

(2) Based on Killam's annualized dividend of $0.60 for the 12-month period ending March 31, 2015 and $0.585 for the 12-month period ending March 31, 2014.

The AFFO payout ratio of 125% for Q1-2015 is lower than the payout ratio of 155% in Q2-2015. The reduction in the payout ratio can be attributed to the 38% increase in AFFO driven by increased same store NOI growth.

A higher payout ratio in Q1 corresponds with the seasonality of Killam's business. Killam's first quarter typically has the highest payout ratio due to the heating costs in the winter months. The AFFO payout ratio is typically lower in the remaining quarters with the third quarter being the lowest due to higher occupancy levels and lower operating costs. The Company's 12-month rolling payout ratio in Q1-2015 is 95% an improvement from the 12-month rolling payout ratio in Q1-2014 of 100%.

Dollar amounts in thousands of Canadian Dollars (except as noted)

PART VI

Investment Properties

As at,

	March 31, 2015	December 31, 2014	% Change
Investment properties	**$1,726,804**	$1,693,055	2.0%
Investment properties under construction ("IPUC")	**51,520**	40,840	26.2%
	$1,778,324	$1,733,895	2.6%

Continuity of Investment Properties

The following table summarizes the changes in value of Killam's investment properties for the three months ended March 31, 2015, and 2014.

As at and for the three months ended March 31,

	2015	2014
Balance, beginning of period	**$1,693,055**	$1,451,743
Acquisition of properties	**22,190**	19,983
Disposition of properties	**-**	(40)
Transfer to IPUC	**(2,300)**	-
Transfer from IPUC	**9,199**	-
Capital expenditures	**4,535**	4,161
Fair value adjustments - Apartments	**125**	-
Balance, end of period	**$1,726,804**	$1,475,847

The key valuation assumption used to determine the fair market value, using the direct capitalization method, is the cap-rate. A summary of the high, low and weighted average cap-rates used in the valuation models as at March 31, 2015, December 31, 2014 and March 31, 2014, as provided by Killam's external valuator, is as follows:

Capitalization Rates

	March 31, 2015			December 31, 2014			March 31, 2014		
	Low	**High**	**Effective Weighted Average**	Low	High	Effective Weighted Average			Effective Weighted Average
Apartments	**4.50%**	**8.00%**	**5.63%**	4.50%	8.00%	5.63%	4.50%	8.00%	5.86%
MHCs	**5.75%**	**8.00%**	**6.69%**	5.75%	8.00%	6.69%	6.00%	8.25%	6.86%

As highlighted in the above chart, the effective weighted average cap-rate used to value both the apartment and MHC properties remained consistent with December 31, 2014, and no fair value gains or losses were recorded in Q1-2015 related to the investment properties portfolio. The effective weighted average cap-rate used to value the apartments and MHC properties decreased 23 bps and 17 bps from March 31, 2014.

Dollar amounts in thousands of Canadian Dollars (except as noted)

2015 Acquisitions - Investment Properties

Property	Location	Acquisition Date	Year Built	Units	Purchase Price[1]
Commercial property					
Brewery Market	Halifax	31-Mar-15	1820-1984		$22,300
Other					
The Alexander[2]	Halifax	31-Mar-15			$5,200
Total Acquisitions					**$27,500**

(1) Purchase price on acquisition does not include transaction-related costs.
(2) Purchase price represents 50% ownership interest in land for the construction of a 240 unit multi-residential property which will be known as The Alexander. The land also includes capacity for an additional 40 units.

On March 31, 2015, the Company completed a $27.5 million acquisition in Halifax. The acquisition includes the Brewery Market, a modernized heritage complex with 158,000 square feet of office and retail space for $22.3 million, representing a capitalization rate of 7.0%.

