



Q3-2018 Results Conference Call

*November 8, 2018
10AM Eastern*



Home. For all.

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’s 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.



**Apartment
Occupancy of
97.1%**

4.0% FFO per unit
Growth

**\$15M in
Fair Value
Gains**

**3.16x Interest
Coverage**

**3.9% in
Same
Property
Growth**

Debt to Total Assets of
49.1%

**50 bps
improvement in
SP NOI Margin**

Debt to
Normalized
EBITDA of **10.4x**

**2.5%
Average
Increase in
Same Property
Rents**

AFFO Payout Ratio
of **73%**

Q3-2018 | Strategic Achievements

2018 Target

YTD 2018 Performance

Grow Same Property NOI by 1% to 2%

REVISED: 3% to 5%

✓ 4.9% Same Property NOI growth in the first nine months of 2018.

Acquire a minimum of \$125M of assets

REVISED: Minimum of \$225M

✓ \$226.4 million of assets purchased during the first nine months of 2018.
 ✓ Additional \$44.5 million completed in Q4-2018.

Focus 75% of acquisitions and at least 26% of 2018 NOI outside Atlantic Canada

✓ 77% of completed acquisitions are located outside Atlantic Canada.
 ✓ 27% of 2018 forecasted NOI outside Atlantic Canada.

Complete The Alexander, Saginaw and break ground on one additional development

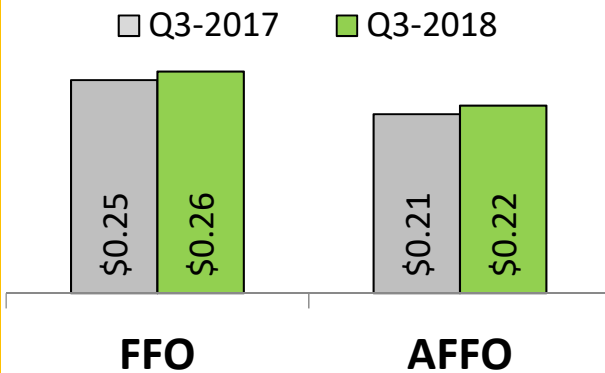
✓ Saginaw Park opened April 1st.
 ✓ The Alexander opened Sept 1st and substantially complete in Oct 2018.
 ✓ Expect to break ground on 2 developments in Q4-2018.

Maintain debt to total asset to below 52%.

✓ 49.1% debt to assets ratio at September 30, 2018.

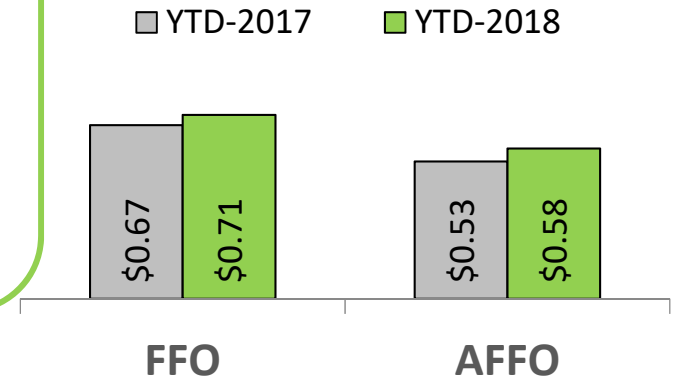
Q3-2018 | Financial Highlights

Q3 FFO & AFFO Per Unit



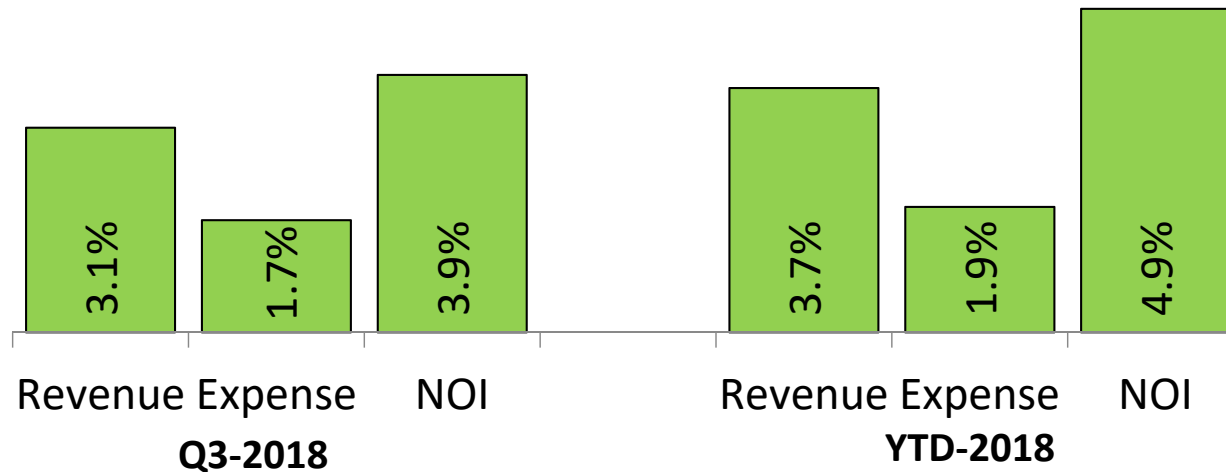
- **Q3-2018** - FFO per unit up **4.0%** & AFFO per unit up **4.8%**
- **YTD-2018** – FFO per unit up **6.0%** & AFFO per unit up **9.4%**

YTD FFO & AFFO Per Unit



Same Property Portfolio Performance

For the three and nine months ended September 30, 2018

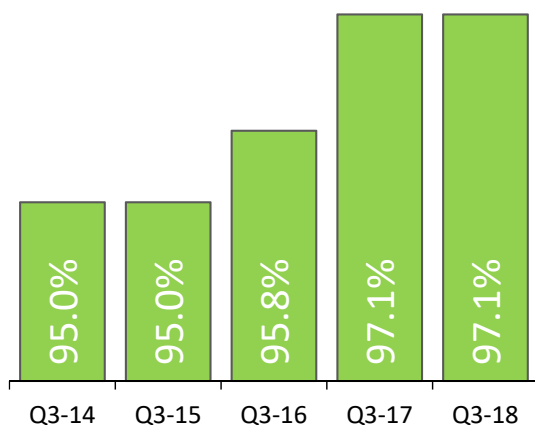


Q3-2018 | Financial Highlights

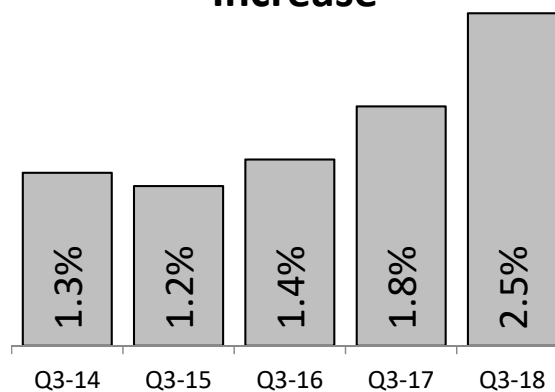
Strong revenue growth to increase same property earnings.

- Rising rental rates: Rate increases on renewals of 1.7% and turns of 5.0%, averaged **2.5%** in Q3-2018.
- Strong occupancy: Both Q3-2018 and Q3-2017 amongst Killam's highest quarters.
- Reduced incentives: 30 bps lower than Q3-2017 as fewer inducements required with the current strong market fundamentals.

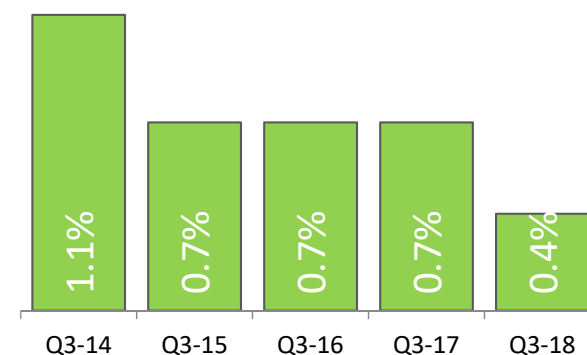
Apt Same Property Occupancy¹



Apt Same Property Avg Rental Rate Increase



Apt Same Property Incentive Offerings²



1 Measured as dollar vacancy for the quarter.

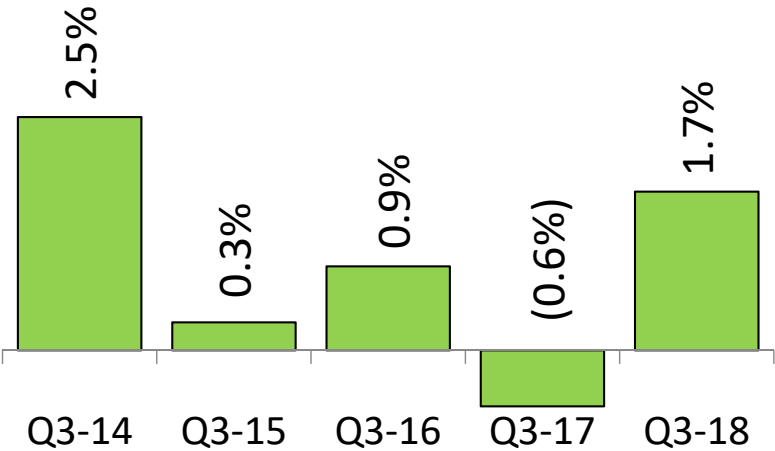
2 Measured as a percentage of residential rent.

