May 1, 2019
Halifax, Nova Scotia

KILLAM APARTMENT REIT REPORTS CONTINUED GROWTH WITH STRONG Q1-2019 RESULTS AND $105 MILLION IN ACQUISITIONS

Killam Apartment REIT (TSX: KMP.UN) ("Killam") today reported its results for the first quarter ended March 31, 2019.

Q1-2019 Financial Highlights

- Recognized net operating income ("NOI") of $33.5 million, an 18.0% increase from $28.4 million in Q1-2018.
- Reported net income of $27.1 million, including $11.8 million in fair value gains, compared to $68.9 million in Q1-2018, which included $62.3 million in fair value gains.
- Earned funds from operations ("FFO") per unit of $0.21, a 5.0% increase from Q1-2018.
- Generated same property NOI growth of 4.3% over Q1-2018 and a 60 basis point (bps) NOI margin improvement.
- Achieved a weighted average 2.9% increase in same property rents compared to rental rates at March 31, 2018.
- Realized apartment occupancy of 97.1%, compared to 96.5% in Q1-2018 and the highest Q1 occupancy in Killam's history.
- Strengthened the balance sheet with the completion of an $86.3 million equity raise and ended the quarter with historic low debt to total assets of 46.4%.

Financial and Operating Highlights

	Three months ended March 31,		
(000's)	**2019**	2018	Change
Property revenue	**$57,091**	$49,449	15.5%
Net operating income	**$33,545**	$28,423	18.0%
Net income	**$27,092**	$68,914	(60.7%)
FFO (1)	**$18,887**	$16,807	12.4%
FFO per unit (diluted) (1)	**$0.21**	$0.20	5.0%
AFFO per unit (diluted) (1)	**$0.16**	$0.16	—%
AFFO payout ratio (diluted) (1) (2)	**84%**	85%	(100) bps
Same property apartment occupancy (3)	**97.2%**	96.5%	70 bps
Same property revenue growth	**3.3%**		
Same property net operating income growth	**4.3%**		

(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 Q1-2019 Management Discussion and Analysis. A reconciliation from FFO to AFFO is included on page 26 of the Q1-2019 Management Discussion and Analysis.

(2) AFFO payout ratio 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.

As at	**March 31, 2019**	December 31, 2018	Change
Debt to total assets	**46.4%**	49.8%	(340) bps
Weighted average mortgage interest rate	**2.97%**	2.95%	2 bps
Weighted average years to debt maturity	**4.5**	4.4	0.1 years
Normalized debt to EBITDA (1)	**10.04x**	10.62x	(5.5)%
Debt service coverage (1)	**1.56x**	1.58x	(1.3)%
Interest coverage ratio (1)	**3.17x**	3.22x	(1.6)%

(1) Normalized debt to EBITDA, debt service coverage and interest coverage are defined in "Non-IFRS Measures" below.

Operational Highlights

FFO per Unit Growth of 5.0%

Killam generated FFO per unit of $0.21 in Q1-2019, 5.0% higher than $0.20 per unit generated in Q1-2018. FFO growth was attributable to increased NOI due to strong same property performance and incremental contributions from recent acquisitions and completed developments. This growth was partially offset by higher administrative and deferred financing costs in the quarter and an 8.4% increase in the weighted average number of units outstanding from an aggregate of $143.8 million of equity issued in June 2018 and March 2019.

Increasing Rental Rates Lead Same Property Revenue Growth

Same property revenue increased 3.3%, compared to Q1-2018, as a result of a 2.9% increase in the average rental rate for the apartment portfolio, a 70 bps increase in average apartment occupancy, a decrease in rental incentives and 1.7% top-line growth within the MHC portfolio. With continued high occupancy levels, increasing rental rates is a key focus for revenue growth. Rental rate increases on unit turns and lease renewals averaged 5.1% and 1.9% during Q1-2019, up from 4.6% and 1.5% during Q1-2018. New Brunswick and Halifax lead the apartment performance, where same property apartment revenues increased by 4.1% and 4.4%, respectively, compared to Q1-2018.

Same Property NOI Growth of 4.3% and Improved Operating Margin

Despite a 1.9% increase in property operating expenses during Q1-2019, Killam achieved 4.3% growth in NOI and a 60 bps improvement in its operating margin. The first quarter typically has the highest volatility in heating costs, and during Q1-2019, utility and fuel expenses increased 1.3% quarter-over-quarter. The increase was due primarily to higher natural gas prices in Nova Scotia and Ontario, coupled with increased fuel consumption as a result of significantly colder temperatures in February across the portfolio. Partially offsetting the increase in fuel expense, electricity costs were down as a result of reduced consumption following energy efficiency capital investments throughout 2018.