Investment Properties Under Construction

For the three months ended March 31,

	2015	2014
Balance, beginning of period	**$40,840**	$24,373
Capital expenditures	**5,658**	4,909
Interest capitalized	**427**	145
Land acquisitions	**10,701**	-
Transfer to investment properties	**(9,199)**	-
Transfer from investment properties	**2,300**	-
Fair value gains	**793**	-
Balance, end of period	**$51,520**	$29,427

During March 2015, Killam completed the second phase of its two phase development, adding an additional 39 units to its St. John's apartment portfolio. The total cost of the development was $21.7 million resulting in an all cash yield of 6.0%. The two buildings are currently 87% leased.

Saginaw Gardens, located in Cambridge, ON, is expected to cost $25.3 million and is anticipated to be completed during Q2-2015. In the first quarter this project was recorded at fair value resulting in a fair value gain of $0.8 million. This project is expected to generate an all cash yield of approximately 6.0%. This is an estimated 100 bps premium over the yield anticipated on acquisitions of similar quality assets.

Construction of the 142-unit Southport development, located in downtown Halifax is underway. Killam owns a 50% interest in the project, representing 70 rental units. Killam's cost for the development is $14.7 million ($210,000 per unit). The development is expected to be completed in the second quarter of 2016. Killam is required to contribute an additional $1.5 million of equity to the project after which all future costs will be covered through construction financing.

On March 31, 2015, Killam acquired a 50% interest in vacant land located in downtown Halifax. The site is approved, through a development agreement, for construction of a 280-unit multi-residential property. The land also includes capacity for additional 40 units. Killam and its 50% partner expect to begin construction during the second half of 2015.

Dollar amounts in thousands of Canadian Dollars (except as noted)

Capital Improvements

Killam invests capital to maintain and improve the operating performance of its properties. During the three months ended March 31, 2015, Killam invested a total of $4.5 million in its portfolio, compared to $4.2 million for the same period in 2014.

For the three months ended March 31,

	2015	2014	% Change
Apartments	**$4,108**	$3,934	4.4%
MHCs	**422**	223	89.2%
Other	**5**	4	25.0%
	$4,535	$4,161	9.0%

Apartments - Capital Spend

A summary of the capital spend on the apartment segment is included below:

For the three months ended March 31,

	2015	2014	% Change
Building improvements	**$1,412**	$1,483	(4.8)%
Suite renovations	**2,195**	1,965	11.7%
Appliances	**231**	281	(17.8)%
Boilers and heating equipment	**157**	70	124.3%
Other	**57**	59	(3.4)%
Equipment	**53**	63	(15.9)%
Parking lots	**-**	13	(100.0)%
Land improvements	**3**	-	N/A
Total capital spend	**$4,108**	$3,934	4.4%
Average number of units outstanding	**12,870**	12,688	-%
Capital spend per unit	**$319**	$310	-%

Annual capital spend includes a mix of maintenance capital and value enhancing upgrades. Maintenance capital varies with market conditions and relates to investments that are not expected to lead to an increase in NOI, or increased efficiency, of a building; however, it is expected to extend the life of a building. Examples of maintenance capital include roof and structural repairs and are in addition to regular repairs and maintenance costs that are expensed to NOI. Value enhancing upgrades are investments in the properties that are expected to result in higher rents and/or increased efficiencies. These include unit and common area upgrades and energy investments, such as natural gas conversions.

Killam spent $319 per unit for the three months ended March 31, 2015, compared to $310 per unit for the three months ended March 31, 2014. Of the $4.1 million capital investment made in the apartment segment in Q1-2015, approximately 50% was invested in suite renovations. The increase quarter-over-quarter was due to Killam's focus on unit upgrades to maximize occupancy and rental increases, and increase yields on properties identified for repositioning.

The remaining 50% of the apartment capital spend for Q1-2015 was invested in building and property improvements. This capital spend would include common area renovations, energy efficiency investments and general upgrades in order to improve the quality of the Company’s portfolio.

