



Q4-2015
Results
Conference
Call

Feb 17,
2016
12 pm EST

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' 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.

Highlights from 2015

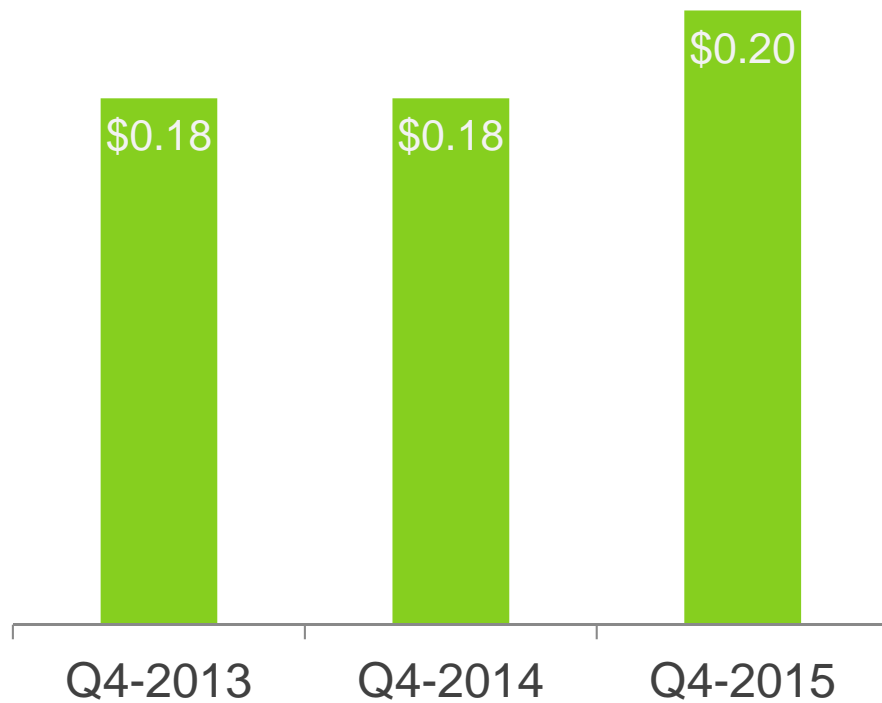
- Generated FFO per share of \$0.79, a 9.7% increase from \$0.72 in 2014.
- Improved AFFO payout ratio to 87.7% in 2015 vs. 98.1% in 2014.
- Increased same store rental revenue by 2.2%, including 40 basis point improvement in occupancy levels.
- Achieved same store NOI growth of 4.2%.
- Completed and leased-up two developments valued at \$33 million.
- Completed \$54 million in acquisitions, expanding Killam's opportunities for future development.
- Achieved interest expense savings, reducing the weighted average interest rate on mortgages to 3.27% at Dec 31, 2015 from 3.60% at Dec 31, 2014.

Highlights from Q4-2015

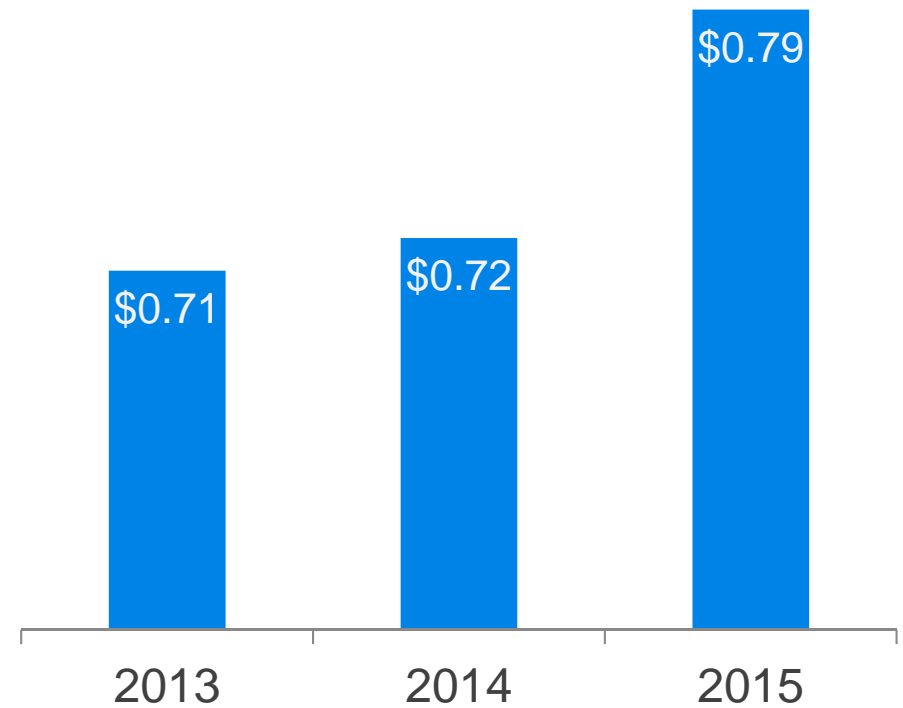
- Generated FFO per share of \$0.20, an 11.1% increase from \$0.18 in Q4-2014.
- Increased same store rental revenue by 1.6%.
- Achieved same store NOI growth of 3.9%.
- Completed \$9.4 million in acquisitions, further expanding Killam's opportunities for future development.
- Continued interest rate savings on refinancing, reducing the weighted average interest rate on mortgage debt to 3.27%, from 3.32% at September 31, 2015,
- Received shareholder approval on REIT conversion.

