



KILLAM
PROPERTIES INC

Investor Presentation January 2010





Cautionary Statement

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Diverse Portfolio of Quality Multi-Residential Assets

\$320M
MARKET CAP

118
APARTMENT
PROPERTIES

12%
MARKET SHARE
IN ATLANTIC CANADA

18,153
UNITS

\$105M
IN REVENUE

6.7%
DIVIDEND YIELD
(at Jan 8/10)

55
MANUFACTURED
HOME
COMMUNITIES



Why Invest in Killam Properties?

1. Experienced management team with proven ability to grow FFO per share & same store NOI
2. Market leader of multi-residential real estate in Atlantic Canada
3. Diverse portfolio of quality multi-residential assets
4. Exposure to stable Atlantic Canadian economy
5. Defensive balance sheet with nominal refinancing risk
6. Future growth in earnings
7. Attractive dividend
8. Shares trading at a discount to NAV

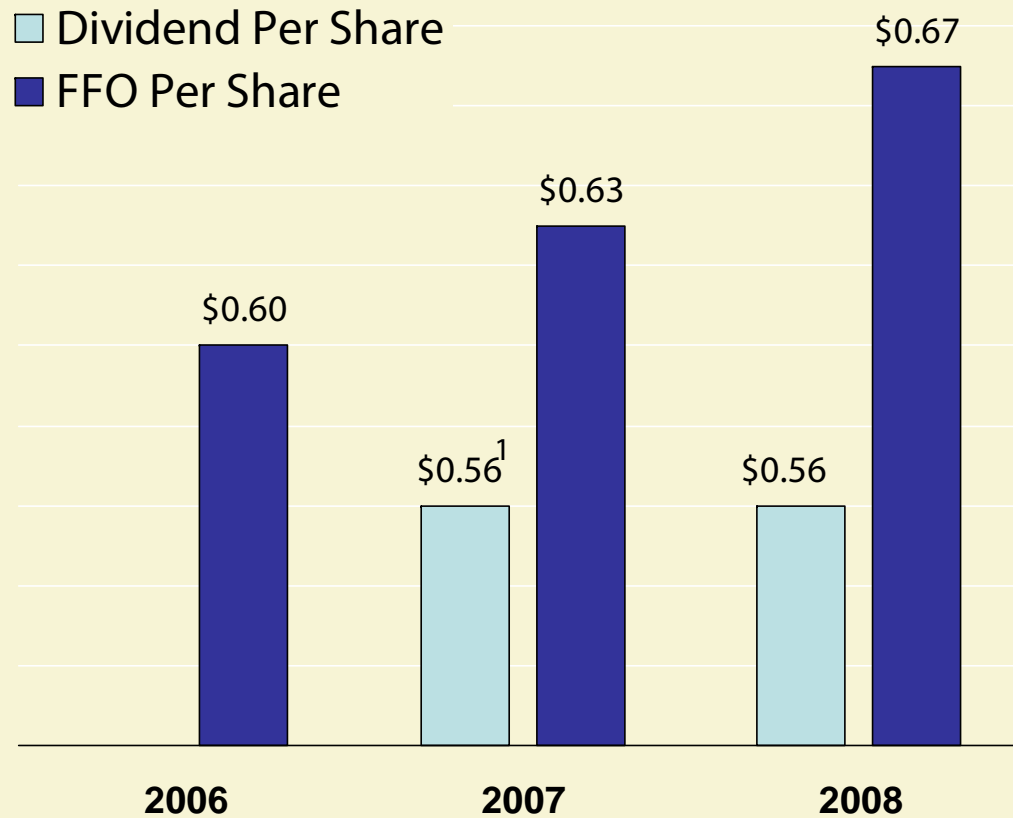


Experienced Team = Operational Excellence

- Investments for long-term efficiencies
 - Natural gas conversions, water saving kits, solar panels
 - Commitment to green initiatives
- We know our properties
 - Senior executive involvement in all property acquisitions
 - Properties are managed internally
 - Bi-weekly property leasing meetings include senior executive
- Development of extensive resident manager training and certification
- Focus on risk mitigation
 - Tenant insurance confirmation, photo IDs for all staff, underground parking inspections
 - Staff training – violence prevention, first aid, safety procedures
- Clustering of assets in core markets allows for operational efficiencies



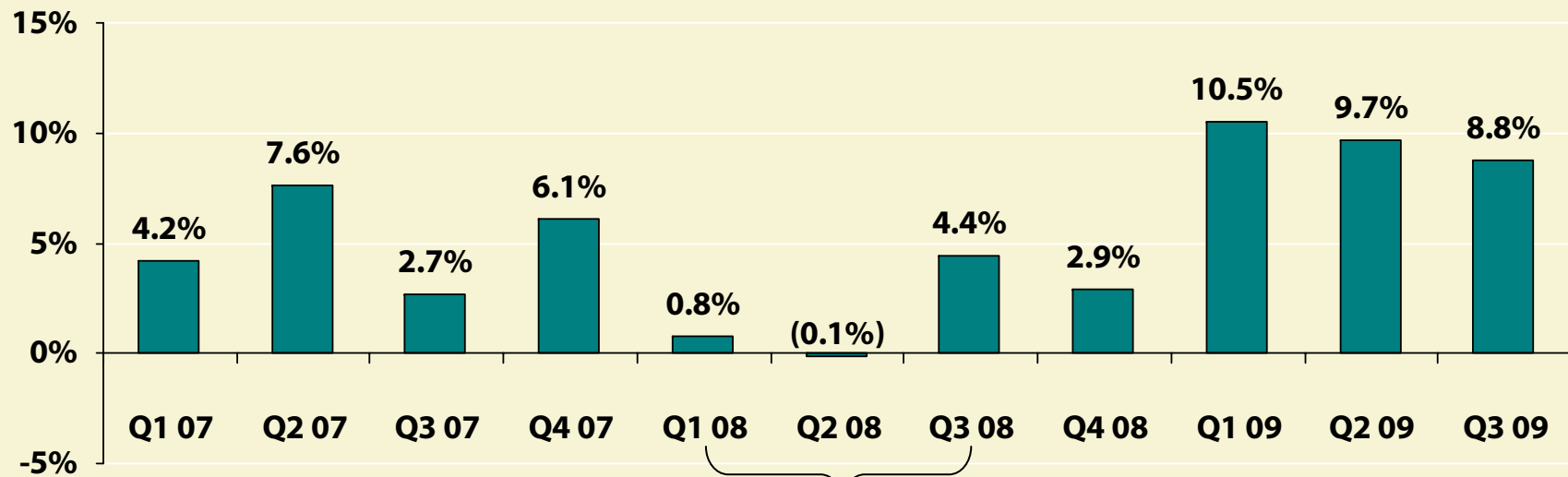
Proven Record of Increasing FFO Per Share



