



2017
Results
Conference Call

February 14, 2018
11am Eastern



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.



2017 Highlights – Achieved Strategic Targets

-
-  **Grow Same Property NOI by 1% to 3%** 3.6% Same Property NOI growth.

 -  **Acquire a minimum of \$75 million of assets** \$200 million of acquisitions.

 -  **Focus 75% of acquisitions and 23% of 2017 NOI outside Atlantic Canada** 75% of acquisitions completed and 23% of NOI outside Atlantic Canada in 2017.

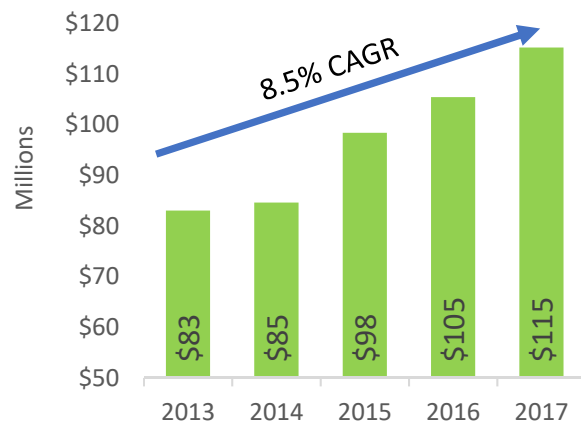
 -  **Progress developments on schedule**
 - Saginaw Park and Gloucester developments on schedule.
 - The Alexander is slightly delayed but remains on track to open in 2018.

 -  **Reduce debt as a percentage of assets** 48.7% debt to assets ratio is 480 basis points lower than December 31, 2016.

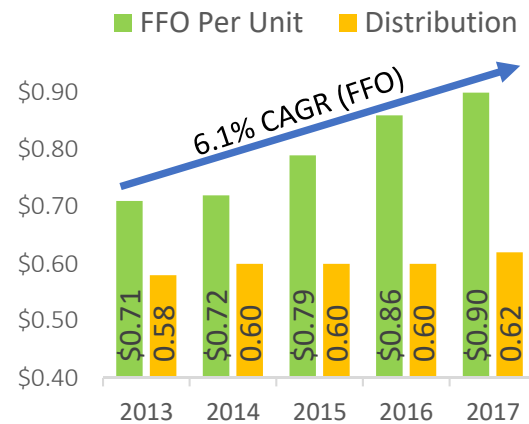
2017 Financial Highlights – Five Years of Growth



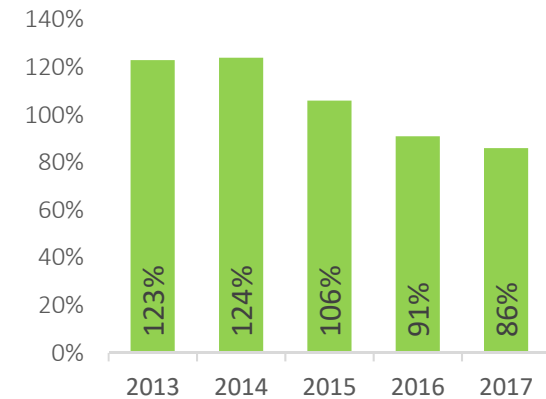
Net Operating Income



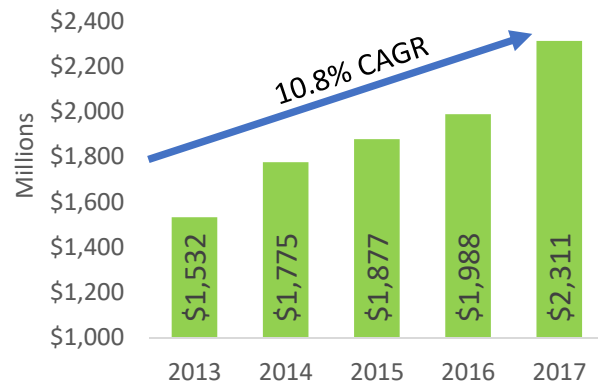
FFO & Distribution Per Unit



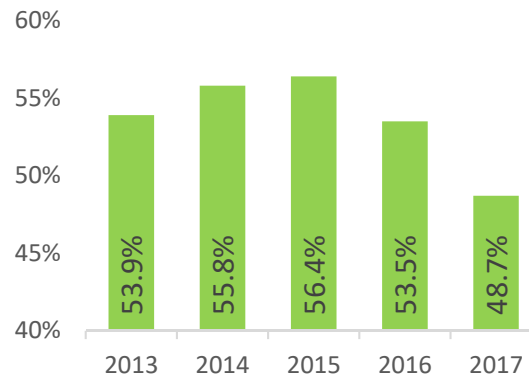
AFFO Payout Ratio¹



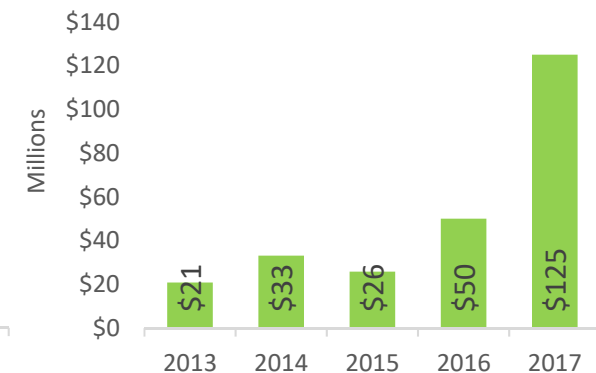
Total Assets



Debt as a % of Assets



Liquidity²



¹ AFFO payout ratio for 2017 calculated using a maintenance capex reserve of \$900/unit for apartments. AFFO payout ratio for 2013 – 2016 calculated using a maintenance capex reserve of \$970/unit for apartments.

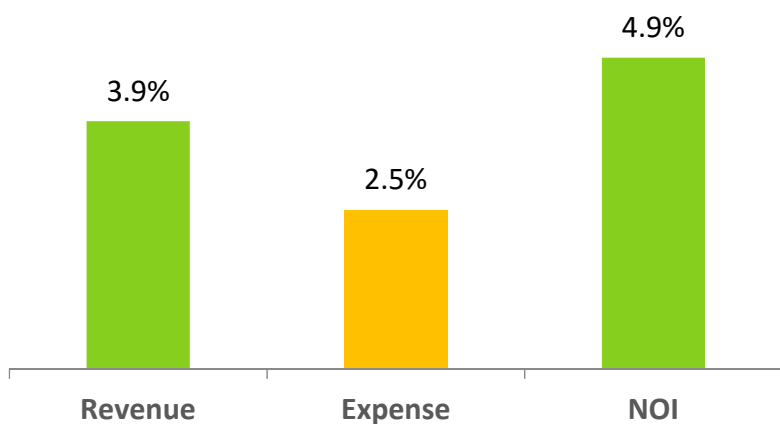
² Pro-forma liquidity at December 31, 2017, includes pending mortgage financings that were arranged, but had not closed at December 31, 2017.

