November 7, 2018
Halifax, Nova Scotia

KILLAM APARTMENT REIT ANNOUNCES CONTINUED GROWTH WITH STRONG Q3-2018 OPERATING PERFORMANCE AND RESULTS

Killam Apartment REIT (TSX: KMP.UN) ("Killam") today reported its results for the three and nine months ended September 30, 2018.

Q3-2018 Financial Highlights

- Reported net income of $27.1 million compared to $14.6 million in Q3-2017.
- Generated net operating income ("NOI") of $36.5 million, a 14.9% increase from $31.7 million in Q3-2017.
- Earned funds from operations ("FFO") per unit (diluted) of $0.26, a 4.0% increase from Q3-2017.
- Increased adjusted funds from operations ("AFFO") per unit (diluted) 4.8% to $0.22, compared to $0.21 in Q3-2017.
- Achieved same property NOI growth of 3.9% over Q3-2017.

	Three months ended September 30,			***Nine months ended September 30,***		
(000's)	**2018**	2017	Change	**2018**	2017	Change
Property revenue	**$55,532**	$48,595	14.3%	**$157,919**	$138,798	13.8%
Net operating income	**$36,484**	$31,746	14.9%	**$98,823**	$85,473	15.6%
Net income	**$27,120**	$14,649	85.1%	**$130,899**	$66,910	95.6%
FFO (1)	**$23,355**	$19,963	17.0%	**$61,198**	$51,805	18.1%
FFO per unit (diluted) (1)	**$0.26**	$0.25	4.0%	**$0.71**	$0.67	6.0%
AFFO per unit (diluted) (1)	**$0.22**	$0.21	4.8%	**$0.58**	$0.53	9.4%
AFFO payout ratio (diluted) (1) (2)	**73%**	75%	(200) bps	**83%**	86%	(300) bps
Same property apartment occupancy (3)	**97.1%**	97.1%	— bps			
Same property revenue growth	**3.1%**			**3.7%**		
Same property net operating income growth	**3.9%**			**4.9%**		

(1) FFO and AFFO are defined in non-IFRS measures below. A reconciliation between net income and FFO is included on page 21 of the Q3-2018 Management Discussion and Analysis. A reconciliation from FFO to AFFO is included on page 22 of the Q3-2018 Management Discussion and Analysis.

(2) AFFO calculation is based on the rolling 12-month.

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

Debt Metrics As At	**September 30, 2018**	December 31, 2017	Change
Debt to total assets	**49.1%**	48.7%	40 bps
Weighted average mortgage interest rate	**2.94%**	2.91%	3 bps
Weighted average years to debt maturity	**4.5**	4.0	0.5 years
Interest coverage ratio	**3.16x**	3.13x	1.0%

Summary of Q3-2018 Results and Operations

FFO Growth per Unit of 4.0% and AFFO Growth per Unit of 4.8%
Killam generated FFO per unit of $0.26 in Q3-2018, 4.0% higher than $0.25 generated in Q3-2017, due primarily to the impact of $287 million of acquisitions completed in the last 12 months and 3.9% NOI growth from the existing portfolio. This growth was partially offset by a 13.4% increase in the weighted average number of units outstanding from an aggregate $134.6 million of equity issued in November 2017 and June 2018, along with higher interest expense.

AFFO per unit increased 4.8% in Q3-2018 to $0.22 compared to $0.21 in Q3-2017. The increase in AFFO per unit is attributable to Killam's accretive acquisition growth, same property NOI and the addition of newer high-quality assets to the portfolio, which require lower maintenance capital.

Portfolio Growth from Acquisitions
During the third quarter of 2018, Killam completed $102.4 million in acquisitions. Along with the purchase of a 137-site, 22-acre seasonal MHC property located in Carleton Place, ON in July, Killam added an additional 345 new apartment units to its portfolio in Q3. In August, Killam invested $47.0 million in a 178-unit multi-residential property in Edmonton, AB and $22.4 million in a 107-unit multi-residential property in Charlottetown, PE. In September 2018, Killam purchased a new 60-unit, five-storey, concrete apartment building located in Ottawa, ON for $20.7 million. These newly constructed properties contributed positively to FFO in the quarter and support Killam's strategy to expand the portfolio geographically, with an emphasis on newer properties.

Increasing Rental Rates Drive Same Property Revenue Growth
Same property revenue increased 3.1% compared to Q3-2017 as a result of a 2.5% increase in the average rental rate for the apartment portfolio, continued strong occupancy, a 30 bps decrease in rental incentives and 1.9% top-line growth within the MHC portfolio. With continued high occupancy levels, Killam believes there is an opportunity to move rental rates to meet market demand. Rental rates on unit turns and lease renewals both continue to improve, averaging 5.0% and 1.7% year-to-date, compared to 3.4% and 1.0% for the same periods of 2017.