1. Annualized dividend - first dividend initiated in March 2007



History of Same Store NOI Growth



Growth was impacted by record high energy costs during 2008.



Proven Ability to Increase FFO Per Share

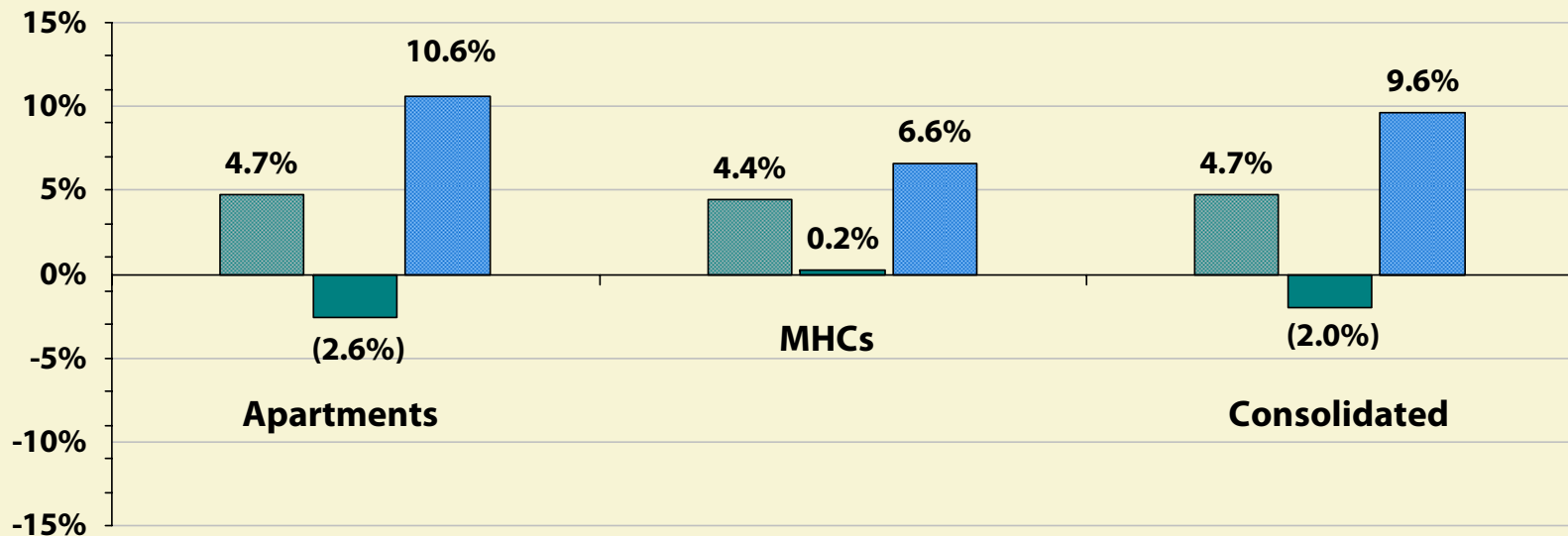
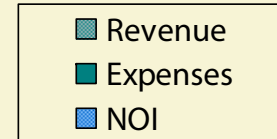
Highlights from the first three quarters of 2009:

- ✓ **12.0%** increase in FFO per share
- ✓ **4.6%** growth in same store rental revenue
- ✓ **9.6%** increase in same store net operating income



9.6% Same Store NOI Growth YTD

Same Store Results 9 months ended Sept 30, 2009

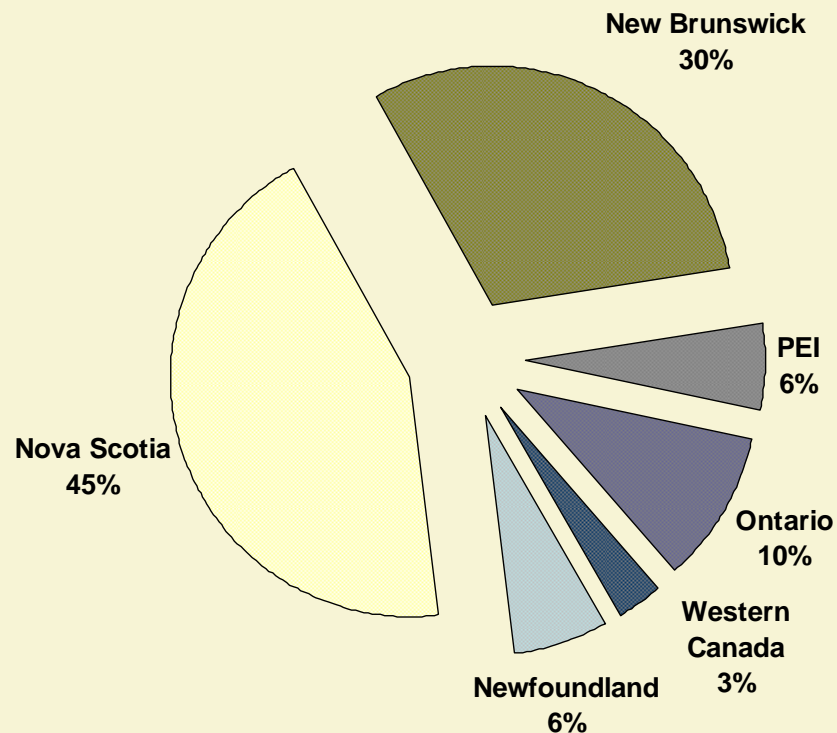


Same store reflects the operations for stabilized properties owned for equivalent periods year over year. In 2009, this represented 96% of the portfolio.



