

Killam Apartment REIT

Investor Presentation

November 2017



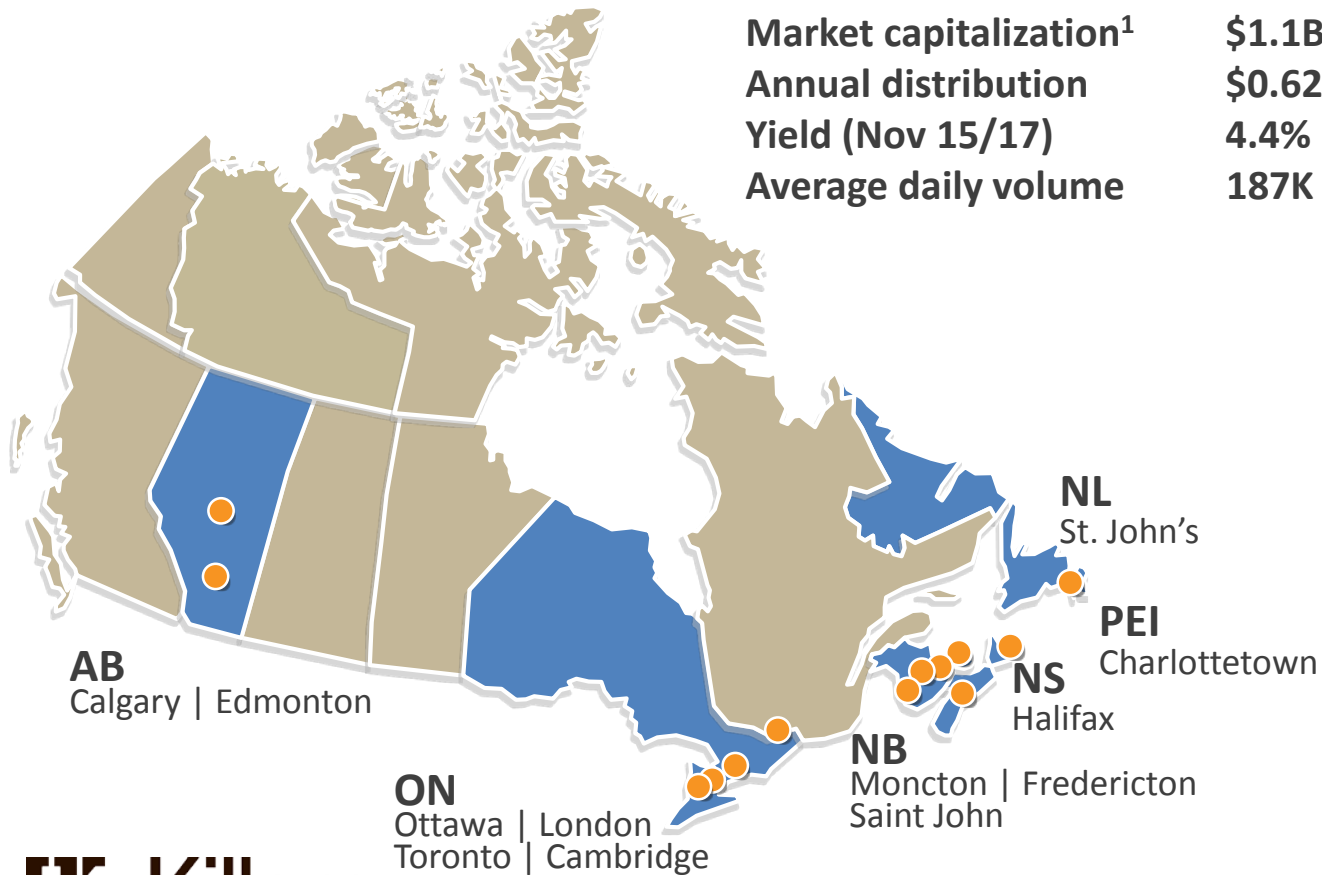
Cautionary Statement

This presentation may contain forward-looking statements with respect to Killam Apartment REIT and its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward-looking words such as “may”, “will”, “expect”, “estimate”, “anticipate”, “intends”, “believe” or “continue” or the negative thereof or similar variations. The actual results and performance of Killam Apartment REIT discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulation and the factors described under “Risk Factors” in Killam’s annual information form and other securities regulatory filings. The cautionary statements qualify all forward-looking statements attributable to Killam Apartment REIT and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date to which this presentation refers, and the parties have no obligation to update such statements.

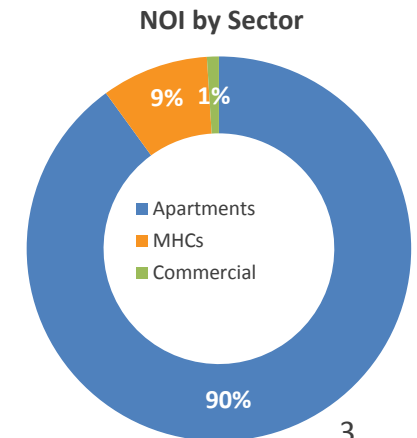
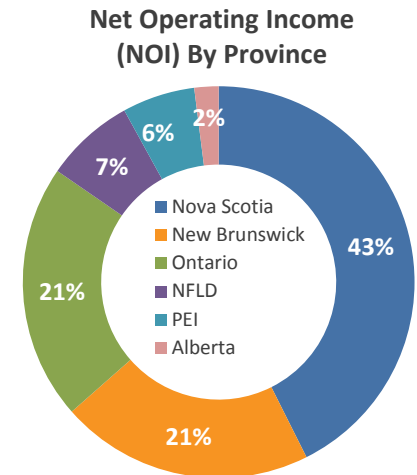


About Killam Apartment REIT

Killam Apartment REIT owns, manages and develops multi-family residential properties in Atlantic Canada, Ontario and Alberta. Killam's portfolio includes \$2.2 billion in real estate assets, comprised of 14,545 apartment units and 5,165 manufactured home community (MHC) sites.