Q3-2018 | Financial Highlights

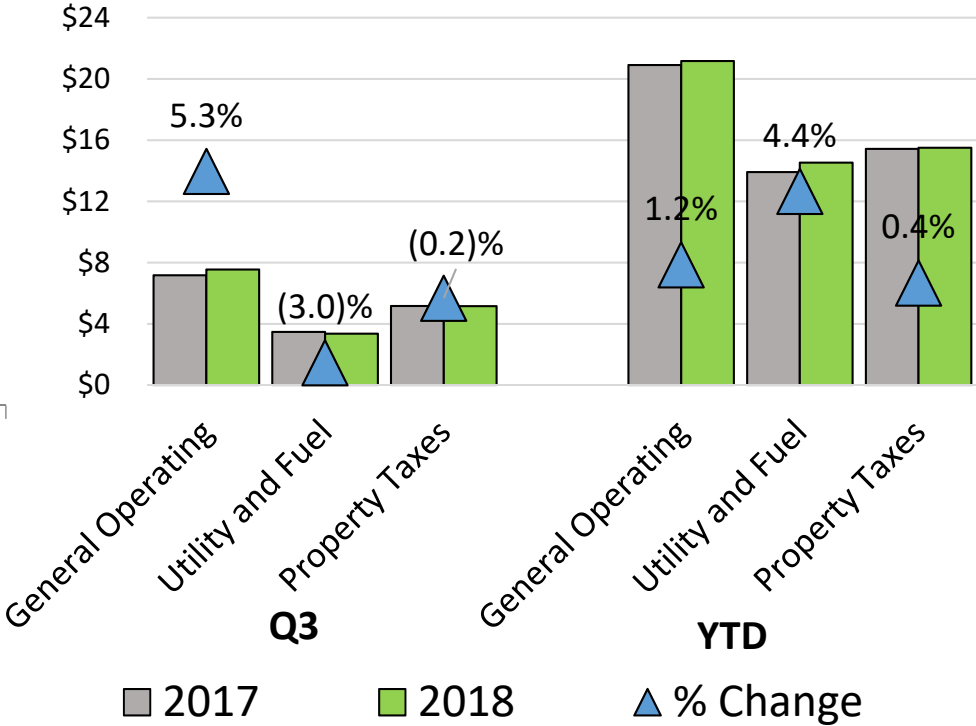
Managing expenses to increase same property earnings.

- Investing in energy and water conservation initiatives.
- Maximizing economies of scale.
- Appealing rising property tax assessments.

Q3-2018 Same Property Expense Growth



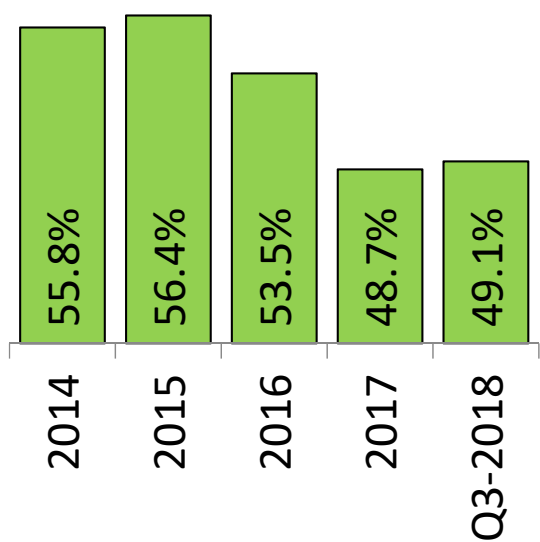
Same Property Expense Change by Category (\$M)



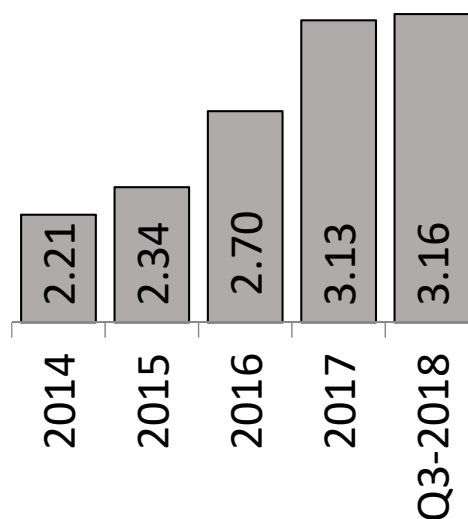
Q3-2018 | Financial Highlights

Managing balance sheet with conservative leverage.

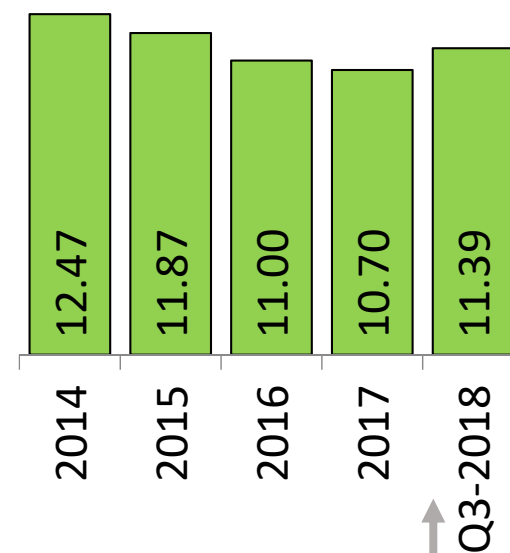
Debt as a Percentage of Assets



Interest Coverage Ratio

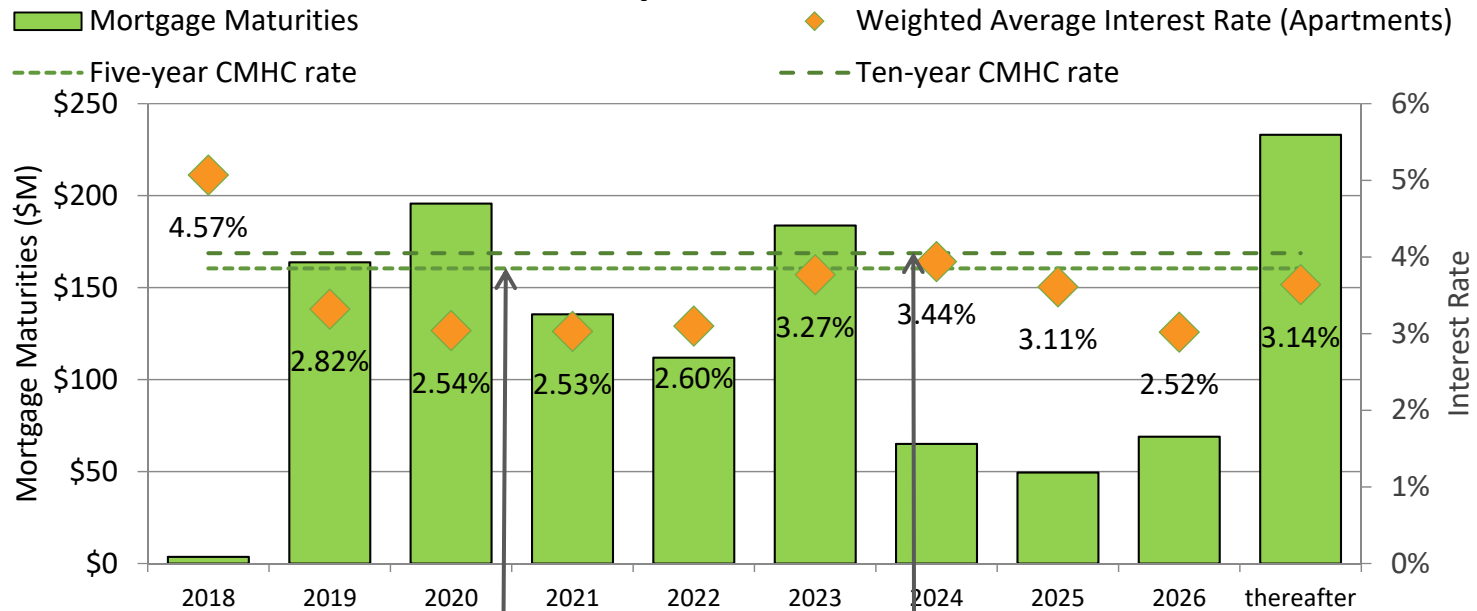


Debt to EBITDA



Debt to normalized EBITDA with stabilization of recent acquisitions and developments would be approximately 10.4x.

Apartment Mortgage Maturities by Year As at September 30, 2018



Current rate for 5-year CMHC insured debt is approximately 3.35%.

Current rate for 10-year CMHC insured debt is approximately 3.55%.

Current Weighted Average Interest Rate of 2.94%

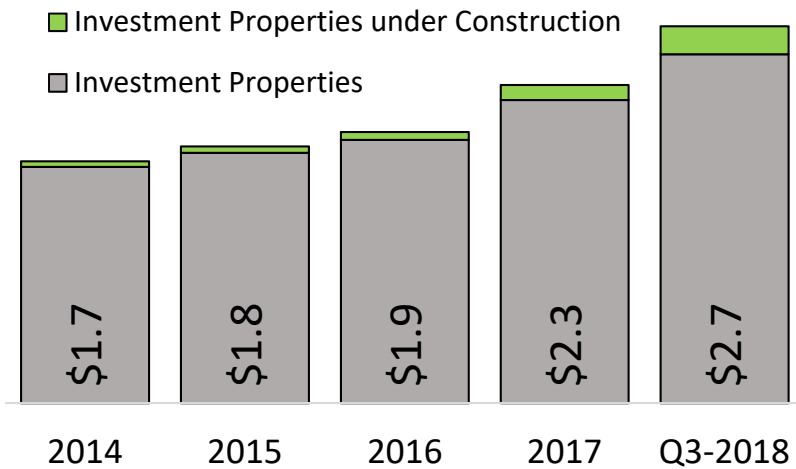
84% of Apartment Mortgages CMHC Insured

Weighted Average Term to Maturity of 4.5 years

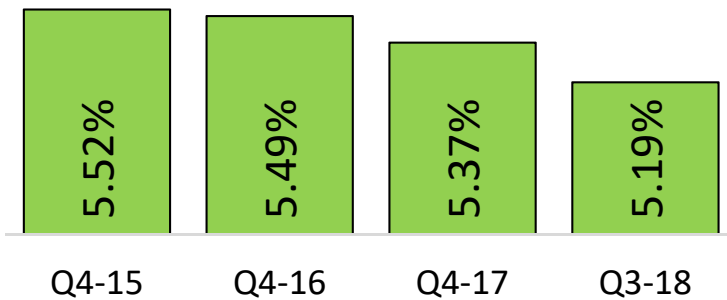
Q3-2018 | Financial Highlights

Increasing value of investment properties.