Continued Strong Rental Demand in the Maritime Provinces Resulting in Strong NOI Growth
Rental rate growth was again strong in all the Maritime provinces, ranging from 2.5%–2.8% growth for same properties. Same property occupancy in the Maritime region was 97.7%, the highest occupancy for the third quarter in Killam's history. Same property revenue growth in Atlantic Canada included 4.8%, 4.9% and 5.7% in Moncton, Fredericton and Saint John, respectively, driving solid NOI growth of 8.7% for the combined New Brunswick cities in Q3-2018.

Modest Same Property Expense Growth of 1.7%
Killam's same property total operating expenses increased only 1.7% for Q3-2018, compared to Q3-2017. A 3.0% savings in utility and heating costs due to lower natural gas prices in Ontario and reduced consumption as Killam continues to reap the benefits from efficiency projects installed in the past two years offset by inflationary increases and timing in general operating expenses. Property tax expense remained relatively flat quarter-over-quarter as rising property assessments were offset by successful tax assessment appeals.

Higher NOI Drives Fair Value Gains
Killam recorded $14.7 million of fair value gains related to its investment property portfolio during the quarter. These fair value gains were attributable primarily to higher rental rates and NOI across Killam's core markets, and strong market fundamentals driving slight cap-rate compression in Killam's New Brunswick markets. Killam's weighted average cap-rate for its apartment portfolio is 5.19% and for MHCs is 6.77%.

Repositioning Program Contributing to NOI and NAV Growth
Killam's expanded unit repositioning program is on track to meet its budgeted investment of $3.0 million in 2018. Year-to-date, repositionings have generated monthly rental lifts averaging $253 per unit, resulting in an average return on investment ("ROI") of approximately 15%, based on an average cost of $22,000 per unit. Killam targets completing 200 repositionings during the year and estimates 2018 repositionings could generate an additional $0.6 million in NOI on an annualized basis and $11 million in net asset value ("NAV") growth.

Robust Development Activity Continues
The Alexander, Killam's 240-unit development in Halifax, NS, reached substantial completion on October 1, 2018. The property is currently 77% occupied and 92% leased, with the expectation to be fully leased by the end of the year.

Killam added to its development pipeline in Q3 with two purchases of development land in Charlottetown, a 1.9-acre downtown waterfront site (zoned for 99 units) for $2.2 million and a 1.2-acre waterfront site (zoned for 78 units) for $1.2 million. As well, Killam increased its multi-family development potential in Waterloo with the purchase of an additional 16,500 square-foot development site on Erb Street for $2.3 million, expanding the area of the Westmount residential development opportunity by 0.38 acres to 2.4 acres. Increased ownership in properties adjacent to Westmount Place is expected to allow for greater density and flexibility with Killam's future multi-phase residential Westmount development, increasing the overall development opportunity from 560 units to approximately 800 units.

Management's Comments

"We are pleased to report another quarter of strong operating and financial results" noted Philip Fraser, President and CEO. "We have made significant progress on our three strategic priorities to grow both earnings and NAV per unit and are ending 2018 with earnings momentum, an expanded portfolio and strong market fundamentals.

With high occupancy and increasing rental rates, we have achieved same property NOI growth of 4.9% year-to-date and are on track to meet the high end of our annual NOI target. In addition, we have completed $270.9 million of acquisitions so far this year, making 2018 the largest acquisition year in Killam's history. We have added high-quality new product in Edmonton, Calgary, Ottawa and Charlottetown, and continue to look for opportunities to expand the portfolio and diversify geographically.

I'm also pleased to report strong leasing activity at the recently completed Alexander development in downtown Halifax. With 92% of the units now leased, we expect the 240-unit property to be fully occupied by Q1-2019. The Alexander marks our tenth apartment development. In total, we have built 1,200 units since commencing our development program in 2010. With a robust development pipeline of over 2,800 units, Killam is well positioned to continue to grow unitholder value through its development program."

Financial Summary (in thousands, except per unit amounts)

The following chart provides Killam's consolidated financial highlights for the three and nine months ended September 30, 2018, and 2017, per International Financial Reporting Standards (IFRS). A reconciliation of net income to FFO is also provided. FFO is an industry-standard measure of real estate entities operating performance, and REALpac, Canada's national industry association for owners and managers of investment real estate, has recommended guidelines for the calculation of FFO based on IFRS. Killam calculates FFO in accordance with the REALpac definition, with the exception of the add-back of REIT conversion costs. Notwithstanding the foregoing, FFO does not have a standardized meaning under IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies.