Market capitalization¹ \$1.1B
Annual distribution \$0.62
Yield (Nov 15/17) 4.4%
Average daily volume 187K



¹ Includes exchangeable units

Why Invest in Killam



William's Court, Ottawa

- ✓ High-quality portfolio with investment in newer properties and development expertise.
- ✓ Growing funds from operations (FFO) & adjusted funds from operations (AFFO) per unit.
- ✓ Growing distributions with improving payout ratio.
- ✓ Strengthened balance sheet with increased flexibility.
- ✓ Clearly defined strategy – growth from same property portfolio, acquisitions and developments.
- ✓ Interest saving opportunities on refinancings.
- ✓ Positioned to benefit from economic growth throughout portfolio.

Clearly Defined Strategy

Killam's strategy to maximize value and profitability is focused on three priorities:

Increase earnings from existing operations.



Spring Garden Terrace, Halifax

Expand the portfolio and diversify geographically through accretive acquisitions, with an emphasis on newer properties.



Saginaw Gardens, Ontario

Develop high-quality properties in core markets.



The Alexander, Halifax

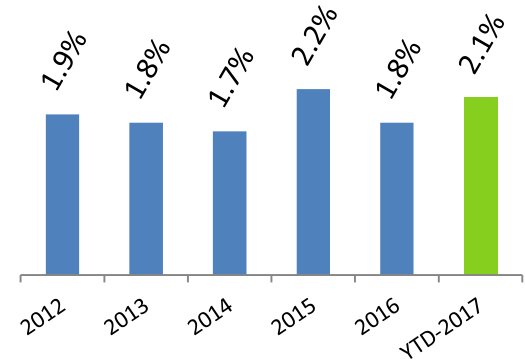
Clearly Defined Strategy – Existing Assets

#1) Increasing earnings from existing operations.

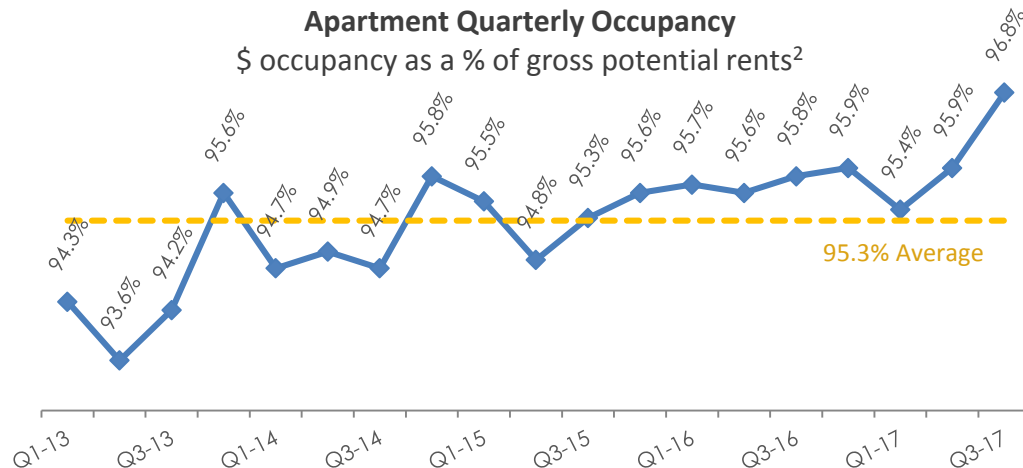
Revenue Growth
 +
 Expense
 Management
 =
**Increased Net
 Operating Income
 (NOI)**

- Strong occupancy
- Rising rental rates
- Reduced incentives
- Quality product & service
- 90% tenant satisfaction rating¹

Historic Same Property Revenue Growth



Apartment Quarterly Occupancy
 \$ occupancy as a % of gross potential rents²



¹ 2017 survey results administered by Corporate Research Associates.

² Measured as dollar vacancy versus unit vacancy to more accurately capture impact of vacant units.

Clearly Defined Strategy – Existing Assets

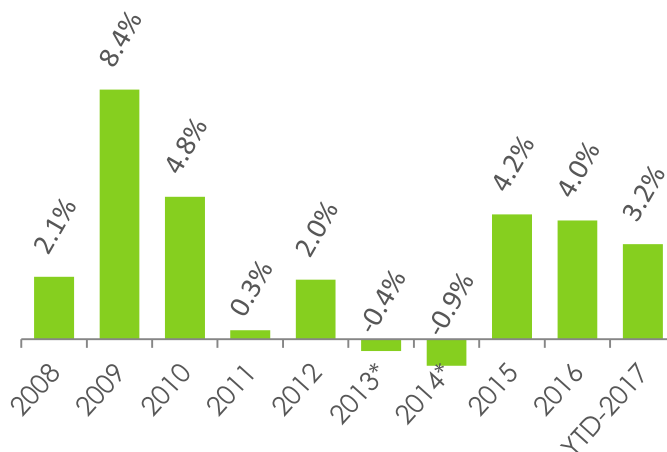
#1) Increasing earnings from existing operations.

