



**Investor
Presentation**
March 2018

 **Killam**
APARTMENT REIT

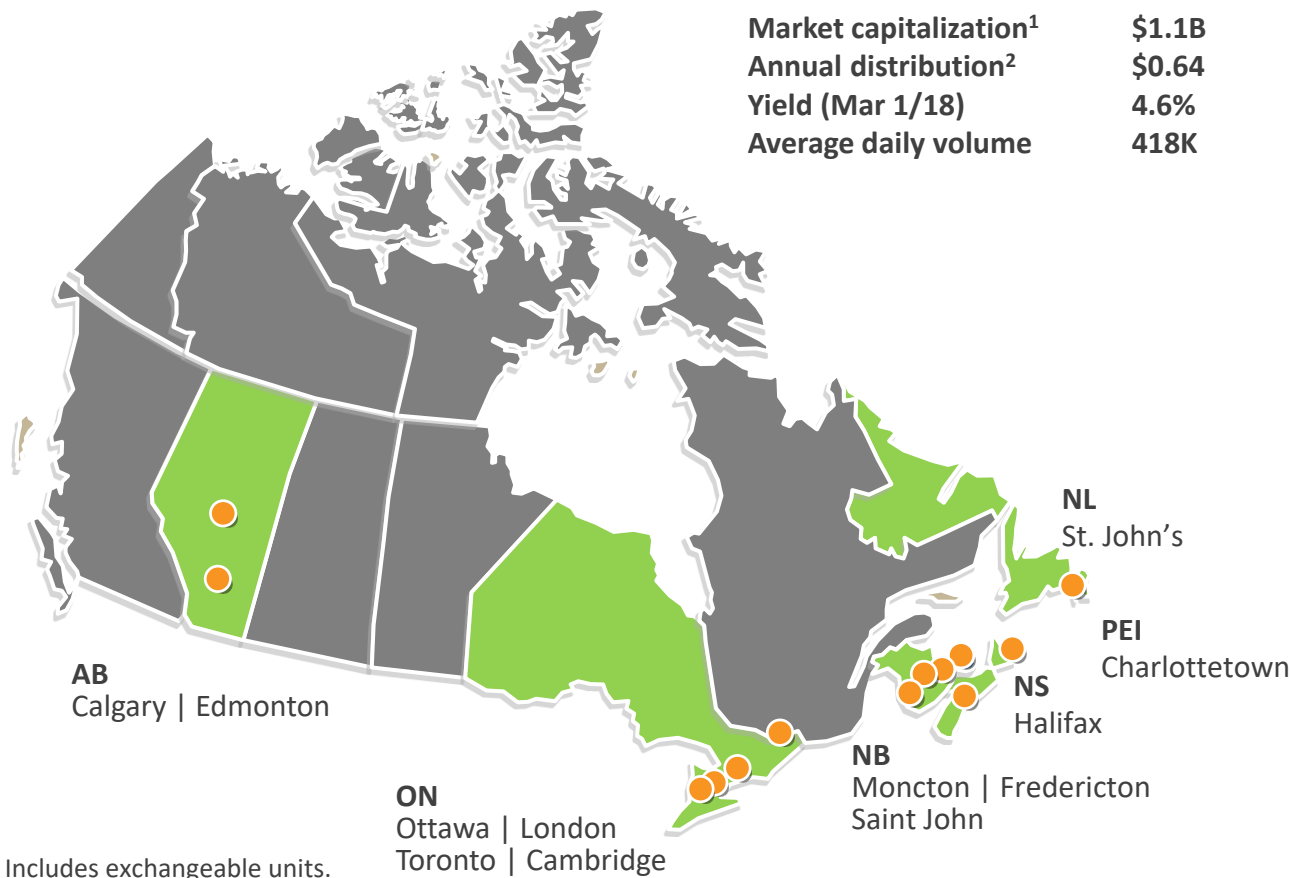
Cautionary Statement

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.



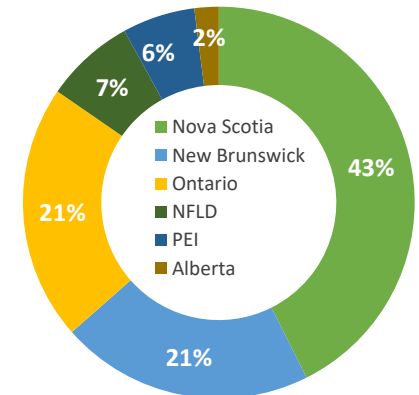
Killam Apartment REIT

Killam Apartment REIT owns, manages and develops multi-family residential properties in Atlantic Canada, Ontario and Alberta. Killam's portfolio includes \$2.3 billion in real estate assets, comprised of 15,089 apartment units and 5,165 manufactured home community (MHC) sites.

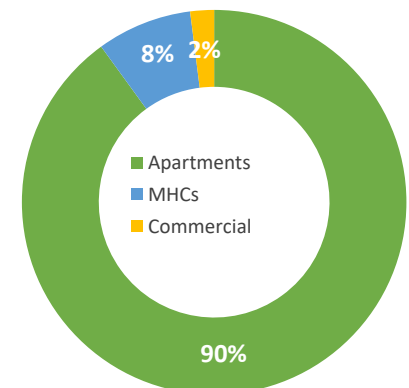


Market capitalization ¹	\$1.1B
Annual distribution ²	\$0.64
Yield (Mar 1/18)	4.6%
Average daily volume	418K