Investment Properties (\$ billions)



Weighted Average Apartment Cap-Rates



Killam's strategy to increase FFO, NAV and maximize value is focused on three priorities:



Increase earnings from existing portfolio.

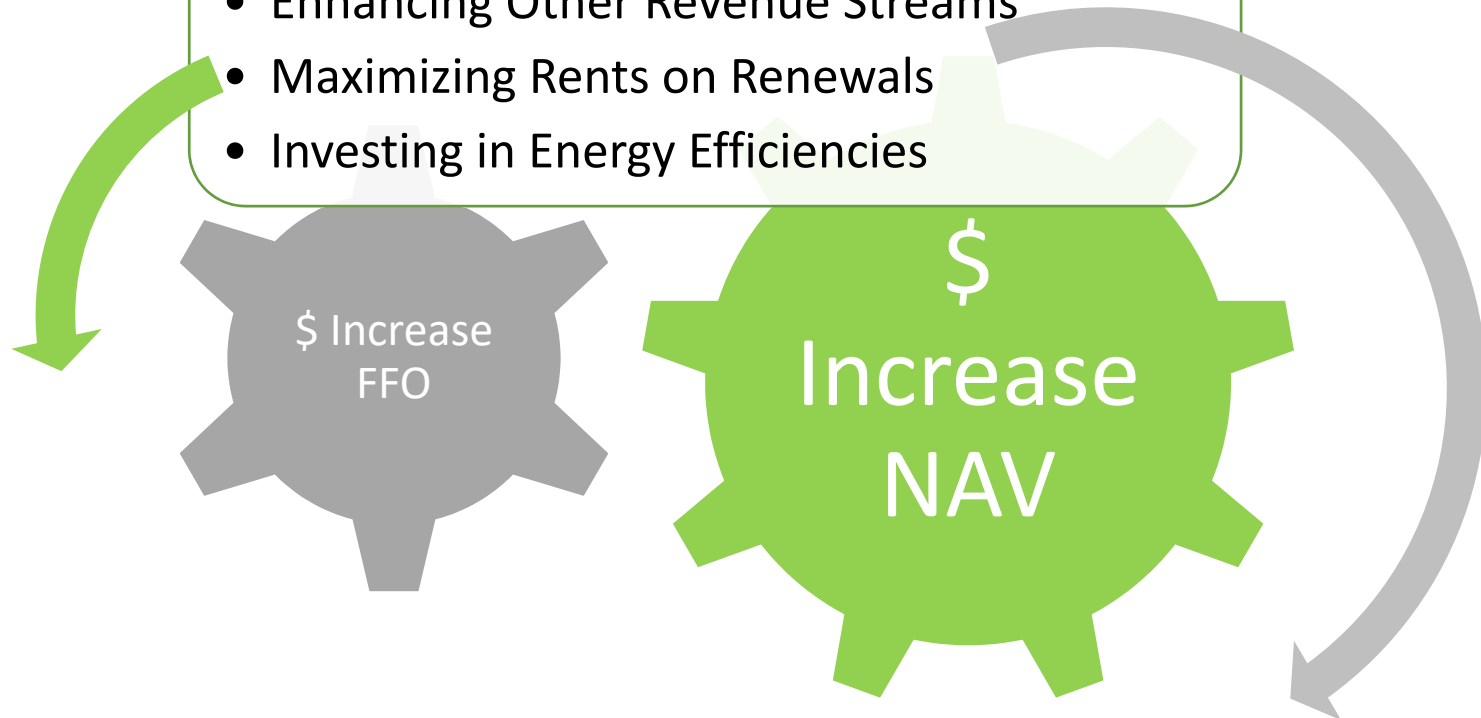


Expand the portfolio and diversify geographically through accretive acquisitions.



Develop high-quality properties in core markets.

- Advancing Technology & Analytics
- Providing Superior Customer Service
- Driving Expense Management Practices
- Repositioning Units
- Enhancing Other Revenue Streams
- Maximizing Rents on Renewals
- Investing in Energy Efficiencies

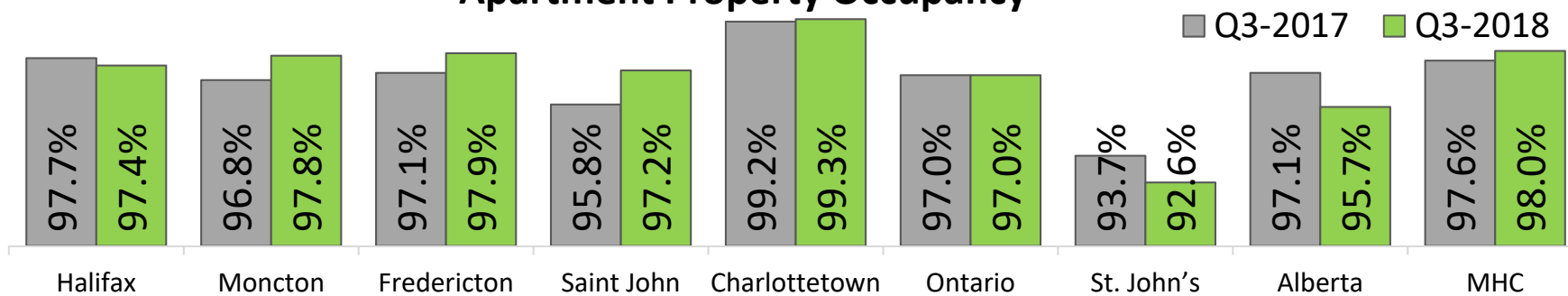


Q3-2018 | Increasing Revenues to Grow NOI

Driving revenues through increased occupancy and rental rates, as well as fewer rental incentive offerings.

Region	Q3-2018 SP Rent	Q3-2017 SP Rent	% Change
Halifax	\$1,035	\$1,007	2.8% ↑
Ontario	\$1,370	\$1,334	2.7% ↑
Moncton	\$862	\$839	2.7% ↑
Fredericton	\$956	\$933	2.5% ↑
Saint John	\$799	\$778	2.7% ↑
St. John's	\$979	\$971	0.8% ↑
Charlottetown	\$945	\$921	2.6% ↑
Alberta	\$1,138	\$1,129	0.8% ↑
MHC	\$253	\$246	2.7% ↑

Apartment Property Occupancy



Q3-2018 | Increasing Revenues to Grow NOI



Driving revenues through unit repositionings to meet market demand.

- Seeking **higher** rent lifts and ROI on each unit turn with an increased focus on unit repositioning.

YTD 2018	2018 Target	2019 Target	Total Opportunity
<ul style="list-style-type: none">• 134 Units vs 24 units YTD-2017• 14% ROI• \$253 Avg Monthly Rental Rate Lift• \$22k Avg Investment	<ul style="list-style-type: none">• 200 Unit Repositions• \$3-4M Investment• \$0.6M Annualized Increased Revenue	<ul style="list-style-type: none">• 300 Unit Repositions• \$5-6M Investment• \$0.9M Annualized Revenue	<ul style="list-style-type: none">• 3000 Unit Repositions• \$54-60M Investment• \$9M Annualized Revenue

Q3-2018 | Increasing Revenues to Grow NOI

Accelerating capital investment in suites to maximum NOI growth and investment returns.