Q4-2017 Financial Highlights

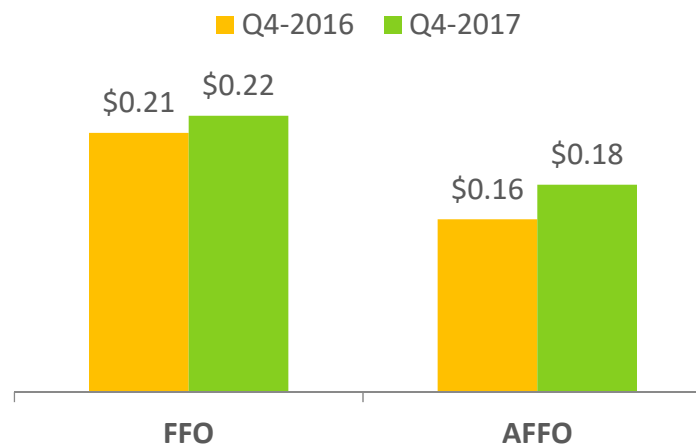
- Generated FFO per unit of \$0.22 versus \$0.21 in Q4-16.
- Produced AFFO per unit of \$0.18 compared to \$0.16 in Q4-16.
- Increased rental revenue 3.9% for the quarter.
- Managed operating expense increases to 2.5% for the quarter.
- Achieved same property NOI growth of 4.9% in Q4-17.

Same Property Portfolio Performance

For the quarter ended December 31, 2017



Q4 FFO & AFFO Per Unit

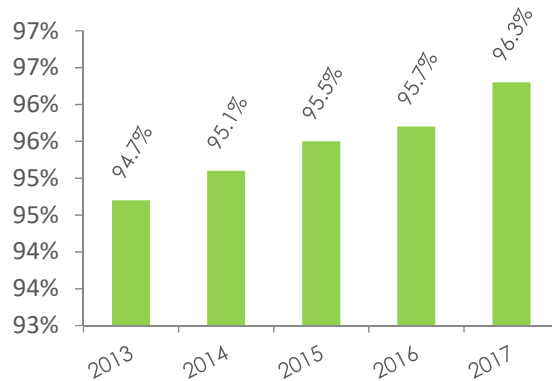


2017 Financial Highlights

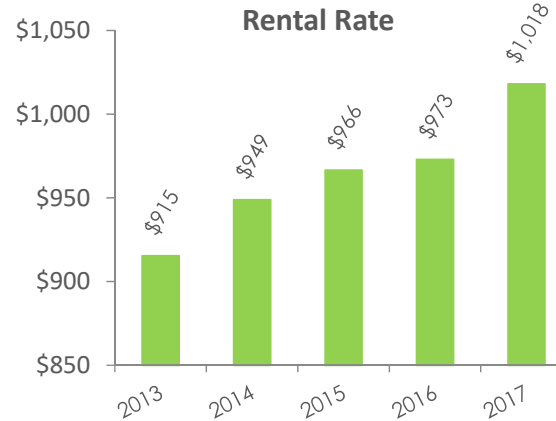
Increasing earnings from existing operations through revenue growth.

- Strong occupancy – 2017 economic occupancy was amongst Killam’s highest.
- Rising rental rates – Rate increases on renewals and turns averaged 1.8% in 2017.
- Reduced incentives – Managing inducements in a low vacancy environment.

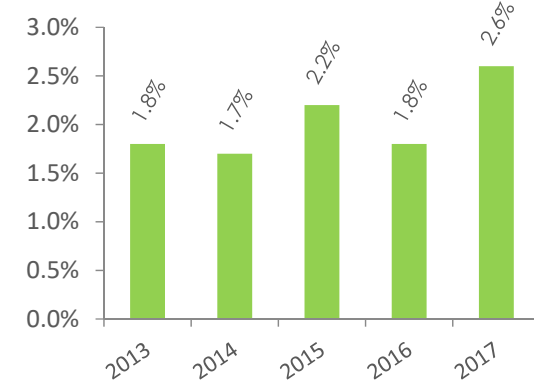
Apartment Occupancy¹



Apartment Average Monthly Rental Rate



Historic Same Property Revenue Growth



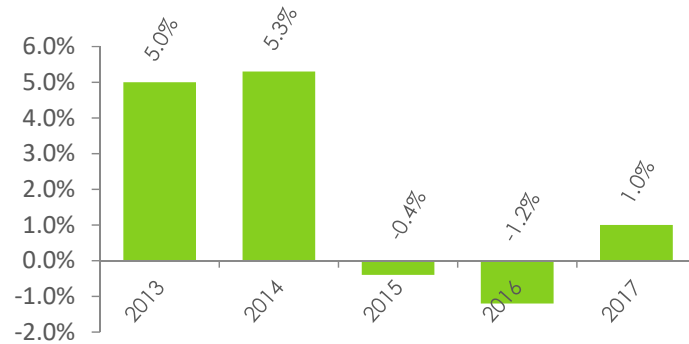
¹ Measured as dollar vacancy versus point-in-time unit count vacancy.

2017 Financial Highlights

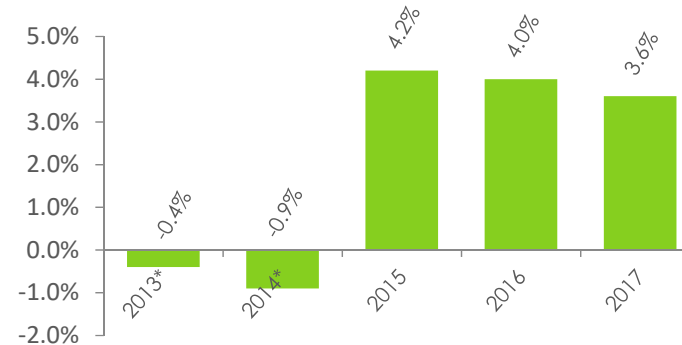
Increasing earnings from existing operations through expense management.

- Energy and water conservation initiatives – \$3.5 million of investment in 2017.
- Inflationary R&M cost pressures.
- Rising property taxes.