Net Operating Income (NOI) By Province



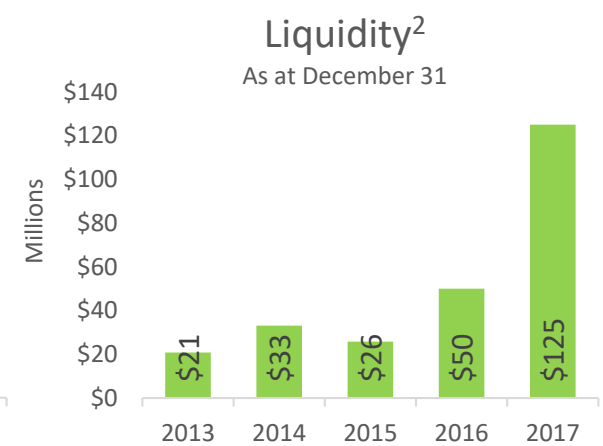
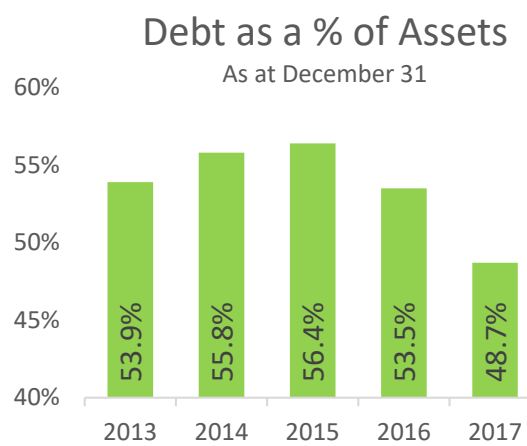
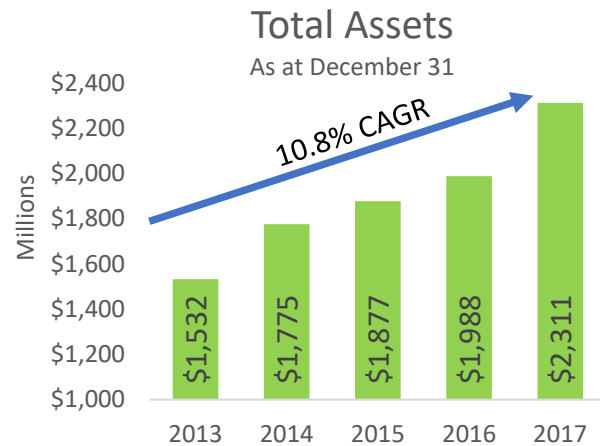
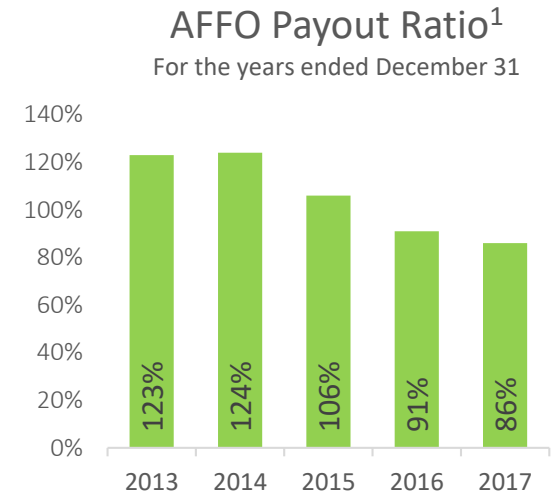
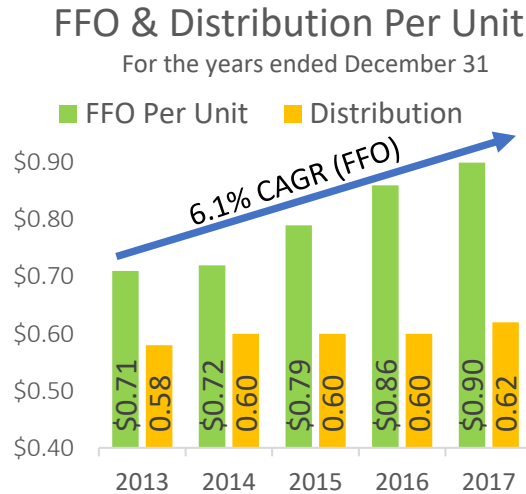
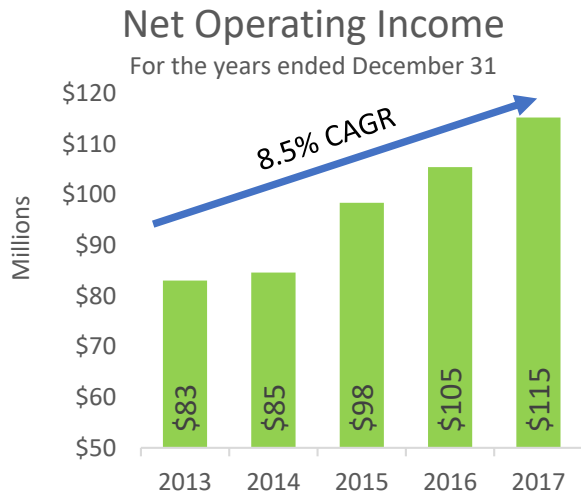
NOI by Sector²



¹ Includes exchangeable units.

² Distribution increase to \$0.64/annum announced February 13, 2018, effective for the March 2018 distribution.

Financial Highlights – Five Years of Growth



¹ AFFO payout ratio for 2017 calculated using a maintenance capex reserve of \$900/unit for apartments \$300/site for MHCs. AFFO payout ratio for 2013 – 2016 calculated using a maintenance capex reserve of \$970/unit for apartments and \$225/site for MHCs.

² Liquidity includes cash on hand and availability under credit facilities. Pro-forma liquidity at December 31, 2017, includes pending mortgage financings that were arranged, but had not closed at December 31, 2017.

Why Invest in Killam



William's Court, Ottawa

- Clearly defined strategy to grow earnings and net asset value (NAV) per unit.
- One of Canada's highest-quality and youngest apartment portfolios.
- Experienced developer with a robust pipeline to support future growth.
- Growing funds from operations (FFO) & adjusted funds from operations (AFFO) per unit.
- Well positioned to benefit from strong fundamentals.
- Rising distributions with conservative payout ratio.
- Strong balance sheet with \$300 million of acquisition capacity.

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.



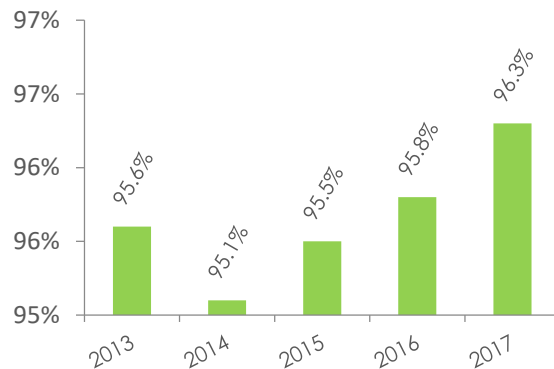
The Alexander, Halifax

Clearly Defined Strategy – Existing Portfolio

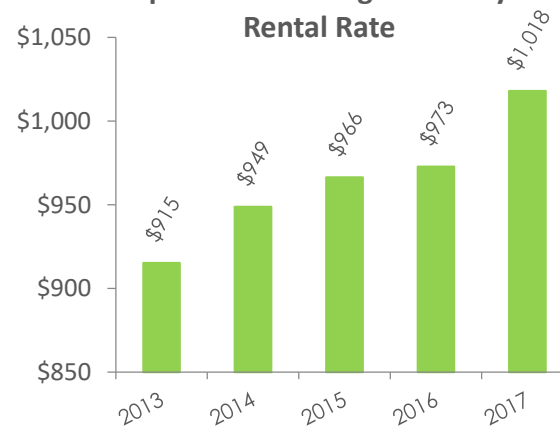
Increasing earnings from existing operations through revenue growth.

- Strong occupancy – 2017 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.
- Quality product & service – 90% tenant satisfaction¹.