Cap-rate Compression and Rental Rate Growth Support Fair Value Gains

Killam recorded $27.4 million of fair value gains related to its investment property portfolio during the quarter as a result of NOI strength across the portfolio driven by rental rate growth and a cap-rate compression in Killam's Halifax and Moncton apartment portfolios. This cap-rate compression resulted in a decrease in K]llam's weighted average cap-rate for its apartment portfolio to 5.11%. The fair value gains are supported by strong apartment fundamentals across Killam's core markets and continued downward pressure on cap-rates across the industry.

Successful Repositioning Program Generating Strong Returns

Killam's expanded unit repositioning program is on track to meet its budgeted investment of $5.0 million in 2019. During Q1-2019, repositionings have generated monthly rental lifts averaging $308 per unit, a 22% increase from the average lift of $253 per unit during 2018. The average return on investment ("ROI") on unit repositionings during the first quarter was approximately 14%, based on an average cost of $23,000 per unit. Killam targets completing 300 repositionings during 2019 and estimates these repositionings could generate an additional $1.0 million in NOI on an annualized basis and $20 million in net asset value ("NAV") growth.

Robust Development Activity Continues
The Alexander and Saginaw Park developments completed in 2018 contributed positively to FFO per unit growth in Q1-2019, together contributing $0.7 million to increased FFO. Killam continues to make progress on two additional developments, investing $2.8 million during Q1-2019. Phase 1 of Killam's joint development project, Frontier, located in Ottawa, ON is expected to be completed in Q2-2019. This 228-unit building is currently 54% pre-leased given the strong demand during the pre-leasing period. Killam expects the building to be fully leased by the end of 2019. Killam's Shorefront development located in Charlottetown, PE, is progressing on schedule. This 78-unit building is expected to be completed by mid-2020. During Q1-2019 Killam also acquired an additional parcel of land adjacent to its Westmount Place commercial property in Waterloo, ON, further expanding its future development opportunity at this location.

Strengthened Balance Sheet
Killam completed an $86.3 million equity raise in March at a unit price of $17.10 per unit. Proceeds were used to repay $53.3 million outstanding on its credit facility, $34.0 million of its construction loan related to the Alexander development and $2.2 million of variable rate debt. The equity raise and subsequent repayment of the credit facility and other debt contributed to a reduction in Killam's debt levels, ending the quarter at a historic low of 46.4% to total assets.

$105 Million in Acquisitions
On April 18, 2019, Killam purchased a newly constructed 59-unit concrete apartment building in Fredericton, NB, for $8.1 million, representing an all-cash yield of 5.8%. The property is located at 11 Herald Doherty Court and recently completed its initial lease-up. The building, which includes in-suite laundry, stainless steel appliances and 48 underground parking stalls, complements Killam’s existing base of 1,422 units in Fredericton.

Killam is pleased to announce that it has agreed to purchase a 50% interest in the Charlottetown Mall, located in Charlottetown, PE, from RioCan REIT at a purchase price of $23.7 million for an all cash yield of 6.69%. This stabilized, grocery-anchored, enclosed mall is a 352,448 square foot retail complex and is the dominant shopping centre in Prince Edward Island. It is located on 32 acres in the heart of Prince Edward Island’s busiest retail node with future multi-family development opportunities of up to 300 units. The retail portion of the property will continue to be managed by RioCan after closing, with the future residential project being managed by Killam. This purchase will establish Killam’s second joint venture with RioCan REIT and the acquisition is expected to close on May 17, 2019.

Killam has agreed to purchase its joint venture partner's 50% interest in Grid 5 (Calgary, AB) and 1355 Silver Spear (Mississauga, ON) plus the development site located adjacent to the Silver Spear property. The purchase price includes $4.0 million for the development site and $69.5 million for the remaining 50% interest in the two apartment buildings. The purchase price of the apartments represents a cap-rate of approximately 4.2% and is in-line with Killam’s IFRS fair values for its existing 50% interest. This purchase is expected to close by the end of May 2019. Killam expects to begin building a 128-unit apartment building on the Mississauga development site during Q2-2019.

