

Killam Apartment REIT

Q2-2017 Results Conference Call

*August 10, 2017
11am Eastern*



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.

Solid Progress Towards 2017 Strategic Targets

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- | | |
|---|---|
|  Grow Same Property NOI by 1% to 3% | 2.4% Same Property NOI growth in the first six months of 2017 |
|  Acquire \$75 million of assets | \$180 million of assets purchased or agreed to acquire |
|  Focus 75% of acquisitions outside Atlantic Canada | 79% of acquisitions completed in 2017 are outside Atlantic Canada |
|  Progress developments on schedule | Three construction projects advanced on schedule |
|  Reduce debt as a percentage of assets | 50.4% debt to assets ratio is 310 basis points lower than December 31, 2016 |
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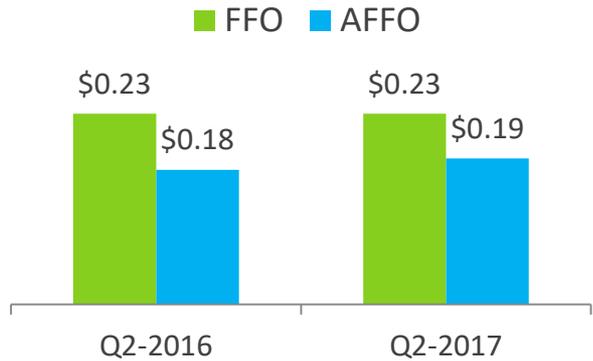
Financial Highlights – Q2-2017

- Generated funds from operations (FFO) per unit of \$0.23, consistent with Q2-2016.
- Adjusted funds from operations (AFFO) of \$0.19, slightly ahead of Q2-2016.
- Reduced debt to 50.4% of assets and increased interest coverage to 2.97x
- Increased same property rental revenue by 2.0%.
- Achieved same property net operating income (NOI) growth of 3.0%.