Diverse Portfolio of Quality Multi-Residential Assets

Killam's NOI by Province



- ✓ NOI breakdown by asset class:
 - ✓ 72% Apartments
 - ✓ 28% MHC
- ✓ 13% of NOI generated outside of Atlantic Canada



MHCs Add Diversity to Apartment Portfolio

Key characteristics of MHCs

- ✓ Less recurring capital investment than apartments
- ✓ Stable and predictable cash flow
- ✓ Very low tenant turnover (~1%)
- ✓ Consistently strong occupancy rates (~99%)
- ✓ Higher profit margins than apartments
- ✓ High barriers to entry due to restrictive zoning

MHCs fit well with Killam's apartment portfolio

- ✓ Provides diversification and increased stability to apartment portfolio
- ✓ Excellent consolidation opportunity owing to fragmented ownership across Canada
- ✓ Excellent expansion and MHC home sale opportunities



Diverse Portfolio of Quality Multi-Residential Assets

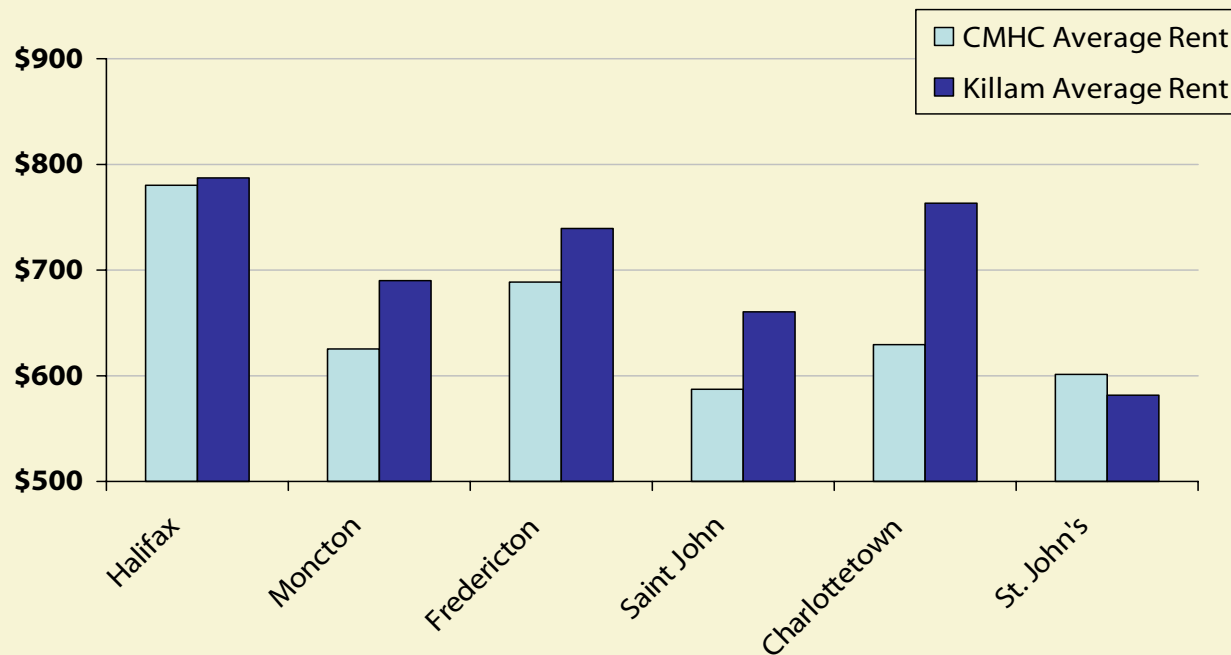
	Apartments	MHCs
Average Age	28 years	n/a
Average Units Per Property	76	168
Operating Margin	57%	65%
Average Rent	\$754	\$221
Annual Turnover	33%	1%
Occupancy at Sept 30, 2009	98.2%	99.1%
Budgeted Annual Per Unit Capital Spend Expected	\$800*	\$200
% of Units With Rent Control	8%	39%

* Estimate of \$400 revenue enhancing capital spending and \$400 capital maintenance.



