



February 16, 2016
Halifax, Nova Scotia

**KILLAM ANNOUNCES RECORD FUNDS FROM OPERATIONS:
9.7% growth in FFO per share in 2015
11.1% growth in FFO per share in Q4-2015**

Killam Apartment REIT (TSX: KMP.UN) today reported the financial results of Killam Properties Inc. for the fourth quarter and year ended December 31, 2015. Killam Properties Inc. was converted to Killam Apartment REIT effective January 1, 2016. “We’re pleased to report that 2015 was a year of record operating results for Killam,” noted Philip Fraser, President and CEO. Killam earned \$0.20 per share in funds from operations (“FFO”) in Q4-2015, up 11.1% from \$0.18 in Q4-2014. For the year ended December 31, 2015, Killam earned \$0.79 in FFO per share, up 9.7% from \$0.72 earned in 2014.

“We increased occupancy levels and achieved rental growth across our portfolio,” continued Mr. Fraser. “This contributed to a 4.2% increase in net operating income from our same store properties in the year, a big part of our success. Our acquisitions and developments also delivered earnings growth in 2015, and set us up for success in 2016. Killam’s high-quality portfolio in Atlantic Canada and Ontario, together with the ability to refinance at lower interest rates, puts us in a great position.”

Financial and Operating Highlights

| | <i>For the three months ended</i> | | <i>For the years ended</i> | |
|-----------------------------------------|-----------------------------------|---------------------|----------------------------|---------------------|
| | Dec 31, 2015 | Dec 31, 2014 | Dec 31, 2015 | Dec 31, 2014 |
| FFO per Share (diluted) | \$0.20 | \$0.18 | \$0.79 | \$0.72 |
| AFFO per Share (diluted) ⁽¹⁾ | \$0.17 | \$0.15 | \$0.68 | \$0.61 |
| AFFO Payout Ratio (diluted) | 87.5% | 99.3% | 87.7% | 98.1% |
| Apartment Occupancy ⁽²⁾ | 96.1% | 95.8% | 95.5% | 95.1% |
| Same Store Revenue Growth | 1.6% | | 2.2% | |
| Same Store Net Operating Income Growth | 3.9% | | 4.2% | |

(1) Adjusted funds from operations, as defined below.

(2) Based on percentage of residential rent.

| | <i>As at</i> | |
|--------------------------------------|---------------------|---------------------|
| | Dec 31, 2015 | Dec 31, 2014 |
| Total Debt to Total Assets | 55.7% | 54.9% |
| Weighted Avg. Mortgage Interest Rate | 3.27% | 3.60% |
| Weighted Avg. Term to Debt Maturity | 4.2 years | 4.4 years |
| Interest Coverage Ratio | 2.34 | 2.21 |

Mr. Fraser reiterated Killam's strategy, saying, "We are committed to Killam's three fundamental components of growth: increase earnings from our existing portfolio, expand the portfolio through acquisitions, and develop high quality properties in our core markets. Growth through acquisitions depends on the opportunities available. In today's competitive acquisition environment, we see the most attractive returns from developments. In 2015, we completed two apartment developments at returns above those achievable from acquisitions, highlighting Killam's ability to create value from its development program."

Summary of 2015 Results and Operations

Record Earnings

Killam generated FFO per share of \$0.79 in 2015, the highest FFO per share in its history and a 9.7% increase from \$0.72 generated in 2014. FFO per share growth was attributable to strong performance from Killam's portfolio of same store properties, interest expense savings on refinancings and contributions from developments and acquisitions. AFFO also improved in 2015, up 11.5% year-over-year. This robust earnings growth is reflected in a significant improvement in Killam's AFFO payout ratio to 87.7% in 2015 from 98.1% in 2014.

Higher Revenues and Lower Energy Costs Led to Strong Same Store NOI Growth

Killam's portfolio of same store properties achieved a 4.2% increase in NOI in 2015, the highest same store growth realized in the last five years, following both revenue gains and a decrease in property expenses. Same store revenue grew by 2.2%, achieved with a 1.3% increase in rental rates, a 40 basis point ("bps") increase in apartment occupancy and a 50 bps reduction in rental incentives. All regions contributed positively to revenue growth, with Halifax, Killam's largest market by unit count, generating a 2.1% increase in same store property revenue during the year. Same store property operating expenses decreased by 0.4% year-over-year due to lower natural gas and oil prices, as well as savings due to energy, water and operating efficiencies. The strong NOI growth is reflected in an improved operating margin for Killam's same store properties, up 110 bps to 58.4% from 57.3% in 2014.

Low Interest Rates Augment Earnings Growth

Killam successfully replaced \$91.1 million of maturing mortgages with \$135.7 million of new debt at a weighted average interest rate of 2.24%, 227 bps lower than the weighted average interest rate prior to refinancing. These refinancings, combined with lower rates achieved in 2014, contributed to a 6.5% reduction in same store interest expense in the year. Killam's weighted average interest rate on mortgage debt decreased to 3.27% at December 31, 2015, from 3.60% at December 31, 2014.

Acquisitions Adjacent Existing Assets Enhance Killam's Portfolio

Killam completed \$53.7 million in acquisitions in 2015, including 89 apartment units adjacent existing Killam assets (\$12.6 million) and two commercial properties in downtown Halifax (\$28.7 million). Killam also acquired an interest in two development sites – a 50% interest in a site allowing for 280 apartment units in a prime location in downtown Halifax in March 2015 (\$5.2 million), the development of which began in Q3-2015, and a 50% interest in a development site adjacent Killam's exiting Calgary property, in December 2015 (\$7.2 million). The acquisition of land for developments increased Killam's pipeline of future developments to over 1,300 units.