Same Property Expense Growth



Same Property NOI Growth

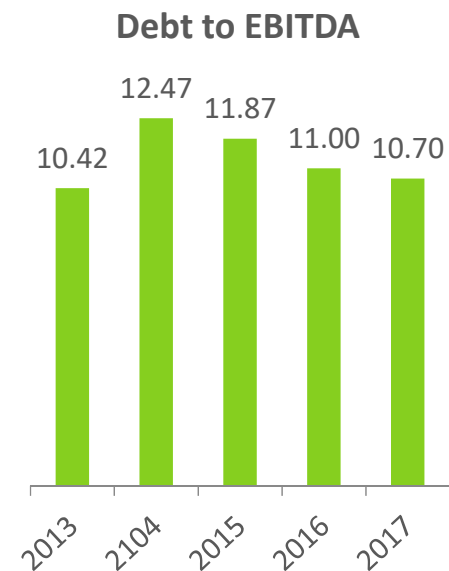
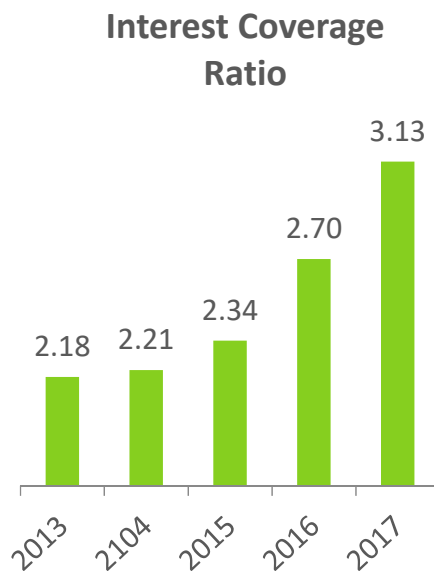
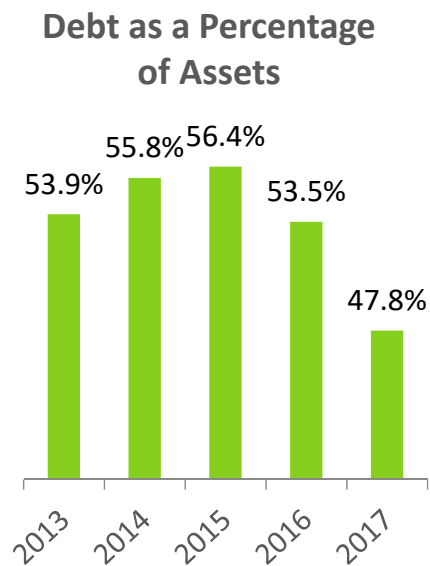


* Record high natural gas prices in Atlantic Canada impacted expense and NOI growth in 2013 & 2014.

2017 Financial Highlights

Managing operations to reduce leverage.

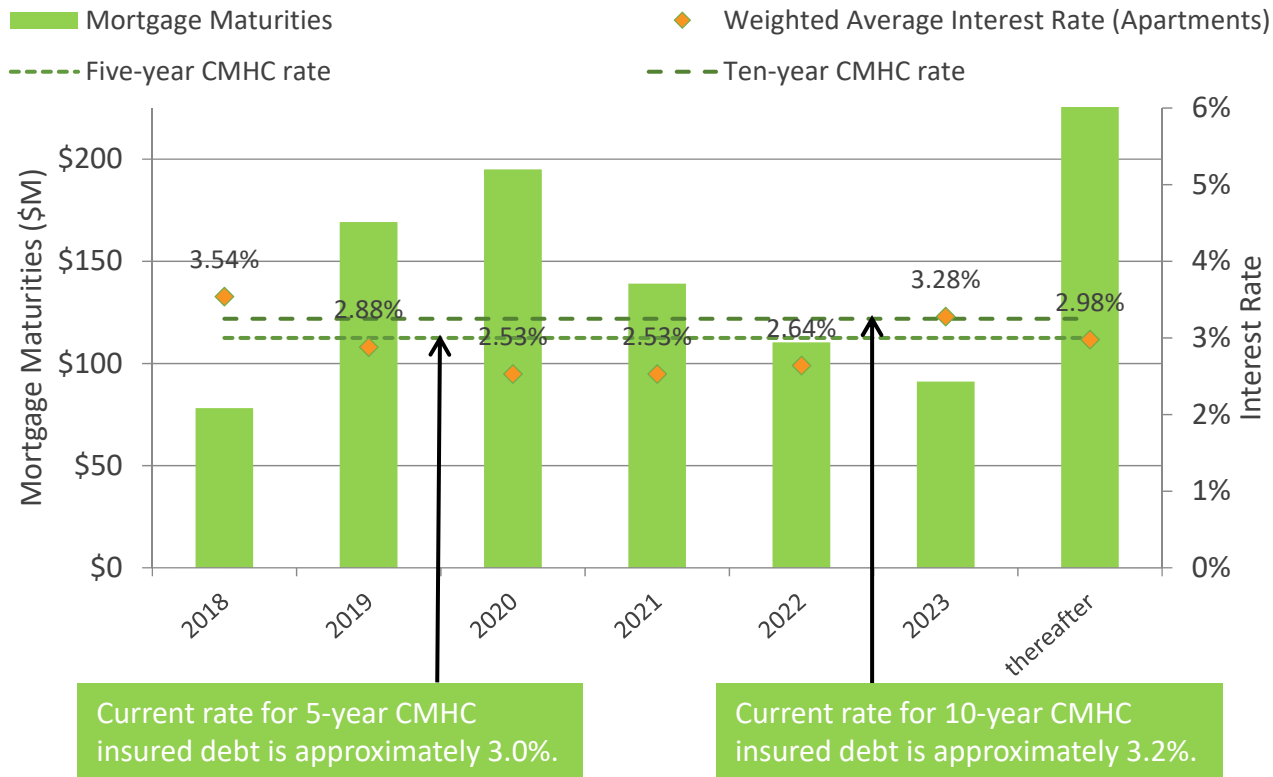
- Redeemed convertible debentures.
- Increasing unencumbered assets.



2017 Financial Highlights

Apartment Mortgage Maturities by Year

As at December 31, 2017



Current Weighted Average Interest Rate of 2.91%

80% of Apartment Mortgages CMHC Insured

Weighted Average Term to Maturity of 4.0 years

Clearly Defined Strategy to Grow FFO & NAV

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

Increase earnings from existing portfolio.



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.