Diverse Portfolio of Quality Multi-Residential Assets

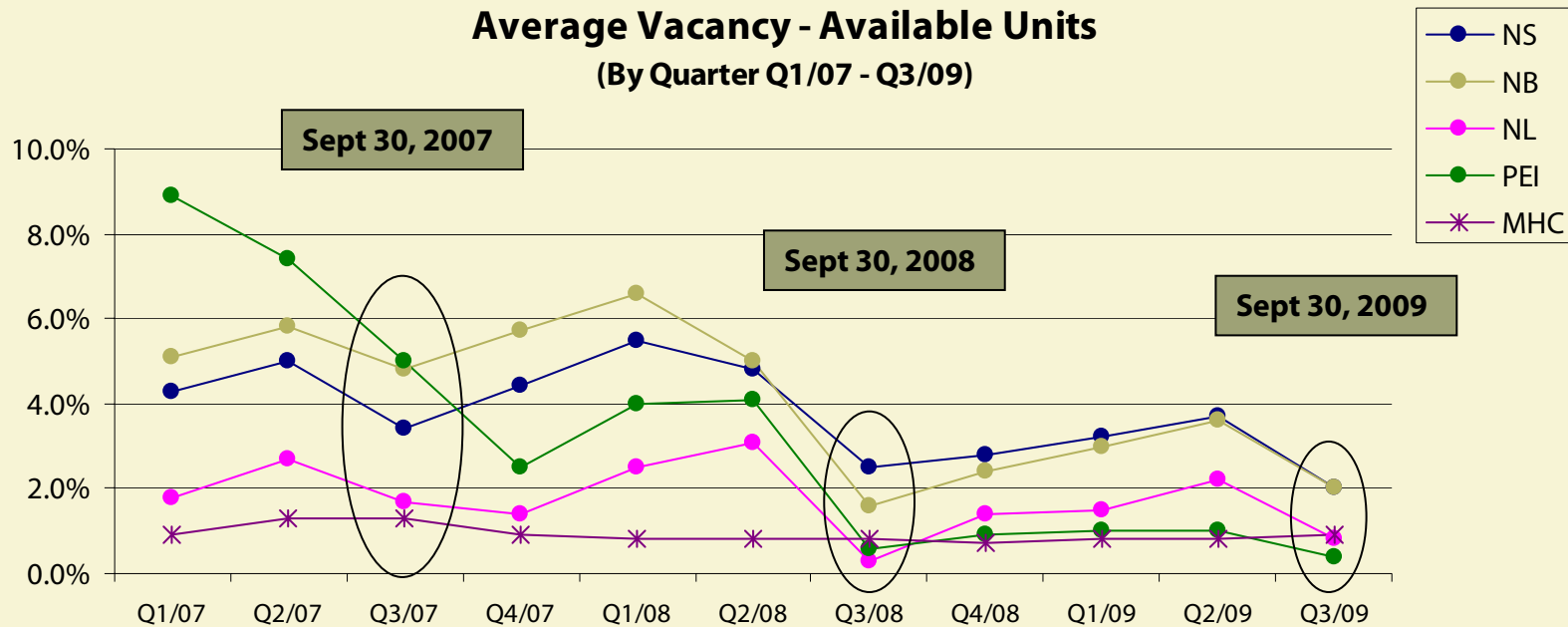
Average Apartment Rent in Atlantic Canada



- ✓ Killam's rents are generally higher than CMHC averages
- ✓ Killam has invested approximately \$65 million in capital upgrades over the last five years
- ✓ Our properties are among the best maintained assets in the region



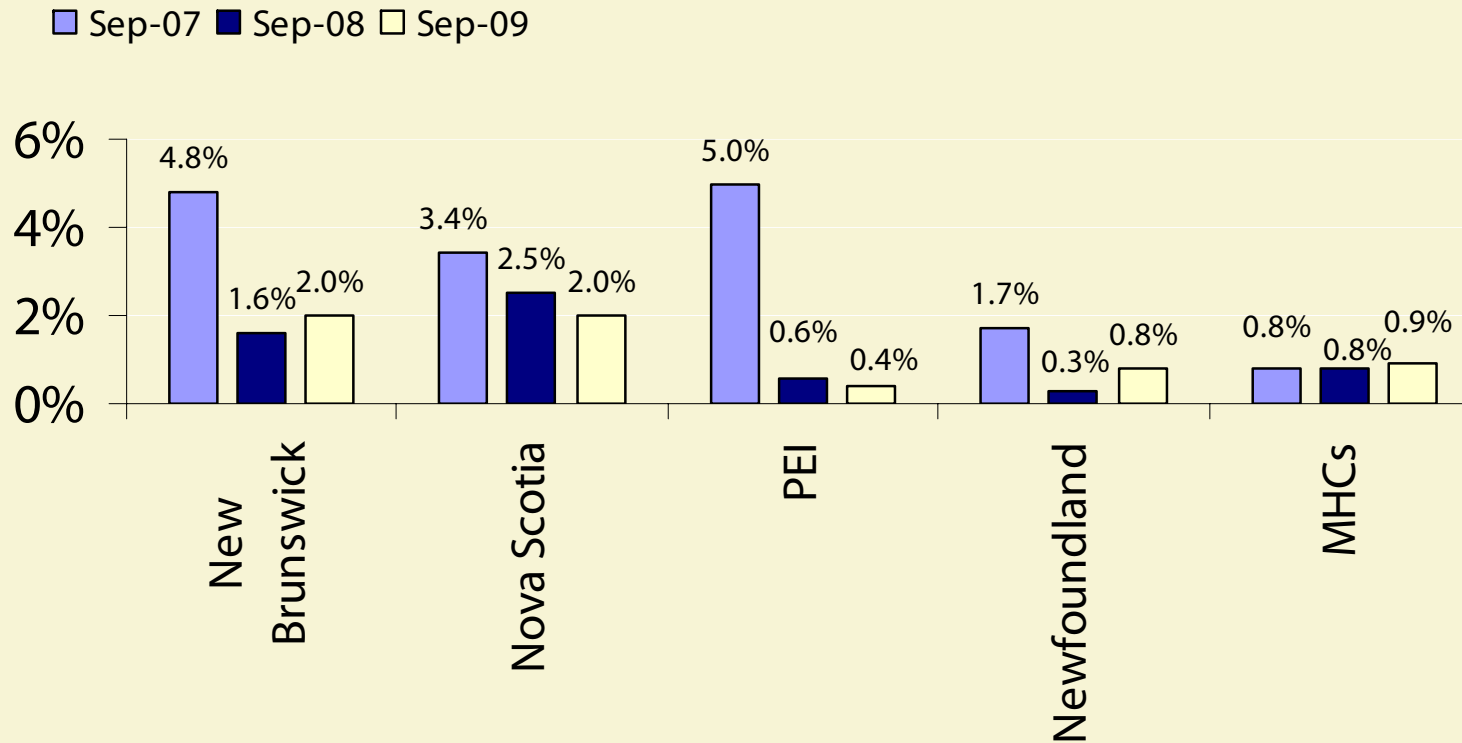
Improved Occupancy Contributed to Revenue Growth