Apartment Occupancy²



Apartment Average Monthly Rental Rate



Historic Same Property Revenue Growth



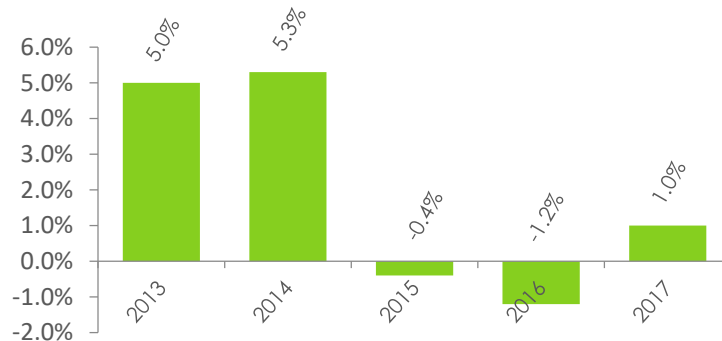
¹ Surveys administered by Corporate Research Associates.

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

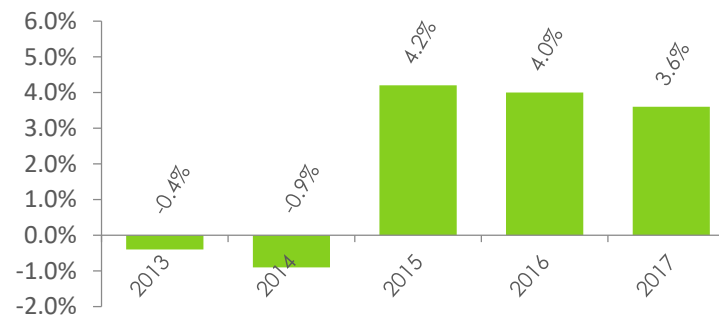
Increasing earnings from existing operations through expense management.

- Energy conservation initiatives – \$3.5 million of investment in 2017.
- Natural gas hedging – 80% of price exposure is hedged for the winter of 2018.
- Economies of scale – Negotiating lower pricing for goods and services.
- Employee training – Focus on front-line repairs and maintenance staff.
- Investment in technology – Mobile maintenance and online invoice processing.
- Risk management – Emphasis on loss prevention and claims management.

Same Property Expense Growth



Same Property NOI Growth



2018 Target: Same Property NOI growth of 1-2%.

Long-term Target: Average of 2%+ NOI growth.

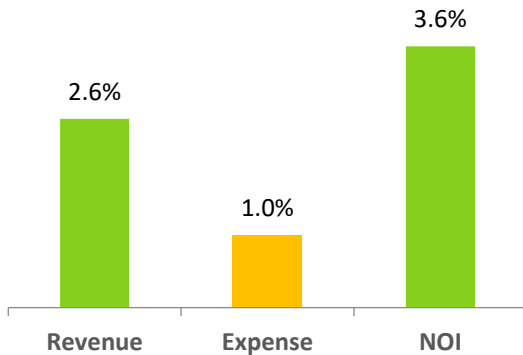
* Record high natural gas prices in Atlantic Canada impacted expense and NOI growth in 2013 & 2014.

Existing Portfolio – 2017 Performance

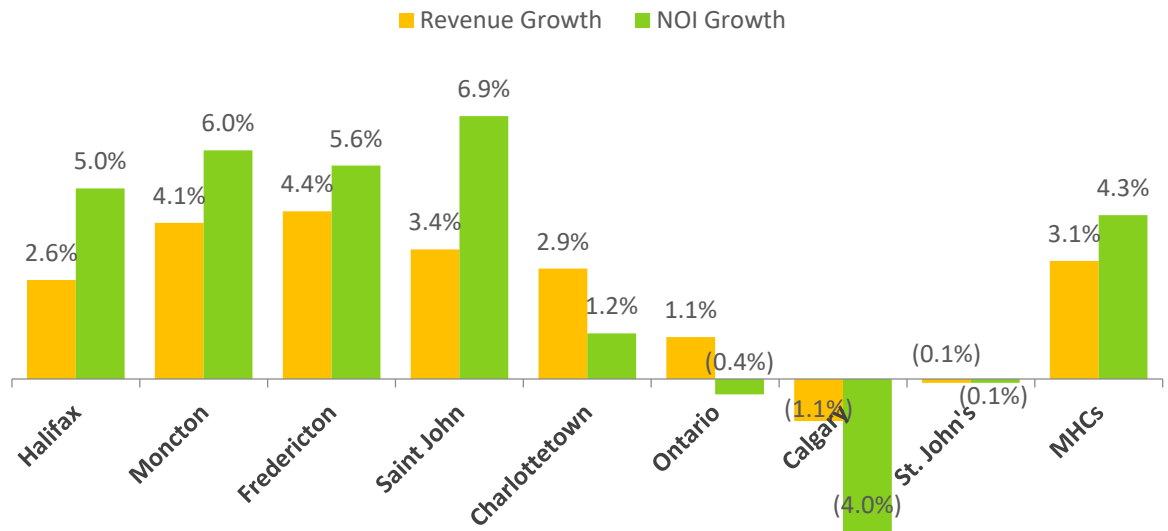
Same Property NOI grew by 3.6% during 2017

- 2.6% increase in revenues due to strong performance in New Brunswick, Nova Scotia and Prince Edward Island.
- Modest increase in expenses as utility savings from efficiency initiatives and lower rates were offset by property tax increases and inflationary cost pressures.
- Further details on Killam’s key markets are included in the appendix.