YTD 2018

134 units | \$2.9M investment | ↑\$0.4M NOI



Rivers Edge,
Cambridge



Brentwood, Halifax



Lorentz, Moncton



Fort Howe, Saint
John



Harlington,
Halifax



Torbay, St. John's



Silver Spear,
Mississauga



One Oak, Halifax

Next 15 Months

360 units | \$8M investment | ↑\$1.2M NOI

Q3-2018 | Increasing Revenues to Grow NOI

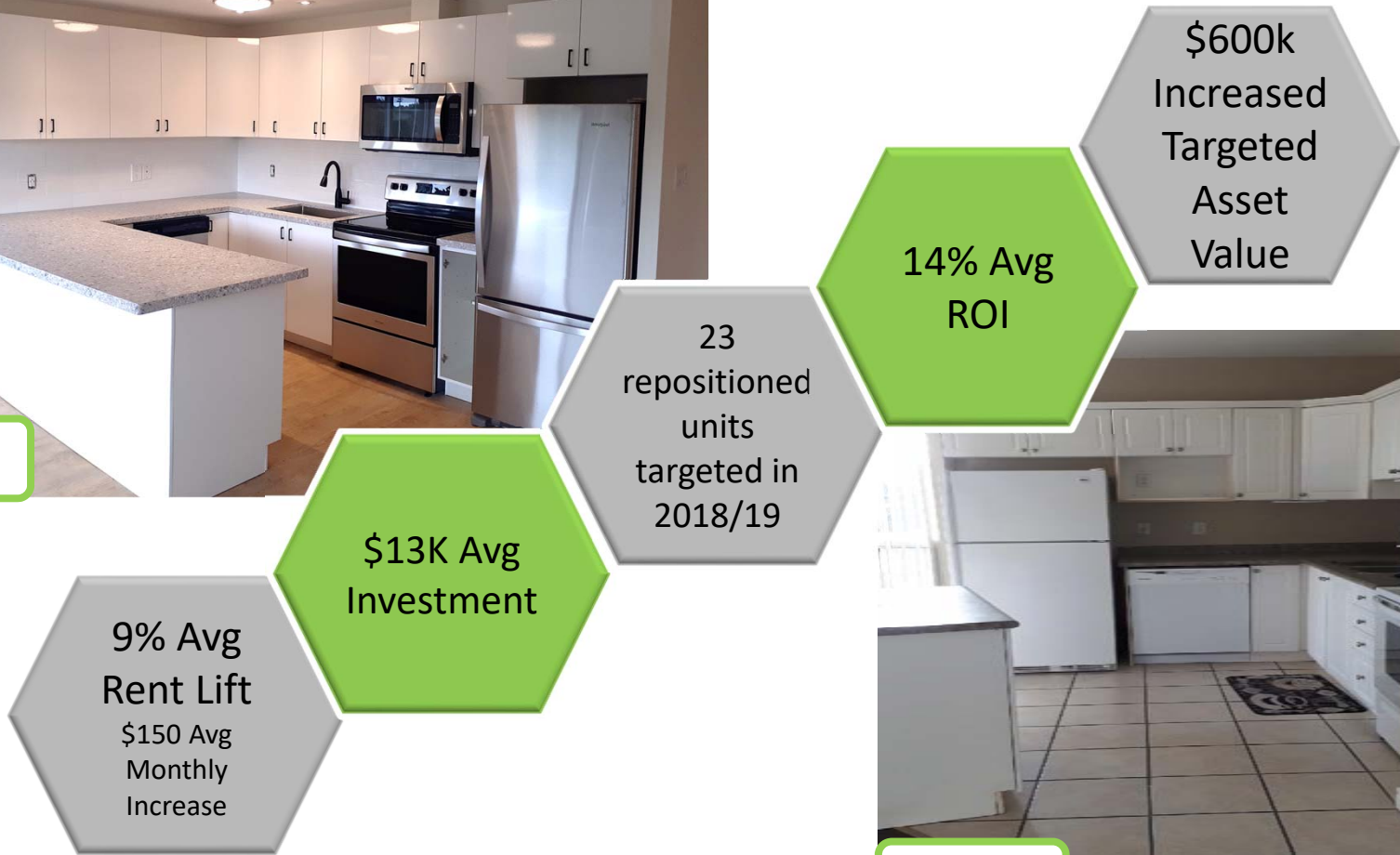
Rivers Edge, Cambridge (225 units) | Driving revenues through repositioning units



AFTER



BEFORE



Q3-2018 | Increasing Revenues to Grow NOI

Brentwood, Halifax (240 units) | Driving revenues through repositioning units



AFTER



BEFORE



Q3-2018 | Increasing Revenues to Grow NOI

Fort Howe, Saint John (153 units) | Driving revenues through repositioning units



AFTER



10% Avg ROI

\$1.1M Increased Targeted Asset Value

20 repositioned units targeted in 2018/19

\$32K Avg Investment

**32% Avg Rent Lift
\$275 Avg Monthly Increase**



BEFORE

Q3-2018 | Increasing Revenues to Grow NOI

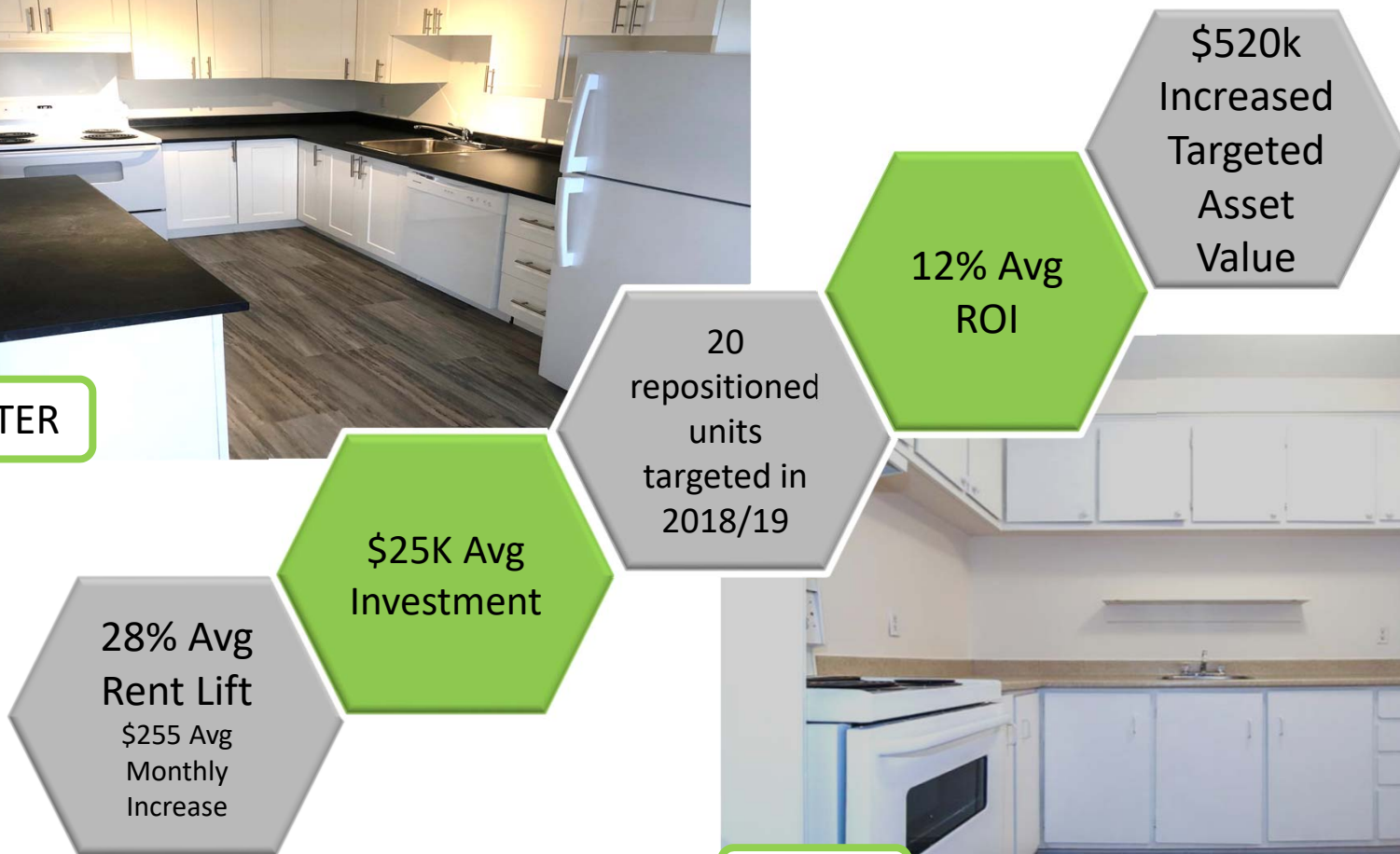
Torbay, St. John's, NL (84 units) | Driving revenues through repositioning units



AFTER



BEFORE



12% Avg ROI

\$520k Increased Targeted Asset Value

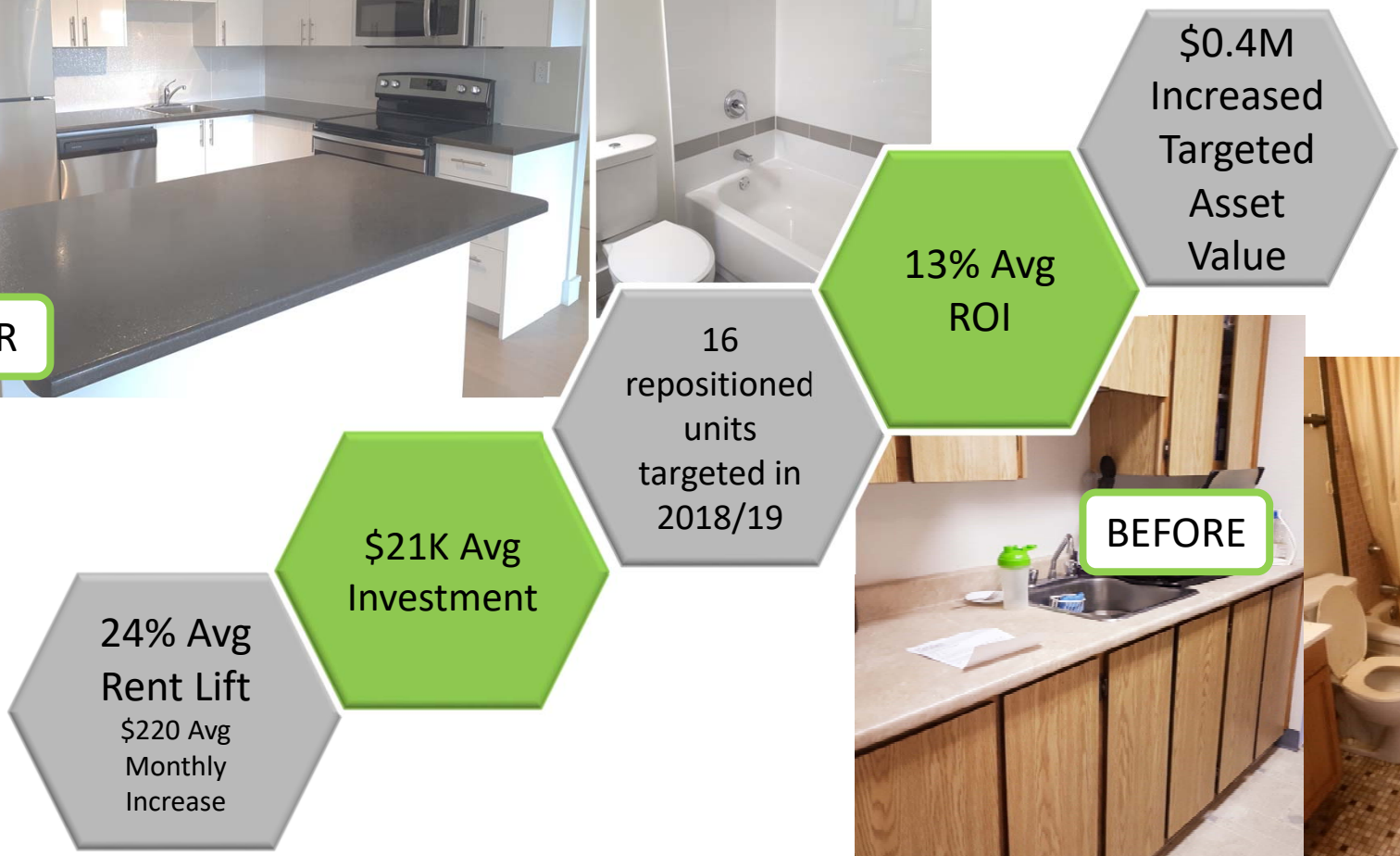
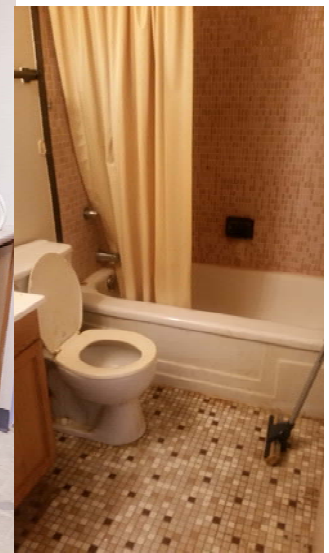
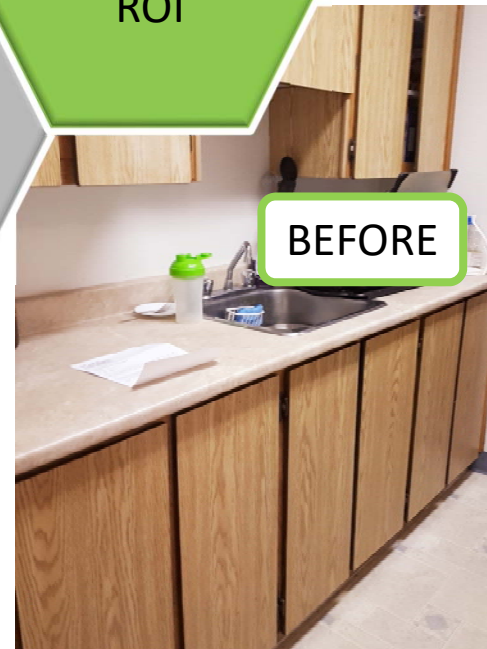
20 repositioned units targeted in 2018/19