Improved Vacancy Across the Portfolio

Vacancy By Province





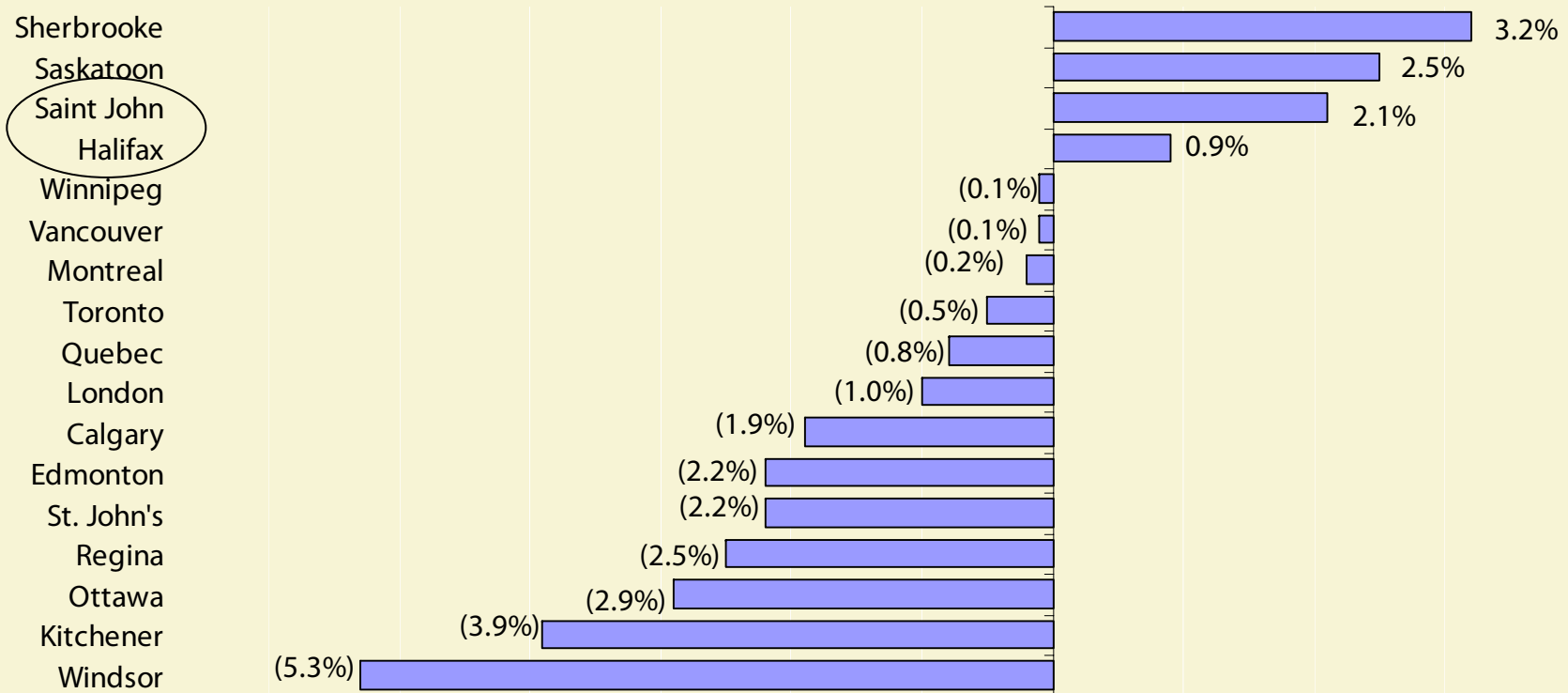
Atlantic Canada's Stability Highlighted in 2009

- Low exposure to manufacturing sector
- Higher employment rates
- Higher housing prices
- Stable occupancy in multi-residential rental market
- Rental increases achieved