2017 Same Property Performance



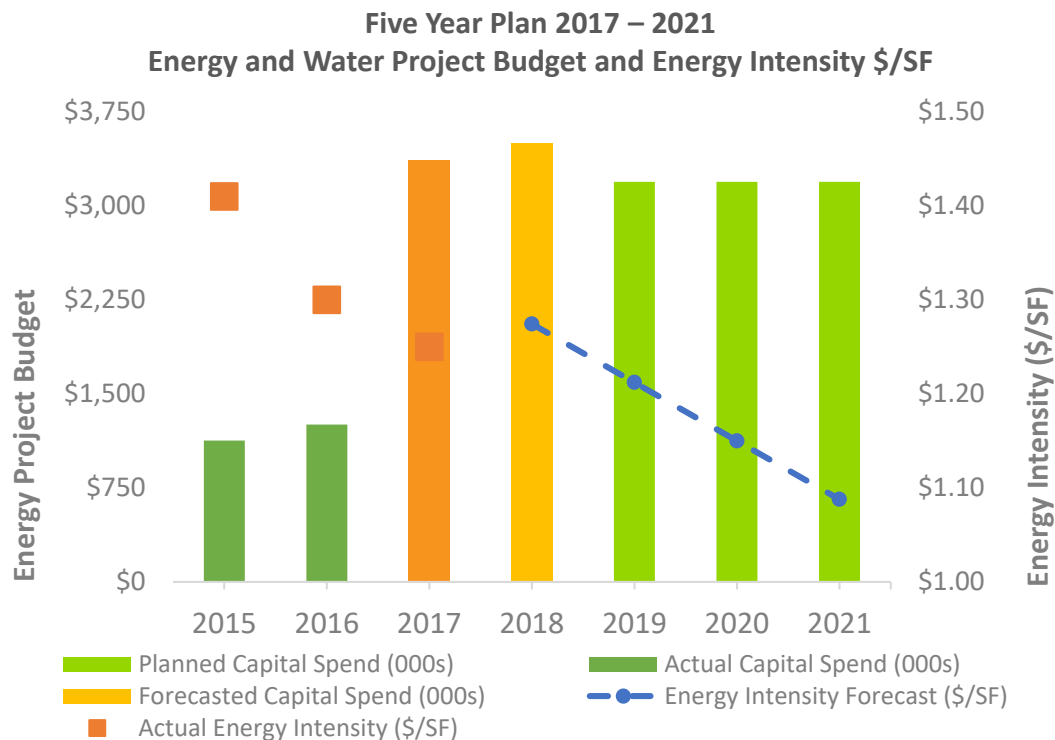
2017 Results by Market



Clearly Defined Strategy – Existing Portfolio

Increasing earnings from existing operations through energy efficiency.

- Five year plan developed in 2016 to reduce resource intensity.
- **\$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.

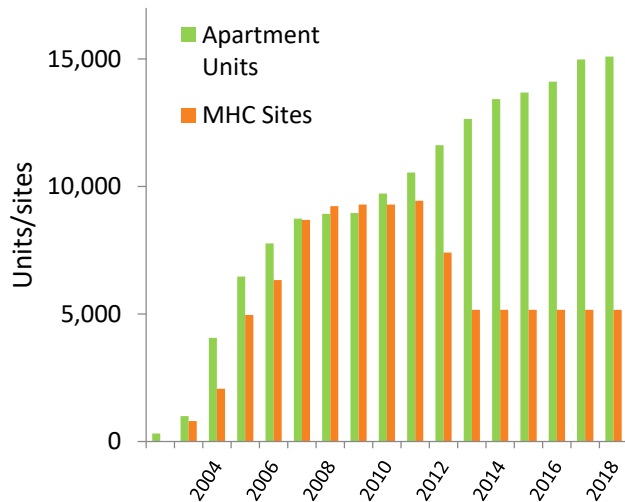


Killam has invested \$5 million to date in these projects, including 8,300 low-flow toilets installs, boiler upgrades and lighting retrofits.

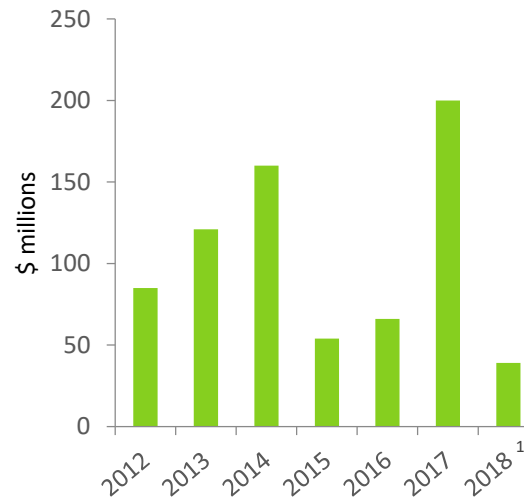
Clearly Defined Strategy – Acquisitions

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

Apartment Units & MHC Sites



Acquisition History



Killam invested \$200 million in 2017 – \$184 million to purchase 847 units in Alberta, Ontario and Nova Scotia and \$16 million for development sites.

Killam agreed to acquire \$39 million of properties in January 2018.

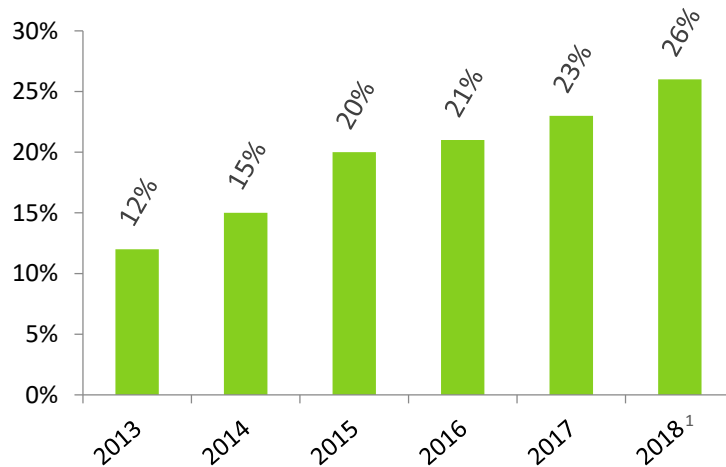
2018 Targets: Minimum of \$125 million of acquisitions (with >75% outside Atlantic Canada) and 26% of NOI earned outside Atlantic Canada.

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

¹ Transactions announced or closed to date in 2018.

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

NOI Generated Outside Atlantic Canada



Focused on Expansion in Ontario and Alberta

- Higher rates of population growth.
- Primary landing point for new Canadians.
- Traditional engines of economic growth.
- Liquid markets.
- Countercyclical to Killam's Atlantic Canadian holdings.

2018 Targets: Minimum of \$125 million of acquisitions (with >75% outside Atlantic Canada) and 26% of NOI earned outside Atlantic Canada.

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

¹ 2017 results, pro-forma a full year contribution from acquisitions in Alberta and Ontario.

Developing high-quality properties in core markets.

- Invested or committed \$230 million to develop 1,180 units since 2011.
- Experienced in-house architects and engineers.
- Development pipeline of 1,500 units.



Southport, Halifax – Completed 2016



2018 Target: Complete the Alexander and Saginaw developments and break ground on one additional development.

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

Clearly Defined Strategy – Developments

Over \$130 million of developments completed.



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



122 units - Cambridge, ON



70 units – Halifax, NS

Clearly Defined Strategy – Developments

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



Development projects underway are fully funded and are expected to contribute FFO of \$0.03/unit and \$15 million of NAV when complete.

The Alexander

Halifax, NS

mid-2018

\$38.5 million*

240 units and 6,500 sf commercial space

\$308,000/unit

Saginaw Park

Cambridge, ON

Q2-2018

\$26 million

93 units

\$274,000/unit

Gloucester City Centre

Ottawa, ON

Q2-2019

\$36 million*

227 units

\$327,000/unit

* Killam's 50% interest.

Growing NAV through developments – Saginaw Park.

- Condo-quality building in Cambridge, Ontario adjacent to Killam’s Saginaw Garden.
- 93 units, consisting of one and two bedroom suites ranging from 734 – 1,207 ft².
- Pre-cast concrete construction simplified build-out and results in a more energy efficient building.
- Building is approximately 50% leased, two months prior to opening.