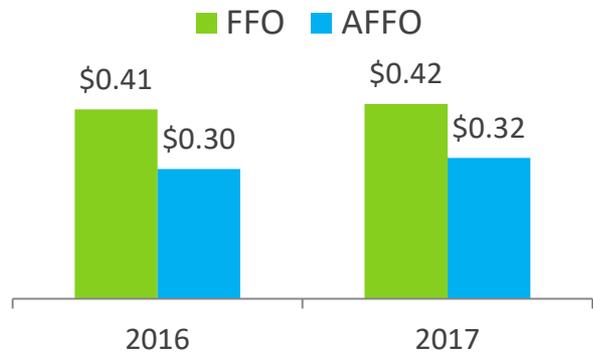
Financial Highlights – Q2-2017

- FFO/unit is consistent with Q2-2016 due to equity issuances to reduce leverage

Q2 FFO & AFFO Per Unit



YTD FFO & AFFO Per Unit



Debt as a Percentage of Assets



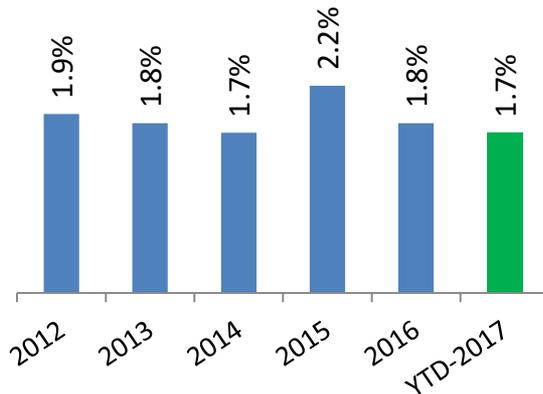
Interest Coverage Ratio



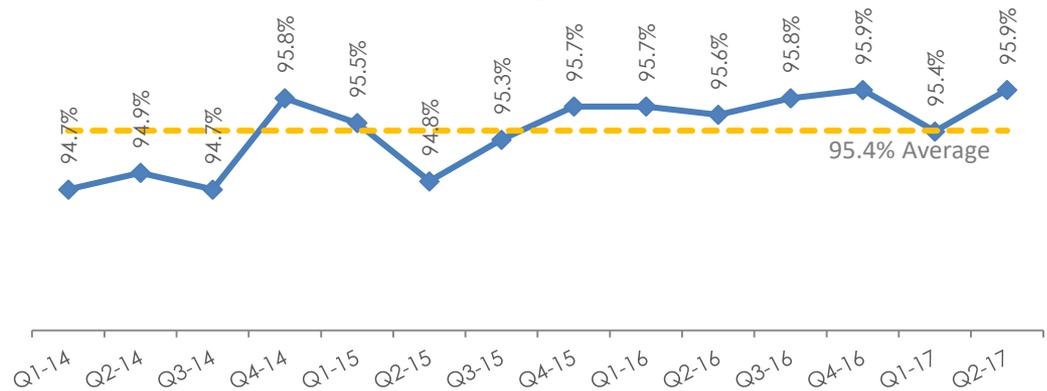
Financial Highlights – Q2-2017

- Same property revenues are ahead of the prior year periods due to stronger occupancy and higher rents
- ✓ Rents up 1.6%, with highest rental rate growth in Ontario (2.7%), Fredericton (2.4%) and Halifax (2.2%).

