August 8, 2018
Halifax, Nova Scotia

KILLAM APARTMENT REIT REPORTS Q2-2018 RESULTS, INCLUDING STRONG OPERATING PERFORMANCE, HISTORIC LOW DEBT LEVELS AND $51 MILLION OF ACQUISITIONS

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

Q2-2018 Financial Highlights

- Reported net income of $34.9 million compared to $34.6 million in Q2-2017.
- Generated net operating income ("NOI") of $33.9 million, a 17.8% increase from $28.8 million in Q2-2017.
- Earned funds from operations ("FFO") per unit (diluted) of $0.25, an 8.7% increase from Q2-2017.
- Increased adjusted funds from operations ("AFFO") per unit (diluted) 5.3% to $0.20, compared to $0.19 in Q2-2017.
- Achieved same property NOI growth of 6.0% over Q2-2017.
- Strengthened balance sheet, ending the quarter with an historic low debt to total asset ratio of 48.0%, and $250 million in acquisition capacity.

	Three months ended June 30,			*Six months ended June 30,*		
(000's)	**2018**	2017	Change	**2018**	2017	Change
Property revenue	**$52,937**	$45,898	15.3%	**$102,386**	$90,203	13.5%
Net operating income	**$33,916**	$28,785	17.8%	**$62,340**	$53,727	16.0%
Net income	**$34,864**	$34,611	0.7%	**$103,778**	$52,260	98.6%
FFO (1)	**$21,035**	$18,173	15.7%	**$37,842**	$31,841	18.8%
FFO per unit (diluted) (1)	**$0.25**	$0.23	8.7%	**$0.45**	$0.42	7.1%
AFFO per unit (diluted) (1)	**$0.20**	$0.19	5.3%	**$0.36**	$0.32	12.5%
AFFO payout ratio (diluted) (1) (2)	**79%**	84%	(500) bps	**88%**	95%	(700) bps
Same property apartment occupancy (3)	**96.9%**	96.0%	90 bps			
Same property revenue growth	**4.1%**			**4.1%**		
Same property net operating income growth	**6.0%**			**5.5%**		

(1) FFO and AFFO are defined in non-IFRS measures below. A reconciliation between net income and FFO is included on page 24 of the Q2-2018 Management Discussion and Analysis. A reconciliation from FFO to AFFO is included on page 26 of the Q2-2018 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	**June 30, 2018**	December 31, 2017	Change
Debt to total assets	**48.0%**	48.7%	(70) bps
Weighted average mortgage interest rate	**2.92%**	2.91%	1 bps
Weighted average years to debt maturity	**4.3**	4.0	0.3 years
Interest coverage ratio	**3.18x**	3.13x	1.6%

Summary of Q2-2018 Results and Operations

FFO Growth per Unit of 8.7%
Killam generated FFO per unit of $0.25 in Q2-2018, 8.7% higher than $0.23 generated in Q2-2017, due primarily to strong 6.0% NOI growth from the existing portfolio and the impact of $227.7 million of accretive acquisitions completed in the last 12 months. This growth was partially offset by an 8.8% increase in the weighted average number of units outstanding from an aggregate $134.6 million issued in November 2017 and June 2018 equity raises, along with higher administration costs.

Higher Rental Rates and Occupancy Gains Drive Same Property Revenue Growth
Same property revenue increased 4.1% compared to Q2-2017 as a result of a 2.4% increase in the average rental rate for the apartment portfolio, a 90 bps increase in average apartment occupancy, a 30 bps decrease in rental incentives and 4.3% top-line growth within the MHC portfolio. With continued high occupancy levels, there is opportunity to move rental rates to meet market demand. Rental rate increases on unit turns and lease renewals averaged 4.9% and 1.6%, during the first half of 2018, compared to 3.3% and 0.6% during the first half of 2017.

Continued Strong Rental Demand in Atlantic Canada
Same property occupancy increased in all Killam's core markets in Atlantic Canada in Q2-2018. Occupancy in the Atlantic region was 97.1%, the highest occupancy in the second quarter in Killam's history. Same property revenue growth in Q2-2018 in Atlantic Canada included a 4.1% increase in Halifax and an average 5.3% increase in New Brunswick ("NB").

Focused Expense Management Results in Modest Same Property Expense Growth
Killam's same property total operating expenses increased only 0.9% for Q2-2018, compared to Q2-2017. A 4.3% increase in utility and heating costs due to higher gas prices in Nova Scotia and NB, and higher fuel consumption due to a colder spring, were offset by savings in general operating expenses, including lower insurance premiums and savings in contract services. Property tax expense decreased slightly quarter-over-quarter as rising property taxes were offset by successful tax assessment appeals.

Higher NOI Drives Fair Value Gains
Killam recorded $24.4 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 across Killam's core markets. Killam's weighted average cap-rate for its apartment portfolio is 5.22% and 6.82% for MHCs.

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 $245 per unit resulting in an average return on investment ("ROI") of approximately 15%, based on an average cost of $20,000 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 growth.

Strengthened Balance Sheet with $250 million of Acquisition Capacity
Killam completed a $57.5 million equity raise in June 2018 at a price of $14.95 per unit. Proceeds were used to repay $30.5 million outstanding on its credit facility and to fund acquisitions. The equity raise and subsequent repayment of the credit facility, contributed to a reduction in Killam's debt levels, ending the quarter at a historic low of 48.0% to total assets. With the credit facility balance repaid during the quarter and $36.3 million of cash on hand, Killam has an estimated acquisition capacity of $250 million.