Key Statistics

Number of units	93
Start date	Q3-2016
Expected completion date	Q2-2018
Project Budget (\$ millions)	\$26
Cost per unit (\$ thousands)	\$274,000
Market Cap Rate	4.0% – 4.5%
Fair Value on Completion	\$29 – \$34
Value Creation (\$ millions)	\$3 – \$8



Clearly Defined Strategy – Developments

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.



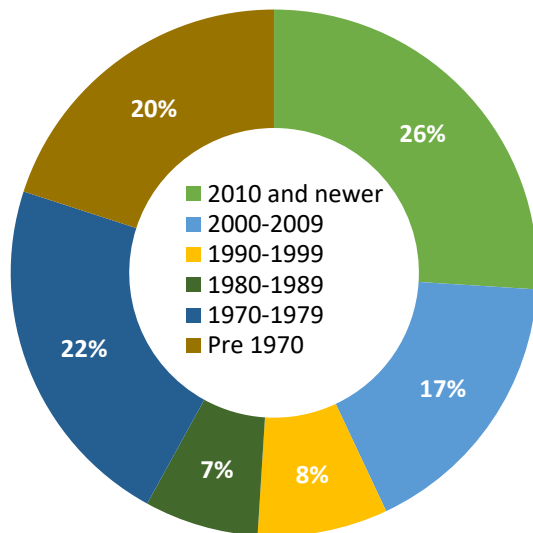
Silver Spear, Mississauga

* Killam's 50% interest.

Killam operates one of Canada's newest apartment portfolios.

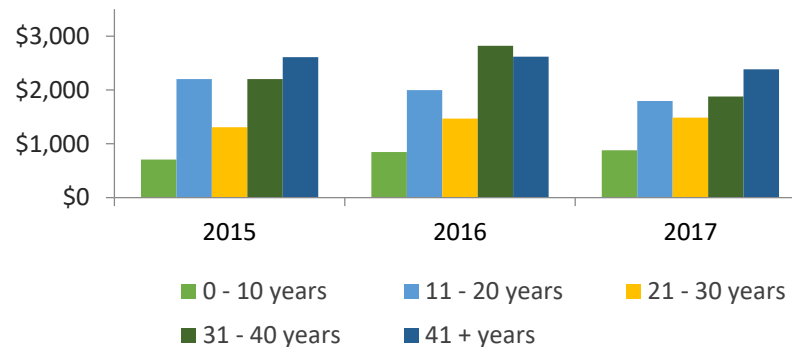
- 43% of apartment NOI is earned from properties built in 2000 or later.
- Modern, high-quality buildings are in greater demand and require less capital maintenance to operate.

Apartment NOI by Year of Construction



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 \$879 per unit in 2017 compared to \$2,325 per unit for buildings over 40 years old.

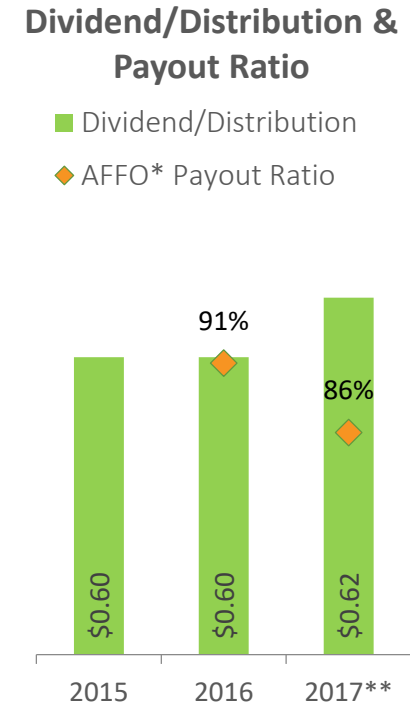
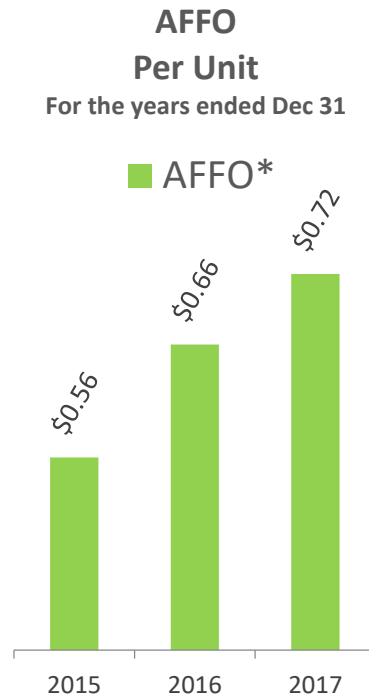
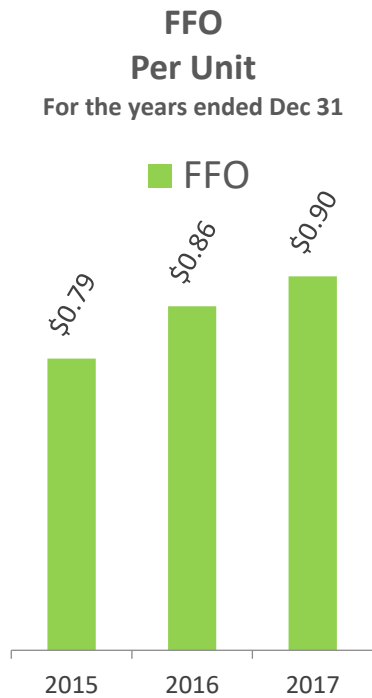
Killam's overall average annual capital spend was \$1,966 per unit in 2017.

Maintenance capital (\$900/unit) represents 46% of total capital spend.

Killam is growing its portfolio of high-quality properties by focusing on developments and acquiring newer properties.

Growing Earnings & Improved Payout Ratio

FFO and AFFO per unit growth from same property NOI growth, interest savings, accretive acquisitions and developments.

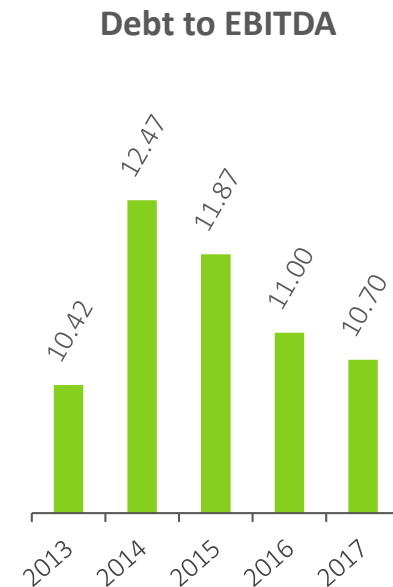
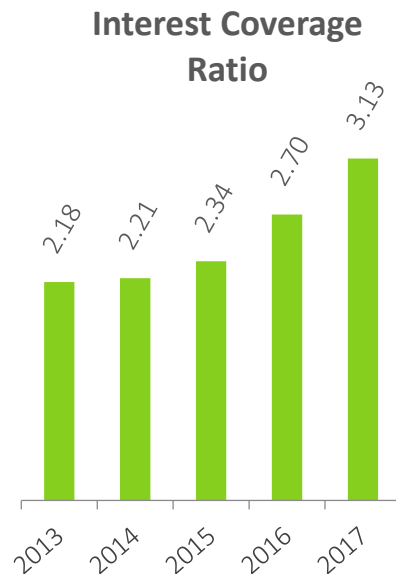
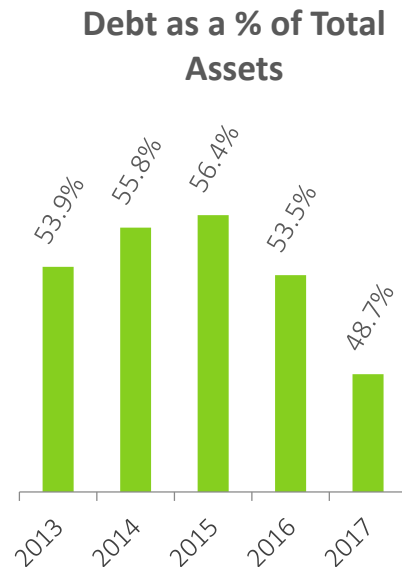