\$25K Avg Investment

28% Avg Rent Lift
\$255 Avg Monthly Increase

Q3-2018 | Increasing Revenues to Grow NOI

Parker, Halifax (239 units) | Driving revenues through repositioning units

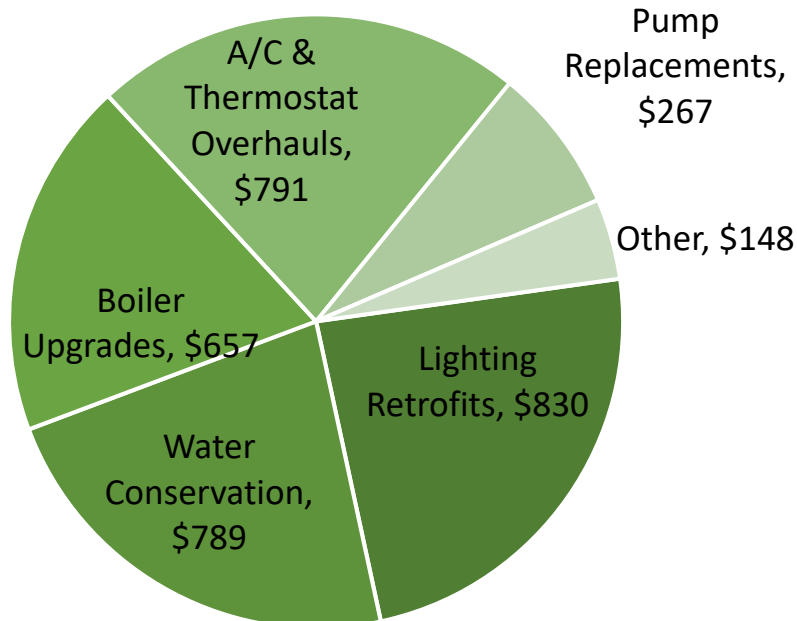


Q3-2018 | Managing Expenses to Grow NOI

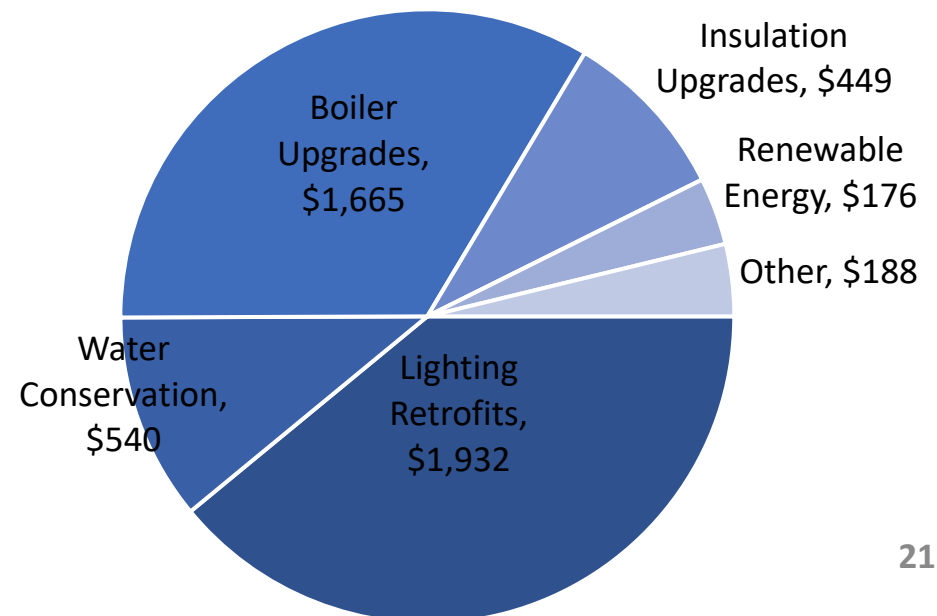
Accelerating Killam's 5-year, \$25 million energy efficiency plan

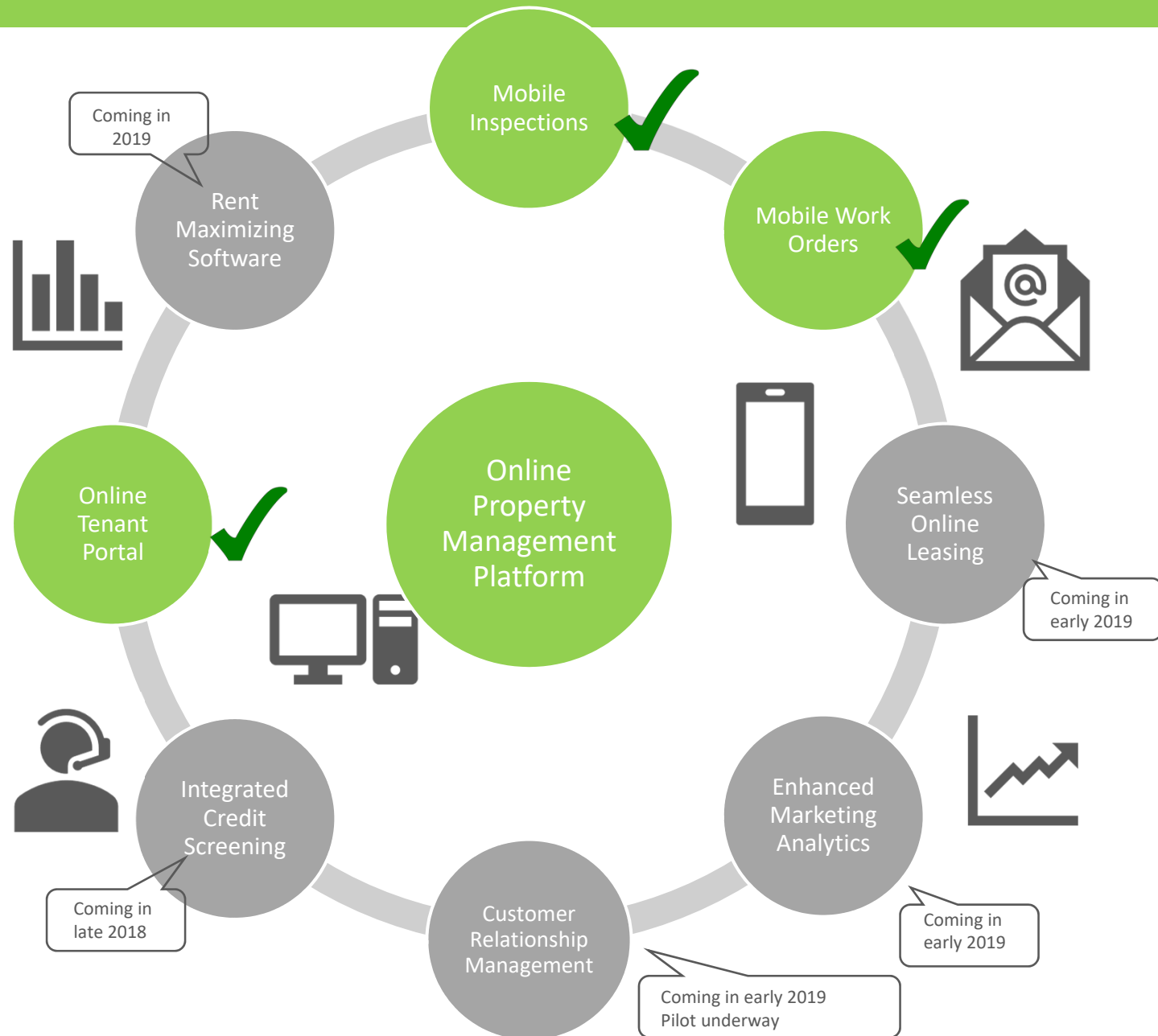
- Killam has invested \$10 million to date in efficiency projects, including 9,100 low-flow toilets installs, boiler upgrades and lighting retrofits.
- Original 2018 plan of \$3.5 million – increased to approx. 180 projects and \$5.0 million.
- Expect additional \$1.1 million of annualized savings with 4.5 year payback.