Historic Same Property Revenue Growth

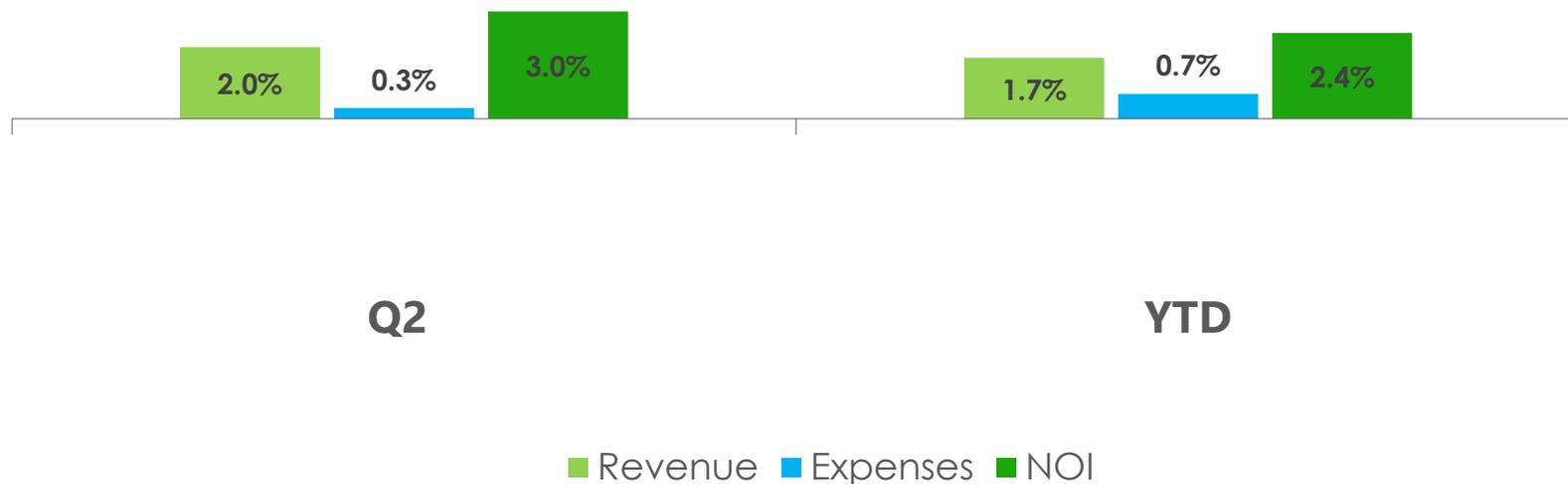


Apartment Quarterly Occupancy
\$ occupancy as a % of gross potential rents



Financial Highlights – Q2-2017

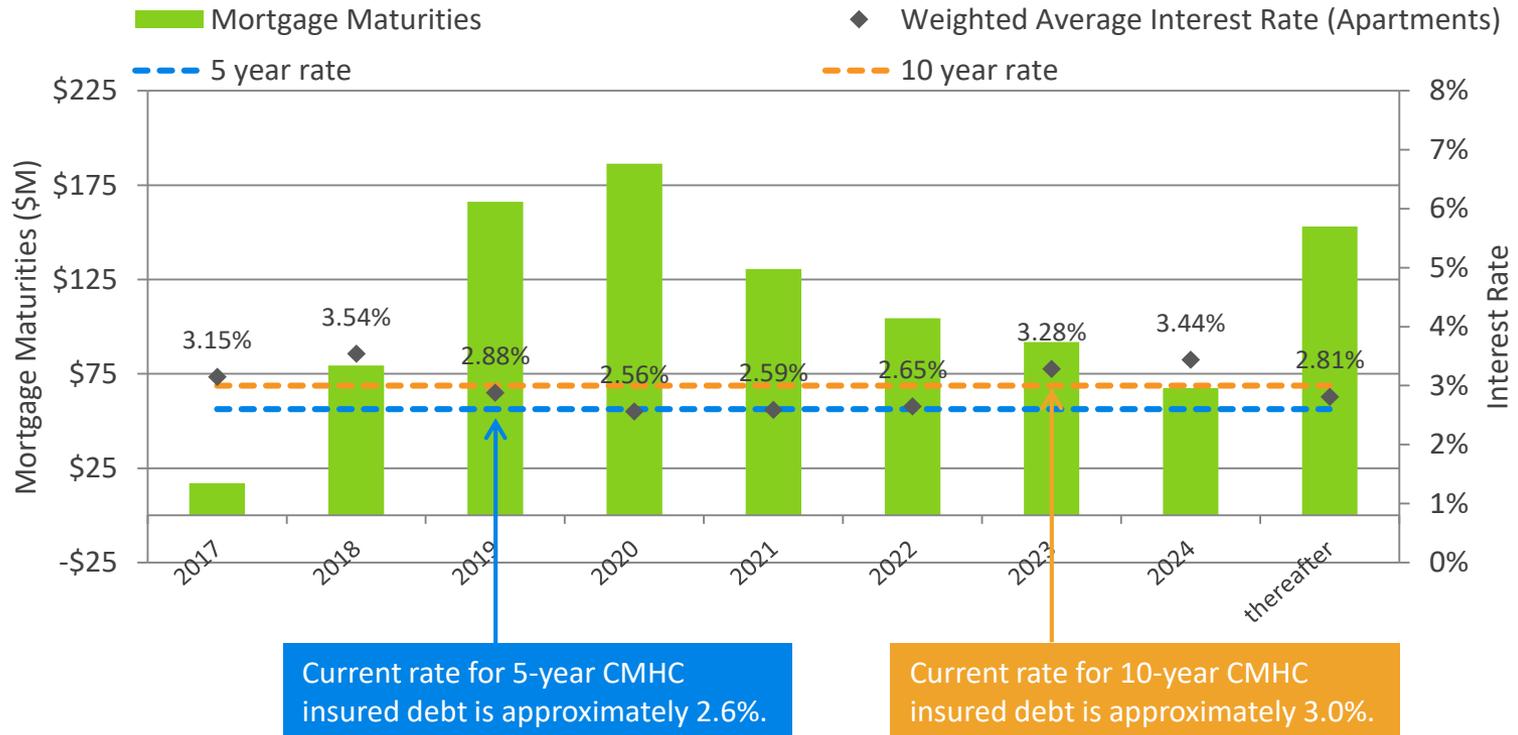
Same Property Results Three and six months ended June 30, 2017



Financial Highlights – Financing Activity

Apartment Mortgage Maturities by Year

As at June 30, 2017



Killam's Strategy for Growth

Killam's strategy to maximize value and profitability is focused on three priorities:

#1

Increasing earnings from existing portfolio



#2

Expanding the portfolio and diversifying geographically through accretive acquisitions, with an emphasis on newer properties