9.7% FFO Per Share Growth 2015

Q4 FFO Per Share

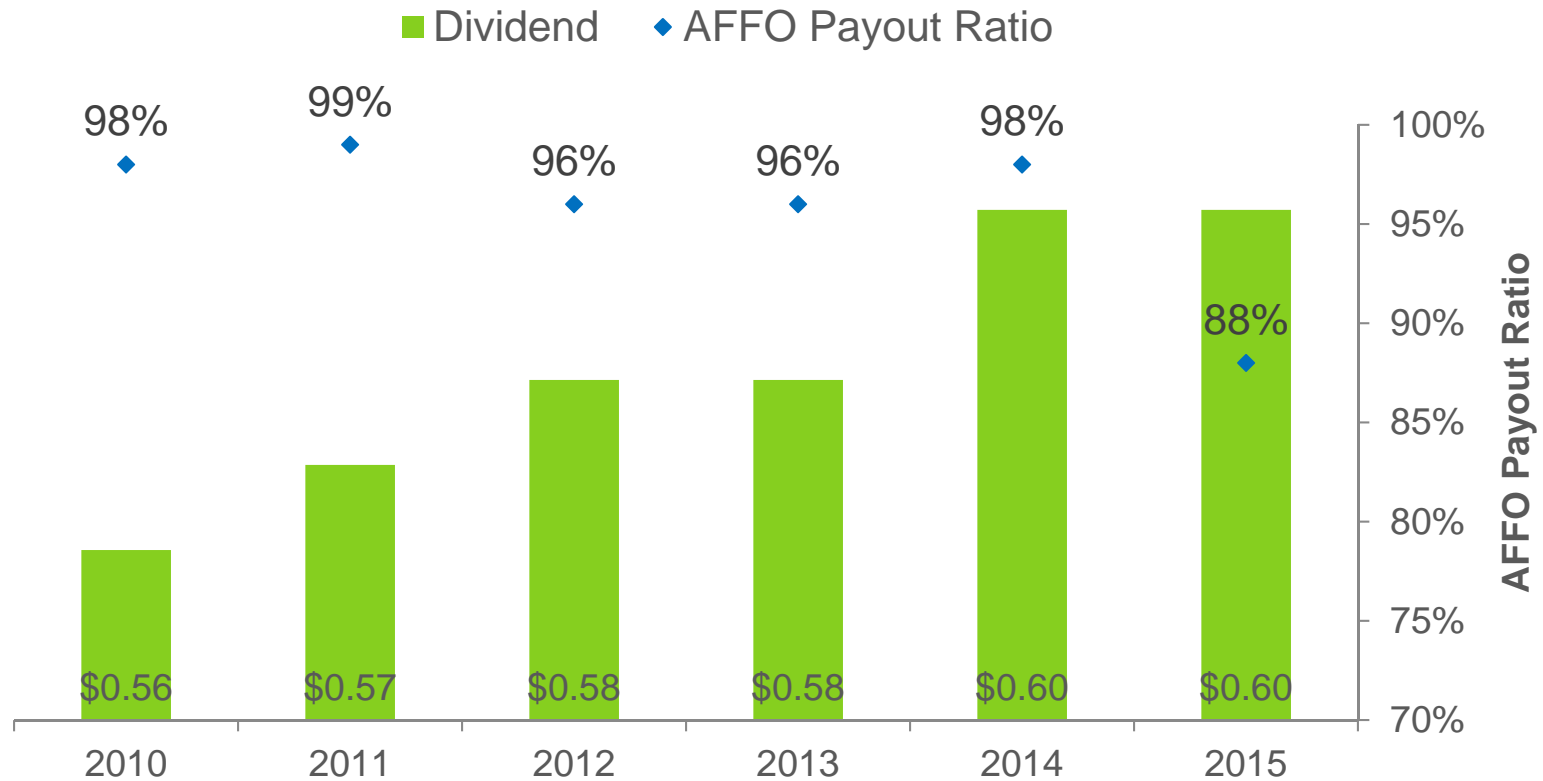


FFO Per Share For the years ended Dec 31,



88% AFFO Payout Ratio in 2015

Killam's Annual Dividend & Payout Ratio



Performance Vs. 2015 Targets

	Same Store NOI Growth	Acquisitions	% of Acquisitions Outside Atlantic Canada
2015 Target	0% - 2% Increased to 2% - 4%	\$75 Million	+50%
2015 Actuals	4.2%	\$54 Million	13%

2015 Developments

Saginaw Gardens, Cambridge, ON



- \$25.3 million total development cost
- 5.8% yield
- 4.75% cap rate for IFRS
- 122 apartment units
- Completed June 2015
- Fully leased
- Land for an additional 93 units located beside Saginaw Gardens

2015 Developments

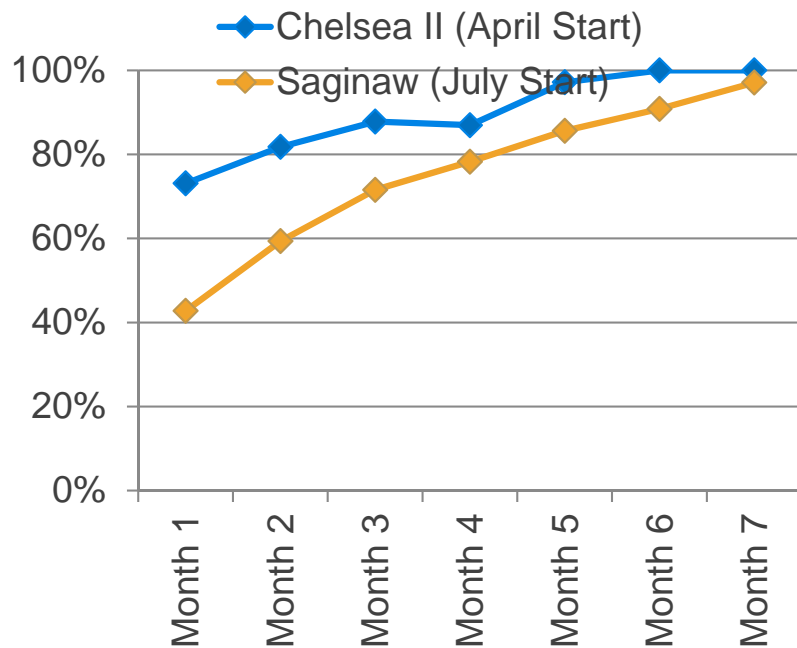
Chelsea Place, St. John's, NL

- 102 units
- \$21.8 million (\$213,000/door)
- 6% yield
- 5.15% cap rate for IFRS
- Completed March 2015
- Fully leased



Successful Developments in 2015

Monthly Occupancy



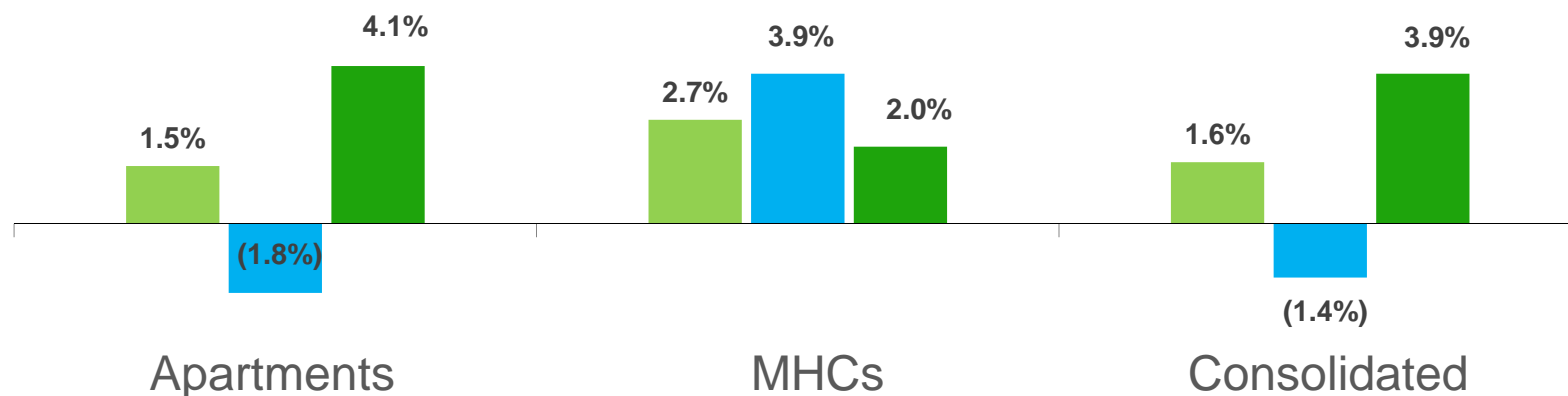
\$5.2M of Fair Value Gains on 2015 Developments