The timing of capital spending is influenced by tenant turnover, market conditions, and individual property requirements, causing variability. In addition, the length of time that Killam has owned a property and the age of the property also influences capital requirements.

Value enhancing capital improvements increase the operating effectiveness and profitability of Killam's apartment portfolio and the Company expects to invest approximately $25 - $27 million during 2015 on capital investments across the apartment portfolio.

Dollar amounts in thousands of Canadian Dollars (except as noted)

MHCs - Capital Spend

A summary of the capital spend on the MHC segment is included below:

For the three months ended March 31,

	2015	2014	% Change
Water & sewer upgrades	**$303**	$98	209.2%
Site expansion and land improvements	**26**	35	(25.7)%
Other	**52**	65	(20.0)%
Roads and paving	**1**	25	(96.0)%
Equipment	**40**	-	N/A
Total capital spend - MHCs	**$422**	$223	89.2%
Average number of units outstanding	**5,165**	5,164	-%
Capital spend per unit	**$82**	$43	90.7%

Management expects to invest between $300 and $500 in capital per MHC site on an annual basis. As with the apartment portfolio, a portion of the MHC capital is considered maintenance capital and a portion is value enhancing. Management estimates that $100 per unit is maintenance capital, including costs to support the existing infrastructure, and the remaining amount increases the value of the properties, with improved roadways, ability to accommodate future expansion, and community enhancements, such as the addition of playgrounds. The cost of most capital projects will be recovered through above guideline increases in the provinces with rent control, leading to increased NOI from the investment.

For the three months ended March 31, 2015, Killam invested $0.4 million in capital expenditures compared to $0.2 million in 2014. This quarter-over-quarter increase primarily relates to the timing of planned capital projects and a water & sewer system upgrade at a seasonal park in Ontario.

As with the apartment portfolio, the timing of MHC capital investment changes based on requirements at each community. Killam expects to invest $2.0 - $3.0 million during 2015 on capital improvements across the MHC portfolio.

Loan Receivable

On May 23, 2014, the Company provided a $4.0 million mezzanine loan to a third-party developer for the construction of a multi-family residential property, bearing interest at prime plus 7.0% or a minimum of 10.0%, paid quarterly. Full repayment of the loan is due within 36 months from the initial advance.

Liquidity and Capital Resources

The Company's sources of capital are cash generated from operating activities, mortgage financing and refinancing, credit facilities, and equity and debt issuances. The Company's primary use of capital includes property acquisitions and developments, major property improvements, recurring property maintenance, debt principal and interest payments, and payment of dividends. The Company anticipates meeting all current and future obligations with current cash and cash equivalents, cash flow generated from operations and conventional mortgage refinancing, including net cash accessible through upfinancing, and that the Company will be able to obtain financing on reasonable terms.

Killam's ability to grow through acquisitions and development will be dependent on the ability to access mortgage debt, construction financing and to raise equity in the capital markets. Killam had cash on hand of $19.9 million at March 31, 2015.

Dollar amounts in thousands of Canadian Dollars (except as noted)

Mortgages and Other Loans

Below are Killam's key debt metrics:

As at,

	March 31, 2015	December 31, 2014	% Change
Weighted average years to maturity of mortgage and vendor debt (years)	**4.5**	4.4	2.3%
Gross mortgage, loan and vendor debt as a percentage of total assets	**48.2%**	47.6%	1.3%
Total debt as a percentage of total assets	**55.1%**	54.9%	0.4%
Interest coverage ratio (rolling twelve months)	**2.25x**	2.18x	3.2%
Debt service coverage ratio (rolling twelve months)	**1.36x**	1.32x	3.0%
Weighted average interest rate of mortgage and vendor debt	**3.51%**	3.60%	(9) bps
Weighted average interest rate of total debt	**3.83%**	3.93%	(10) bps

The Company's long-term debt consists largely of fixed-rate, long-term mortgage financing. In certain cases the Company will also utilize vendor take-back ("VTB") mortgages as part of an acquisition. Mortgages are secured by a first or second charge against the individual properties and the vendor financing is secured by a general corporate guarantee.