#3

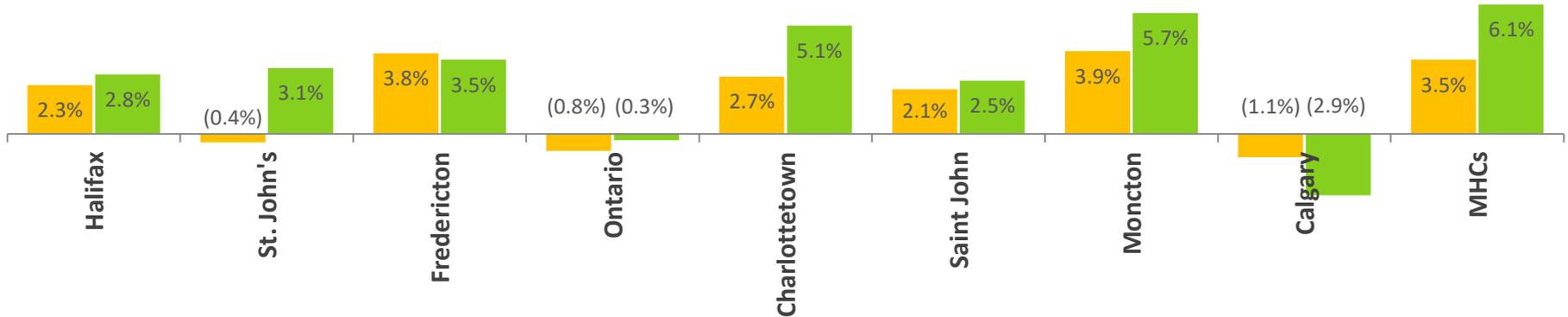
Developing high-quality properties in its core markets