3.9% Same Store NOI Growth in Q4

Same Store Results 3 months ended Dec 31, 2015

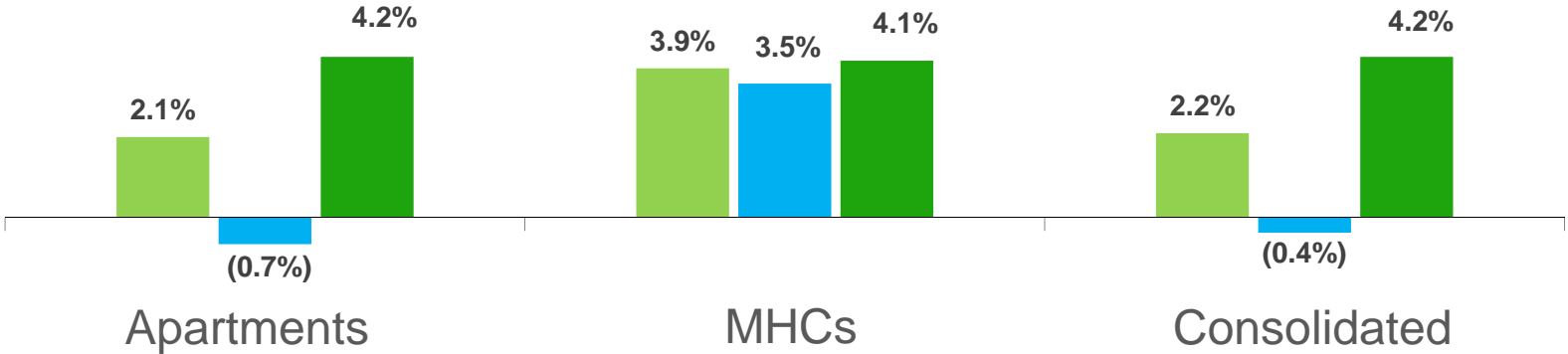
■ Revenue ■ Expenses ■ NOI



4.2% Same Store NOI Growth YTD

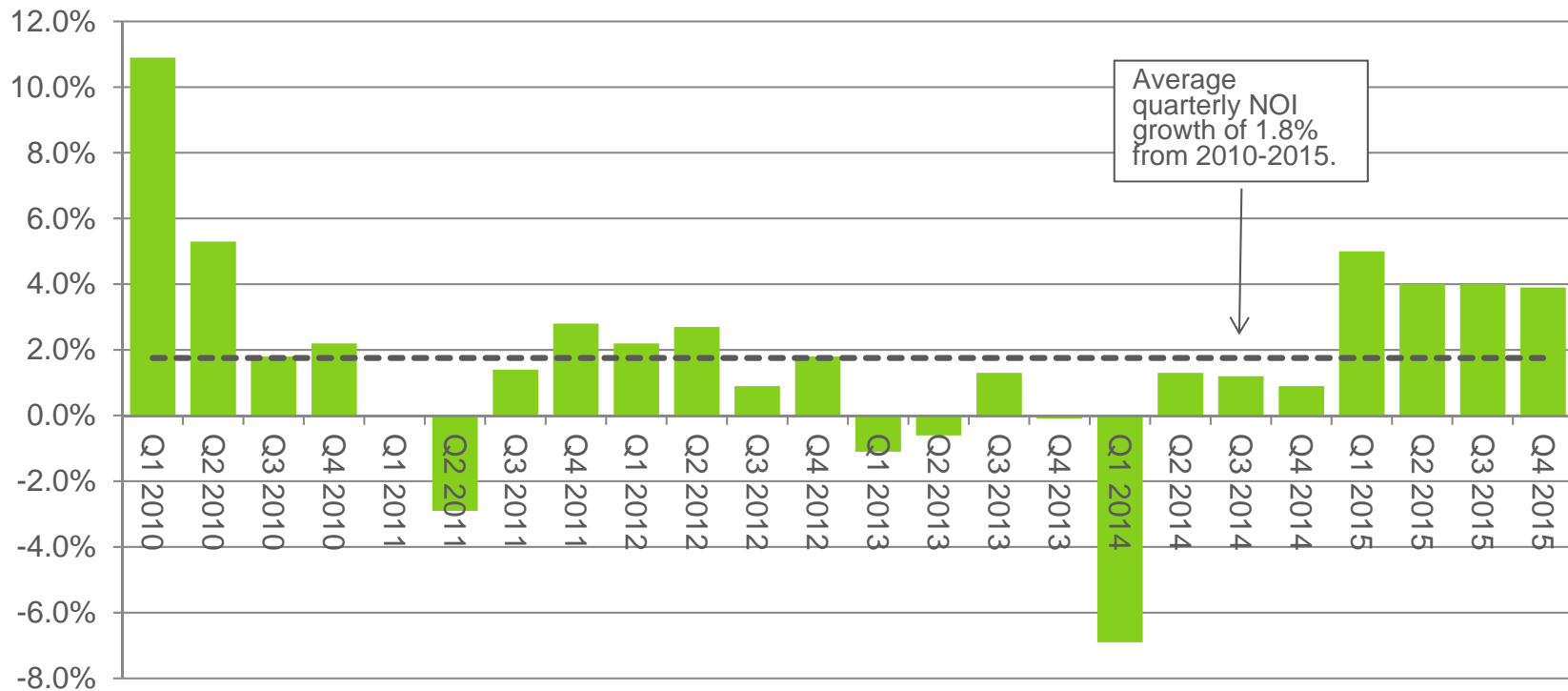
Same Store Results year ended Dec 31, 2015