As at March 31, 2015, two construction financing loans, totaling $27.4 million and six demand loans, totaling $8.6 million, had floating interest rates. The construction financing loans carry an interest rate of prime plus 1.0% and the demand loans carry an interest rate of prime plus 1.0% - 2.0%. The construction loans will be repaid in full and converted into CMHC insured mortgages once rental targets are achieved.

The Company utilized a VTB mortgage as part of its acquisition of the Brewery Market on March 31, 2015. The VTB mortgage has an interest rate of 3.0% and is repayable in March 2016, which coincides with the maturity of the mortgage debt assumed as part of the acquisition.

Killam's March 31, 2015, weighted average interest rate on mortgages improved to 3.51% compared to 3.60% as at December 31, 2014, as a result of refinancings at lower interest rates during the period. This trend is expected to continue throughout the remainder of 2015 and for 2016 with $71.7 million and $126.1 million of current mortgage balances maturing. Management expects to refinance these mortgages at lower interest rates than their current average weighted rates of 4.23% and 4.22%, respectively. These refinancings represent 22.9% of Killam's total mortgage portfolio.

Total debt as a percentage of total assets has increased 20 bps to 55.1% from December 31, 2014. Management expects to maintain the percentage of debt to total assets between 55% and 65%. This ratio is sensitive to changes in the fair value of investment properties, in particular cap-rate changes. A 10 bps increase in the weighted average cap-rate at March 31, 2015, would have increased the ratio of debt as a percentage of total assets by 90 bps.

Dollar amounts in thousands of Canadian Dollars (except as noted)

2015 Refinancings

During the three months ended March 31, 2015, Killam refinanced the following mortgages:

	Mortgage Debt Maturities		Mortgage Debt on Refinancing		Weighted Average Term	Net Proceeds
Apartments	$18,661	5.53%	$31,496	2.49%	8.3 years	$12,835

The following table sets out the maturity dates and average interest rates of mortgage and vendor debt, and percentage of apartment mortgages that are CMHC insured by year of maturity:

	Apartments			MHCs		Total	
Year of Maturity	Balance March 31, 2015	Weighted Avg Int. Rate %	% CMHC Insured	Balance March 31, 2015	Weighted Avg Int. Rate %	Balance March 31, 2015	Weighted Avg Int. Rate %
2015	67,678	4.17	80.1	4,030	5.19	71,708 (1)	4.23
2016	122,950	4.20	47.9	3,106	5.08	126,056	4.22
2017	60,505	3.43	43.2	17,135	4.65	77,640	3.70
2018	86,616	3.68	44.1	12,746	4.34	99,362	3.77
2019	175,251	2.81	97.1	20,085	3.86	195,336	2.93
2020	69,994	3.11	57.1	-	-	69,994	3.11
2021	22,890	3.79	88.7	-	-	22,890	3.79
2022	23,621	3.16	100.0	-	-	23,621	3.16
2023	83,395	3.30	100.0	-	-	83,395	3.30
Thereafter	120,396	3.33	100.0	-	-	120,396	3.33
	$ 833,296	3.45	76.2	$ 57,102	4.36	$890,398	3.51

(1) Excludes $8.6 million related to demand loans classified as current mortgage debt on the Q1-2015 condensed consolidated interim financial statements.

As at March 31, 2015, approximately 76% of the Company's apartment mortgages were CMHC insured (71% of all mortgages as MHC properties are not eligible for CMHC insurance) (December 31, 2014 – 75% and 70%). The weighted average interest rate on the CMHC insured mortgages was 3.22% as at March 31, 2015 (December 31, 2014– 3.31%).