Employment Growth Continues in Atlantic Canada

**% Change in Employment Dec 2008 to Dec 2009 by City
(3-month moving average)**



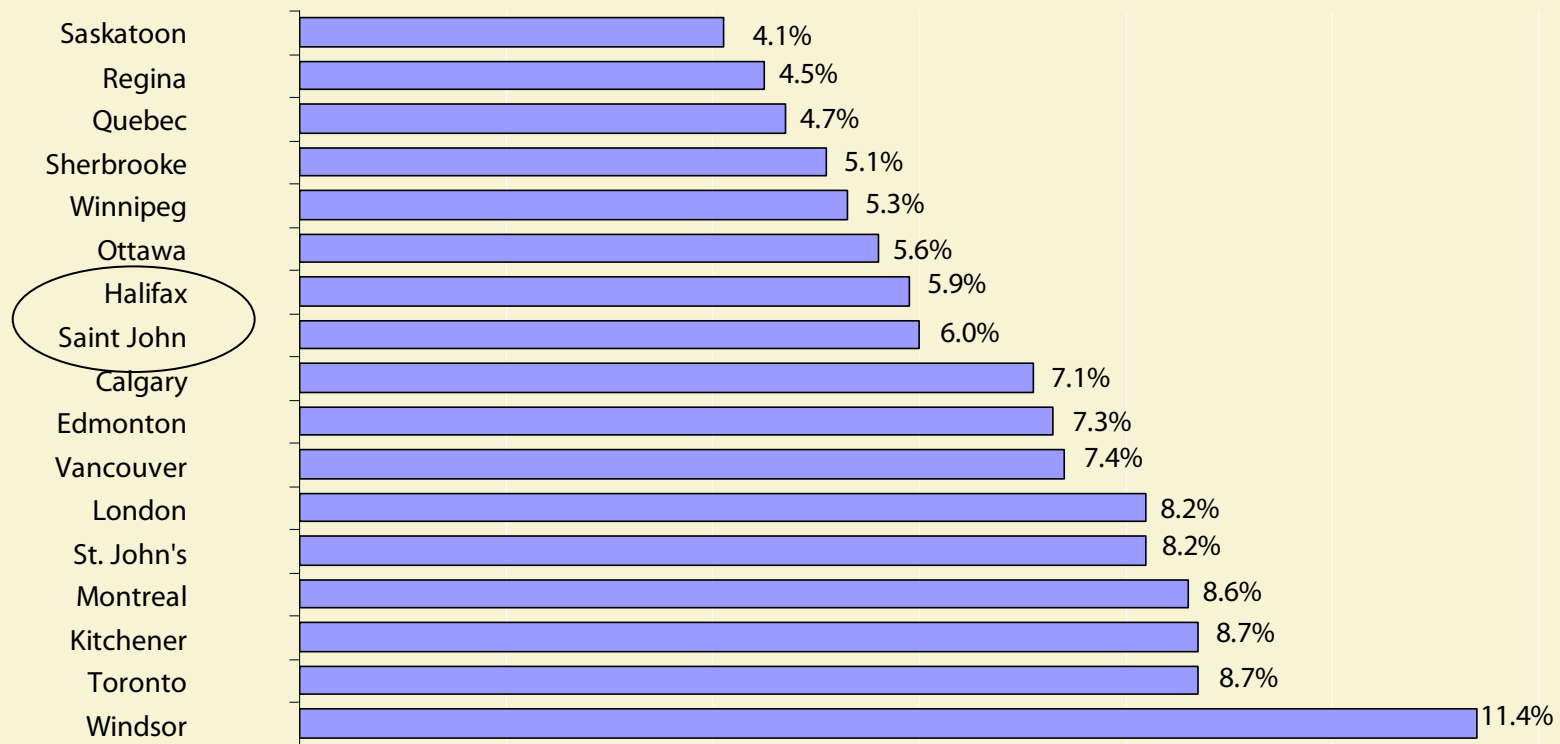
Source: Stats Canada



Employment Rate Stable in Atlantic Canada

Unemployment Rate by City Dec 2009

National Unemployment Rate of 8.5%

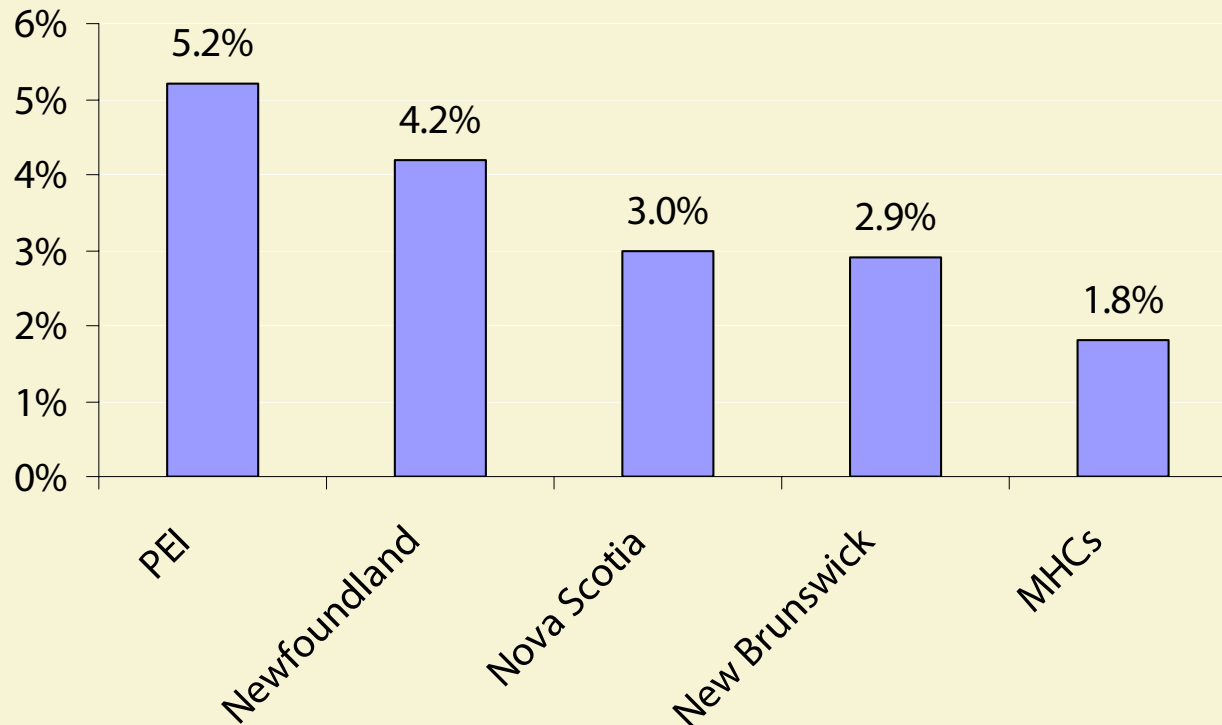


Source: Stats Canada



Ability to Increase Rents Across the Portfolio

**Growth in Average Rents
(% Change Q3 08 - Q3 09)**





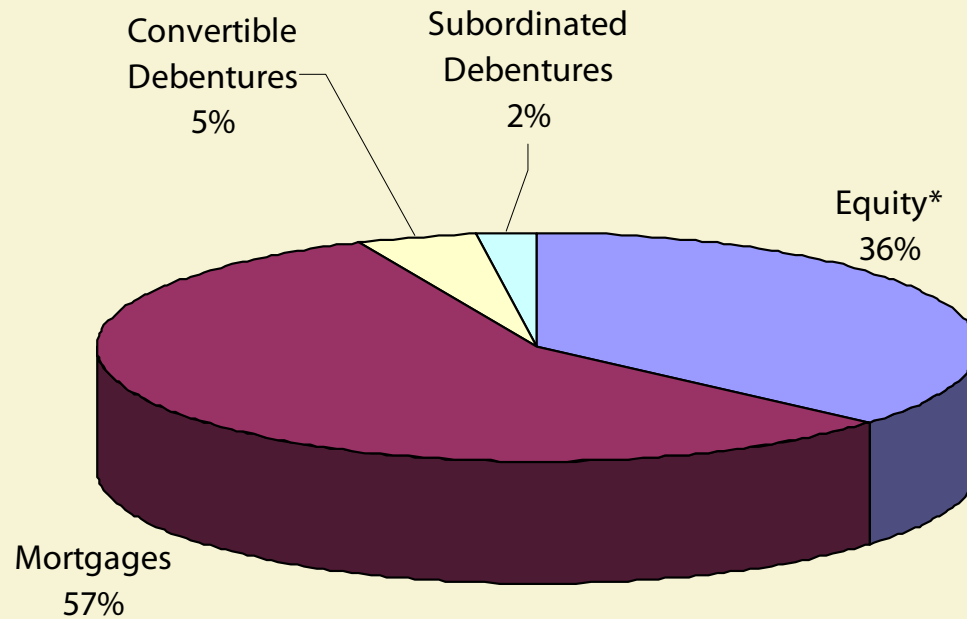
Defensive Balance Sheet

Debt as % of GBV	65.6%
% of mortgages maturing in 2010	9.5% (\$48M)
% of mortgages maturing in 2011	10% (\$51M)
% of CMHC insured mortgages	41% (51% of apartments)
Weighted average interest rate on mortgage debt	5.2%