Increasing Revenues to Grow NOI

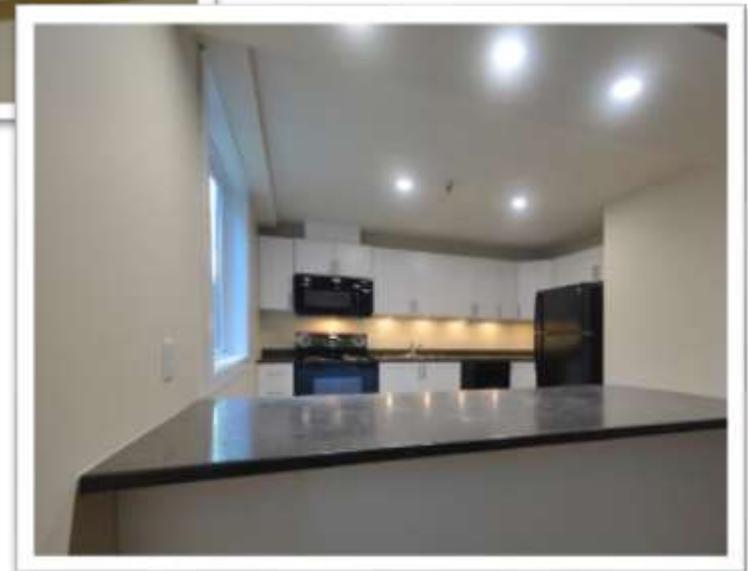
2017 Same Property Performance

■ Revenue Growth ■ NOI Growth



Increasing Revenues to Grow NOI

Revenue Growth
 +
 Expense Management
 =
Increased NOI



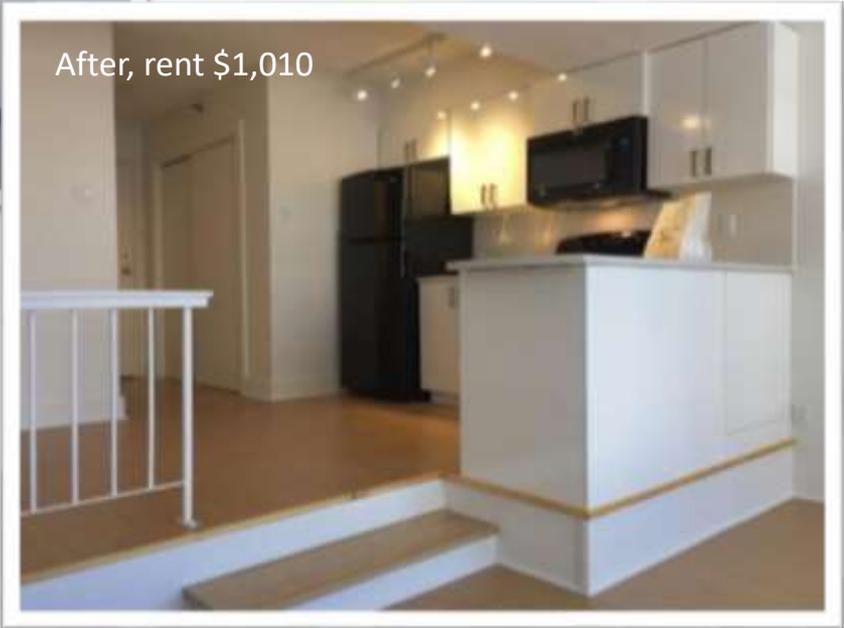
- Growing revenue on turns

Twelve months ended June 30,	2017	2016	Change (bps)
Upon lease renewal	1.0%	1.0%	–
Upon unit turn	2.6%	1.9%	70
Average rental increase	1.6%	1.3%	30

