

**KILLAM APARTMENT REIT**

**DISTRIBUTION REINVESTMENT PLAN**

**January 4, 2016**

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**Introduction**

The Distribution Reinvestment Plan (the "**Plan**") of Killam Apartment REIT (the "**REIT**") provides eligible holders ("**Unitholders**") of units ("**REIT Units**") of the REIT and Class B limited partnership units of Killam Apartment Limited Partnership ("**Exchangeable Units**") with the opportunity to reinvest the cash Distributions ("**Distributions**") payable to holders of REIT Units and Exchangeable Units towards the purchase of additional REIT Units from treasury at a price equal to the Average Market Price (as defined below) on the applicable Distribution Payment Date (as defined below). Eligible Unitholders who enroll in the DRIP Plan will also be entitled to receive a "bonus" distribution of additional REIT Units representing 3% of the amount of the Distribution reinvested pursuant to the DRIP Plan, based on the Average Market Price.

The Plan provides an efficient, convenient and cost-effective way for existing Unitholders to acquire additional REIT Units, as no commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of new REIT Units from treasury under the Plan, and the REIT bears all administrative costs of operating the Plan.

**Definitions**

In this Plan:

"**Average Market Price**" means, in respect of a particular Distribution Payment Date, the volume weighted average trading price of REIT Units (calculated to four decimal places) on the TSX for the ten (10) trading days immediately preceding such Distribution Payment Date, calculated by dividing the total value of REIT Units traded by the total volume of REIT Units traded during such period, as adjusted for certain events as set forth under "Price of REIT Units" below;

"**beneficial owner**" means a beneficial owner of REIT Units that are registered in the name of CDS or a Nominee;

"**Business Day**" means any day on which the offices of the Plan Agent in Halifax, Nova Scotia and Toronto, Ontario are generally open for the transaction of commercial business, but does not in any event include a Saturday, Sunday or civic or statutory holiday in Nova Scotia or Ontario or a day on which the Toronto Stock Exchange is closed;

"**CDS**" refers to The Canadian Depository for Securities Limited, which acts as a nominee for certain Canadian brokers, investment dealers, financial institutions and other Nominees, or its nominee or successor, as applicable;

"**CDS Participant**" refers to a broker, investment dealer, financial institution or other Nominee in its capacity as a participant in the CDS depository service, who holds REIT Units registered in the name of CDS on behalf of or for the account of eligible beneficial owners of REIT Units and who is acting on behalf of such beneficial owners with respect to participation in the Plan;

**"Distribution Payment Date"** refers to the date of the payment of a Distribution;

**"Distribution Record Date"** refers to the record date in respect of a Distribution;

**"DRS Advice"** means a direct registration system advice, being a record of a security transaction affecting a unit holder's account.

**"Nominee"** refers to a broker, investment dealer, financial institution or other nominee who holds REIT Units registered in its own name on behalf of an eligible beneficial owner of REIT Units;

**"Participant"** means an eligible registered holder of REIT Units who, on the applicable Distribution Record Date, is enrolled in the Plan (provided that a reference to a Participant shall only refer to CDS to the extent CDS has enrolled in the Plan on behalf of eligible beneficial owners of REIT Units and to Nominees to the extent such Nominees have enrolled in the Plan on behalf of eligible beneficial owners of REIT Units);

**"Plan Agent"** means Computershare Trust Company of Canada, its successors or assigns, or such other trust company as is appointed by the REIT from time to time to act as plan agent under the Plan;

**"Price of REIT Units"** has the meaning ascribed thereto in the section of this Plan entitled "Price of REIT Units";

**"Toronto time"** means Eastern Standard Time;

**"TSX"** means the Toronto Stock Exchange.

As used herein, words importing the singular number also shall include the plural and vice versa and words importing gender shall include all genders.