Weighted average term to maturity	4.2 years
Interest coverage ratio	1.81



Defensive Balance Sheet

Enterprise Value of \$850 Million



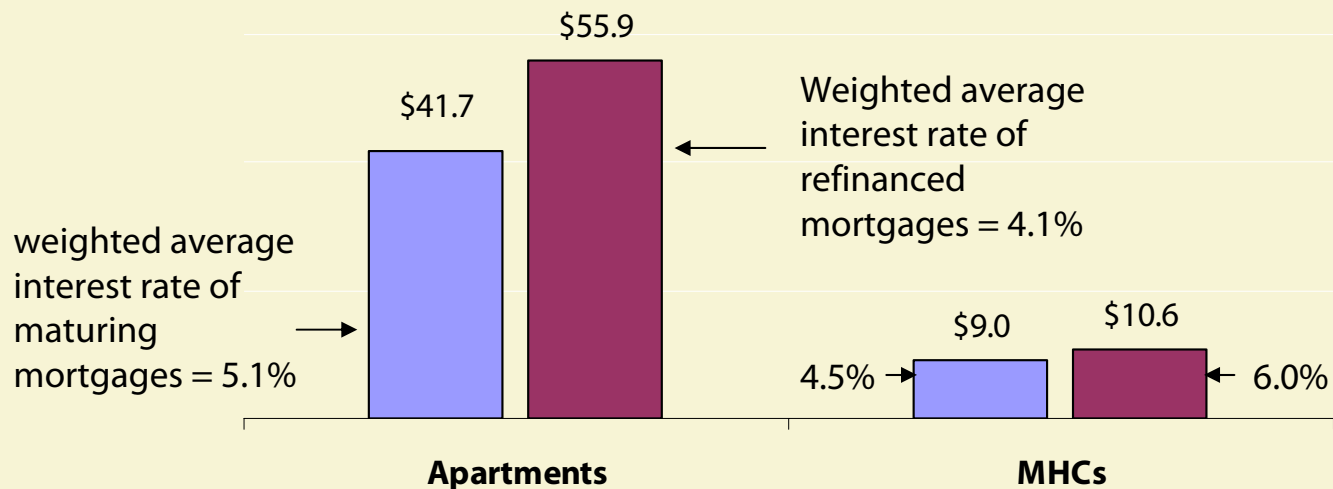
* Share price of \$8.35 as at market close on January 8, 2010



Ability to Refinance Maturing Debt

Mortgage Maturities Jan - Sept 2009 (in millions)

■ Mortgage Principal at Maturity ■ Mortgage Principal After Refinancing

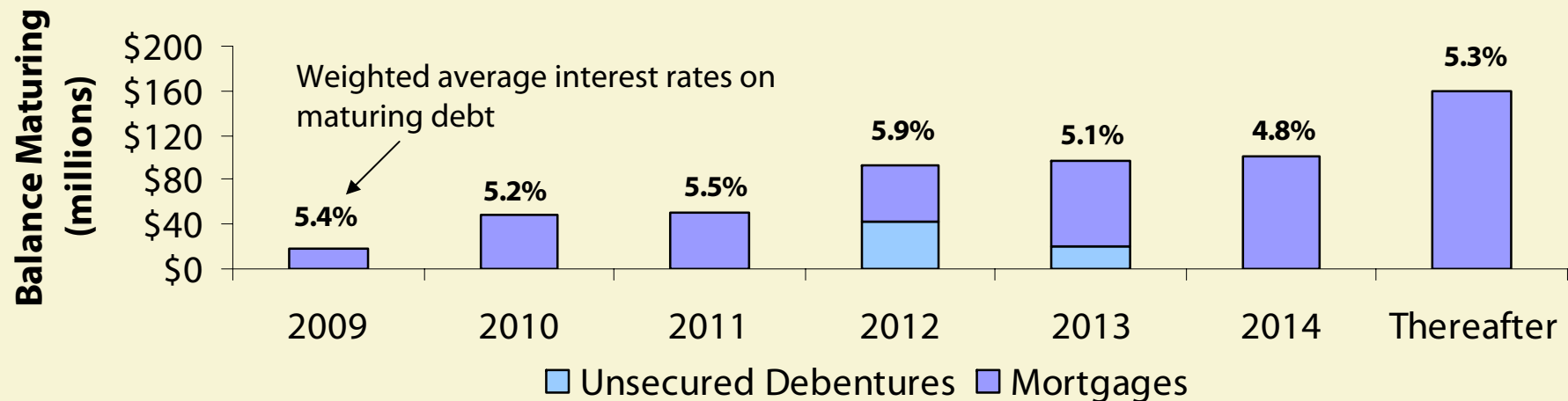


- ✓ Killam has access to CMHC insured financing for apartment mortgages allowing financing at attractive spreads
- ✓ MHC mortgages do not qualify for CMHC financing, resulting in higher rates on refinancing as maturing mortgages from conduit lenders is replaced with mortgages from banks