* AFFO calculation revised in Q1-2017 based on REALpac white paper published in February 2017. Historical AFFO restated to conform to current presentation.

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

Strong Balance Sheet, Increased Flexibility

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



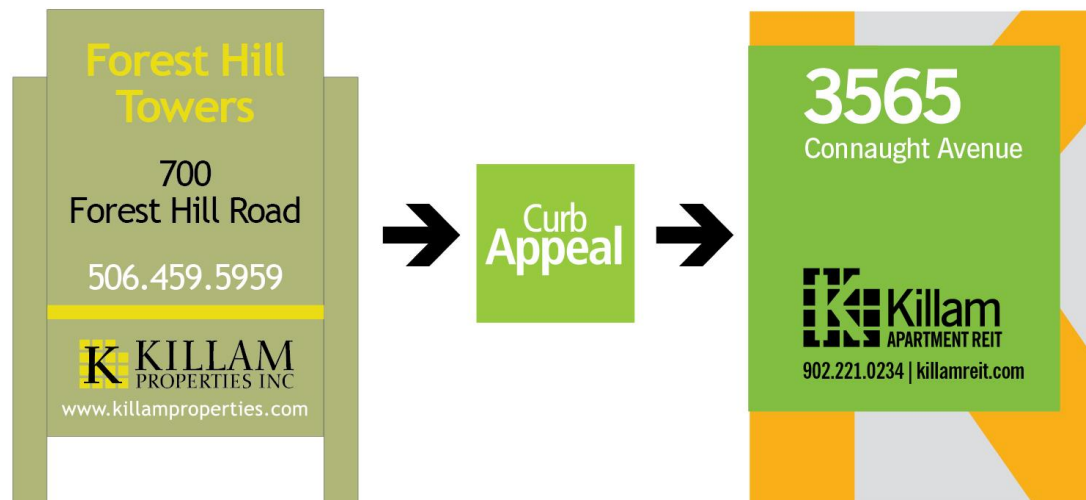
Killam has a \$70 million credit facility to fund acquisitions and other trust purposes. With cash on hand, the credit facility and expected mortgage proceeds, Killam has \$300 million of acquisition capacity.

2018 Target: Maintain debt as a percentage of assets ratio below 52%.

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

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.
- Maintaining a strong balance sheet and lowering debt levels.
- Increasing capital flexibility with an expanded line-of-credit and improved AFFO payout ratio.





Appendices

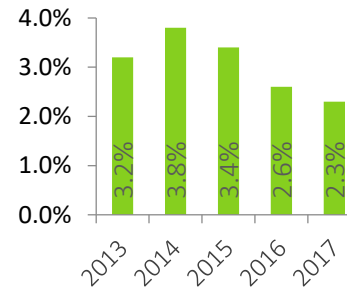


The Halifax rental market has been very strong with overall vacancy at its lowest level since 2003.

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

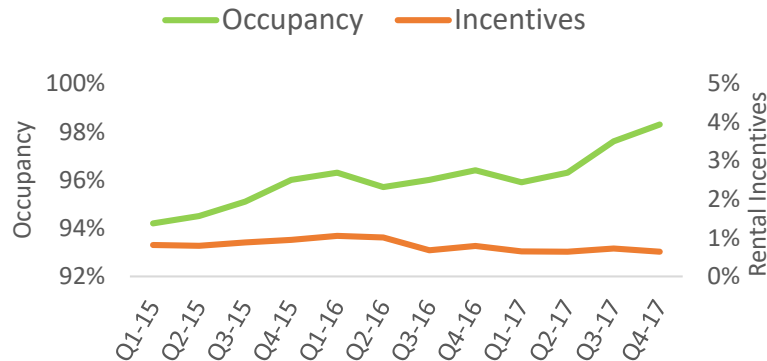


CMHC Market Stats²

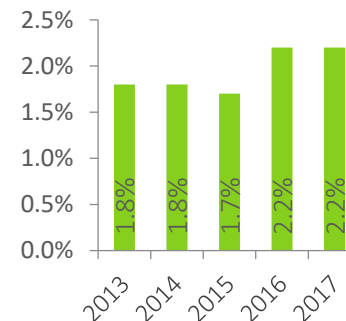
47,303 Rental Units
 2.3% Vacancy
 2.3% ↑ in Average Rent
 1,826 Starts in 2017
 1,493 Completions in 2017
 3,475 Under Construction
 \$1,027 Average Rent

Killam's Same Property Performance

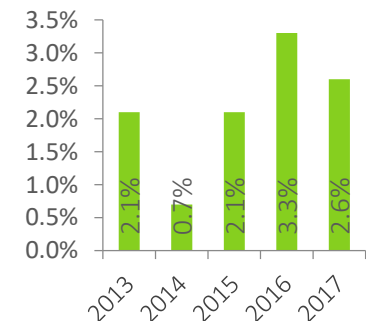
Halifax Same Property Occupancy



Halifax Same Property Rental Increases



Halifax Same Property Revenue Growth

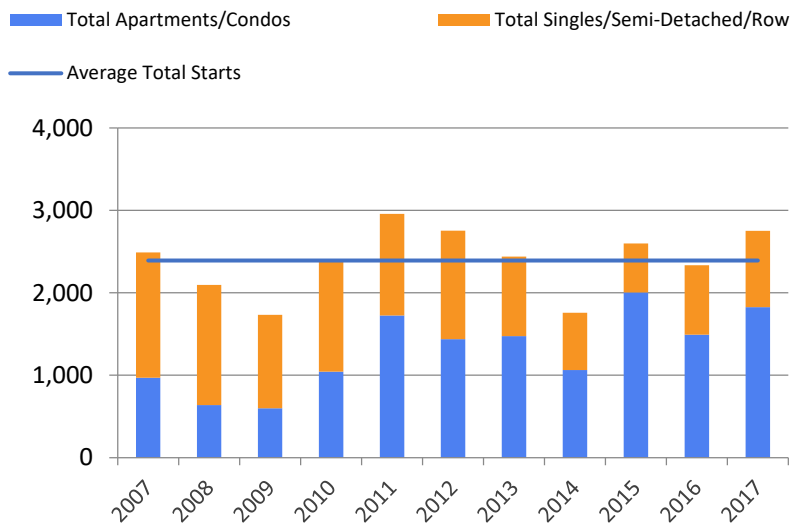


¹ Conference Board of Canada.