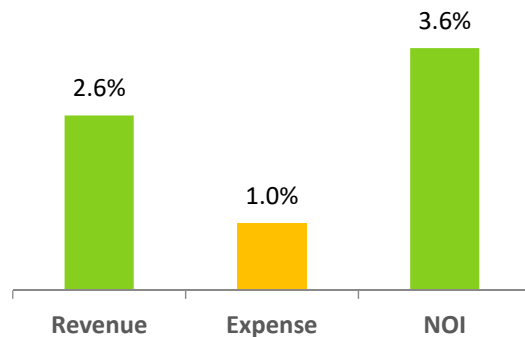
The Alexander, Halifax

Increasing Revenues to Grow NOI

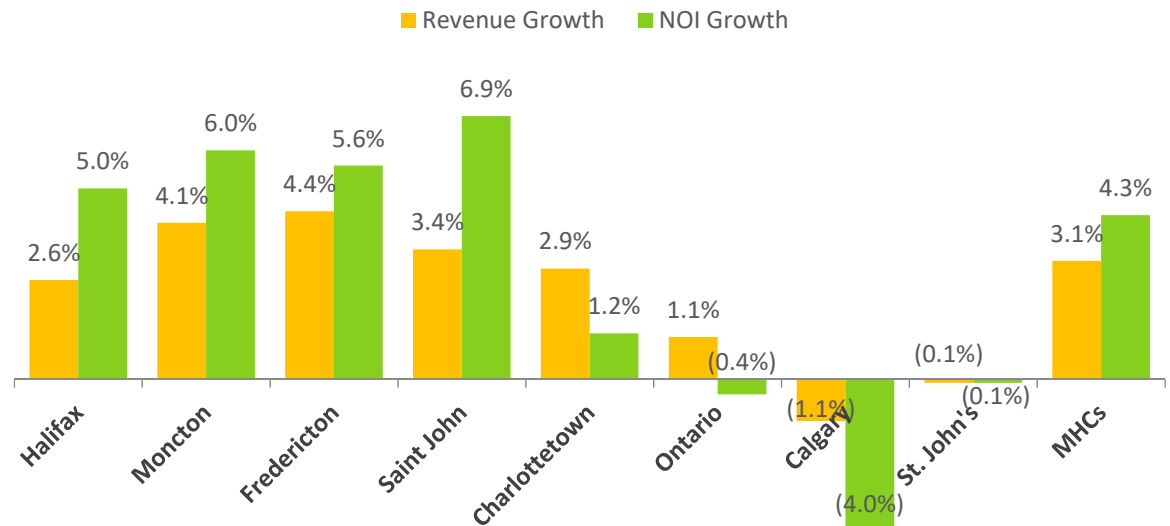
Same Property NOI grew by 3.6% during 2017

- 2.6% increase in revenues due to strong performance in New Brunswick, Nova Scotia and PEI.
- Modest increase in expenses as utility savings from efficiency initiatives and lower rates were offset by property tax increases and inflationary cost pressures.

2017 Same Property Performance



2017 Results by Market

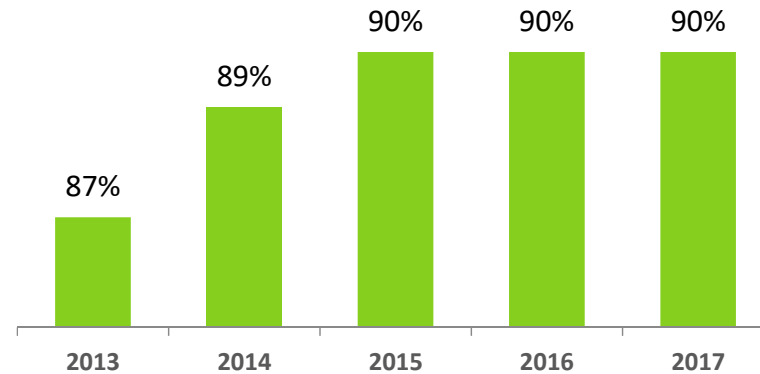


Increasing Revenues to Grow NOI

Driving revenues through tenant satisfaction.

- Killam surveys tenants each year to gauge their satisfaction.
 - ~3,000 residents responded to questions on unit quality and customer service.
 - Surveys administered by Corporate Research Associates.
- Overall satisfaction rating of 90% for the last three years.