Consolidated Financial Highlights (unaudited)	***Three months ended September 30,***		***Nine months ended September 30,***	
(000's)	**2018**	2017	**2018**	2017
Property revenue	**$55,532**	$48,595	**$157,919**	$138,798
Net operating income	**36,484**	31,746	**98,823**	85,473
Fair value adjustments	**(9,594)**	1,820	**($91,818)**	($28,173)
Net income	**27,120**	14,649	**130,899**	66,910
Net income attributable to unitholders	**27,121**	14,645	**130,887**	66,900

Reconciliation of Net Income to FFO	***Three months ended September 30,***		***Nine months ended September 30,***	
	2018	2017	**2018**	2017
Net income	**$27,120**	$14,649	**$130,899**	$66,910
Fair value adjustments	**(9,594)**	1,820	**(91,818)**	(28,173)
Loss on disposition	**—**	—	**183**	238
Non-controlling interest	**1**	(4)	**(12)**	(10)
Internal commercial leasing costs	**66**	—	**66**	—
Deferred tax expense	**5,207**	3,063	**20,055**	11,022
Interest expense related to exchangeable units	**609**	599	**1,826**	1,784
Unrealized (gain) loss on derivative liability	**(86)**	(206)	**(116)**	(327)
Depreciation on owner-occupied building	**32**	42	**115**	125
REIT conversion costs	**—**	—	**—**	236
FFO	**$23,355**	$19,963	**$61,198**	$51,805
FFO unit - diluted	**$0.26**	$0.25	**$0.71**	$0.67

Financial Statements
Killam's condensed consolidated interim Financial Statements and Management's Discussion and Analysis for the three and nine months ended September 30, 2018, are posted under Financial Reports in the Investor Relations section of Killam's website at www.killamreit.com. Readers are directed to these documents for financial details and a discussion of Killam's results.

Results Conference Call
Management will host a webcast and conference call to discuss these results and current business initiatives on Thursday, November 8, 2018, at 10:00 AM eastern time. The webcast will be accessible on Killam's website at the following link http://www.killamreit.com/investor-relations/events-and-presentations. A replay will be available for 14 days after the webcast at the same link.

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

Profile
Killam Apartment REIT, based in Halifax, Nova Scotia, is one of Canada's largest residential landlords, owning, operating, managing and developing a $2.7 billion portfolio of apartments and manufactured home communities. Killam's strategy to enhance value and profitability focuses on three priorities: 1) increasing earnings from existing operations, 2) expanding the portfolio and diversifying geographically through accretive acquisitions, with an emphasis on newer properties, and 3) developing high-quality properties in its core markets.

Non-IFRS Measures
Management believes the below non-IFRS financial measures are relevant measures of the ability of the REIT to earn revenue and to evaluate Killam's financial performance. The non-IFRS measures should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS, as indicators of Killam's performance, or

sustainability of Killam's distributions. These measures do not have standardized meanings under IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded organizations.

- FFO, and applicable per unit amounts, are calculated by Killam as net income adjusted for depreciation on an owner-occupied building, fair value gains (losses), interest expense related to exchangeable units, gains (losses) on disposition, deferred tax expense (recovery), unrealized gains (losses) on derivative liability, internal commercial leasing costs, REIT conversion costs and non-controlling interest. FFO are calculated in accordance with the REALpac definition, except for the adjustment of REIT conversion costs as noted above.
- AFFO, and applicable per unit amounts and payout ratios, are calculated by Killam as FFO less an allowance for maintenance capital costs, (a three-year rolling historical average capital spend to maintain and sustain Killam's properties), internal commercial leasing costs and straight-line commercial rents. AFFO are calculated in accordance with the REALpac definition. Management considers AFFO an earnings metric.
- Same property results in relation to Killam are revenues and property operating expenses for stabilized properties that Killam has owned for equivalent periods in 2018 and 2017. Same property results represent 80% of the fair value of Killam's investment property portfolio as at September 30, 2018. Excluded from same property results in 2018 are acquisitions, dispositions and developments completed in 2017 and 2018 as well as non-stabilized commercial properties linked to development projects.
- Interest coverage is calculated by dividing earnings before interest, tax, depreciation, gain or loss on disposition and fair value adjustments by interest expense adjusted for interest expense related to exchangeable units.

See the Q3-2018 Management's Discussion and Analysis for further details on these non-IFRS measures.

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