### **Advantages**

The Plan offers eligible Unitholders the opportunity, at their option, to reinvest Distributions payable in respect of their REIT Units by purchasing additional REIT Units directly from the REIT at the Average Market Price on the applicable Distribution Payment Date. An eligible Unitholder, by enrolling in the Plan, will also be entitled to receive a "bonus" distribution of additional REIT Units representing 3% of the amount of their reinvested Distributions. The price of the REIT Units issued pursuant to the "bonus" distribution will be the Average Market Price.

The Plan Agent, on behalf of Participants, will acquire REIT Units pursuant to the Plan directly from the REIT. The REIT Units purchased will be held under the Plan for the account of participating Unitholders.

**Beneficial owners of REIT Units who wish to participate in the Plan should consult their Nominee who holds their REIT Units to enquire as to what fees (if any) their Nominee may charge to enroll or participate in the Plan on their behalf. See "*Enrollment – Beneficial Holders*".**

Although the REIT is not permitted to issue fractions of REIT Units, full reinvestment of Distributions is possible because the Plan permits a fractional interest in a whole REIT Unit (to four decimal places) for any amount that cannot be reinvested as a whole REIT Unit to be credited to a Participant's account.

Distributions in respect of REIT Units (including "bonus" distributions) that are held under the Plan by the Plan Agent for the account of a Participant are automatically reinvested in REIT Units in accordance with the Plan and will entitle the Participant to receive the "bonus" distribution of 3% of the amount of the reinvested Distributions. REIT Units purchased under the Plan by CDS Participants on behalf of beneficial holders of REIT Units will not be held under the Plan by the Plan Agent but will instead be credited to the accounts of such CDS Participants (and the underlying beneficial Unitholders) through CDS.

### **Costs**

No commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of REIT Units from treasury under the Plan. All administrative costs of the Plan will be paid by the REIT.

Beneficial holders of REIT Units who wish to participate in the Plan should consult their Nominee, who holds their REIT Units, to confirm what fees (if any) such Nominee may charge to enroll or participate in the Plan on their behalf.

### **Enrollment**

#### *Registered Holders*

Eligible registered Unitholders (other than CDS) may enroll in the Plan at any time by delivering to the Plan Agent a duly completed and signed Enrollment Form in the form provided by the REIT for this purpose. Enrollment Forms may be delivered to the Plan Agent personally, by courier, by mail, by facsimile or any other electronic method acceptable to the Plan Agent.

CDS will provide separate instructions to the Plan Agent regarding the extent of its participation in the Plan on behalf of beneficial owners of REIT Units.

The Enrollment Form or CDS instructions, as the case may be, will direct (or be deemed to direct, as applicable) the Plan Agent to reinvest on a Participant's behalf all Distributions payable in respect of REIT Units registered in the Participant's name or held for the Participant's account under the Plan in additional REIT Units in accordance with and subject to the provisions of the Plan.

An Enrollment Form must be received by the Plan Agent no later than 3:00 p.m. (Toronto time) on the fifth Business Day immediately preceding the relevant Distribution Record Date in order to take effect on the Distribution Payment Date to which that Distribution Record Date relates. An Enrollment Form received by the Plan Agent after that time will not take effect until the next following and subsequent Distribution Payment Date. CDS instructions must be received by the Plan Agent by such deadline as may be agreed between CDS and the Plan Agent.

An Enrollment Form may be obtained from the Plan Agent at any time upon request or from the REIT's website at [www.killamreit.com](http://www.killamreit.com).

**Note:** Enrollment can be completed securely and conveniently online from the Agent's website at [www.investorcentre.com](http://www.investorcentre.com).

### *Beneficial Holders*

Eligible beneficial owners whose REIT Units are registered in the name of CDS or another person (such as a Nominee) may participate in the Plan only if they (i) transfer their REIT Units into their own name and then enroll in the Plan directly, or (ii) arrange for the applicable CDS Participant or other Nominee to enroll in the Plan on their behalf. **Beneficial owners of REIT Units registered in the name of CDS or a Nominee may not directly enroll in the Plan.**

Where an eligible beneficial owner of REIT Units wishes to enroll in the Plan through a CDS Participant in respect of REIT Units registered in the name of CDS, appropriate instructions must be received by CDS from the applicable CDS Participant no later than such deadline preceding a Distribution Record Date as CDS may set from time to time in order to take effect on the Distribution Payment Date to which the Distribution Record Date relates. If such instructions are received by CDS after that time, such instructions will not take effect until the next following Distribution Record Date. CDS Participants holding REIT Units on behalf of eligible beneficial owners of REIT Units registered in the name of CDS must arrange for CDS to enroll in the Plan on behalf of such beneficial owners of REIT Units in respect of each Distribution Payment Date.