Increasing Revenues to Grow NOI



Before, rent \$840



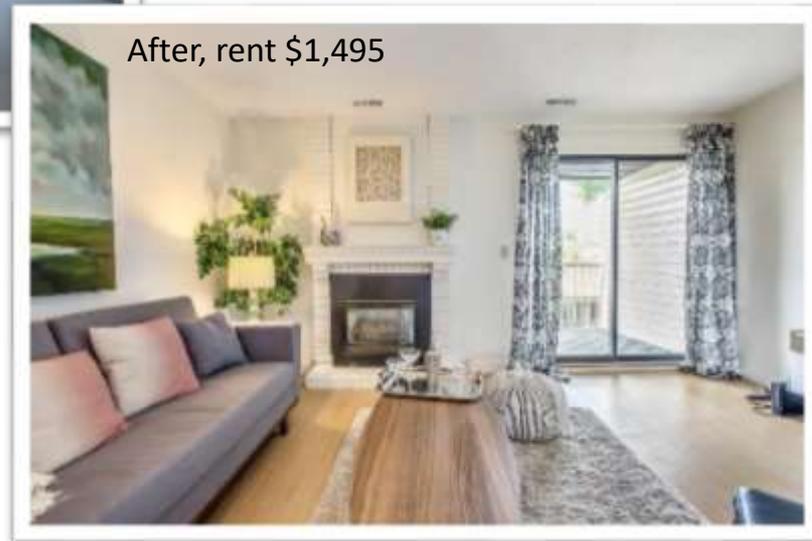
After, rent \$1,010

Unit upgrades at Garden Park Apartments in Halifax – ROI 15%

Increasing Revenues to Grow NOI



Before, rent \$1,150



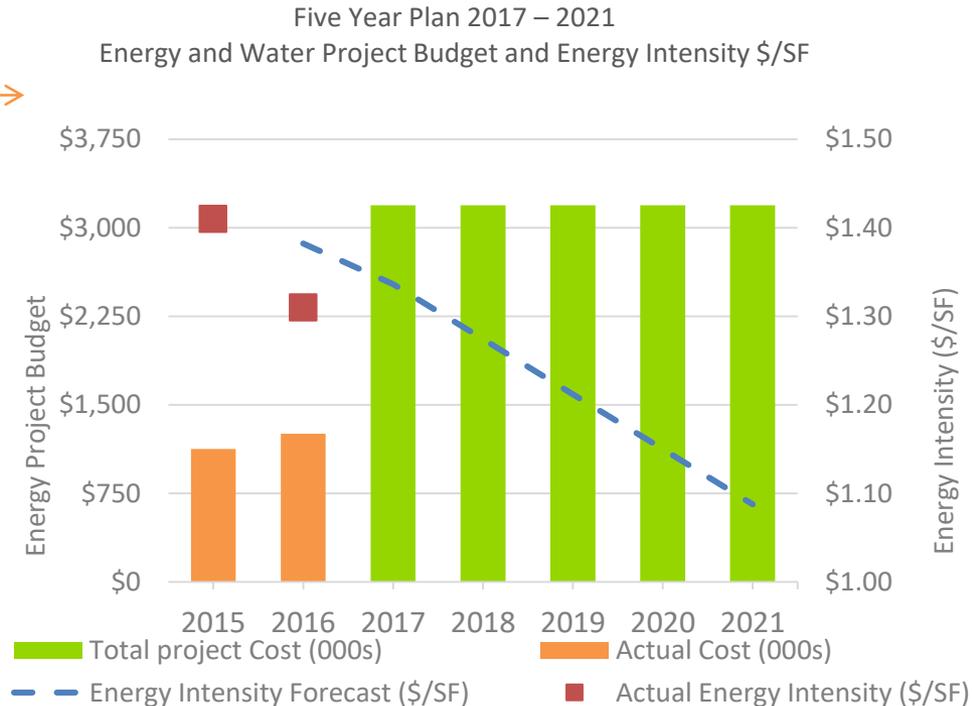
After, rent \$1,495

Unit upgrades at Spruce Grove in Calgary
– ROI 15%

Managing Expenses to Grow NOI

Revenue Growth
+
Expense Management
=
Increased NOI

a 30 cent reduction in $\$/F^2 = \$4.3M$ in expenses = 6 cents in FFO/Unit



Cameron Heights, Edmonton

Description:

4.9 acre development site

Planning for 190 units

Location:

Cameron Height Drive, Edmonton

Acquisition Details:

\$4.1 million (\$830,000/acre)

Closed April 13, 2017 and June 23, 2017



Benjamin Weir House, Halifax

Description:

Historic house on 4,527 sf lot

Commercial space – 6,000 sf

Current occupancy –100% leased

Location:

1459 Hollis Street, Halifax

Acquisition Details:

\$4.6 million

Closed April 19, 2017





Gloucester City Centre (Phase 1), Ottawa

Rental Units: 222 units

Ownership: Killam 50%, RioCan 50%

Start Date: Q2-2017

Projected Completion: mid-2019

Location: Ottawa's East End, adjacent Ottawa's Light Rail Transit (LRT) Blair Station.

Cost: \$36 million (Killam's cost) (\$327,000/residential door)

Expected Yield: 5.0%

Expected Value: 4.0% cap rate

Average Unit Size: 789 square feet

Average Rent: \$1,870 (\$2.39/sf)





Innovation Drive, Halifax

Description:

134 units over two buildings
Average rent – \$1,520/month
Current occupancy – 93% leased

Location:

246 Innovation Drive, Bedford
300 Innovation Drive, Bedford

Acquisition Details:

\$31.6 million (\$236,000/unit)
Closed July 4, 2017
5.2% capitalization rate









Waybury Park & Tisbury Crossing, Edmonton

Description:

296 units over four buildings

Expected rent – \$1,495

Current occupancy – Waybury Park – 92%

Tisbury Crossing – 60% (under construction)

Location:

Waybury Park – 112 & 114 Tisbury Street

Tisbury Crossing – 200 & 202 Salisbury Way

Acquisition Details:

\$67.5 million (\$228,000/unit)

5.5% capitalization rate

Anticipated purchase date:

Waybury Park – mid-August, 2017

Tisbury Crossing – October, 2017







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Tisbury Crossing
200/202 Salisbury Way