Revenue Growth
+
**Expense
Management**
=
Increased NOI

- Energy initiatives
- Water saving programs
- Economies of scale
- Employee training
- Investment in technology
- Tenant education

Killam has increased same property NOI an average of 2.8% per year over the last 10 years.

Same Property NOI Growth
2008-2017
Average Growth of 2.8%



2017 Target

Refined from 1-3% NOI growth to ~3%

2017 Performance-to-date

3.2% NOI growth

Long-term Target

Average of 2%+ NOI growth

Clearly Defined Strategy – Existing Assets

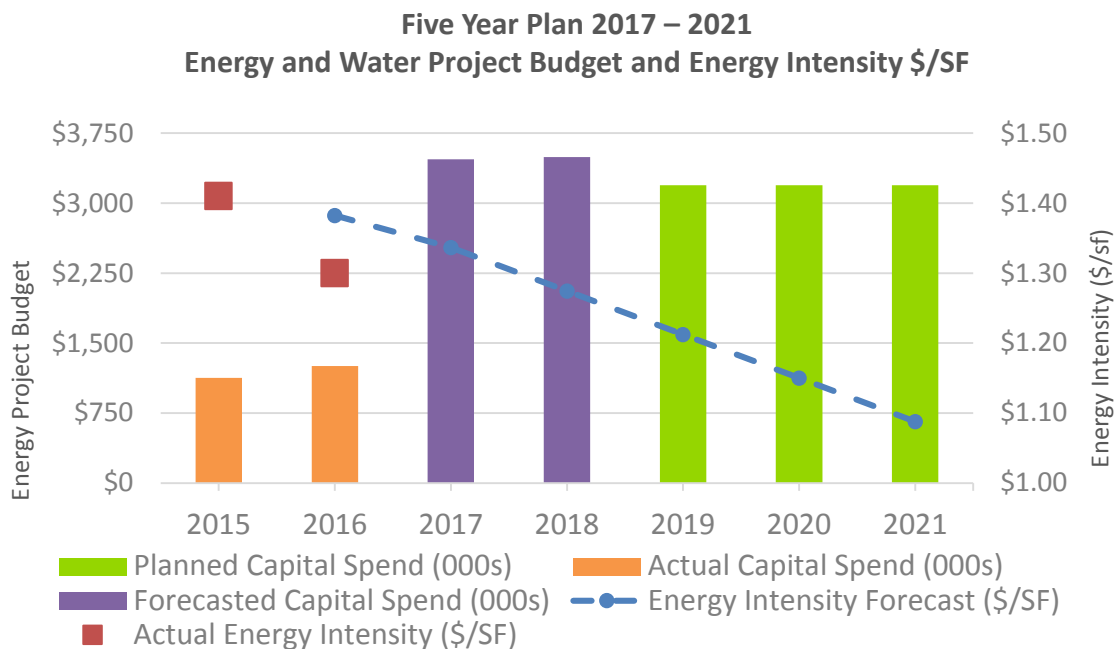
#1) Increasing earnings from existing operations – energy efficiency initiatives.

$$\begin{array}{c}
 \text{Revenue Growth} \\
 + \\
 \text{Expense} \\
 \text{Management} \\
 = \\
 \text{Increased NOI}
 \end{array}$$

Killam has committed \$5 million to date in these projects, including installing 8,300 low flow toilets, boiler upgrades and lighting retrofits.

Five year plan developed in 2016 to reduce resource use

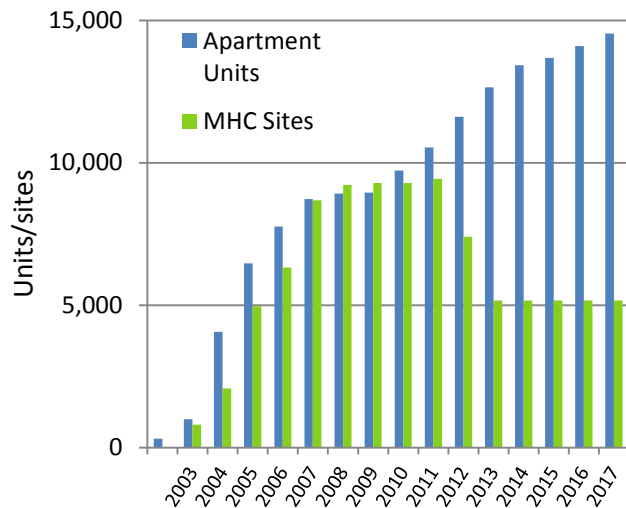
- **\$25 Million** of investments identified
- **\$5 Million** committed to date
- **4 Year** average payback
- **\$7 Million** potential savings for a **\$140 Million** increase in NAV at 5.0% Cap Rate



Clearly Defined Strategy – Acquisitions

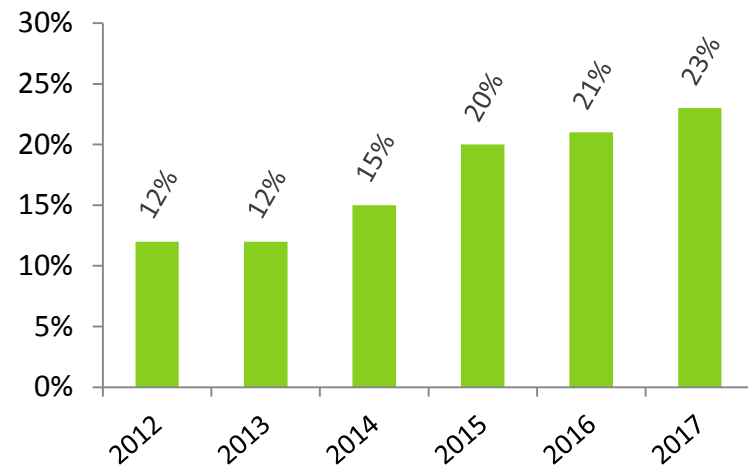
#2) Expanding the portfolio and diversifying geographically through accretive acquisitions, with an emphasis on newer properties.