Developments Important Contributor to Portfolio Growth

Killam completed two developments in 2015, adding \$33.9 million (161 units) of high-quality product to its portfolio. Both apartment properties leased up within six months of opening and realized a fair value gain upon completion. In addition, Killam invested \$14.2 million in two additional developments during the year.

Financial Summary *(in thousands, except per share amounts)*

The following chart provides a summary of Killam's financial position and results for the periods ending December 31, 2015, per International Financial Reporting Standards (IFRS). A reconciliation of net income to FFO is also disclosed. FFO is recognized as the industry-wide standard measure of operating performance for real estate entities, however it is not a measure defined by IFRS.

| Consolidated Financial Highlights | For the three months ended | | For the years ended | |
|-----------------------------------------------------------------------------|----------------------------|--------------|---------------------|--------------|
| | Dec 31, 2015 | Dec 31, 2014 | Dec 31, 2015 | Dec 31, 2014 |
| Property revenue | \$42,433 | \$38,147 | \$166,614 | \$147,507 |
| Net operating income | \$25,361 | \$21,767 | \$98,390 | \$84,601 |
| Income before fair value (loss) gain, loss on disposition, and income taxes | \$11,143 | \$10,685 | \$48,228 | \$41,177 |
| Fair value (loss) gain | (\$7,651) | (\$16,814) | (\$6,103) | \$4,768 |
| Net income | \$8,069 | (\$8,554) | \$35,800 | \$32,667 |
| Net income attributable to common shareholders | \$7,420 | (\$9,259) | \$34,557 | \$29,772 |
| Earnings per share (diluted) | \$0.12 | (\$0.12) | \$0.55 | \$0.53 |

| Reconciliation of Net Income to FFO | For the three months ended | | For the years ended | |
|---------------------------------------------------|----------------------------|--------------|---------------------|--------------|
| | Dec 31, 2015 | Dec 31, 2014 | Dec 31, 2015 | Dec 31, 2014 |
| Net Income | \$8,069 | (\$8,554) | \$35,800 | \$32,667 |
| Fair value loss (gain) | 7,651 | 16,814 | 6,103 | (4,768) |
| Fair value gains in equity income | - | (229) | - | (229) |
| Non-controlling interest (before fair value gain) | (264) | (248) | (1,058) | (1,042) |
| Deferred tax (recovery) expense | (4,577) | 2,198 | 6,216 | 13,472 |
| Current tax recovery | - | (1,124) | - | (1,451) |
| Depreciation of owner-occupied building | 47 | 42 | 192 | 167 |
| Loss on disposition | - | 1,351 | 109 | 1,257 |
| REIT conversion costs | 1,477 | - | 1,654 | 89 |
| FFO | \$12,403 | \$10,250 | \$49,016 | \$40,162 |
| FFO per share (diluted) | \$0.20 | \$0.18 | \$0.79 | \$0.72 |

Financial Statements

Killam's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2015, are posted under Financial Reports in the Investor Relations section of

Killam's website at www.killamproperties.com/investor-relations. Readers are directed to these documents for financial details and a discussion around Killam's results.

Results Conference Call

Management will host a conference call to discuss these results on Wednesday, February 17, 2016, at 12:00 PM Eastern. The dial-in numbers for the conference call are 416-340-2220 (in Toronto) or 866-225-6564 (toll free, within North America).

A live audio webcast of the conference call will be accessible on the Company's website at www.killamproperties.com/investor-relations/events-and-presentations and at <http://www.gowebcasting.com/7175>.

Corporate Profile

Killam Apartment REIT, based in Halifax, Nova Scotia, is one of Canada's largest residential landlords, owning, operating and developing multi-family apartments and manufactured home communities. Killam's current portfolio includes \$1.8 billion in real estate assets. Killam's strategy to maximize its value and long-term profitability includes concentrating on three key areas of growth: 1) increasing the earnings from its existing portfolio, 2) expanding its 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

There are measures included in this press release that do not have a standardized meaning under IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded entities. Killam includes these measures as a means of measuring financial performance.

- Net operating income is calculated by Killam as income from property operations.
- FFO is calculated by Killam as net income plus deferred tax expense, depreciation on owner-occupied property, fair value loss, loss on disposition and tax planning costs relating to Killam's REIT conversion, less fair value gains and non-controlling interest.
- AFFO is calculated by subtracting the capital spend related to maintaining the earnings capacity of the portfolio from FFO; Killam uses \$450 per apartment unit per year, and \$100 per MHC site.
- Same store results in relation to Killam are revenues and property operating expenses for stabilized properties Killam has owned for equivalent periods in 2015 and 2014 (90% of the portfolio based on the December 31, 2015 unit count).
- Interest coverage is calculated by dividing the earnings before interest, tax, depreciation, gain or loss on disposition and fair value adjustments by interest expense.

See the 2015 Management's Discussion and Analysis for further details on these non-IFRS measures.

For information, please contact:

Dale Noseworthy, CPA, CA, CFA
Vice President, Investor Relations and Corporate Planning
dnoseworthy@killamREIT.com

Phone: (902) 442-0388

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.