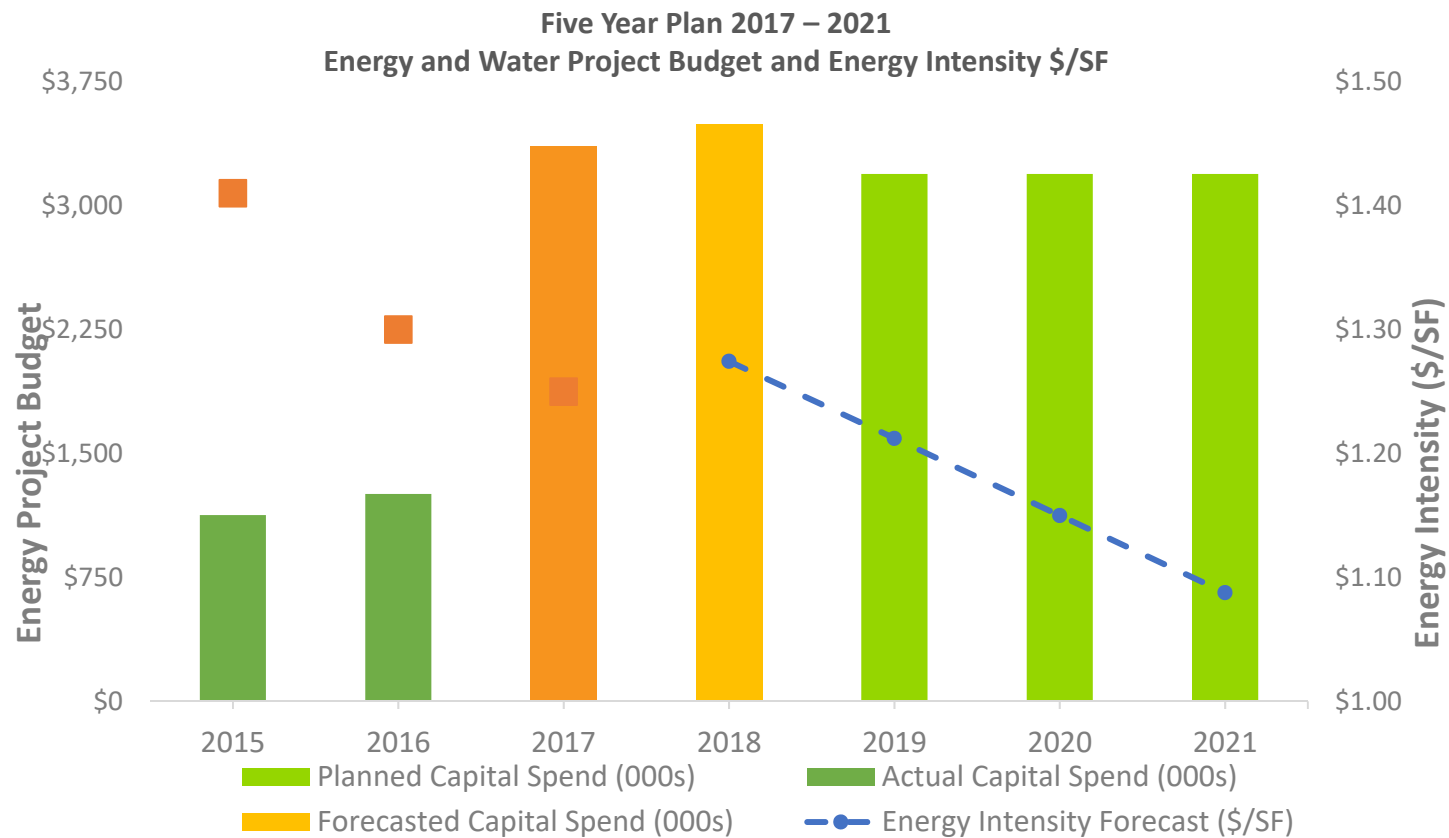
Satisfaction with Killam as a Landlord



Managing Expenses to Grow NOI

Killam has invested \$5 million to date in efficiency projects, including 8,300 low-flow toilets installs, boiler upgrades and lighting retrofits.

- Average energy intensity for 2017 was \$1.25/sf as Killam benefitted from reduced consumption and price reductions.

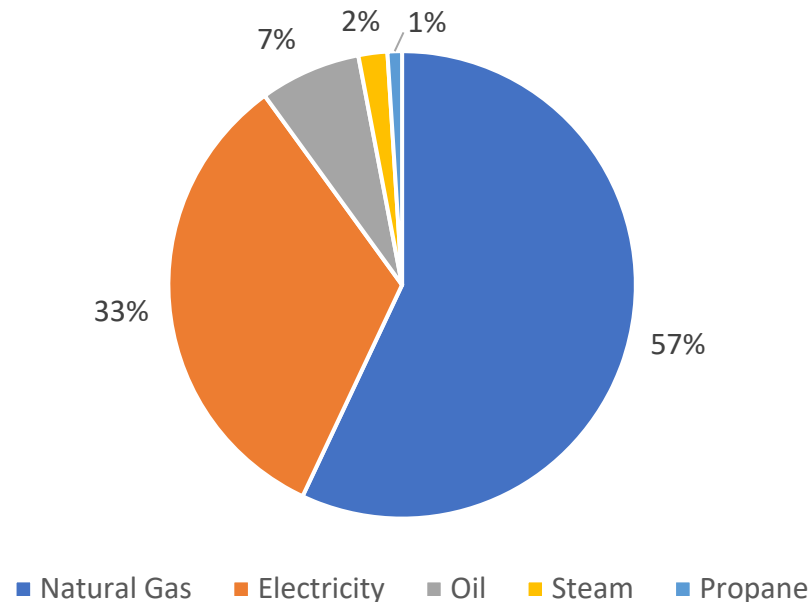


Managing Expenses to Grow NOI

Heating costs account for approximately 30% of Killam's total operating expenses.

- Natural gas is the heating fuel for 57% of Killam's units.
- Focus on efficiency initiatives to reduce consumption.
 - Recent projects include boiler upgrades and envelope repairs.
- Hedging program to manage commodity cost volatility.
 - Approximately 80% of pricing is fixed for the 2017-2018 heating season.

Heating Fuel by Unit Count



Recap of 2017 Acquisitions

Killam invested \$200 million to grow its portfolio in 2017

- Purchased ~850 units in Alberta, Ontario and Nova Scotia for \$184 million.
 - Average stabilized cap-rate on acquisitions of 5.4%.
- Acquired development sites for 600 units for \$12 million.

Property	City	Units	Acquisition Cost (\$ millions)
Spruce Grove	Calgary, AB	66	\$12.8
Kanata Lakes	Ottawa, Ont	134	\$49.2
Innovation Drive	Halifax, NS	134	\$31.6
Waybury Park and Tisbury Crossing	Edmonton, AB	296	\$67.5
Stoney Brook	Halifax, NS	106	\$13.0
Fairview Terrace	London, ON	106	\$8.5
Southport Condos	Halifax, NS	5	\$1.1
Total Apartment Acquisitions		847	\$183.7
Cameron Heights - Development Land	Edmonton, AB		\$4.1
1459 Hollis Street - Commercial	Halifax, NS		\$4.6
Gloucester - Development Land	Ottawa, Ont		\$8.0
Total Acquisitions		847	\$200.4

Stoney Brook, Halifax & Fairview Terrace, London

Stoney Brook Description:

106 units

Average rent – \$971/month (\$0.91/sf)

Current occupancy – 94% leased

Location:

155 Stoney Brook Court

Acquisition Details:

\$13.0 million (\$122,000/unit)

5.6% capitalization rate

Fairview Terrace Description:

106 units over eight buildings

Average rent – \$700/month

Current occupancy – 99% leased

Location:

295 – 321 Westminster Avenue

Acquisition Details:

\$8.5 million (\$80,200/unit)

5.1% capitalization rate



Description:

110 units & 4,500 sf of commercial space

Average rent – \$1,810/month (\$2.00/sf)