Apartment Units & MHC Sites



Killam has added over 600 units to its portfolio in 2017, including 362 units in Alberta and 111 units in Ontario.

NOI Generated Outside Atlantic Canada



Investment outside Atlantic Canada will increase Killam's exposure to higher population growth centres.

2017 Targets: \$75M of acquisitions (with >75% outside Atlantic Canada) and 23% of NOI earned outside Atlantic Canada.

2017 Performance-to-date: \$180 million of assets acquired or under contract. 79% of acquisitions and 23% of forecasted 2017 NOI outside Atlantic Canada.

Long-term Target: >30% of NOI generated outside Atlantic Canada by 2020.

Clearly Defined Strategy – Developments

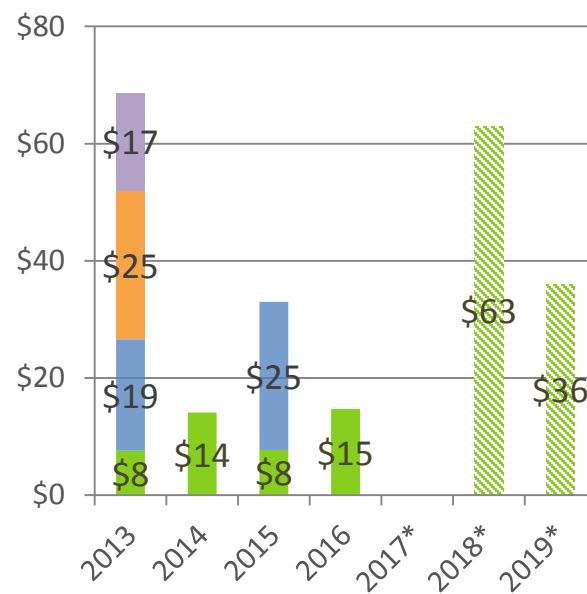
#3) Developing high-quality properties in its core markets.

Killam has invested or committed over \$225 million to develop 1,180 units since 2011. Killam has an experienced team and a development pipeline of approximately 1,500 units.



Southport, Halifax – Completed 2016

Developments Completed
\$millions



* forecast

2017 Target: Remain on schedule to complete the Alexander and Saginaw developments in 2018.

2017 Performance-to-date: Saginaw Park and Gloucester developments on schedule. The Alexander is delayed approximately two months.

Long-term Target: Create \$20M of value through development by 2020.

Clearly Defined Strategy – Developments

#3) Developing high-quality properties in its core markets.



49 units - Charlottetown, PEI



63 units - Halifax, NS



101 units - Fredericton, NB



47 units – Charlottetown, PEI



71 units – St. John's, NL



102 units – St. John's, NL

Over \$130 million
of developments
completed.



122 units - Cambridge, ON



70 units – Halifax, NS

Clearly Defined Strategy – Developments

#3) Developing high-quality properties in its core markets.



The Alexander
Halifax, NS
Q2-2018
\$37 million*
240 units and 6,500 sf
commercial space
\$295,833/unit



Saginaw Park
Cambridge, ON
Q1-2018
\$26 million
93 units
\$274,000/unit



Gloucester City Centre
Ottawa, ON
Q2-2019
\$36 million*
222 units
\$327,000/unit

Killam has ~\$100 million of projects underway in Ontario and Nova Scotia.

Development projects underway are almost fully funded and are expected to contribute FFO of \$0.04/unit and \$15 million of NAV when complete.

* Killam's 50% interest.

Clearly Defined Strategy – Developments

#3) Developing high-quality properties in its core markets.

Killam has a ~\$500 million pipeline of developments.

Property	City	Units
Future Development Opportunities		
Silver Spear*	Mississauga, ON	64
Carlton Terrace	Halifax, NS	104
The Governor	Halifax, NS	48
Cameron Heights	Edmonton, AB	190
Grid 5 Land*	Calgary, AB	199
Topsail Road	St. John's, NL	225
Medical Arts (Spring Garden)	Halifax, NS	200
Block 4	St. John's, NL	80
Carlton Houses	Halifax, NS	70
Gloucester City Centre (Phase 2-4)*	Ottawa, ON	309
Total Development Opportunities		1,489

* Represents Killam's 50% interest in developments.

Killam targets yields of 5.0% - 6.0% on developments, 50-125 bps higher than the expected cap-rate value on completion.