**Eligible beneficial owners of REIT Units should contact their Nominee who holds their REIT Units to provide instructions regarding their participation in the Plan.**

Once a Participant (other than CDS) has enrolled in the Plan, participation in the manner elected by the Participant continues automatically until the Plan is terminated by the REIT or until such participation in the Plan is terminated by the Participant or the REIT. See "*Termination of Participation*" and "*Amendment, Suspension or Termination of the Plan*" below.

### **Fractional Interests**

Full reinvestment is possible under the Plan as the Plan Agent will credit to the account of each Participant, on each reinvestment made under the Plan, a fractional interest in a whole REIT Unit (to four decimal places) for any amount that cannot be reinvested in whole REIT Units. The REIT will from time to time issue to the Plan Agent such number of whole REIT Units as is necessary or desirable to accommodate the fractional interests of all Participants. The crediting of fractional interests in favour of beneficial owners who participate in the Plan through a Nominee will depend on the policies of that Nominee.

In certain events described herein, a Participant or its legal representative will be entitled to receive a cheque in payment of the value of any fractional REIT Unit interest remaining in the Participant's account based on the Average Market Price for the most recent Distribution Payment Date prior to the applicable event. Upon such payment being sent to the Participant or its legal representative, the Participant's fractional interest will be deemed to be cancelled.

### **Administration**

Computershare Trust Company of Canada currently acts as Plan Agent under the Plan for and on behalf of Participants. If Computershare Trust Company of Canada ceases to act as Plan Agent for any reason, another qualified trust company will be designated by the REIT to act as Plan Agent and Participants will be promptly notified of the change.

All funds received by the Plan Agent under the Plan will be applied to the purchase of REIT Units directly from the REIT on behalf of Participants. In no event will interest be paid to Participants on any funds held for reinvestment under the Plan.

### **Restrictions on Eligibility**

**Unless otherwise announced by the REIT, Unitholders who are not residents of Canada are not entitled to participate, directly or indirectly, in the Plan.**

The REIT and the Plan Agent reserve the right to deny participation in the Plan to any person or agent of any person who appears to be or who the REIT or the Plan Agent has reason to believe is subject to the laws of any jurisdiction which do not permit participation in the Plan in the manner sought by such person. In such circumstances, the REIT or Plan Agent may require as a condition to participation or continued participation that the Unitholder provide a declaration satisfactory to the REIT that the person is not a non-resident of Canada. See "*Termination of Participation*" below.

The REIT reserves the right to determine, from time to time, a minimum number of REIT Units that a Unitholder must hold in order to be eligible for, or continue to be enrolled in, the Plan. The REIT reserves the right to refuse participation to, or cancel participation of, any person who, in the opinion of either the REIT, is participating in the Plan primarily with a view to arbitrage trading.

### **Distribution Reinvestment**

Under the Plan, the REIT will pay to the Plan Agent, on or before each Distribution Payment Date, all Distributions in respect of REIT Units registered in the name of Participants enrolled in the Plan. Such Distributions will be applied by the Plan Agent, on behalf of such Participants, towards the purchase from treasury on the applicable Distribution Payment Date, of that number of REIT Units equal to the aggregate amount of such Distributions divided by the Average Market Price for the corresponding pricing period. The REIT will also pay to the Plan Agent an additional 3% of such Distributions, which the Plan Agent will use to purchase additional REIT Units directly from the REIT at the Average Market Price. The REIT Units (including fractions of REIT Units computed to four decimal places) will be credited to the applicable Participants' accounts.