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

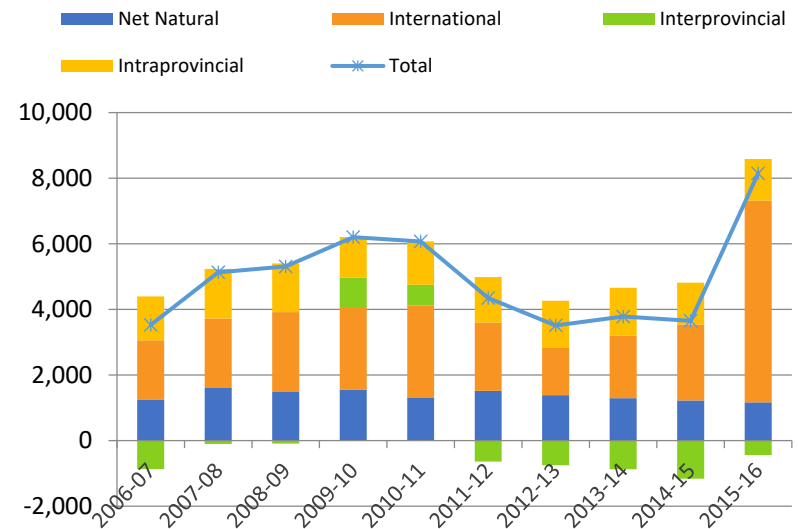
New supply has been absorbed by population growth from immigration, migration and demographics.

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



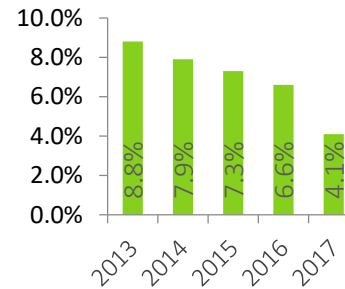
Halifax's population grew by 2% in 2016 largely due to immigration. Similar growth is forecast for 2017, outpacing the supply of new product.

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%)

NB Vacancy per CMHC

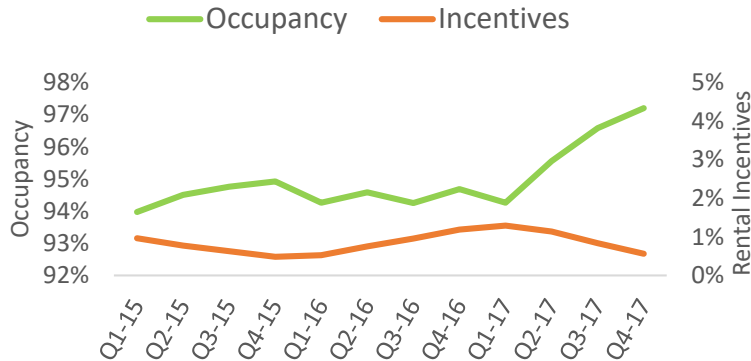


CMHC Rental Stats¹

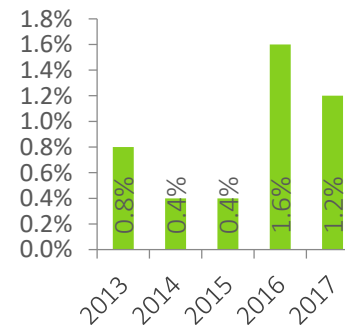
34,766 Rental Units
 4.1% Vacancy
 1.1% ↑ in Average Rent
 625 Starts in 2017
 297 Completions in 2017
 841 Under Construction
 \$778 Average Rent
 \$750 Median Rent

Killam's Same Property Performance

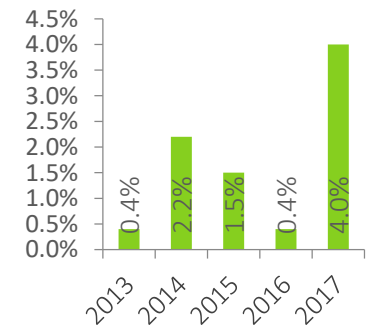
NB Same Property Occupancy



NB Same Property Rental Increases



NB Same Property Revenue Growth

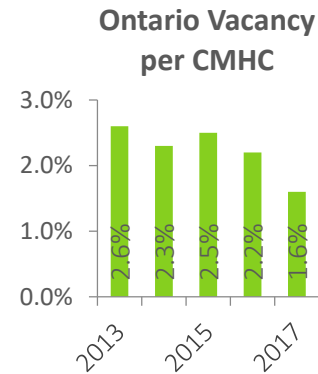


¹ CMHC 2017 Rental Market Report and Fall 2017 Housing Market Outlook and Housing Portal.

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

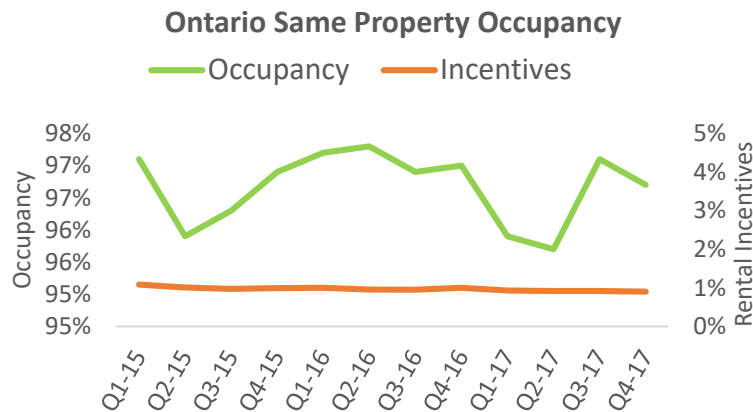
Ottawa (6.0% of NOI)
1.7% vacancy in 2017
3.0% vacancy in 2016

London (4.0% of NOI)
1.8% vacancy in 2017
2.1% vacancy in 2016

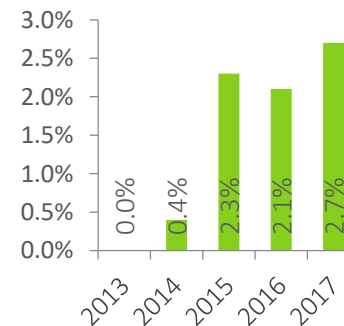
Cambridge (3.7% of NOI)
1.5% vacancy in 2017
1.6% vacancy in 2016