Nominal Refinancing Risk

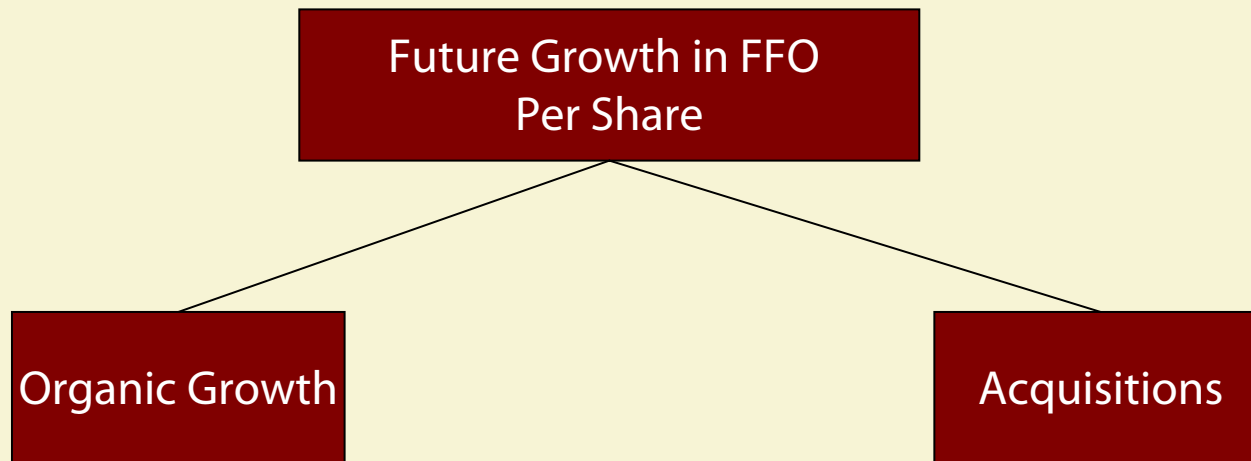
Mortgages and Debentures by Year of Maturity



- ✓ 51% of apartment mortgages are CMHC insured
 - ✓ Non-CMHC insured apartment mortgages are being rolled into CMHC insured mortgages on maturity



Plans For Growth



- Portfolio expected to deliver same store NOI growth of 2% to 4% on an annual basis
- Excess land provides opportunity for development for MHCs and apartments
- History of same store sales growth

- Capital available to execute on opportunities
- Potential partnership opportunities
- History of successful growth through acquisitions



Plans for Growth - Organic

- ✓ Growth achievable in the multi-residential sector
 - ✓ Debt refinancing available at attractive rates
 - ✓ Ability to increase rents
 - ✓ 3% to 5% annual rental growth expected
 - ✓ Stable operating costs
 - ✓ Energy costs in 2009 included hedge settlements
 - ✓ Increased efficiencies
 - ✓ Pricing improvements with suppliers
 - ✓ Long-term capital appreciation
 - ✓ MHC expansions and home sales



Plans for Growth – Acquisitions

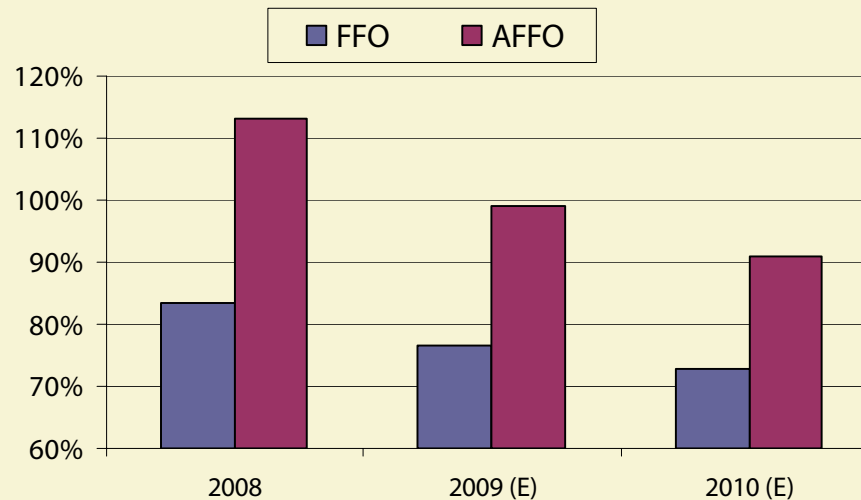
- ✓ Established infrastructure supports larger portfolio
- ✓ Proven ability to create value through consolidation
- ✓ Extensive acquisition experience with the completion of over 150 deals
- ✓ Plans to expand apartment ownership across Canada over time
 - ✓ Ottawa and Greater Toronto Area in near-term
- ✓ Interest in newer assets
- ✓ Significant discount to replacement cost
- ✓ Prepared to invest to modernize well located older properties
- ✓ Partnership opportunities being considered



Attractive & Sustainable Dividend

- ✓ Dividend of \$0.56 (annualized) initiated in early 2007
 - ✓ Yield of 6.7% (as at Jan 8, 2010)
 - ✓ DRIP with 3% bonus
 - ✓ Dividend paid monthly
- ✓ Stable cash flows support the dividend
- ✓ Payout ratio is decreasing as FFO per share growth achieved

Payout Ratio Per Analyst Estimates





Investing in Killam's Neighbourhoods

- ✓ Management is committed to the communities where Killam operates and supports organizations in these neighbourhoods
 - ✓ Furnished suite donations to hospitals to support families who need to travel away from home for health care needs
 - ✓ Staff and tenant food drives for Feed Nova Scotia, helping families in need
 - ✓ Partnership with the Red Cross
 - ✓ Partnership with Capital Health Mental Health Program in Halifax





Contact Information

Philip Fraser
President & CEO
902-453-4536
pfraser@killamproperties.com

Robert Richardson, FCA
Executive Vice President & CFO
902-442-9001
rrichardson@killamproperties.com

Dale Noseworthy, CA, CFA
Director, Investor Relations
902-442-0388
dnoseworthy@killamproperties.com