### **Determination of Availability of REIT Units**

The REIT will determine, no later than the Business Day following each Distribution Record Date, the amount of REIT Units, if any, that will be made available for issuance under the Plan from treasury of the REIT on the Distribution Payment Date to which such record date relates.

If, in respect of any Distribution Payment Date, the amount of Unitholders' equity issuable on the reinvestment of Distributions under the Plan exceeds the limit, if any, on new equity available as may be set by the REIT, then the available equity will be prorated among all Participants according to the relative number of their REIT Units under the Plan.

If the REIT determines not to issue REIT Units through the Plan on a particular Distribution Payment Date, then Participants will receive from the REIT the regular cash Distributions which they would otherwise be entitled to receive on such date and which will not be reinvested in the Plan as a result of such determination.

### **Price of REIT Units**

The price at which new REIT Units will be issued under the Plan will be the Average Market Price.

The Average Market Price will be appropriately adjusted for any subdivision, consolidation or similar pro rata change in the number of outstanding REIT Units into a greater or lesser number of REIT Units, any reclassification of REIT Units into other securities of the REIT, or any issue of REIT Units or other securities or assets of the REIT (other than Distributions in the ordinary course) to the holders of all or substantially all of the then outstanding REIT Units, the effective date of which or the record date for which falls within the ten day period for which the Average Market Price is calculated.

### **Accounts and Reports to Participants**

An account will be maintained by the Plan Agent for each Participant with respect to purchases of REIT Units under the Plan for the account of such Participant. An unaudited statement of account regarding purchases under the Plan will be mailed on a quarterly basis to each Participant who is a registered holder of REIT Units. These statements of account are a Participant's continuing record of purchases of REIT Units made on behalf of such Participant pursuant to the Plan and should be retained for income tax purposes.

Unitholders are responsible for calculating and monitoring their own adjusted cost base in REIT Units for income tax purposes, as certain averaging rules may apply and such calculations may depend on the cost of other REIT Units held by a Unitholder.

Beneficial owners of REIT Units who are enrolled in the Plan through a Nominee may or may not be provided with such reports or forms from their Nominee.

### **Certificates for REIT Units**

REIT Units purchased and held under the Plan by the Plan Agent will be registered in the name of the Plan Agent, or its nominee, or recorded in accounts designated by the Plan Agent, for the account of the Participants. DRS Advice or unit certificates for whole REIT Units will be issued to Participants only if the Plan is terminated by the REIT, participation in the Plan is terminated by a Participant or by the REIT, or a Participant withdraws all or some of its REIT Units held by the Plan Agent for the Participants from its account under the Plan. DRS Advice or unit certificates

will only be issued in the name of the applicable Participant and will only be issued for whole REIT Units.

A Participant who is a registered holder of REIT Units may have a DRS Advice or unit certificate issued in such Participant's name for any number of whole REIT Units held by the Plan Agent under the Plan for the account of such Participant by duly completing the withdrawal portion of the voucher located on the reverse side of the statement of account delivered to such registered Unitholder by the Plan Agent, and delivering such executed voucher to the Plan Agent. The Plan Agent will generally issue unit DRS Advice or unit certificates to a Participant within three weeks of receipt of a withdrawal request form. Any instruction to the Plan Agent shall be in writing and may be delivered to the Plan Agent personally, by courier, by mail, by facsimile or any other electronic method acceptable to the Plan Agent. Any REIT Units (including any fraction of a REIT Unit) remaining in a Participant's account will continue to be held by the Plan Agent under the Plan for the account of such Participant.

### **Disposition of REIT Units held Under the Plan**

REIT Units held by the Plan Agent under the Plan for the account of a Participant may not be sold, pledged or otherwise disposed of by the Participant while so held. Participants who wish to sell, pledge or otherwise dispose of any REIT Units held by the Plan Agent under the Plan for their account will first be required to request that a DRS Advice or unit certificate representing such REIT Units be issued in their name by the Plan Agent.