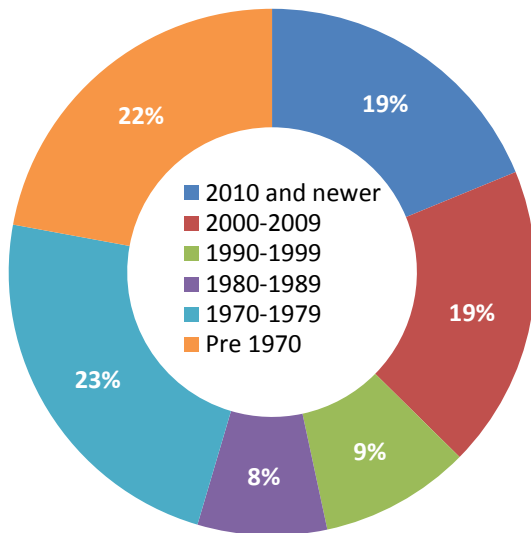
Carlton Terrace, Halifax



Silver Spear, Mississauga

High-Quality Portfolio

Apartment NOI by Year of Construction

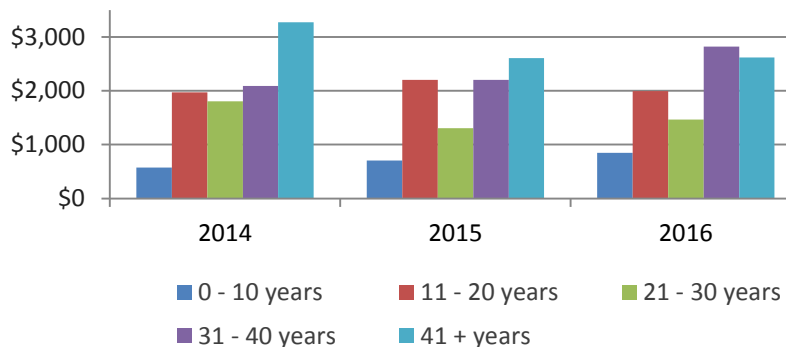


Killam has one of Canada's newest apartment portfolios – 37% of apartment NOI is earned from properties built in 2000 or later.

Modern, high-quality buildings are in greater demand and require less capital maintenance to operate.

Average Capital Spend Per Unit by Building Age






For the years ended Dec 31



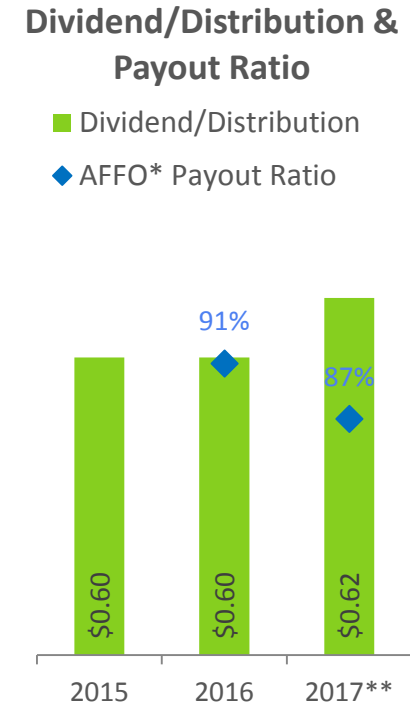
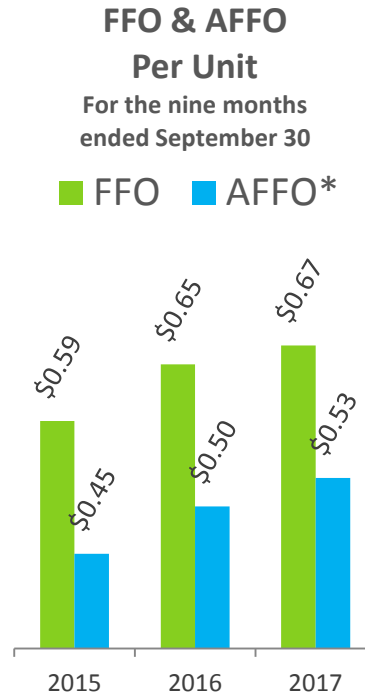
Killam's average annual spend for properties less than 10 years old was \$850 per unit in 2016 compared to \$2,700 per unit for buildings over 40 years old.

Killam's overall average annual capital spend was \$2,254 per unit in 2016.

Solid Progress Towards 2017 Strategic Targets

-
- | | |
|---|--|
|  Grow Same Property NOI by 1% to 3% | 3.2% Same Property NOI growth in the first nine months of 2017. |
|  Acquire a minimum of \$75 million of assets | \$180 million of assets purchased or agreed to acquire. |
|  Focus 75% of acquisitions and 23% of 2017 NOI outside Atlantic Canada | 79% of acquisitions completed in 2017 and 23% of forecasted 2017 NOI outside Atlantic Canada. |
|  Progress developments on schedule | <ul style="list-style-type: none">– Saginaw Park and Gloucester developments on schedule.– The Alexander is delayed approximately two months. |
|  Reduce debt as a percentage of assets | 51.4% debt to assets ratio is 210 basis points lower than December 31, 2016. |
-