Toronto (3.1% of NOI)
1.0% vacancy in 2017
1.8% vacancy in 2016

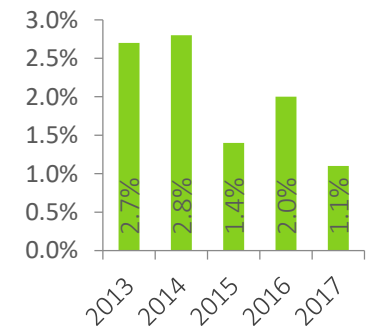
Killam's Same Property Performance



Ontario Same Property Rental Increases



Ontario Same Property Revenue Growth

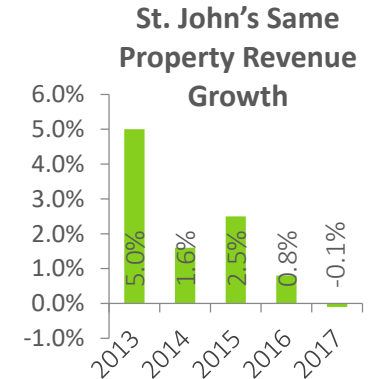
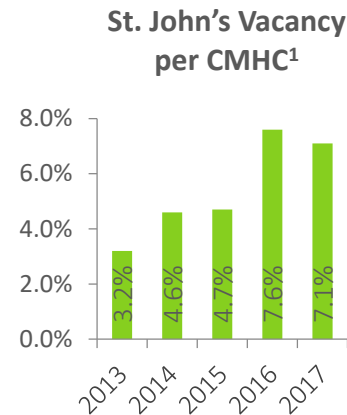


¹ CMHC 2017 Rental Market Report and Fall 2017 Housing Market Outlook and Housing Portal.

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

Market Fundamentals

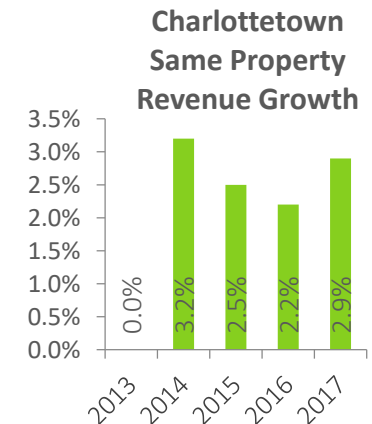
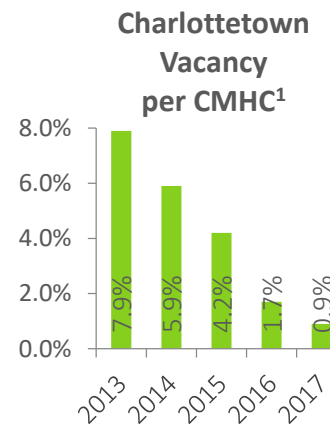
- Subdued economic outlook due to reduced activity in the offshore oil sector.
- Rental rates have stabilized after a modest reduction during the past 18 months.
- Depressed construction with rental completions well below the average of the last five years should drive improvements in vacancy going forward.



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.

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

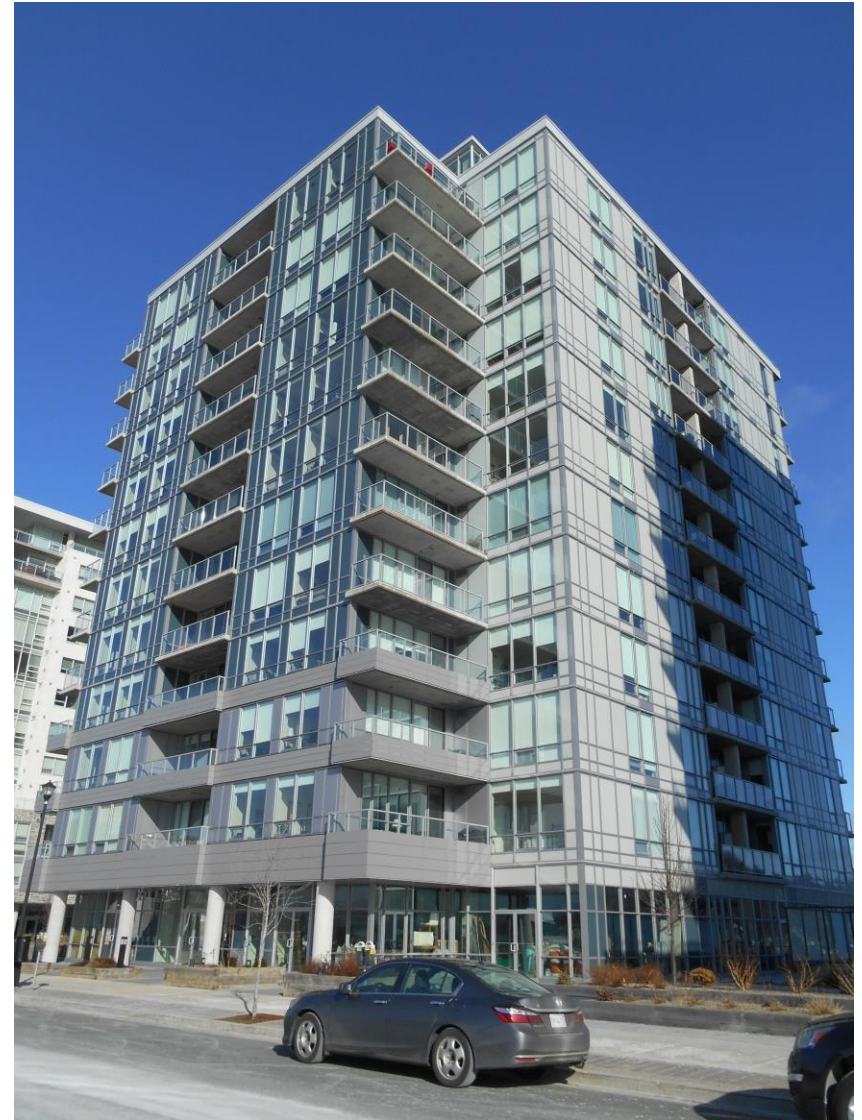
Location:

49 King's Wharf, Dartmouth

Acquisition Details:

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

5.0% capitalization rate



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)





15th
PATTERSON LTD.

LEASING OFFICE

GEORGE LEACH
CASHIER
FUTURE

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)





NOW LEASING 519.621.5690

519.621.5690

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

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)





Contact Information



Philip Fraser
President & Chief Executive Officer
902-453-4536
pfraser@killamreit.com

Robert Richardson, FCPA, FCA
Executive Vice President
902-442-9001
rrichardson@killamreit.com

Dale Noseworthy, CPA, CA, CFA
Chief Financial Officer
902-442-0388
dnoseworthy@killamreit.com