2017 Energy Projects (\$000's)



2018 Energy Projects (\$000's)





Q3-2018 | Performance | Halifax



The Halifax rental market is strong with overall YTD vacancy at its lowest level since 2003.

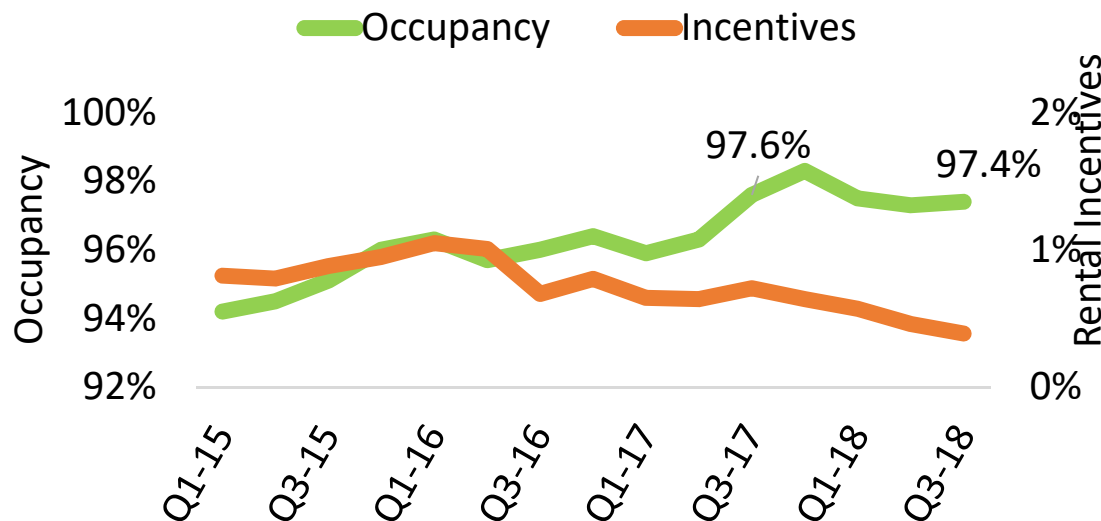
Current Market Conditions

- Strong demand fueled by population growth - immigration, intraprovincial migration and demographics.
- Increasing supply with higher than average starts and completions in 2017 and YTD 2018.
- Occupancy forecast to increase only modestly over the coming years - Killam's YTD occupancy 70 bps higher than YTD 2018.

Killam's Same Property Performance

Halifax Q3-2018	
% of NOI	37.3%
Units	5,570
Rental Rate Growth	2.8%
Occupancy	97.4%
NOI Growth	3.0%

Killam's Halifax Same Property Results



Population growth coupled with limited construction has resulted in the lowest vacancy since 2009.

Current Market Conditions

- Emigration has slowed with an improving economy, increasing population growth and rental demand.
- Fewer apartment starts in recent years has contributed to improved occupancy.
- Higher occupancy in all three major markets – 100 bps higher than YTD-2017.

Killam's Same Property Performance

New Brunswick Q3-2018

% of NOI **19.5%**

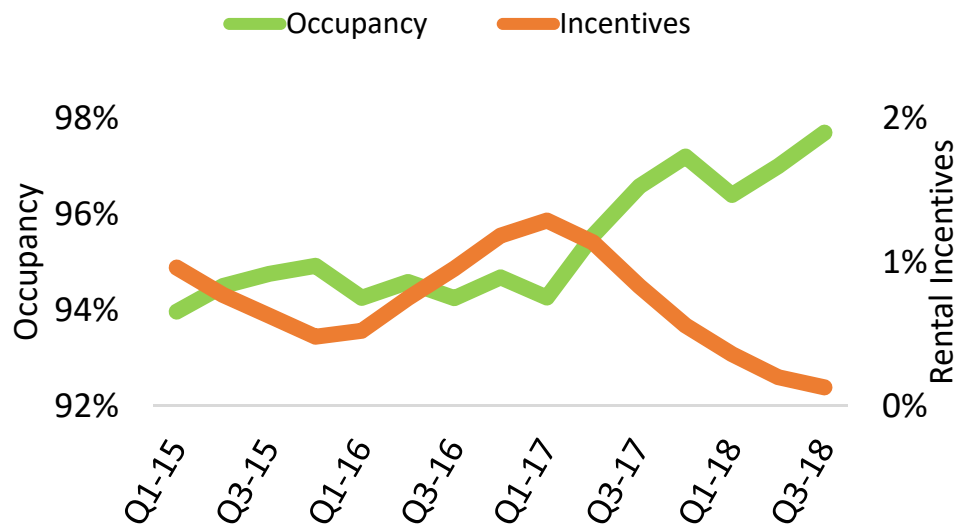
Units **4,349**

Rental Rate Growth **2.7%**

Occupancy **97.7%**

NOI Growth **8.7%**

Killam's NB Same Property Results



Q3-2018 | Performance | Ontario



Strong rental market driven by robust job market, international immigration and high housing prices.

Current Market Conditions

- Strong economic growth.
- Rising population due to immigration and intra-provincial migration.
- Affordability of homeownership is driving many to rent.
- Construction has not kept pace with unit demand.

Killam's Same Property Performance

Ontario Q3-2018

% of NOI **22.5%**

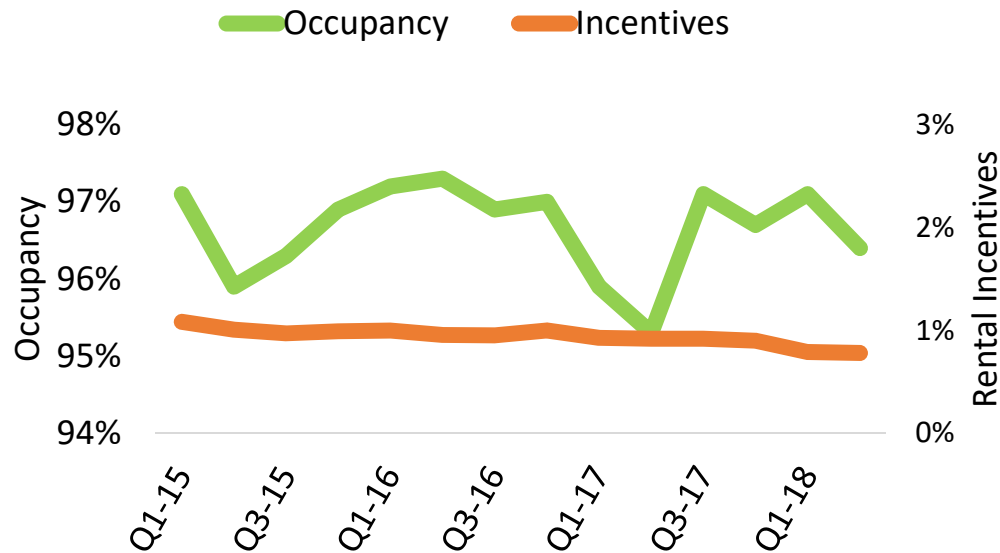
Units **2,465**

Rental Rate Growth **2.7%**

Occupancy **97.0%**

NOI Growth **3.8%**

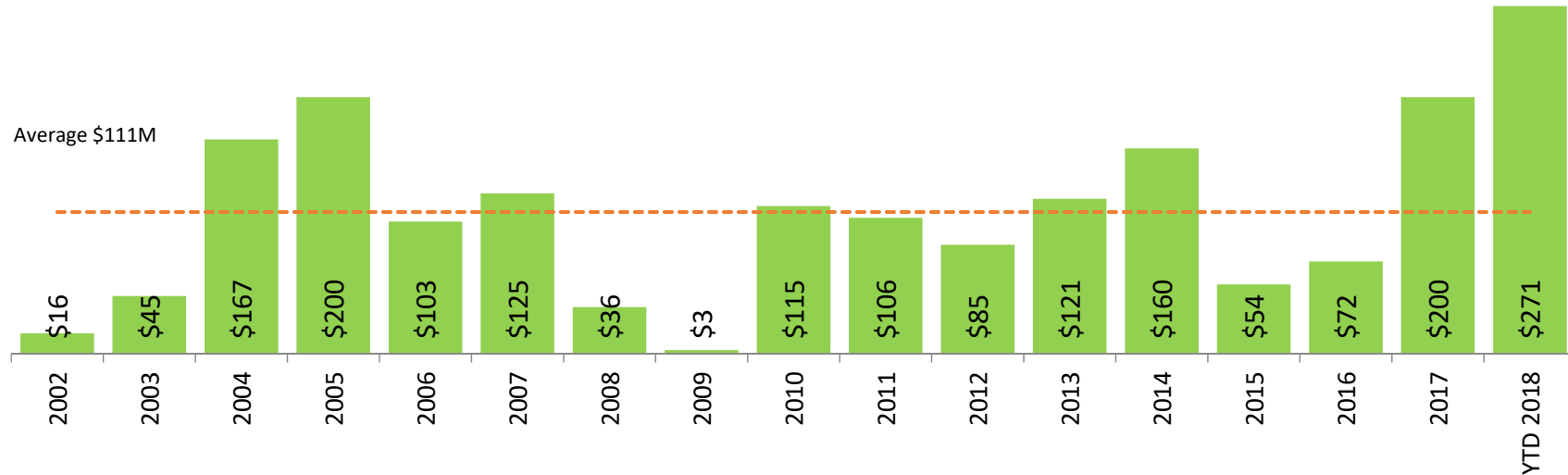
Killam's Ontario Same Property Results



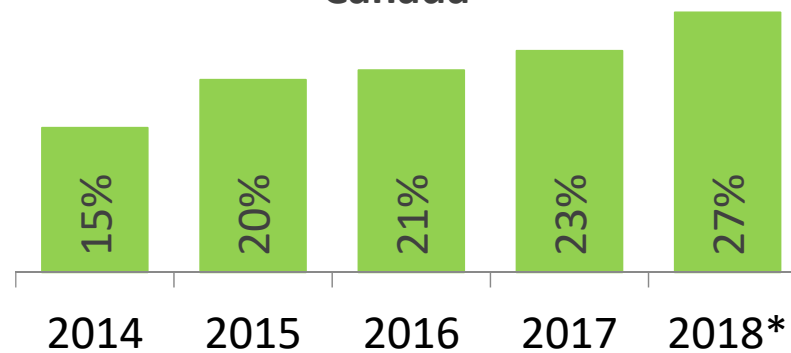
Q3-2018 | Largest Acquisition Year in History