Current occupancy – 97% leased

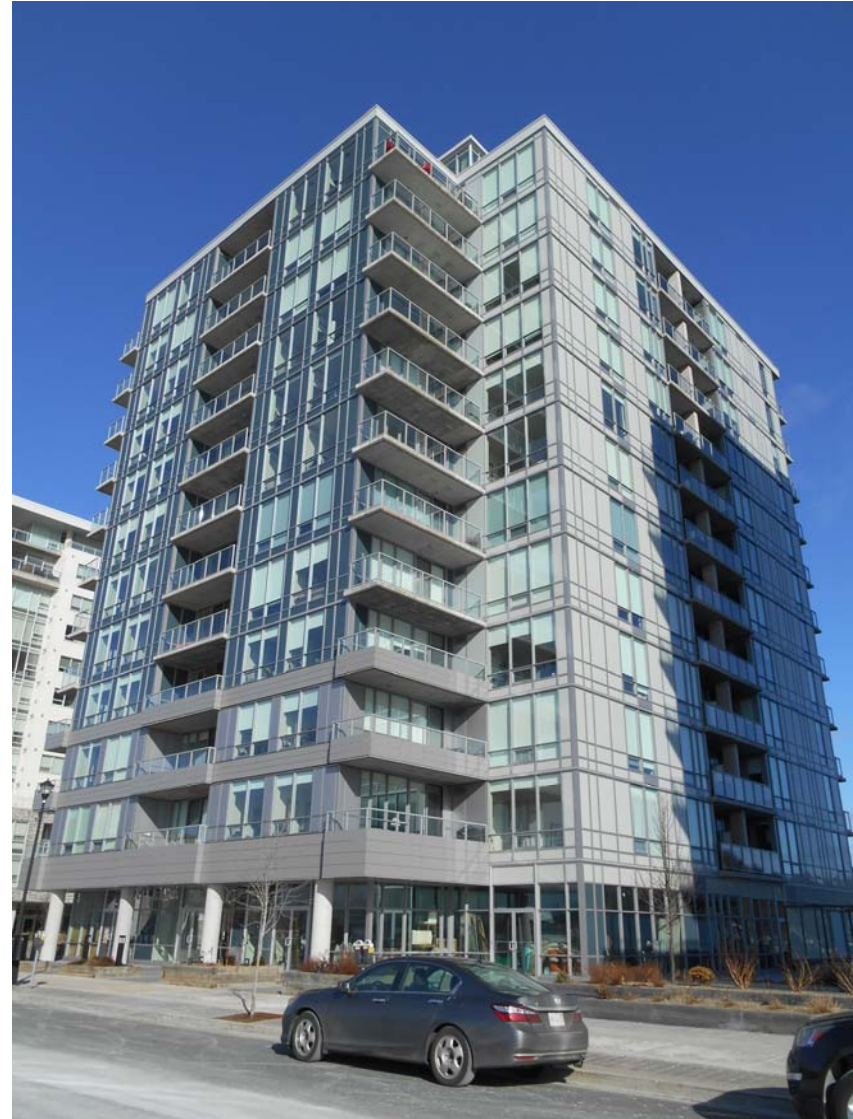
Location:

49 King's Wharf, Dartmouth

Acquisition Details:

\$33.0 million (\$290,000/unit)

5.0% capitalization rate



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 (55 of 240 units occupied)

Tower completion mid-2018

Location: Downtown Halifax across from the
waterfront

Cost: \$38.5 million (Killam's cost)

Expected Yield: 5.0%

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/unit)

Expected Yield: 5.4%

Expected Value: 4.0% cap rate

Average Unit Size: 1,025 sf

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





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Design Features to Improve the Tenant Experience and Maximize Returns

- Condo quality fixtures including quartz counter tops, stainless appliances and LED lighting.
- Door enclosures that are controlled by smartphones.
- Separately metered water and electricity to promote efficiency – the first building in Killam’s portfolio to separately meter water.

Condo-quality kitchen fixtures



Smart Locks

Sub-metered Water

Gloucester City Centre (Phase I) – The Frontier, 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/unit)

Expected Yield: 5.0%

Expected Value: 4.0% cap rate

Average Unit Size: 789 square feet

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





Development Pipeline

Killam has a \$500 million development pipeline.

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

Killam targets yields of 5.0% - 6.0% on development, 50-150 bps higher than the expected cap-rate value on completion. Building out the \$500 million pipeline at a 100 basis point spread would create \$100M in net asset value for unitholders.



Silver Spear, Mississauga

* Killam's 50% interest.

2018 Strategic Targets



Grow Same Property NOI

Same Property NOI growth of 1 – 2%.

Expand the Portfolio

A minimum of \$125 million of acquisitions.

Increase presence outside Atlantic Canada

75% of acquisitions and 26% of NOI outside Atlantic Canada in 2018.

Progress developments on schedule

- Complete Saginaw Park and The Alexander.
- Break ground on one new project.

Reduce debt as a percentage of assets

Maintain debt as a percentage of assets below 52%.



2017
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Appendices



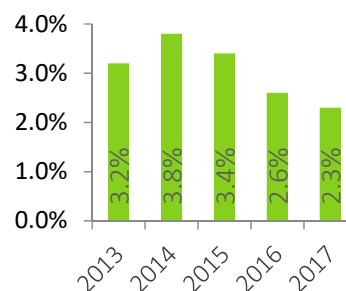
Halifax – 43% of NOI

The Halifax rental market has been very strong with overall vacancy at its lowest level since 2003.

Current Market Conditions

- Strong demand due to population growth from immigration, intraprovincial migration and demographics – estimated at 2%¹ for 2017.
- Increasing supply with higher than average starts and completions in 2017.
- Occupancy forecast to increase only modestly over the coming years.

Halifax Vacancy per CMHC

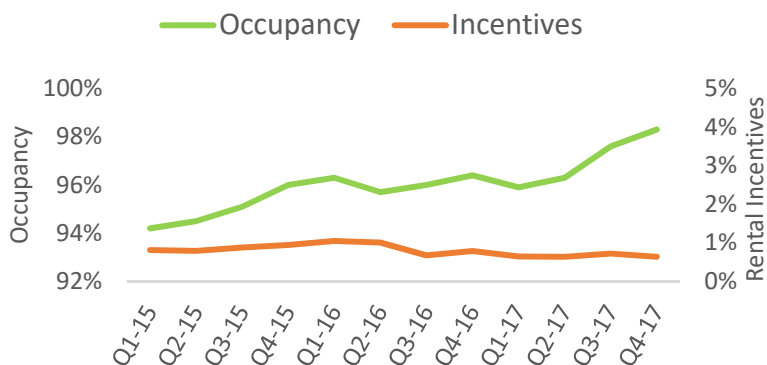


CMHC Market Stats²

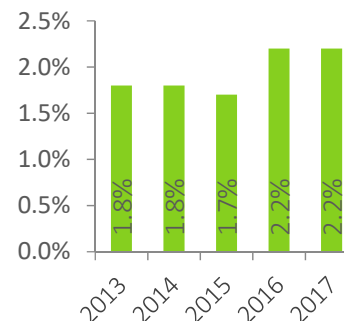
47,303 Rental Units
 2.3% Vacancy
 2.3% ↑ in Average Rent
 1,826 Starts in 2017
 1,493 Completions in 2017
 3,475 Under Construction
 \$1,027 Average Rent