### **Termination of Participation**

A Participant may voluntarily terminate its participation in the Plan by duly completing and sending to the Plan Agent the termination portion of the voucher located on the reverse side of the statement of account that is mailed to Participants. Any instruction to the Plan Agent shall be in writing and may be delivered to the Plan Agent personally, by courier, by mail, by facsimile or any other electronic method acceptable to the Plan Agent. A DRS Advice or unit certificate for the number of whole REIT Units held by the Plan Agent under the Plan for the account of such Participant will be issued to, and in the name of, such Participant, together with a cheque for the value of any remaining fraction of a REIT Unit held for the account of such Participant (based on the Average Market Price of REIT Units used for the immediately preceding Distribution Payment Date). Any fraction of a REIT Unit held for the account of such Participant will be cancelled in exchange for such cash payment. A duplicate statement of account containing the termination and withdrawal vouchers may be obtained from the Plan Agent at the address below. Generally, a request for termination will be processed within three weeks of the receipt by the Plan Agent of a termination request. No termination request will be processed between the Distribution Record Date and the end of the investment period pursuant to the Plan, which is typically the Distribution Payment Date, or shortly thereafter.

Participation in the Plan of a Participant will be terminated automatically in the event that a Participant ceases to be a resident of Canada for the purposes of the *Income Tax Act* (Canada), as amended from time to time (the "**Tax Act**"), and a Participant must deliver to the Plan Agent a written notice stating the occurrence of such event. A DRS Advice or unit certificate for the number of whole REIT Units held by the Plan Agent under the Plan for the account of such

Participant will be issued in the name of such Participant, together with a cheque for the value of any remaining fraction of a REIT Unit held for the account of such Participant (based on the Average Market Price of REIT Units used for the immediately preceding Distribution Payment Date). Any fraction of a REIT Unit held for the account of such Participant will be cancelled in exchange for such cash payment. To the extent that a Participant ceases to be a resident of Canada, Distributions will be subject to applicable non-resident withholding tax.

Participation in the Plan will be terminated automatically following receipt by the Plan Agent of a notice and sufficient evidence of the death of a Participant. A DRS Advice or unit certificate for the number of whole REIT Units held by the Plan Agent under the Plan for the account of such deceased Participant will be issued in the name of such deceased Participant or the deceased Participant's estate, as applicable, together with a cheque for the value of any remaining fraction of a REIT Unit held for the account of such deceased Participant (based on the Average Market Price of REIT Units used for the immediately preceding Distribution Payment Date). Any fraction of a REIT Unit held for the account of such deceased Participant will be cancelled in exchange for such cash payment.

If a notice of termination or a notice of a Participant's death is not received by the Plan Agent before 4:00 p.m. (Toronto time) on the fifth Business Day immediately preceding a Distribution Record Date, the Participant's account will not be closed, and the Participant's enrollment in the Plan will not be terminated, until after the Distribution Payment Date to which such Distribution Record Date relates.

Beneficial owners of REIT Units who are enrolled in the Plan through a Nominee and who wish to terminate their participation in the Plan must so advise their Nominee who will terminate participation in the Plan on behalf of the beneficial owner.

### **Subdivisions**

In the event of a subdivision, consolidation or similar pro rata change in the number of outstanding REIT Units into a greater or lesser number of REIT Units, the Plan Agent will proportionately credit or debit the account of each Participant maintained under the Plan according to the number of REIT Units held for the account of that Participant prior to the effective time of the subdivision, consolidation or similar change.

### **Unitholder Voting**

Whole REIT Units held under the Plan by the Plan Agent for a Participant's account on the record date for a vote of Unitholders will be voted in accordance with the instructions of the Participant given on a form to be furnished to the Participant by the Plan Agent. REIT Units for which voting instructions are not received will not be voted. No voting rights will attach to any fraction of a REIT Unit held for a Participant's account under the Plan.