Annual Acquisitions (\$ millions)



NOI Generated Outside Atlantic Canada



*2018 forecast

Q3-2018 | Acquisition Activity



Property	Region	Property Type	Month	Total	Atlantic Canada	Ontario & Alberta
The Killick	Halifax, NS	Apartment	February	\$33,000	\$33,000	
4th Ave Land	Calgary, AB	Development land	February	7,200		\$7,200
Weber Scott Pearl	Kitchener, ON	Development land	March	6,000		6,000
Westmount Place	Waterloo, ON	Retail/office complex and development land	March	77,800		77,800
Mississippi Lakes MHC	Carleton Place, ON	Seasonal resort	July	2,000		2,000
Nolan Hill	Calgary, AB	Development land	July	2,200		2,200
Haviland Street	Charlottetown, PE	Development land	August	2,150	2,150	
Erb Street	Waterloo, ON	Development land	August	2,300		2,300
Harley Street Apts	Charlottetown, PE	Apartment	August	22,400	22,400	
The Vibe Lofts	Edmonton, AB	Apartment	August	47,000		47,000
Shorefront	Charlottetown, PE	Development land	September	1,200	1,200	
151 Greenbank	Ottawa, ON	Apartment	September	20,700		20,700
180 Mill Street	London, ON	Parking Garage	September	2,400		2,400
Year-to-date Q3				\$226,350	\$58,750	\$167,600
Treo	Calgary, AB	Apartment	October	39,000		39,000
15 Dietz Avenue	Waterloo, ON	Apartment/dev land	October	2,850		2,850
Parkwood MHC	New Minas, NS	MHC	October	2,675	2,675	
Total				\$270,875	\$61,425	\$209,450
% Outside Atlantic Canada					23%	77%

Q3-2018 Acquisitions | Vibe Lofts | Edmonton

Description:

- 178 units
- Average rent of \$1,444/month (\$2.35 per square foot);
- Construction completed in September 2017
- Occupancy: On purchase - 78%; Current – 87%

Location:

- 10620-116th Street NW Edmonton, Alberta

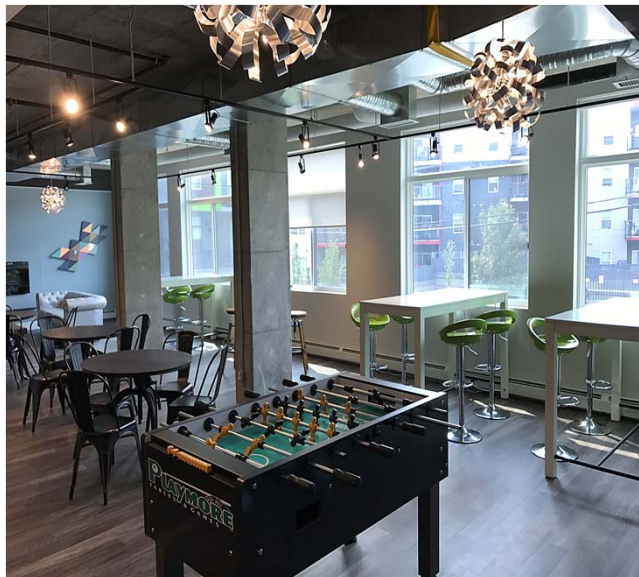
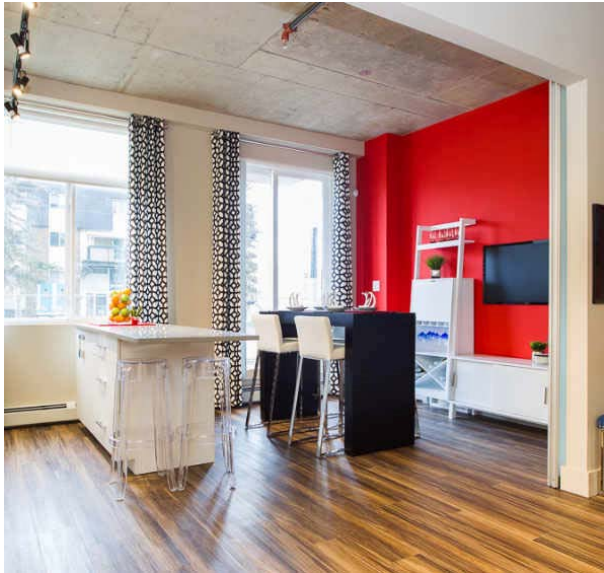
Acquisition Details:

- \$47.0 million (\$264,000/unit)
- 4.65% stabilized yield



Vibe Lofts, Edmonton

Q3-2018 Acquisitions | Vibe Lofts | Edmonton



Q3-2018 Acquisitions | Harley Street | PEI

Description:

- 107 units with average rent of \$1,505/month
- 100% occupancy
- Built in 2015-2018
- Charlottetown, PEI

Acquisition Details:

- Purchase price of \$22.4 million (\$209,000/Unit)
- 5.3% yield



Q3-2018 Acquisitions | Harley Street | PEI



Q3-2018 Acquisitions | 151 Greenbank | Ottawa

Description:

60 units

Average rent – \$1,729/month (\$2.24/sf)

Current occupancy – 95%

Acquisition Details:

\$20.7 million (\$345,000/unit)

4.6% capitalization rate

Location:

Ottawa, ON



Q3-2018 Acquisitions | Treo | Calgary

Description:

158 units

Average rent – \$1,339/month (\$1.55/sf)

Current occupancy – 100%

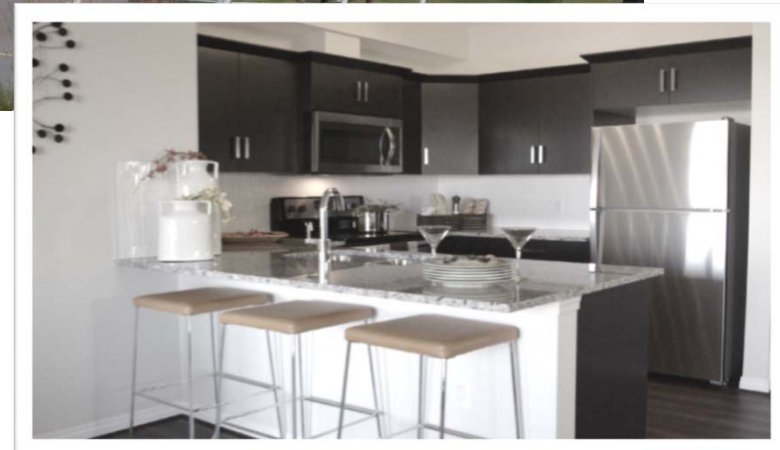
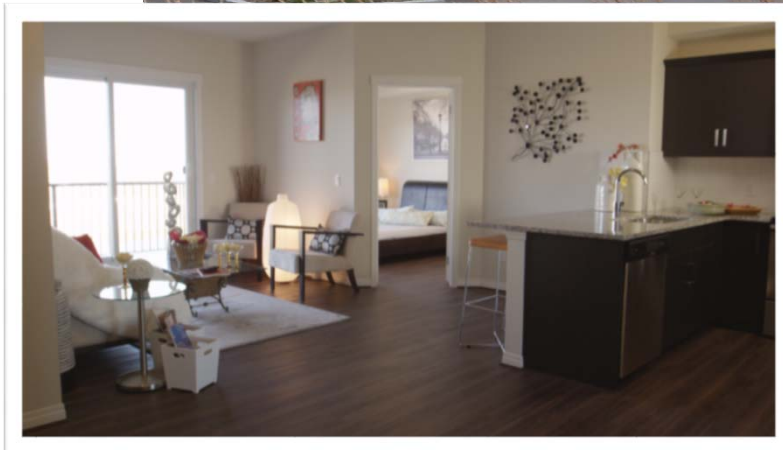
Acquisition Details:

\$39.0 million (\$247,000/unit)

4.9% capitalization rate

Location:

Calgary, AB



Q3-2018 | Development Activity | Cambridge

Cambridge, ON - Saginaw Park completed April 2018 and 100% leased.

Key Statistics

Number of units	94 units
Start date	Q3-2016
Completion date	April-2018
Cost	\$25.5M
Expected Yield	5.4%
Expected Value Cap-rate	4.0%
Average Unit Size	1,025 SF
Average Rent	\$1,670 (\$1.63/sf)
Leased (as of Nov 8/18)	100%



Q3-2018 | Development Activity | Cambridge

Cambridge, ON - Saginaw Park completed April 2018 and 100% leased.