Growing Earnings & Improved Payout Ratio



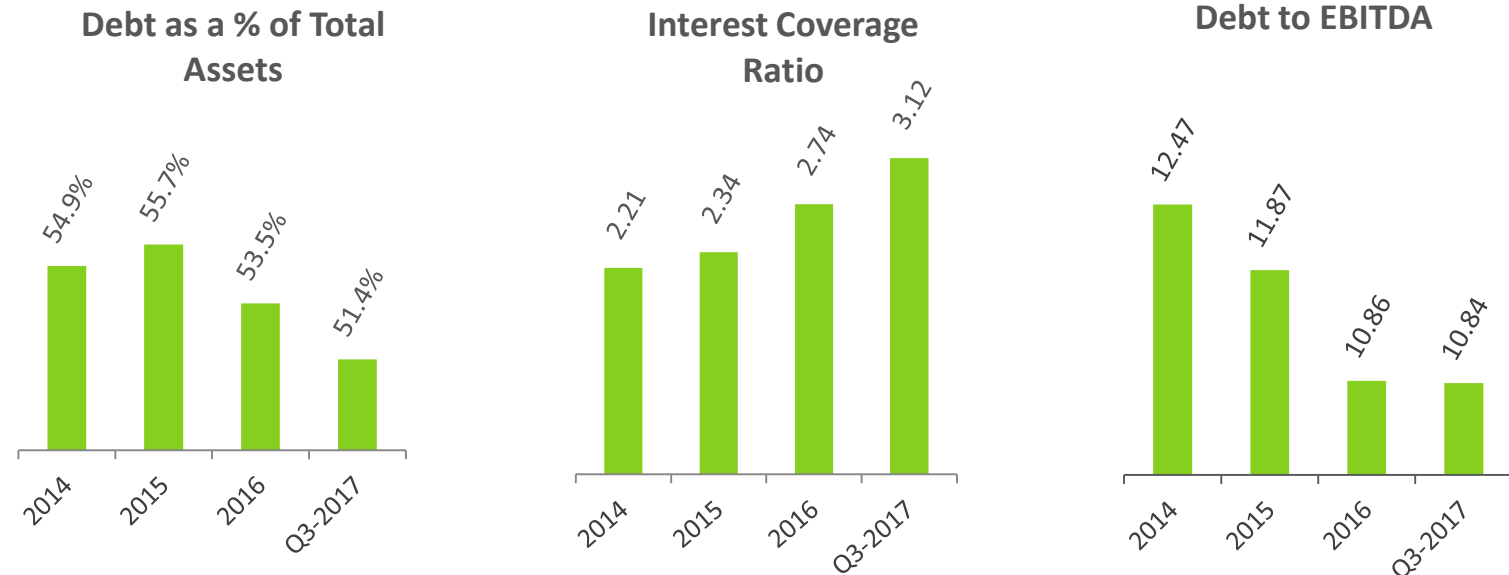
FFO and AFFO per unit growth has been attributable to same property NOI growth, interest savings, accretive acquisitions and developments.

* AFFO calculation revised in Q1-2017 based on REALpac white paper published in February 2017. Historical AFFO restated to conform to current presentation.

** The 2017 AFFO payout ratio represents the consensus estimate based on the current annual distribution of \$0.62.

Stronger Balance Sheet with Increased Flexibility

Killam has redeemed \$103 million of convertible debentures to reduce leverage.



Killam has access to a \$30 million credit facility to fund acquisitions and for other trust purposes. With the closing of the \$70 million equity offering in November 2017, Killam's acquisition capacity is over of \$200 million.

2017 Target: Further reduce debt as a percentage of assets.

2017 Performance-to-date: Debt as a percentage of total assets reduced by 210 basis points and acquisition capacity increased by \$150 million with equity raise.

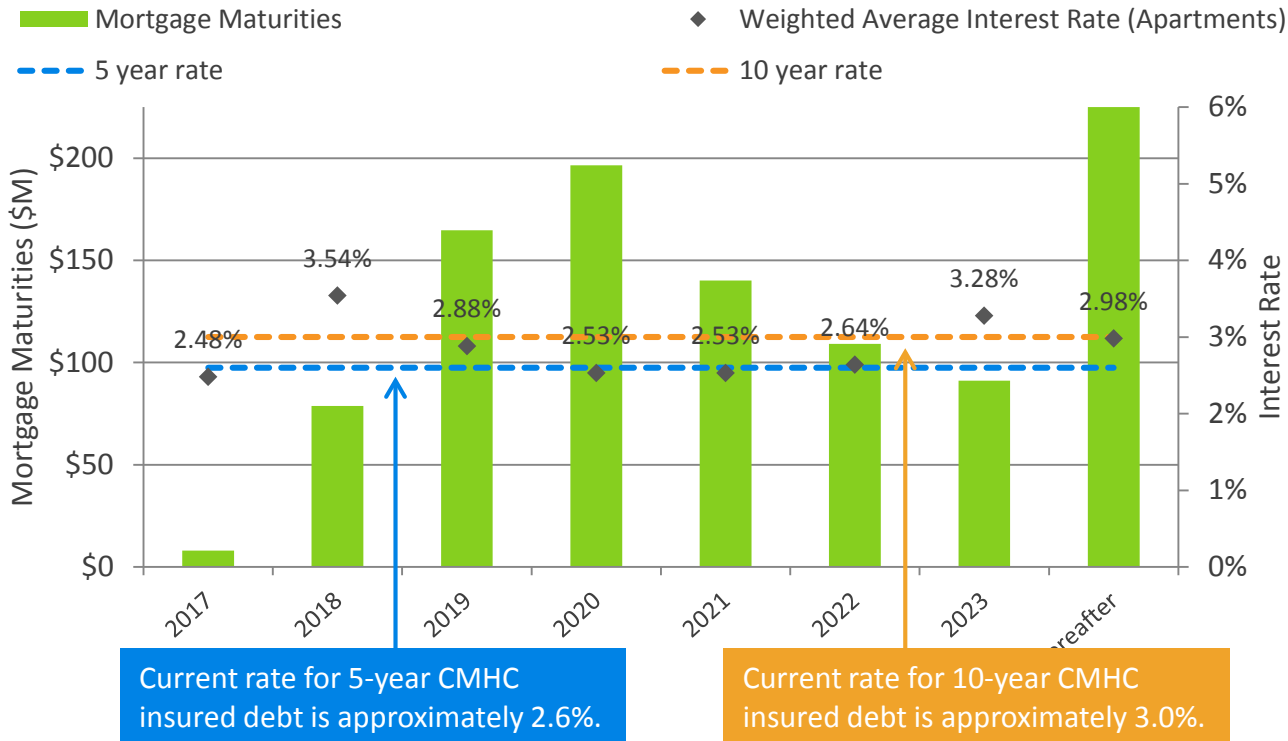
Long-term Targets: Debt as a percentage of assets of less than 50% by 2020.