Access to mortgage debt is essential in financing future acquisitions and in refinancing maturing debt. Management has intentionally diversified Killam's mortgages to avoid dependence on any one lending institution and has staggered the maturity dates of its mortgages to manage interest rate risk. Management anticipates continued access to mortgage debt for both new acquisitions and refinancings. Access to CMHC insured financing gives apartment owners an advantage over other asset classes as lenders are provided a government guarantee on the debt and therefore are able to lend at more favourable rates.

The following table presents the NOI of properties that are available to Killam to refinance at debt maturity for the remainder of 2015 and for 2016. With $197.8 million in mortgages maturing in 2015 and 2016, Management is evaluating opportunities to fix interest rates before maturity to lock in savings on refinancings.

2015 & 2016 Debt Refinancings

2015	**Number of Properties**	**NOI**	**Principal Balance (at maturity)**
Apartments with debt maturing in 2015	28	$8,732	$66,890
MHCs with debt maturing in 2015	4	797	3,962
2015 debt maturities	32	$9,529	$70,852
2016			
Apartments with debt maturing in 2016	34	$15,972	$117,672
MHCs with debt maturing in 2016	4	537	2,380
2016 debt maturities	38	$16,509	$120,052

Dollar amounts in thousands of Canadian Dollars (except as noted)

Future Contractual Debt Obligations

At March 31, 2015, the timing of the Company's future contractual debt obligations are as follows:

For the twelve months ended March 31,	Mortgage and loans payable	Construction loans	Convertible debentures	**Total**
2016	$124,334	$27,354	$-	**$151,688**
2017	128,479	-	-	**128,479**
2018	117,236	-	57,500	**174,736**
2019	118,975	-	46,000	**164,975**
2020	175,417	-	-	**175,417**
Thereafter	233,854	-	-	**233,854**
	$898,295	$27,354	$103,500	**$1,029,149**

Debentures

The Company's $57.5 million convertible unsecured subordinated debentures mature November 30, 2017, bear interest at 5.65% and are convertible, at the holders' option, to common shares at a price of $13.40. The debentures are redeemable at the option of the Company after November 30, 2013, and on or before November 30, 2015, provided that the current market price of the common shares of the Company on the date on which the notice of redemption is given is not less than 125% of the conversion price. After November 30, 2015, the debentures are redeemable at face value. Upon maturity or redemption, the Company may elect to repay all or any portion of the debentures outstanding by issuing the number of common shares obtained by dividing the aggregate of the principal amount of the debentures that have matured or are being redeemed by 95% of the weighted average market price of the common shares for the preceding 20 days (ending 5 days preceding the fixed date for redemption or maturing).

The Company's $46.0 million convertible unsecured subordinated debentures mature June 30, 2018, bear interest at 5.45% and are convertible, at the holders' option, to common shares at a price of $14.60. The debentures are redeemable at the option of the Company after June 30, 2014, and on or before June 30, 2016, provided that the current market price of the common shares of the Company on the date on which the notice of redemption is given is not less than 125% of the conversion price. After June 30, 2016, the debentures are redeemable at face value. Upon maturity or redemption, the Company may elect to repay all or any portion of the debentures outstanding by issuing the number of common shares obtained by dividing the aggregate of the principal amount of the debentures that have matured or are being redeemed by 95% of the weighted average market price of the common shares for the preceding 20 days (ending 5 days preceding the fixed date for redemption or maturing).

Construction Loans

At March 31, 2015, the Company had access to two floating rate non-revolving demand construction loans totaling $33.2 million for the purpose of financing of development projects. Payments are made monthly on an interest only basis. The construction loans have interest rates of prime plus 1%. Once construction has been completed and rental targets achieved, the construction loans will be repaid in full and converted into conventional mortgages. As at March 31, 2015, $27.4 million was drawn and the weighted average interest rate during Q1-2015 was 3.80%.