The Alexander, Halifax

Rental Units: 240 units, 6,500 sf of retail space

Ownership: Killam 50%, Partners 50%

Start Date: Q3-2015

Projected Completion: Q1-2018

Location: Downtown Halifax across from the waterfront

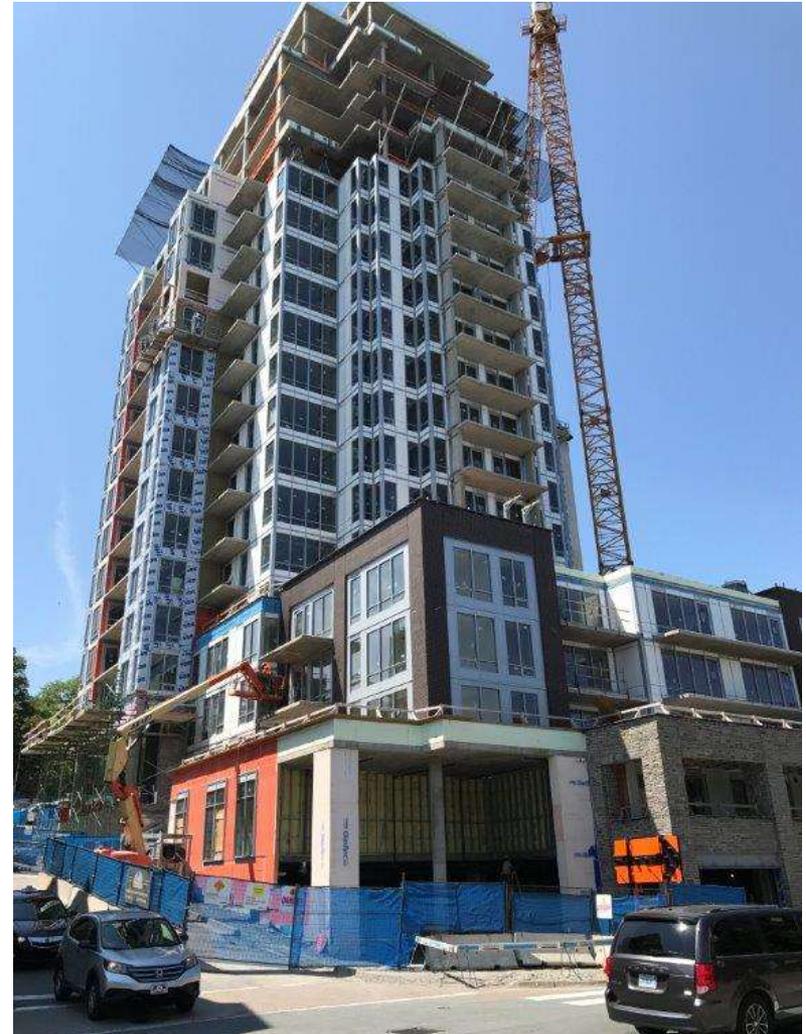
Cost: \$36.0 million (Killam's cost) (\$288,000/residential door)

Expected Yield: 5.4%

Expected Value: 4.65% cap rate

Average Unit Size: 740 sf

Average Rent: \$1,740 (\$2.35/sf)







Saginaw Park, Cambridge

Rental Units: 93 units

Start Date: Q3-2016

Projected Completion:
Q2-2018

Location: Adjacent Saginaw
Gardens, Saginaw Parkway,
Cambridge

Cost: \$25.3 million
(\$272,000/door)

Expected Yield: 5.4%

Expected Value: 4.75% cap rate

Average Unit Size: 1,025 sf

Average Rent: \$1,665 (\$1.62/sf)





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Development Pipeline

Property	City	Development Potential in Units
Development Opportunities - 2017		
Silver Spear*	Mississauga, ON	64
Carlton Terrace	Halifax, NS	104
Future Development Opportunities - 2018 and beyond		
The Governor (Phase 2 of the Alexander)	Halifax, NS	48
Cameron Heights	Edmonton, AB	190
Grid 5 Land*	Calgary, AB	199
Topsail Road	St. John's, NL	225
Medical Arts (Spring Garden)	Halifax, NS	200
Block 4	St. John's, NL	80
Carlton Houses	Halifax, NS	70
Gloucester Phase 2-4	Ottawa, Ont	309
Total Development Opportunities		1,489

* Represents Killam's 50% interest in potential development units.