■ Revenue ■ Expenses ■ NOI



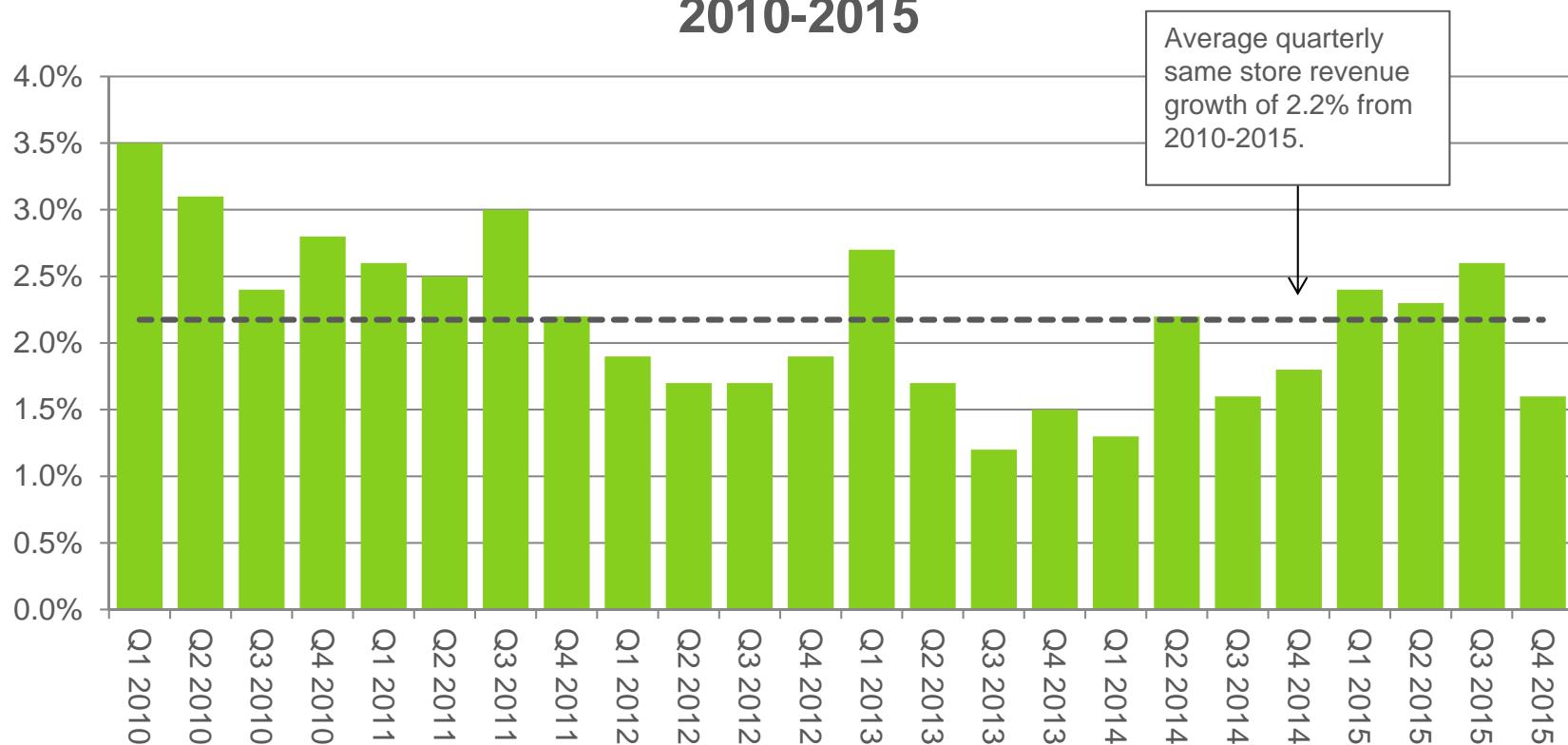
Strong NOI Growth Throughout 2015

Historic Change in Same Store NOI 2010-2015



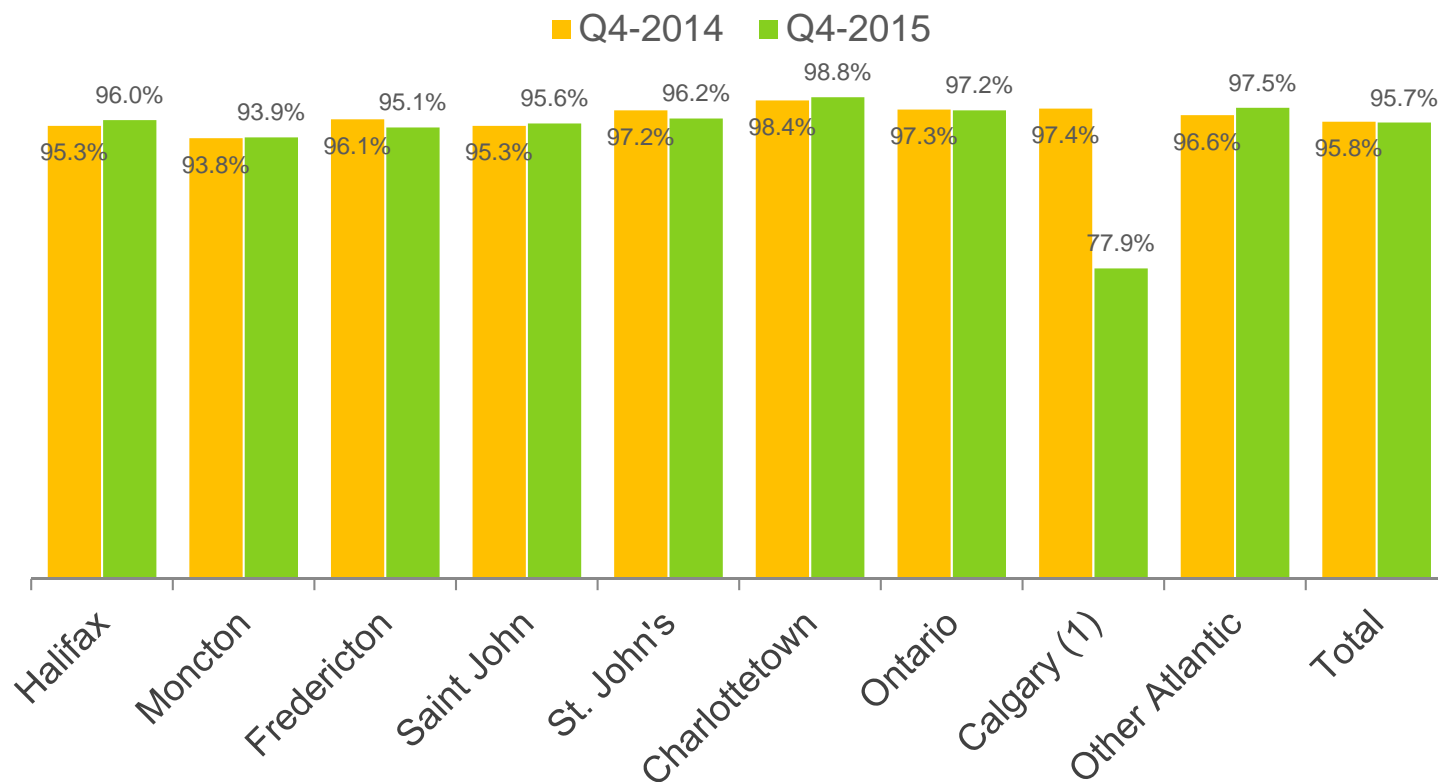
2.2% Same Store Revenue Growth in 2015

Historic Change in Same Store Revenue Growth 2010-2015



Apartment Occupancy of 95.7% in Q4

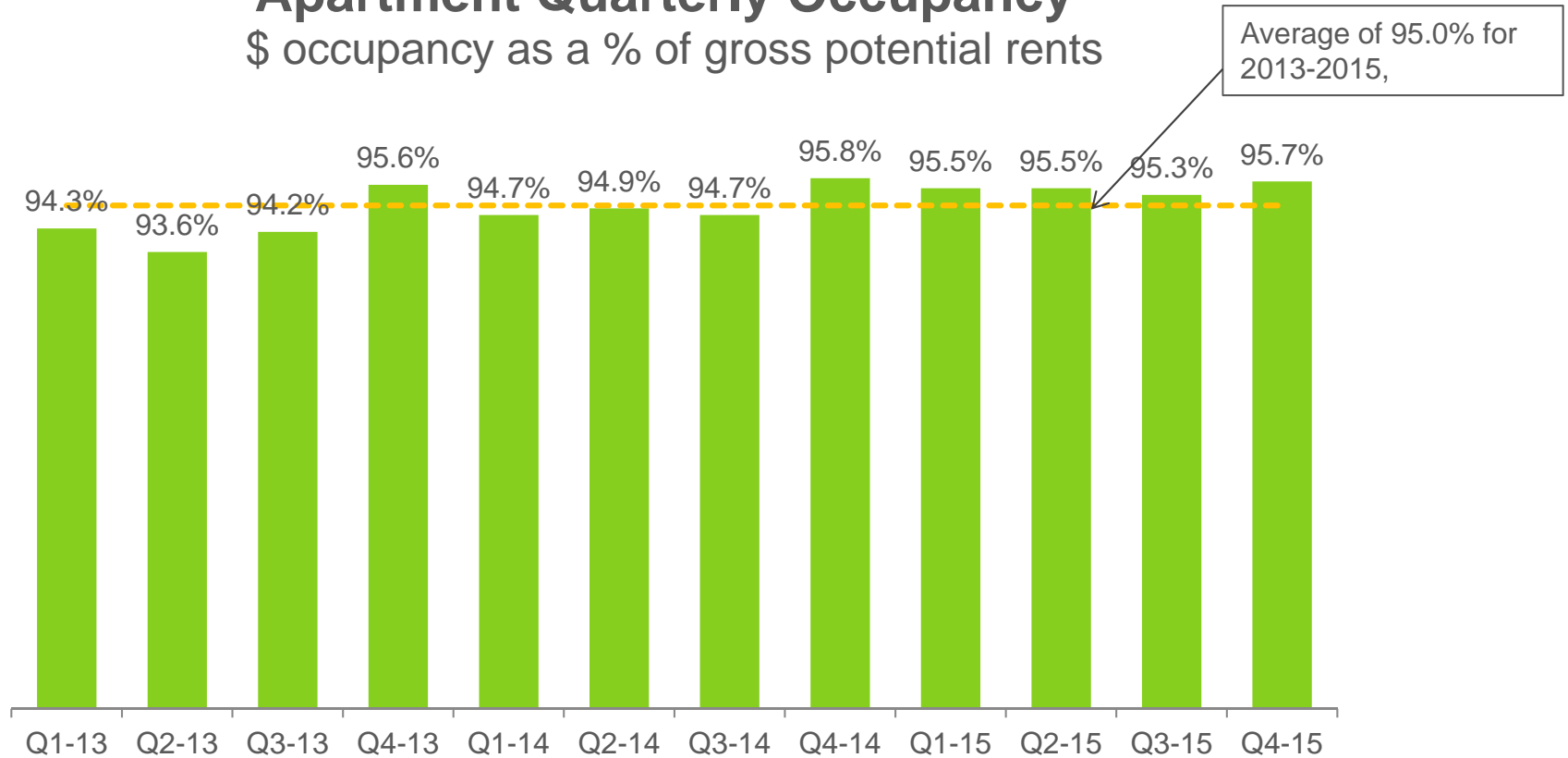