$20 Million in Dispositions
As part of Killam's plan to recycle capital, Killam expects to sell two apartments in Ottawa, ON, and a parcel of land for development in Edmonton, AB, for $19.5 million in Q2-2019. Net proceeds of $10.5 million, after the repayment of outstanding mortgages and transaction costs, will be used to help fund Killam's acquisition and development requirements during the year.

Management's Comments

"We're pleased to report strong Q1-2019 results" noted Philip Fraser, President and CEO. "Strong market fundamentals, coupled with our quality property management team, continues to drive impressive revenue growth. We reported a 2.9% average increase in same property rents in Q1-2019, which is 70 basis points higher than our Q1-2018 rental increases and 140 bps higher than Q1-2017. Not only are we gaining momentum with rental revenue growth, our occupancy levels are amongst the highest in Killam's history. "

"We recognized $27.4 million in fair value gains on investment property in the quarter and are moving forward with many initiatives to continue to drive NOI growth. The roll-out of our new customer relationship management program is complete and our leasing teams are embracing the automated process as we begin to take full advantage of additional data analytics available. In addition, our unit repositions and energy upgrade programs are on track with our annual targets."

"We're pleased to announce $105 million of acquisitions to be completed in the second quarter. By the end of May, we expect to have met our minimum acquisition target for the year. All of the assets will be easily absorbed by our operating platform. We have been managing 1355 Silver Spear and Grid 5 Apartments since our original ownership interest in 2012 and 2014. We expect strong long-term growth potential from both these assets. In addition, we are bullish on the value creation opportunity from our new development in Mississauga. Finally, we are pleased to expand our portfolios in Fredericton and Charlottetown, both with strong rental markets and population growth. Charlottetown in particular has stood out as being one of the top five Canadian cities for population growth in 2018 with 2.99% growth, as reported by Stats Canada."

Financial Summary (in thousands, except per unit amounts)

The following chart provides Killam's consolidated financial highlights for the three month periods ending March 31, 2019, and 2018, 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. 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 March 31,***	
(000's)	**2019**	2018
Property revenue	**$57,091**	$49,449
Net operating income	**33,545**	28,423
Fair value adjustments	**11,784**	62,266
Net income	**27,092**	68,914
Net income attributable to unitholders	**27,089**	68,907

Reconciliation of Net Income to FFO	***Three months ended March 31,***	
(000's)	**2019**	2018
Net income	**$27,092**	$68,914
Fair value adjustments	**(11,784)**	(62,266)
Loss on disposition	**—**	183
Non-controlling interest	**(3)**	(7)
Deferred tax expense	**2,572**	9,369
Interest expense related to exchangeable units	**671**	604
Interest expense related to lease liabilities	**32**	—
Unrealized loss (gain) on derivative liability	**195**	(32)
Depreciation on owner-occupied building	**34**	42
Internal leasing costs	**79**	—
FFO	**$18,887**	$16,807
FFO per unit - diluted	**$0.21**	$0.20

Financial Statements

Killam's condensed consolidated interim Financial Statements and Management's Discussion and Analysis for the three months ended March 31, 2019, 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, May 2, 2019, 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 15 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 $2.8 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.

- Funds from operations ("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 leasing costs and non-controlling interest. FFO are calculated in accordance with the REALpac definition.
- Adjusted funds from operations ("AFFO"), and applicable per unit amounts and payout ratios, are calculated by Killam as FFO less an allowance for maintenance capital expenditures ("capex") (representing a three-year rolling historical average capital spend to maintain and sustain Killam's properties), commercial leasing costs and straight line 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 2019 and 2018. Same property results represent 85% of the fair value of Killam's investment property portfolio as at March 31, 2019. Excluded from same property results in 2019 are acquisitions, dispositions and developments completed in 2018 and 2019 as well as non-stabilized commercial properties linked to development projects.
- Interest coverage is calculated by dividing EBITDA by interest expense, less interest expense related to exchangeable units.
- Debt service coverage is calculated by dividing EBITDA by interest expense, less interest expense related to exchangeable units, and principal mortgage repayments.
- Normalized debt to EBITDA is calculated by dividing interest-bearing debt (net of cash) by EBITDA that has been adjusted for a full year of stabilized earnings from recently completed acquisitions and developments.

See the Q1-2019 Management's Discussion and Analysis for further details on these non-IFRS measures and where applicable, reconciliations to the most directly comparable IFRS measure.

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.*