Credit Facilities

The Company has two credit facilities with major financial institutions, which are set out as follows:

i) A $2.0 million revolving demand facility that can be used for the Company's acquisition program and general business purposes. The interest rate on the debt is prime plus 125 bps on prime rate advances or 225 bps over Banker's Acceptances (BAs). Killam has the right to choose between prime rate advances and BAs based on available rates and timing requirements. At March 31, 2015, the Company had assets with a fair value of $1.9 million pledged to the line and had a balance outstanding of $Nil (December 31, 2014 - $Nil). The agreement includes certain covenants and undertakings of which the Company is in compliance.

ii) A $1.5 million revolving demand facility that can be used for the Company's acquisition program and for general business purposes. The interest rate on the debt is prime plus 175 bps on advances and 135 bps on issuance of letters of credit in addition to 50 bps per annum. As at March 31, 2015, the Company had assets with a fair value of $1.1 million pledged as collateral and letters of credit totaling $1.5 million outstanding against the facility (December 31, 2014 - $1.5 million). The agreement includes certain covenants and undertakings of which the Company is in compliance.

Shareholders’ Equity

On March 31, 2015, the Company issued 1,092,548 common shares to Halkirk Properties Limited to satisfy $12.0 million of the $27.5 million purchase price for the acquisition of the Brewery Market and a 50% interest in vacant land.

For the three months ended March 31, 2015, 234,917 stock options were exercised for shares, and cash proceeds to the Company of $1.9 million (three months ended March 31, 2014 – 102,500 and cash proceeds of $0.6 million). There were also 20,420 restricted share units (“RSUs”) redeemed, and 12,566 shares issued related to the redemption, during the quarter (March 31, 2014 – 2,847 RSUs redeemed and 2,733 shares issued).

Killam pays a dividend of $0.05 per share per month ($0.60 per share annualized). The Company's Dividend Reinvestment Plan ("DRIP") allows shareholders to elect to have all cash dividends from the Company reinvested in additional shares. Shareholders who participate in the DRIP receive an additional dividend of shares equal to 3% of each cash dividend that was reinvested. The price per share is calculated by reference to the ten day volume weighted average price of the Company's shares on the Toronto Stock Exchange preceding the relevant dividend date, which typically is on or about the 15th day of the month following the dividend declaration. For the three months ended March 31, 2015, the Company issued 96,438 shares under the DRIP with a value of $1.0 million (three months ended March 31, 2014 – 64,575 shares with a value of $0.6 million). For the three months ended March 31, 2015, the average DRIP participation rate was 15% (three months ended March 31, 2014 - 7%).

PART VII

Risk Management

Killam faces a variety of risks, the majority of which are common to real estate entities. These are described in detail in the Management's Discussion and Analysis found in Killam's 2014 Annual Report and in Killam's Annual Information Form, both filed on SEDAR. These factors still exist at the end of this interim period and remain relatively unchanged.

Critical Accounting Policies and Significant Accounting Judgments, Estimates and Assumptions

The condensed consolidated interim financial statements should be read in conjunction with the most recently issued Annual Report of Killam, which includes information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies were presented in Note 2 to the consolidated financial statements for the year ended December 31, 2014, and, after the changes described in Note 2(c), have been consistently applied in the preparation of these condensed consolidated interim financial statements.

The preparation of financial statements in conformity with IFRS requires Management to make estimates and assumptions. The significant areas of judgments, estimates and assumptions are set out in Note 3 of the consolidated financial statements found in Killam's 2014 Annual Report. The most significant estimates relate to the fair value of investment properties and deferred taxes.

Disclosure Controls and Procedures and Internal Controls

The Company’s management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that the Company’s Disclosure Controls and Procedures and Internal Controls will prevent or detect all error and all fraud. Because of the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected. During the most recent interim period, there have been no changes in the Company's accounting judgments, estimates and assumptions.

Subsequent Events

On April 17, 2015, the Company announced a dividend of $0.05 per share, payable on May 15, 2015, to shareholders of record on April 30, 2015.