Q4 Apartment Occupancy*



* Occupancy based on percentage of residential rent for stabilized properties during the quarter.

Improved Occupancy in 2015

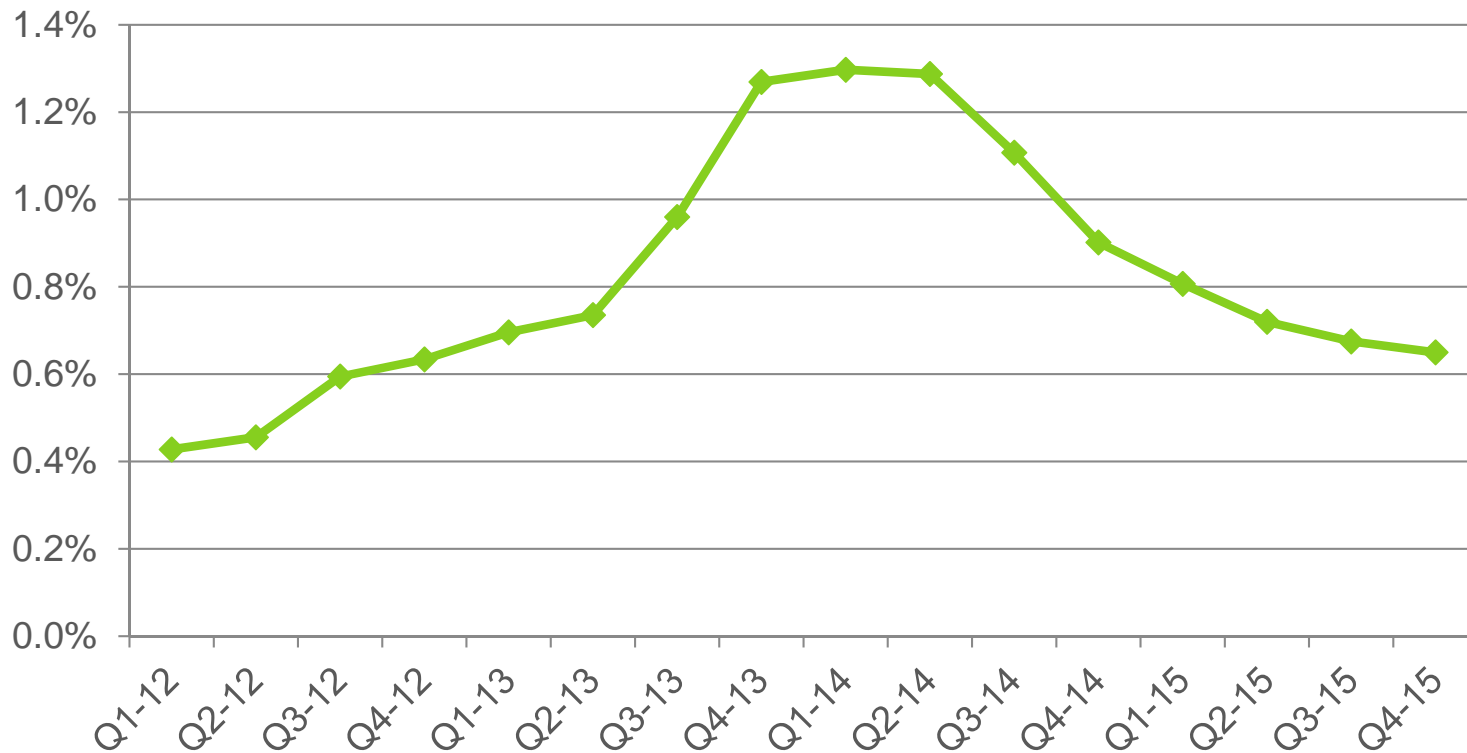
Apartment Quarterly Occupancy* \$ occupancy as a % of gross potential rents



* Occupancy based on percentage of residential rent for stabilized properties during the quarter.