Silver Spear, Mississauga

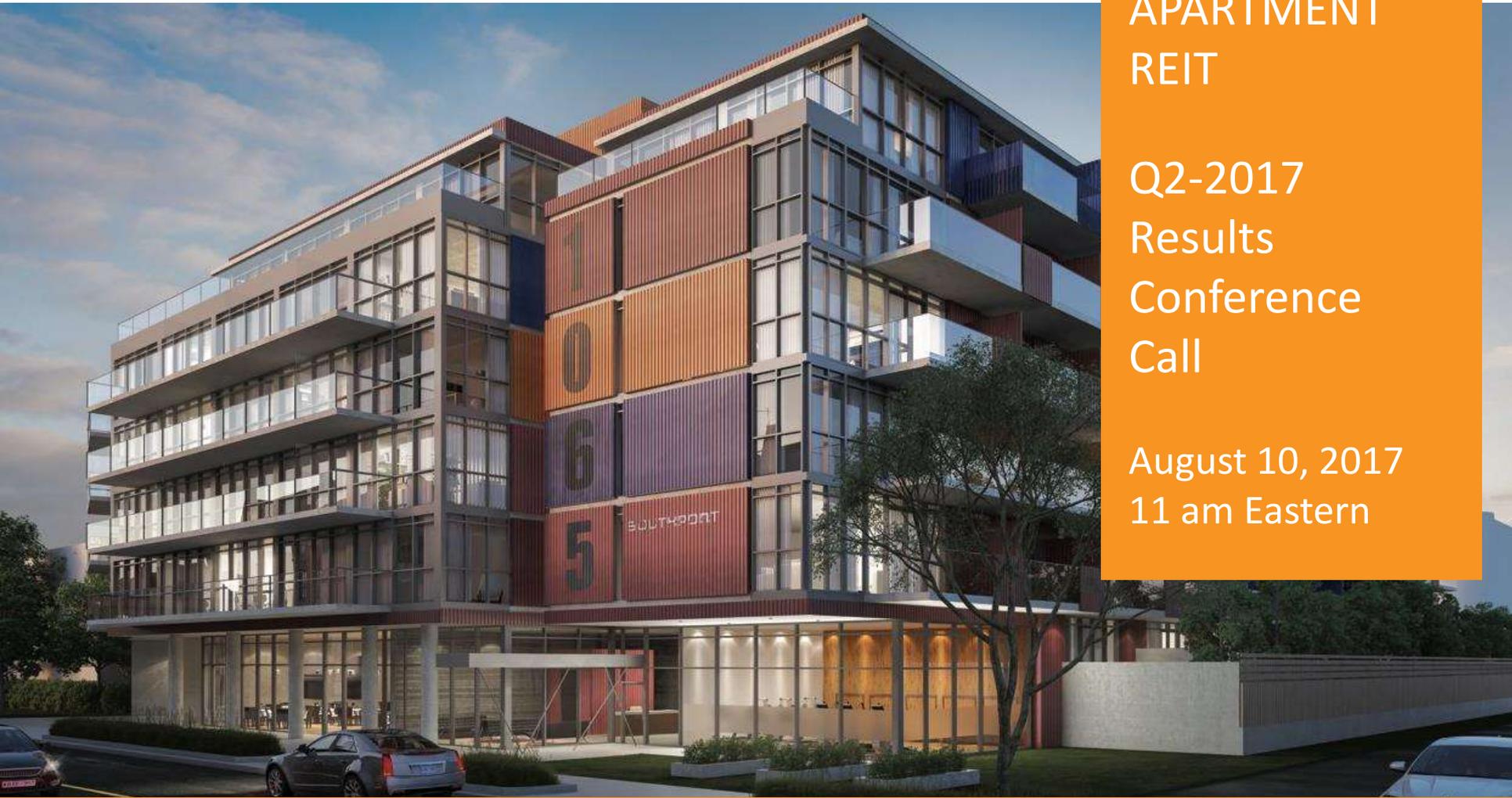


Carlton Terrace, Halifax



The Governor, Halifax





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