Interest Expense Savings

~\$85 million of refinancings through the end of 2018 should generate interest savings.

Apartment Mortgage Maturities by Year

As at September 30, 2017



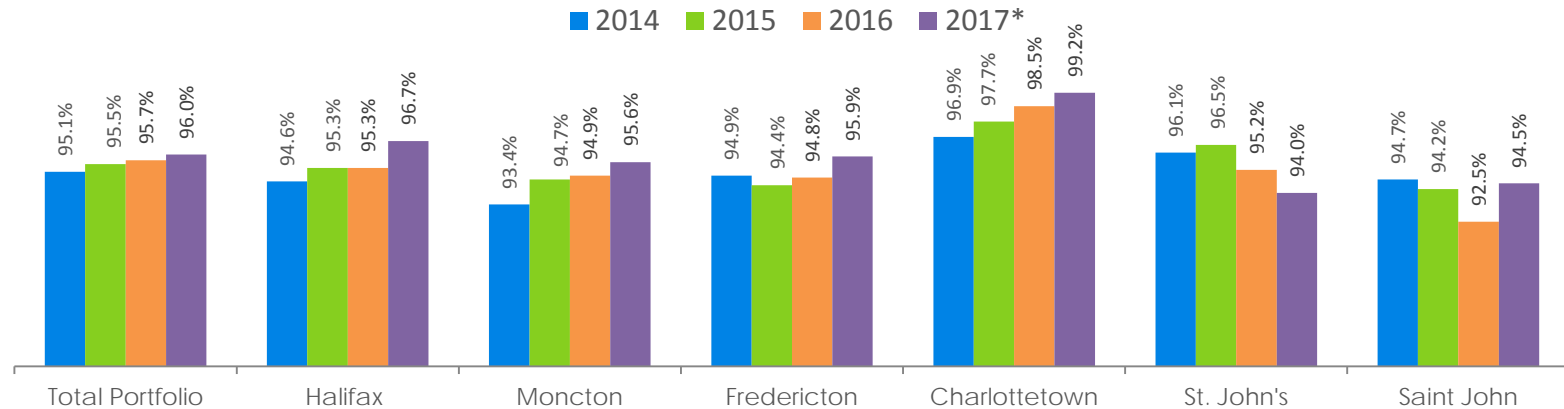
Current Weighted Average Interest Rate of 2.91%

80% of Apartment Mortgages CMHC Insured

Weighted Average Term to Maturity of 4.2 years

Strong Growth in Atlantic Canada

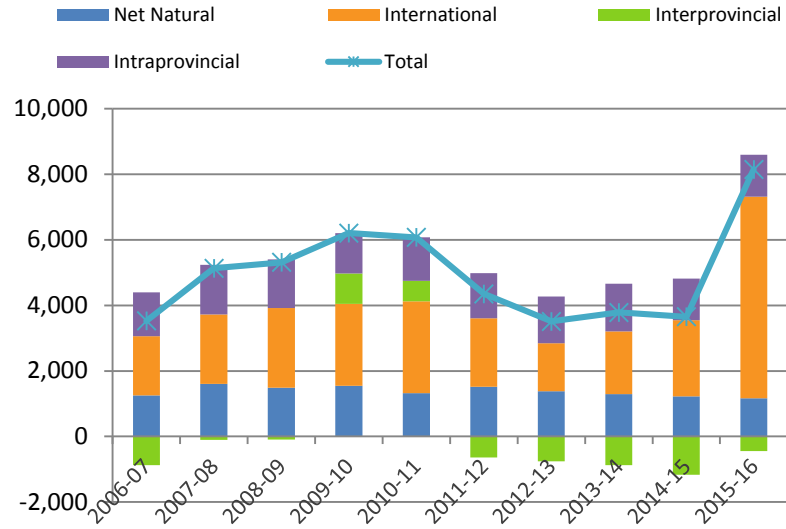
Killam Occupancy in Atlantic Canada



Killam has seen improved occupancy in five of its six Atlantic Canadian markets over the past three years. CMHC forecasts occupancy to remain strong over the next two years in their *Fall 2017 Housing Market Outlook Report*.