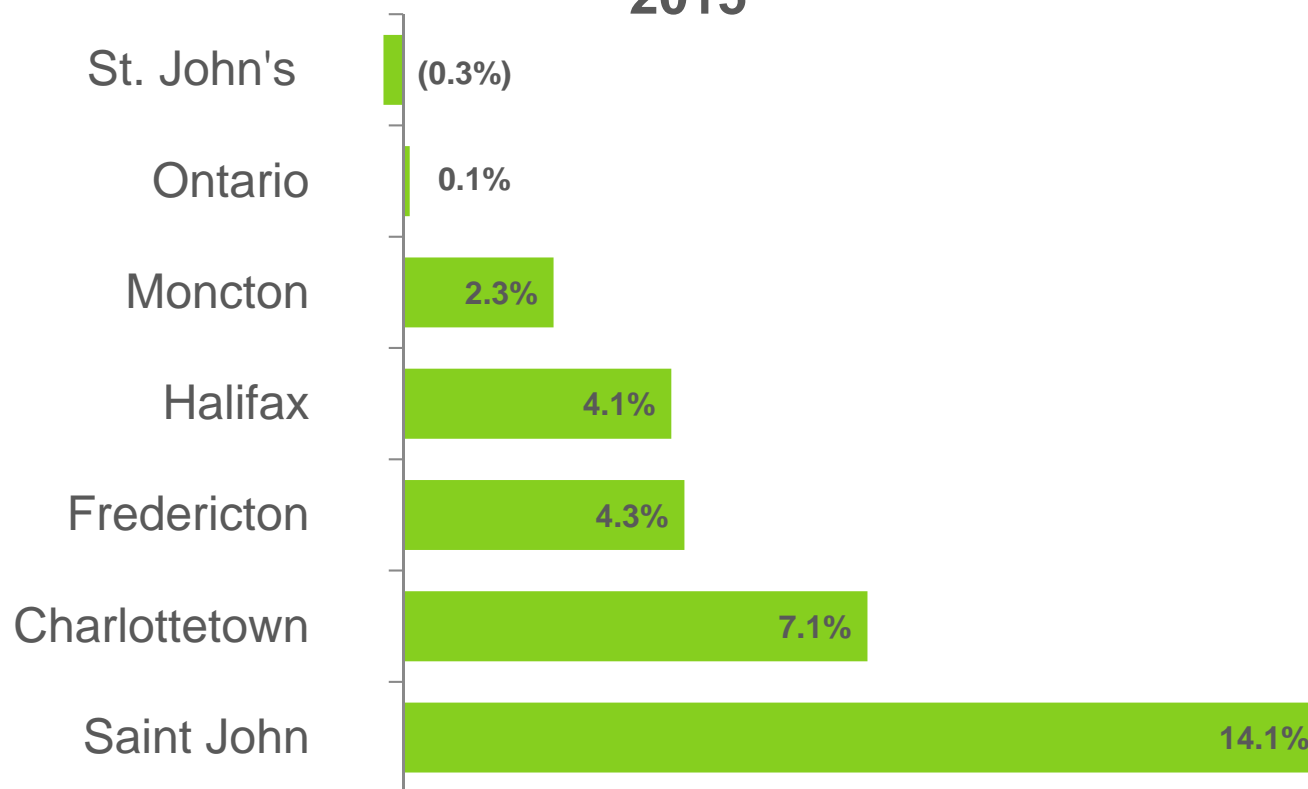
\$530K Savings in Rental Incentive 2015 Vs. 2014