Saginaw Park Development Complete
Killam's development, Saginaw Park, located in Cambridge, ON, reached substantial completion in April 2018 and is currently 79% leased and is expected to be fully leased by the end of the year. It was completed at a yield of 5.2%, a 95 bps premium over the market cap-rate, leading Killam to recognize $4.9 million in fair value gains on this property.

Q3-2018 Acquisitions

Subsequent to quarter end, Killam acquired, or committed to acquire, a total of $51.0 million of properties, including assets in Edmonton, Calgary and Ontario.

Killam has agreed to purchase a new 178-unit property located in Edmonton, Alberta. The Vibe Lofts, located at 10620-116th Street NW, was completed in September 2017 and is currently 78% occupied. The property offers tenants condo-quality finishes, 10-foot ceilings and a variety of in-house amenities, including a collaboration lounge, yoga studio, gym and roof-top patio. The average monthly rent is $1,440 ($2.35 per square foot). The purchase price of $47.0 million will be funded with a new 10-year, CMHC $35.3 million mortgage with an interest rate of 3.21% and the balance with cash on hand. The purchase is expected to close mid-August.

On July 17, 2018, Killam acquired a 137-site, 22 acre seasonal MHC property located in Carleton Place, Ontario for $2.0 million. This seasonal property is adjacent to Killam's Lakewood Estates MHC.

On July 27, 2018, Killam acquired a 10% interest in a 13.6-acre development site in Nolan Hill, a luxury suburb located in Northwest Calgary, Alberta for $2.0 million. The site is zoned for 829 units and Killam has agreed to purchase the first phase (233 units) at a purchase price of $55.0 million ($236,000 per unit) when completed in 2020. Killam will be responsible for the lease-up of the building and will take possession upon completion. This agreement also provides Killam with first right to purchase the remaining three phases of the project. Pricing for the remaining phases will be based upon market conditions at the time of purchase. The site in Nolan Hill is well-positioned to provide tenants with convenient access to a variety of amenities and shopping destinations.

These transactions increase Killam's year-to-date acquisitions to $175.0 million. Following these acquisitions, Killam forecasts approximately 29% of its annualized NOI to be generated outside Atlantic Canada.

Management's Comments

"The second quarter of 2018 produced another quarter of strong results" noted Philip Fraser, President and CEO. "We realized strong NOI growth across all regions, driven by rental rate growth and positive occupancy gains. We reported a 2.4% average increase in rents in Q2-2018, which is 80 basis points higher than Q2-2017. In addition, our focused expense management program is keeping operating expense growth at a minimum. Following a successful first half of the year, and a positive forward outlook, we have increased our NOI growth forecast for the year to 3% - 5%."

"We are pleased to announce our recently completed and upcoming acquisitions. We are increasing our presence in Alberta with the addition of the newly complete Vibe Lofts. In addition, the 10% interest in the Nolan Hill development and our future purchase of phase I, is a unique opportunity to acquire new product in the future and build partnerships in western Canada."

"In addition, we added a 137-site seasonal park in Ontario. This asset sits adjacent to Killam's Lakewood Estates in Carleton Place, allowing us to easily absorb the management through our current platform."

"With these acquisitions completed and an active acquisition pipeline, 2018 is shaping up to be one of the largest acquisition years in Killam's history. We expect to complete a minimum of $225 million in acquisitions this year as we continue to look for opportunities to grow the portfolio and diversify geographically."

Financial Summary (in thousands, except per unit amounts)

The following chart provides Killam's consolidated financial highlights for the three and six months ended June 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 June 30,***		***Six months ended June 30,***	
(000's)	**2018**	2017	**2018**	2017
Property revenue	**$52,937**	$45,898	**$102,386**	$90,203
Net operating income	**33,916**	28,785	**62,340**	53,727
Fair value adjustments	**(19,958)**	(22,127)	**($82,224)**	($29,993)
Net income	**34,864**	34,611	**103,778**	52,260
Net income attributable to unitholders	**34,858**	34,609	**103,764**	52,254

Reconciliation of Net Income to FFO	***Three months ended June 30,***		***Six months ended June 30,***	
	2018	2017	**2018**	2017
Net income	**$34,864**	$34,611	**$103,778**	$52,260
Fair value adjustments	**(19,958)**	(22,127)	**(82,224)**	(29,993)
Loss on disposition	**—**	238	**183**	238
Non-controlling interest	**(6)**	(4)	**(14)**	(6)
Deferred tax expense	**5,480**	4,872	**14,849**	7,959
Interest expense related to exchangeable units	**613**	599	**1,218**	1,185
Unrealized (gain) loss on derivative liability	**1**	(147)	**(31)**	(121)
Depreciation on owner-occupied building	**41**	49	**83**	83
REIT conversion costs	**—**	82	**—**	236
FFO	**$21,035**	$18,173	**$37,842**	$31,841
FFO unit - diluted	**$0.25**	$0.23	**$0.45**	$0.42

Financial Statements

Killam's condensed consolidated interim Financial Statements and Management's Discussion and Analysis for the three and six months ended June 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, August 9, 2018, at 9:00 AM EDT. 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 $2.5 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, 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, representing a three-year rolling historical average capital spend to maintain and sustain Killam's properties. 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 83% of the fair value of Killam's investment property portfolio as at June 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 Q2-2018 Management's Discussion and Analysis for further details on these non-IFRS measures.

For information, please contact:
Nancy Alexander, CPA, CA
Senior Director, Investor Relations & Performance Analytics
nalexander@killamREIT.com
(902) 442-0374

*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.*