Killam's Same Property Performance

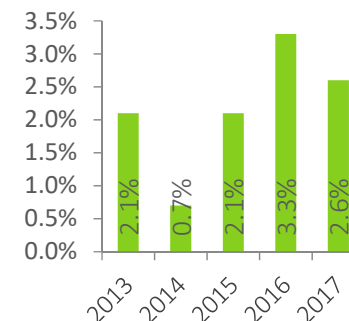
Halifax Same Property Occupancy



Halifax Same Property Rental Increases



Halifax Same Property Revenue Growth



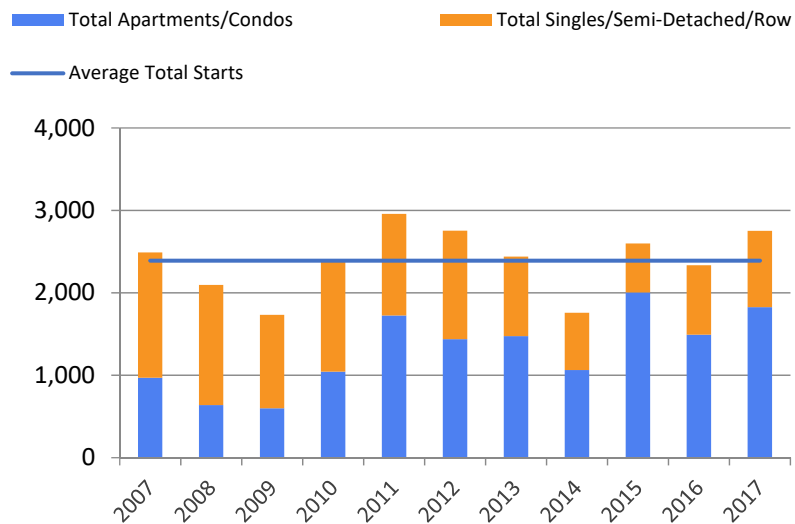
¹ Conference Board of Canada.

² CMHC 2017 Rental Market Report, Fall 2017 Housing Market Outlook and Housing Portal.

Halifax – 43% of NOI

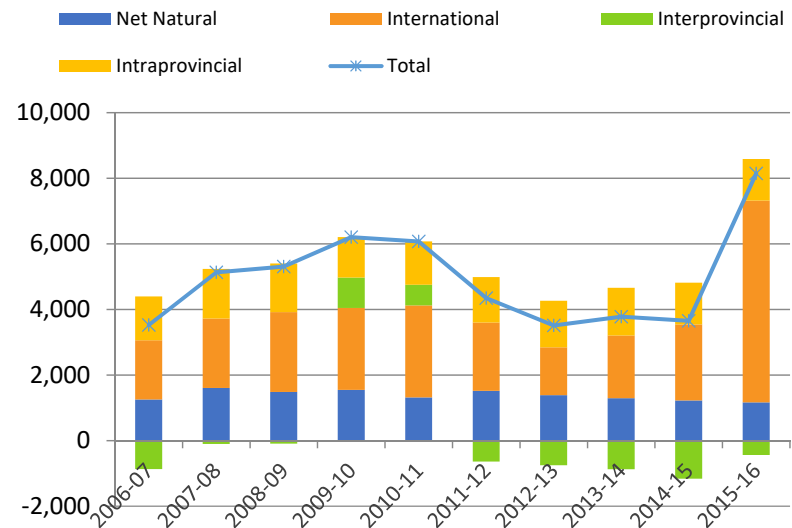
New supply has been absorbed by population growth from immigration, migration and demographics.

Halifax Housing Starts



Total housing starts have averaged 2,400 dwellings over the past decade – however the portion of multi-family units has increased from 1/3 to 2/3 of starts.

Halifax Population Growth and Source



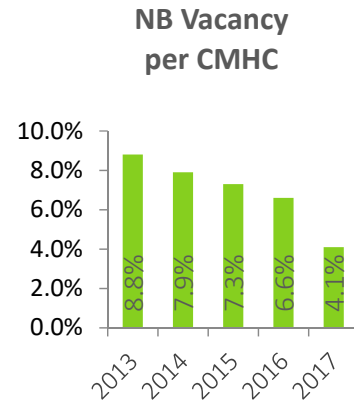
Halifax's population grew by 2% in 2016 largely due to immigration. Similar growth is forecast for 2017, outpacing the supply of new product.

New Brunswick – 21% of NOI

Population growth coupled with limited construction has resulted in the lowest vacancy level since 2009.

Current Market Conditions

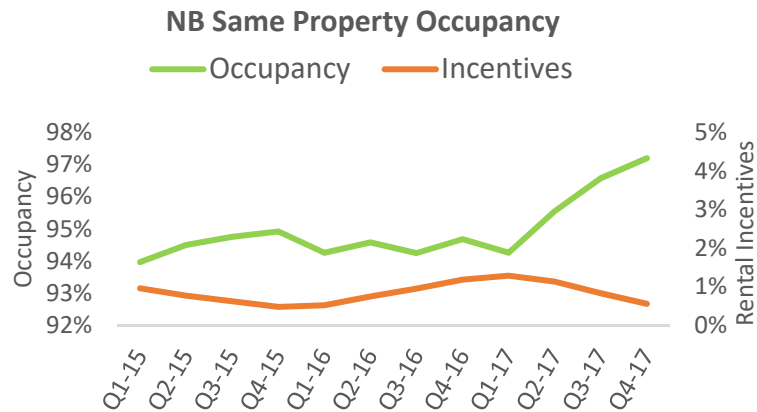
- Emigration has slowed with an improving economy, increasing population growth and rental demand.
- Fewer apartment starts in recent years has contributed to improved occupancy.
- Lower vacancy in all three major markets:
 - Moncton 4.5% (down from 6.0%)
 - Fredericton 2.2% (down from 4.4%)
 - Saint John 4.7% (down from 8.5%)



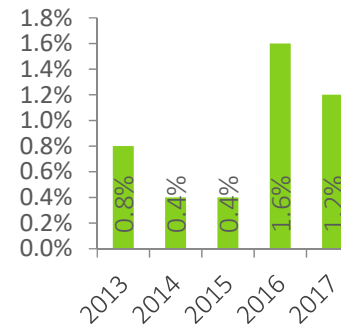
CMHC Rental Stats¹

34,766 Rental Units
 4.1% Vacancy
 1.1% ↑ in Average Rent
 625 Starts in 2017
 297 Completions in 2017
 841 Under Construction
 \$778 Average Rent
 \$750 Median Rent

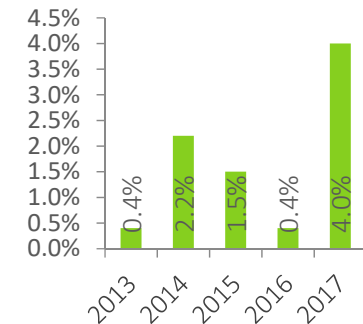
Killam's Same Property Performance



NB Same Property Rental Increases



NB Same Property Revenue Growth



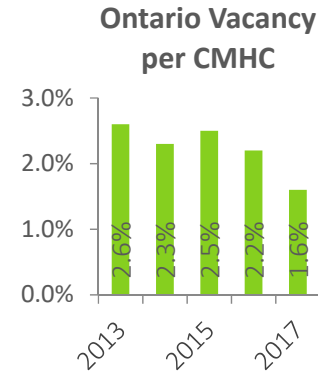
¹ CMHC 2017 Rental Market Report and Fall 2017 Housing Market Outlook and Housing Portal.