### **Responsibilities of the REIT and the Plan Agent**

Neither the REIT, the Plan Agent nor any of their respective directors, officers, Unitholders or representatives will be liable to any registered or beneficial Unitholder or to CDS or any CDS

Participant or Nominee for any act or omission or for any failure to act in connection with the operation of the Plan including without limitation any claims or liability:

- (a) relating to the prices and times at which REIT Units are purchased under the Plan for the account of a Participant;
- (b) relating to any decision made by or on behalf of the REIT not to make any Unitholders' equity available under the Plan, or to limit the amount of equity available under the Plan, for any Distribution Payment Date;
- (c) arising out of a prorating, for any reason, of the number of REIT Units that may be acquired by a Participant under the Plan, in the circumstances described herein;
- (d) relating to any decision to amend, suspend, terminate or replace the Plan in accordance with the terms herein;
- (e) arising out of the involuntary termination of a Unitholder's enrollment in the Plan in the circumstances described herein;
- (f) arising out of any failure to terminate an individual Participant's enrollment in the Plan upon such Participant's death before receipt of written notice of death; or
- (g) relating to the income or other tax considerations to a Unitholder of enrolling in and acquiring beneficial ownership of REIT Units issued pursuant to the Plan.

**Participants and beneficial owners of REIT Units should recognize that neither the REIT nor the Plan Agent can assure a profit or protect them against a loss on the REIT Units purchased under the Plan.**

#### **Amendment, Suspension or Termination of the Plan**

The REIT reserves the right to amend or terminate the Plan at any time, but such action shall have no retroactive effect that would prejudice the interests of the Unitholders. In the event that the REIT amends the Plan, no written notice of any such amendment will be sent to Participants unless the interests of Participants are, in the opinion of the REIT, materially prejudiced as a result of such amendment. Generally, no notice will be given to Participants regarding any amendments to the Plan intended to cure, correct or rectify any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions. Where required, amendments to the Plan will be subject to the prior approval of the TSX.

In the event that the REIT terminates the Plan, all Participants will be sent written notice of such termination and the Plan Agent will send to each Participant a DRS Advice or unit certificate for whole REIT Units held for the Participant's account under the Plan and a cheque for the value of any remaining fraction of a REIT Unit in such Participant's account (based on the Average Market Price of REIT Units used for the immediately preceding Distribution Payment Date). Any fractional interest in a REIT Unit held for the account of such Participant will be cancelled in exchange for such cash payment. In the event that the REIT terminates the Plan, no investment will be made by the Plan Agent on the Distribution Payment Date immediately following the effective date of such termination, and any Distributions paid after the effective date of such termination that would, but for the termination, be reinvested under the Plan, will be paid to the Participants.

### **Governing Law**

The Plan shall be governed and constated in accordance with the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein.

### **Interpretation**

Any issues of interpretation arising in connection with the Plan or its application shall be conclusively determined exclusively by the REIT.

### **Notices**

All notices or other documents required to be given to Participants under the Plan, including DRS Advices or unit certificates for REIT Units and cheques, shall be mailed to Participants who are registered holders of REIT Units at their address as shown in the register of Unitholders maintained by the registrar and transfer agent of the REIT or to Participants which are CDS Participants at their address as shown in the accounts or other records maintained by the Plan Agent in respect of CDS Participants.

Notices to the Plan Agent shall be sent to:

Computershare Trust Company of Canada  
2008 – 1969 Upper Water Street  
Halifax, Nova Scotia B3J 3R7

Attention: Relationship Manager, Client Services  
Telephone: (902) 420-3557  
Fax: (902) 420-2764

Notices to the REIT shall be sent to:

Killam Apartment REIT  
Suite 100, 3700 Kempt Road  
Halifax, Nova Scotia B3K 4X8

Attention: Dale Noseworthy, VP, Investor Relations & Corporate Planning  
Telephone: (902)442-0388  
Email: [dnoseworthy@killamreit.com](mailto:dnoseworthy@killamreit.com)

### **Notices to Unitholders**

All notices or other documents to be given to Participants pursuant to or in connection with the Plan, including REIT Unit certificates and cheques, will be mailed to Participants at the addresses as shown on the records of the Plan Agent.

### **Effective Date:**

The Plan is effective for Distributions in respect of Unitholders of record on January 1, 2016.

DATED January 4, 2016.