Incentives as a Percentage of Rental Revenue
Same Store Apartment Properties



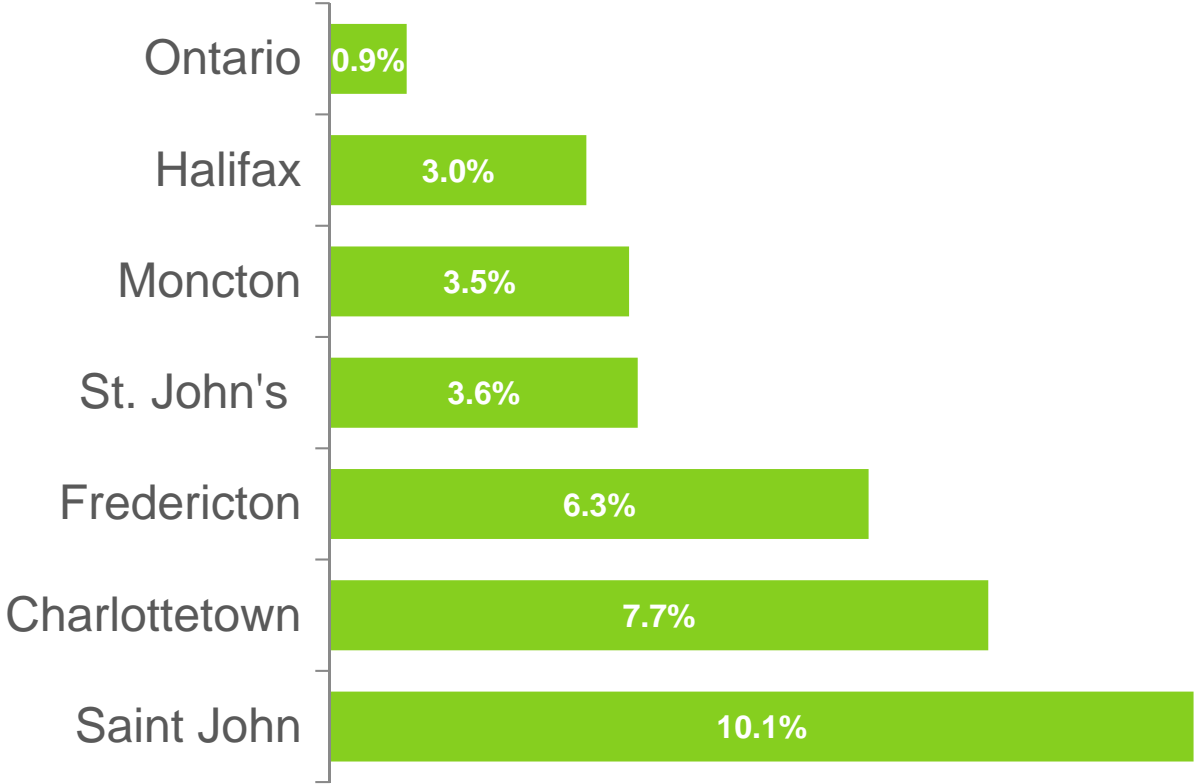
4.1% NOI Growth in Q4 for Apartments

Same Store NOI Growth by Core Market – Q4 2015



NOI Growth in All Markets-2015

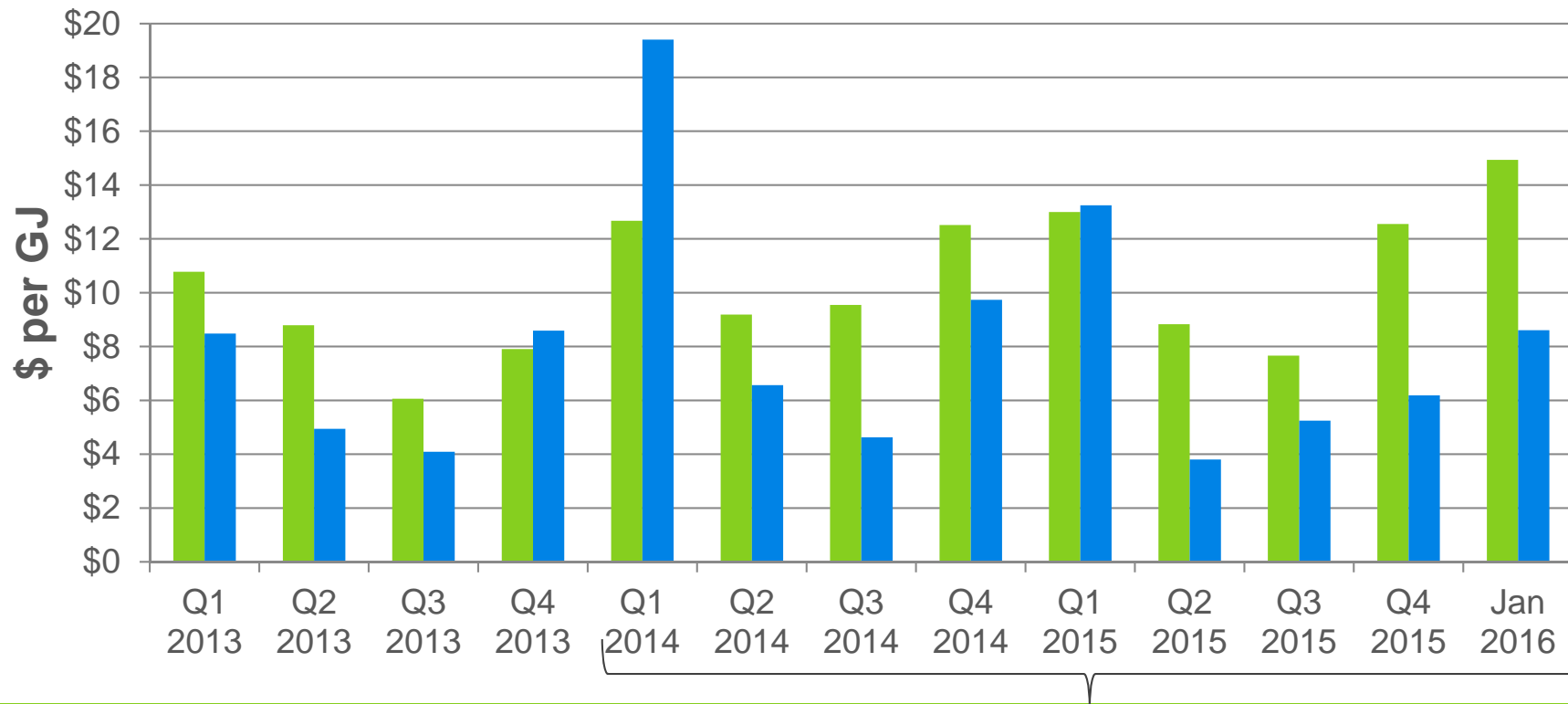
Same Store NOI Growth by Core Market



Lower Natural Gas Prices in 2015 Vs. 2014

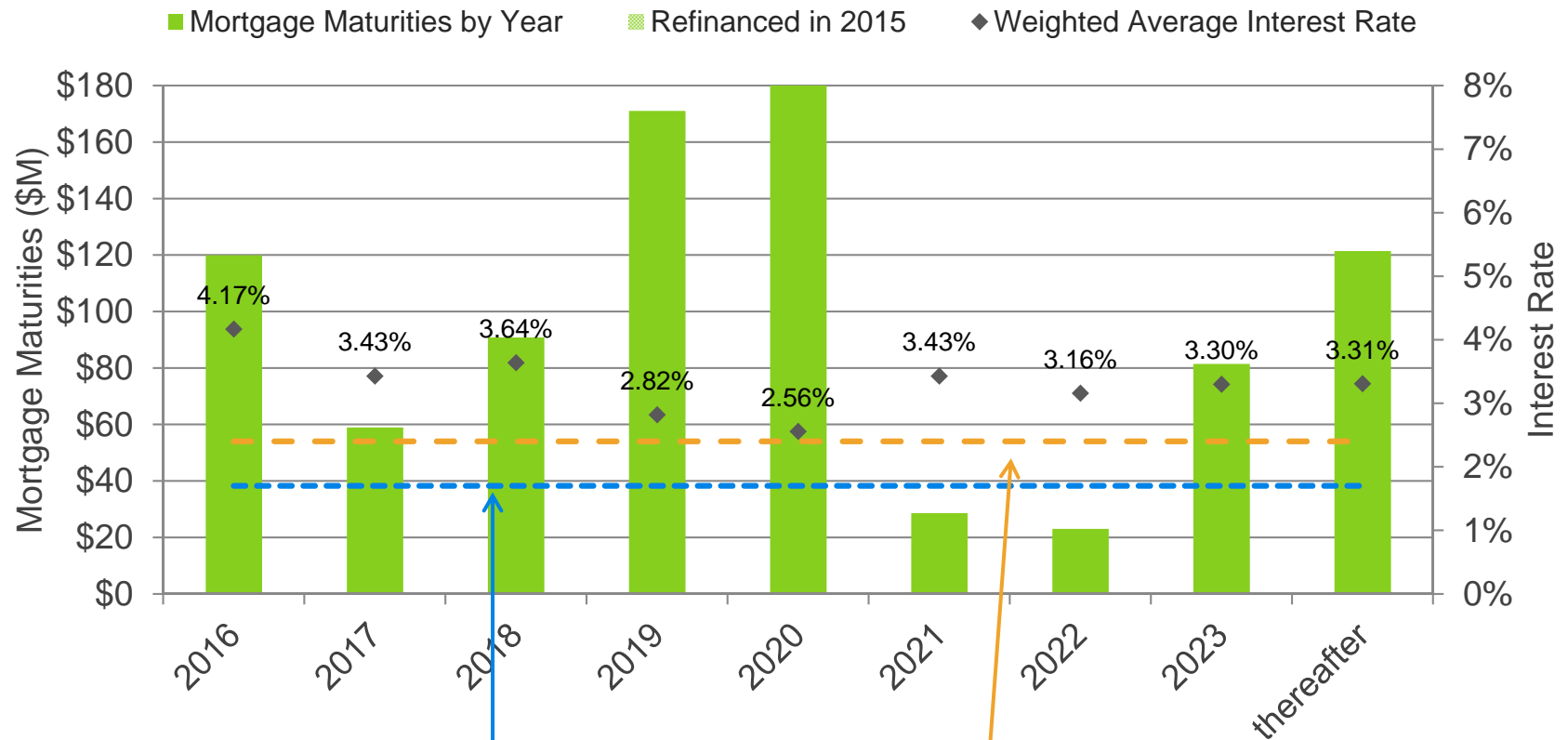
Commodity Charge per GJ

■ Nova Scotia ■ New Brunswick



Interest Expense Savings

Apartment Mortgage Maturities by Year

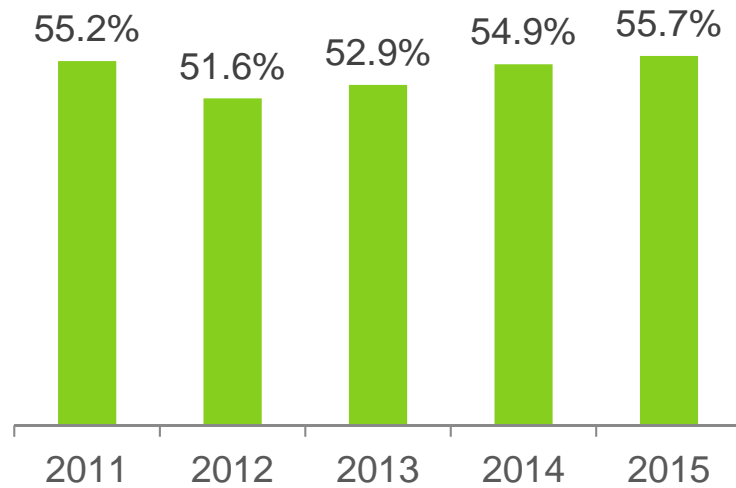


Current rate for 5-year CMHC insured debt is approximately 1.7%.

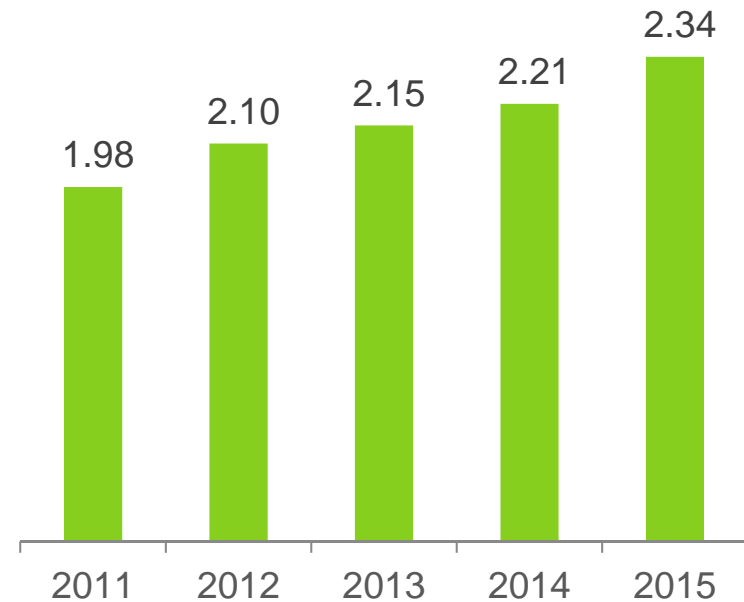
Current rate for 10-year CMHC insured debt is approximately 2.4%.

Stable Balance Sheet with Improving Interest Coverage Ratio

Debt as a % of Total Assets
At Dec 31,



Interest Coverage Ratio
Trailing 12 months at Dec 31,



Opportunities and Challenges in 2016

Opportunities

- Lower oil costs
- Lower natural gas prices in Ontario and New Brunswick
- Milder winter
- Lower garbage costs
- Interest expense savings on refinancings
- Rental rate growth
- Economic growth in Halifax
- Immigration

Challenges

- Increased insurance premiums
- Slowdown in Alberta
- Rising construction costs
- Increased apartment construction in Halifax

2016 Same Store NOI Target = 1% - 3%

Current Developments

Southport, Halifax, NS

Building Description:

142 units - 70 rental, 72 condo

Ownership:

Killam 50%, Urban Capital 50%

Start Date:

December 2014

Projected Completion:

Q3-2016

Location:

Downtown Halifax

Construction Cost:

\$14.7 million, \$210,000/door
(Killam's cost)

Expected Yield:

5.5%

Expected Value:

4.75% cap rate



Current Developments Southport, Halifax, NS



Current Developments

The Alexander (Phase I), Halifax, NS



Building Description:

242 units
24 storeys
230 underground parking stalls
6,200 square feet of retail space

Ownership:

Killam 50%, Partners 50%

Start Date:

Q3 2015

Projected Completion:

2017

Location:

Downtown Halifax across from the waterfront

Construction Cost:

\$35 million, \$276,000/ residential door (Killam's cost)

Expected Yield:

5.5%

Expected Value:

4.75% cap rate

Current Developments

The Alexander (Phase 1), Halifax, NS



Current Developments

The Alexander (Phase I), Halifax, NS

View from upper floors



Developments

Development Pipeline

Property	City	Development Potential in Units	Status
Developments Underway			
The Alexander - Phase 1*	Halifax, NS	242	Under construction 2017 completion
Southport - Barrington Street	Halifax, NS	70	Under construction Q3-16 completion
Development Opportunities - 2016			
Silver Spear*	Mississauga, ON	110	In design and approval process
Saginaw Phase II	Cambridge, ON	93	In design and approval process
Future Development Opportunities - 2017 and beyond			
Grid 5 Land*	Calgary, AB	396	Future development
Spring Garden Terrace Land	Halifax, NS	106	Approved development agreement
The Alexander - Phase 2*	Halifax, NS	40	As of right
Carlton Houses	Halifax, NS	70	Future development
Medical Arts (Spring Garden)	Halifax, NS	200	Future development
1335 Hollis Street	Halifax, NS	30	Future development
Block 4	St. John's, NL	80	As of right
Topsail Road	St. John's, NL	225	Approved development agreement
Total Development Opportunities		1,662	

* 50% ownership



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