Ontario – 21% of NOI

Strong rental market driven by robust job market, international immigration and high housing prices.

Current Market Conditions

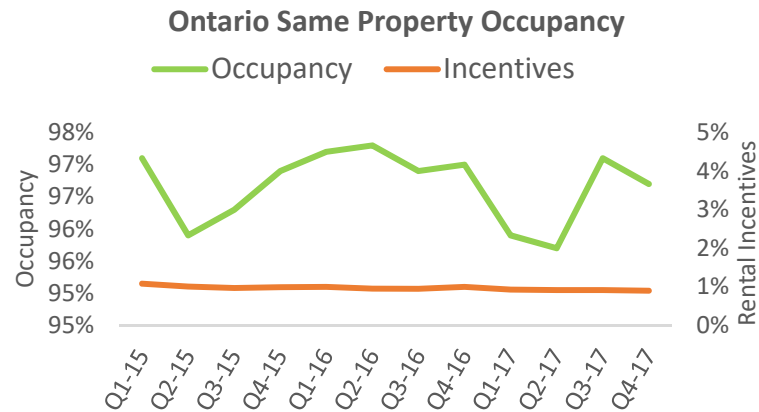
- Strong economic growth.
- Rising population due to immigration and intra-provincial migration
- Affordability of homeownership is driving many to rent.
- Construction has not kept pace with unit demand.



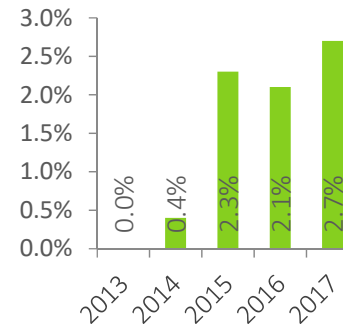
CMHC Rental Stats¹

- Ottawa (6.0% of NOI)
 - 1.7% vacancy in 2017
 - 3.0% vacancy in 2016
- London (4.0% of NOI)
 - 1.8% vacancy in 2017
 - 2.1% vacancy in 2016
- Cambridge (3.7% of NOI)
 - 1.5% vacancy in 2017
 - 1.6% vacancy in 2017
- Toronto (3.1% of NOI)
 - 1.0% vacancy in 2017
 - 1.8% vacancy in 2016

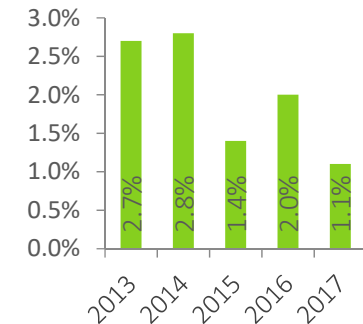
Killam's Same Property Performance



Ontario Same Property Rental Increases



Ontario Same Property Revenue Growth



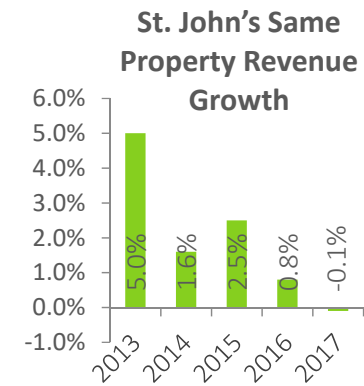
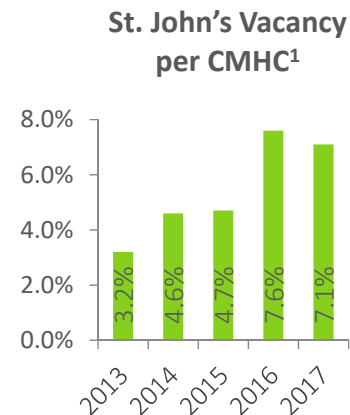
¹ CMHC 2017 Rental Market Report and Fall 2017 Housing Market Outlook and Housing Portal.

St. John's & Charlottetown, 7% & 6% of NOI

St. John's – Stabilized occupancy following eight years of rising vacancy.

Market Fundamentals

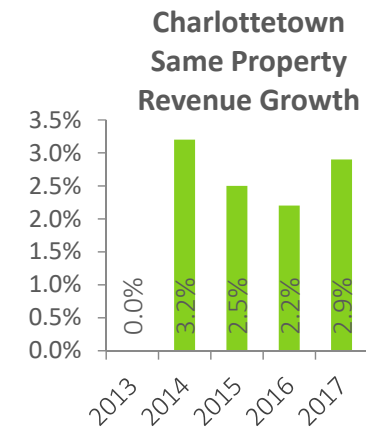
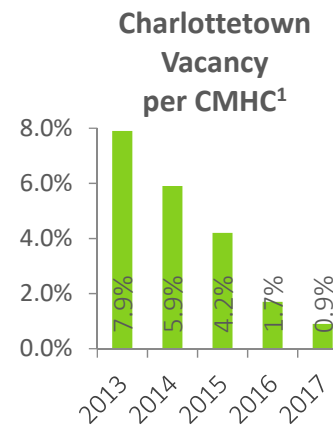
- Subdued economic outlook due to reduced activity in the offshore oil sector.
- Rental rates have stabilized after a modest reduction during the past 18 months.
- Depressed construction with rental completions well below the average of the last five years should drive improvements in vacancy going forward.



Charlottetown – Tight market as supply has not kept pace with population growth.

Market Fundamentals

- Per capita, amongst the highest rates of immigration in Canada leading to significant population growth.
- Sizable senior population downsizing to rental.
- Limited new construction with only 250 multi-family starts in 2017.
- Rent control limits rental rate growth.



¹ CMHC 2017 Rental Market Report and Fall 2017 Housing Market Outlook and Housing Portal.