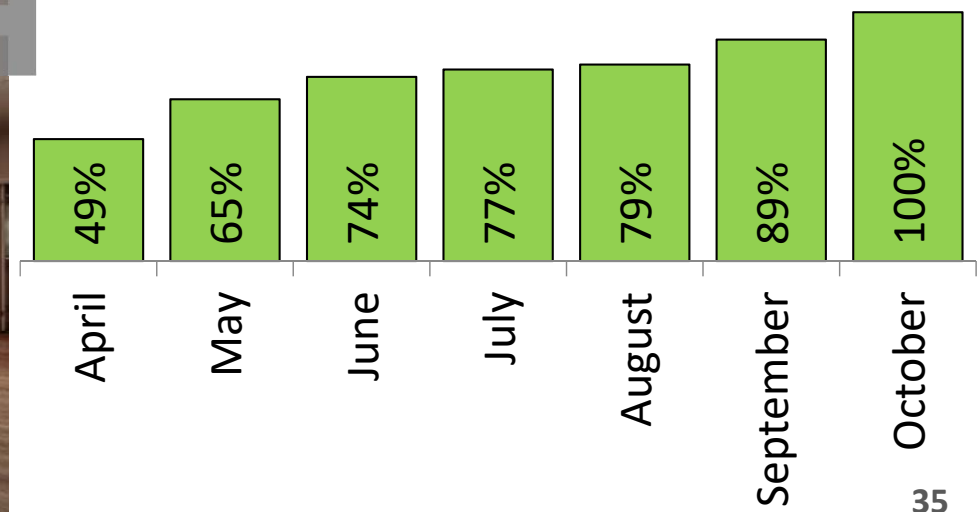


Unique design features include:

- Sub-metered water
- Smart locks controlled by smartphones



Saginaw Park – 2018 Leasing Activity



Q3-2018 | Development Activity | Halifax

Halifax, NS - The Alexander was substantially complete October 1, 2018.

Key Statistics

Number of units/commercial (SF)	240 units/ 6,350 SF
Start date	2016
Completion date	October-2018
Project Budget (\$M)*	\$41.6
Expected Yield	4.50%
Expected Value Cap-rate	4.25-4.50%
Average Unit Size	740 SF
Average Rent	\$1,770 (\$2.39/sf)
Leased (as of Nov 8/18)	92%

* Killam's 50% interest.



The Alexander, Halifax

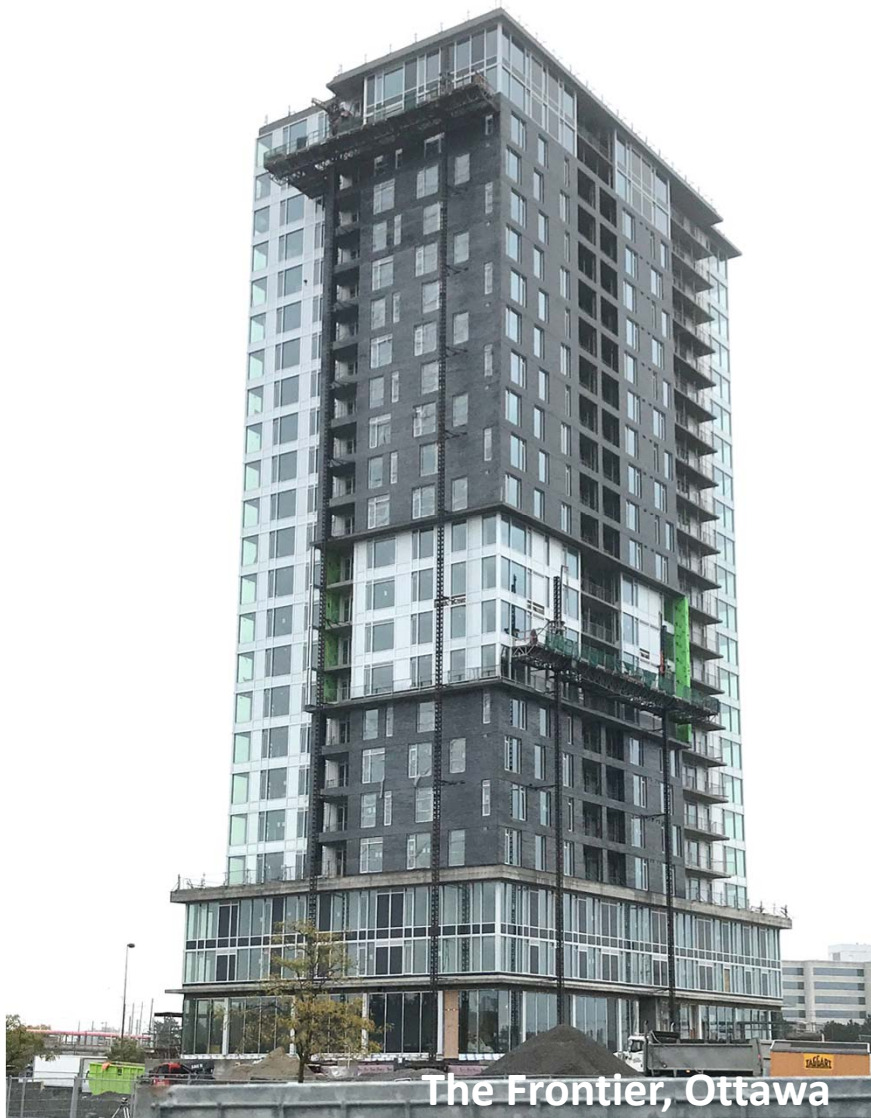
Q3-2018 | Development Activity | Halifax

Halifax, NS - The Alexander was substantially complete October 1, 2018.



View from The Alexander, Halifax

Ottawa, ON - Frontier, Phase One of Gloucester City Centre

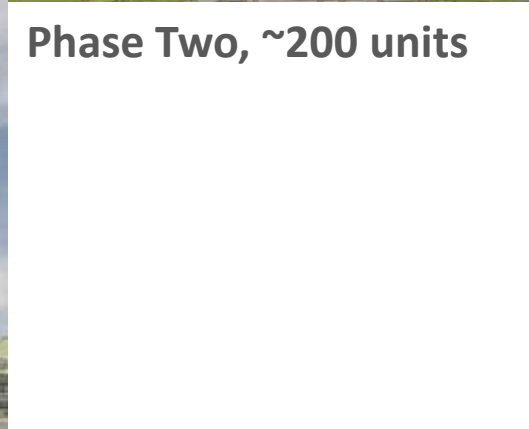


Key Statistics

Number of units	228
Start date	Q2-2017
Completion date	Q2-2019
Project Budget (\$M)*	\$36.5
Cost per unit	\$320,000
Expected Yield	5.0%
Expected Value Cap-rate	4.0%
Average Unit Size	789 SF
Average Rent	\$1,829

* Killam's 50% interest.

Ottawa, ON – Gloucester City Centre, Phase Two



Phase Two, ~200 units

Shorefront development broke ground in October 2018.

Key Statistics

Number of units	78
Start date	Q4-2018
Estimated Completion date	Q2-2020
Project Budget (\$M)	\$20.8
Cost per unit	\$267,000
Expected Yield	5.6%
Expected Value	~5.0%



Silver Spear development to break ground in early Q1-2019.

Key Statistics

Number of units	128
Start date	Q1-2019
Estimated Completion date	Q1-2021
Project Budget (\$M)*	\$24.5
Cost per unit	\$383,000
Expected Yield	5.0%
Expected Value Cap-rate	3.5%

*Killam's 50% interest.



Silver Spear II, Mississauga

Q3-2018 | Development Activity | Kitchener

Weber Scott Pearl development to break ground in 2019.

Description:
1.8 acre development site including a small commercial building and a heritage residence
Opportunity to develop a 173-unit apartment building

Location: Downtown Kitchener
Acquisition Details: \$6.0 million



Expanding the Westmount development opportunity to 800 units.

192-196 Erb Street:

- 16,500 square foot development site
- \$2.3 million
- Purchased on August 10, 2018

15 Dietz Avenue:

- 8-unit apartment on 0.86 acres
- Adjacent to Killam's Westmount
- \$2.9 million
- Purchased on October 15, 2018



Expanding the Westmount development opportunity to 800 units.



Q3-2018 | Development Pipeline - ~\$850 million



Future Development Opportunities					
Property	Location	Killam Interest	Potential # of Units	Status	Est Year of Completion
Developments expected to start in the next 24 months					
Shorefront	Charlottetown	100%	78	Approved; broke ground Oct-18	2020
Silver Spear II	Mississauga, ON	50%	64	Approved; to break ground Jan-19	2020
Weber Scott Pearl	Kitchener, ON	100%	178	In design	2021
Grid 5/Plaza 54 (Ph 1)	Calgary, AB	40%	132	In design and approval process	2021
Gloucester City Park (Ph 2)	Ottawa, ON	50%	104	In design	2021
Cameron Heights	Edmonton, AB	100%	172	In design and approval process	2021
Westmount (Ph 1)	Waterloo, ON	100%	120	In design	2022
Developments expected to start in 2021-2025					
Gloucester City Park (Ph 3-4)	Ottawa, ON	50%	185	In design	2024
Grid 5/Plaza 54 (Ph 2-3)	Calgary, AB	40%	276	In design and approval process	2024
Westmount (Ph 2-5)	Waterloo, ON	100%	680	In design	2028
Additional future development projects					
The Governor	Halifax, NS	100%	48	In design and approval process	TBD
Carlton Terrace	Halifax, NS	100%	104	In design and approval process	TBD
Kanata Lakes	Ottawa, ON	50%	40	In design and approval process	TBD
Haviland Street	Charlottetown, PE	100%	99	In design	TBD
Medical Arts (Spring Garden)	Halifax, NS	100%	200	Future development	TBD
Carlton Houses	Halifax, NS	100%	80	Future development	TBD
Topsail Road	St. John's, NL	100%	225	Future development	TBD
Block 4	St. John's, NL	100%	80	Future development	TBD
Total Development Opportunities			2,865		

~70% of Killam's development pipeline is outside Atlantic Canada. Killam targets yields of 5.0% - 6.0% on development, 50-150 bps higher than the expected cap-rate value on completion. Building out the \$850 million pipeline at a 100 basis point spread would create approximately \$200 million in net asset value for unitholders.



**Q3-2018
Results
Conference Call**