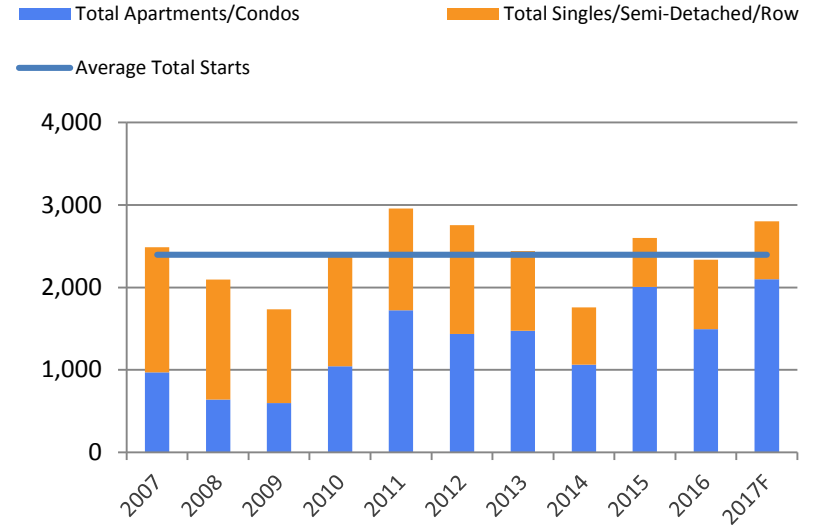
Strong Rental Demand in Halifax

Halifax Population Growth and Source



Source: Stats Canada

Halifax Housing Starts



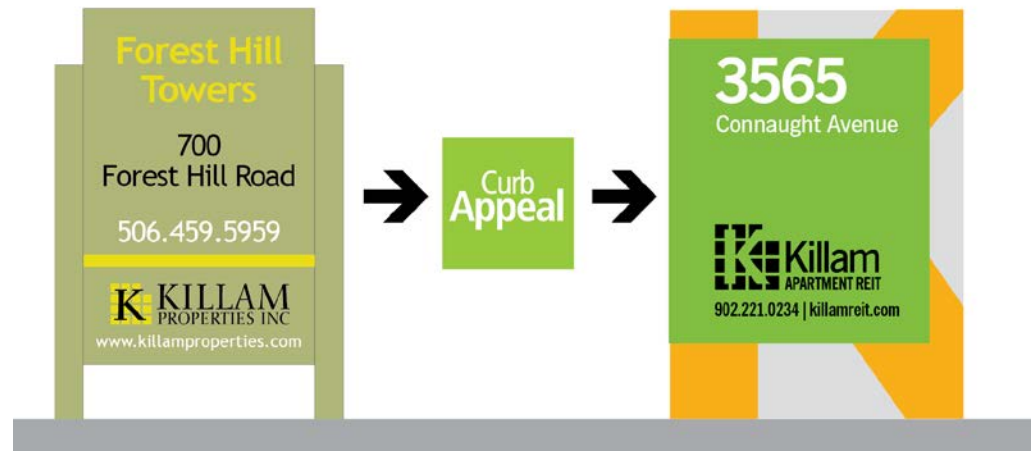
Source: CMHC

- Killam generates 36% of its NOI in Halifax.
- Killam's highest same property growth in 2016 was in Halifax:
 - 3.3% revenue growth
 - 6.2% NOI growth
- Halifax's 2016 population growth of 2.0% was the highest rate of any city outside the Prairies.
- Halifax is amongst Canada's fastest growing economies with expected GDP growth of 2.5% in 2017.

Positioned for Growth

Killam is positioned for long-term success with a focus on the following initiatives:

- Growing the portfolio and expanding geographically with accretive acquisitions.
- Expanding the portfolio through developments in core markets.
- Cost management through ongoing process improvements.
- Strengthening the balance sheet and lowering debt levels.
- Increasing capital flexibility with an expanded line-of-credit, growing portfolio of unencumbered assets and improved AFFO payout ratio.



Killam Apartment REIT

Appendices



Innovation Drive, Halifax

Description:

134 units over two buildings

Average rent – \$1,520/month (\$1.04/sf)

Current occupancy – 97% leased

Location:

246 Innovation Drive, Bedford

300 Innovation Drive, Bedford

Acquisition Details:

\$31.6 million (\$236,000/unit)

Closed July 4, 2017

5.2% capitalization rate



Recent & Pending Acquisitions

Waybury Park & Tisbury Crossing, Edmonton

Description:

296 units over four buildings

Expected rent – \$1,495 (\$1.79/sf)

Current occupancy – Waybury Park – 84%*

Tisbury Crossing – 65%* (under construction)

Location:

Waybury Park – 112 & 114 Tisbury Street

Tisbury Crossing – 200 & 202 Salisbury Way

Acquisition Details:

\$67.5 million (\$228,000/unit)

5.75% capitalization rate

Purchase date:

Waybury Park – closed mid-August 2017

Tisbury Crossing – scheduled December 2017



The Alexander, Halifax

Rental Units: 240 units, 6,500 sf of retail space

Ownership: Killam 50%, Partners 50%

Start Date: Q3-2015

Projected Completion: Podium level completed October 1, 2017, tower completion in Q2-2018

Location: Downtown Halifax across from the waterfront

Cost: \$37 million (Killam's cost) (\$295,833/residential door)

Expected Yield: 5.1%

Expected Value: 4.5% cap rate

Average Unit Size: 740 sf

Average Rent: \$1,770 (\$2.39/sf)





Saginaw Park, Cambridge

Rental Units: 93 units

Start Date: Q3-2016

Projected Completion: Q2-2018

Location: Adjacent Saginaw Gardens,
Saginaw Parkway, Cambridge

Cost: \$25.5 million (\$274,000/door)

Expected Yield: 5.4%

Expected Value: 4.75% cap rate

Average Unit Size: 1,025 sf

Average Rent: \$1,670 (\$1.63/sf)





Gloucester City Centre (Phase 1), Ottawa

Rental Units: 227 units

Ownership: Killam 50%, RioCan 50%

Start Date: Q2-2017

Projected Completion: mid-2019

Location: Ottawa's East End, adjacent Ottawa's Light Rail Transit (LRT) Blair Station.

Cost: \$36 million (Killam's cost) (\$327,000/residential door)

Expected Yield: 5.0%

Expected Value: 4.0% cap rate

Average Unit Size: 789 square feet

Average Rent: \$1,870 (\$2.39/sf)





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