November 7, 2023
Halifax, Nova Scotia

KILLAM APARTMENT REIT ANNOUNCES Q3-2023 OPERATING PERFORMANCE AND FINANCIAL RESULTS

Killam Apartment REIT (TSX: KMP.UN) ("Killam") today reported its results for the three and nine months ended September 30, 2023.

"We are pleased to deliver another strong quarter of operating and financial performance," noted Philip Fraser, President and CEO. "Top line growth remained robust, driving 8.1% growth in same property net operating income.

"Our disposition program remains on track, with a total of $130.5 million in property sales to-date, and more closings expected during the remainder of the fourth quarter. Our strategy of selling non-core assets and using the proceeds to pay down variable rate debt has been an important step in strengthening both our portfolio and our balance sheet. We ended the quarter with a debt to total assets ratio of 42.8%, the lowest in Killam's history.

"Killam's development program continues to be an important component of our long-term strategy. During the third quarter, we completed two developments, in Halifax and in Kitchener, adding $94 million of new, high-quality units to our portfolio."

Q3-2023 Financial & Operating Highlights

- Reported net income of $68.3 million, an increase of $64.7 million compared to $3.6 million in Q3-2022. The growth in net income is primarily attributable to $38.5 million of fair value gains on investment properties in the period.
- Generated net operating income (NOI) of $60.5 million, a 6.6% increase from $56.8 million in Q3-2022.
- Earned funds from operations (FFO) per unit of $0.32, a 3.2% increase from $0.31 in Q3-2022.[1]
- Increased adjusted funds from operations (AFFO) per unit by 3.7% to $0.28, from $0.27 in Q3-2022, and reduced the rolling 12-month AFFO payout ratio by 100 basis points (bps) to 72%, from 75% in Q3-2022.[1]
- Achieved a 5.6% increase in revenue for the same property portfolio compared to Q3-2022.
- Generated 8.1% same property NOI growth.[2]

[1] FFO, AFFO, FFO per unit, AFFO per unit and AFFO payout ratio are non-International Financial Reporting Standards (IFRS) measures that do not have a standardized meaning according to IFRS and, therefore, may not be comparable to similar measures presented by other issuers. For information regarding non-IFRS measures, including reconciliations to the most comparable IFRS measure, see "Non-IFRS Measures."
[2] Same property NOI is a supplementary financial measure. An explanation of the composition of this measure can be found under the heading "Supplementary Financial Measures."

(000s)	Three months ended September 30, 2023	2022	Change	Nine months ended September 30, 2023	2022	Change
Property revenue	**$89,534**	$85,301	5.0%	**$261,292**	$244,313	6.9%
Net operating income	**$60,515**	$56,792	6.6%	**$167,555**	$153,740	9.0%
Net income	**$68,349**	$3,600	N/A	**$266,345**	$132,344	101.3%
FFO (1)	**$39,234**	$37,144	5.6%	**$105,722**	$99,885	5.8%
FFO per unit (diluted) (1)	**$0.32**	$0.31	3.2%	**$0.87**	$0.84	3.6%
AFFO per unit (diluted) (1)	**$0.28**	$0.27	3.7%	**$0.74**	$0.71	4.2%
AFFO payout ratio – diluted (1)	**62%**	65%	(300) bps	**71%**	74%	(300) bps
AFFO payout ratio – rolling 12 months(1)	**72%**	75%	(300) bps			
Same property apartment occupancy (3)	**98.5%**	98.4%	10 bps			
Same property revenue growth(3)	**5.6%**			**5.4%**		
Same property NOI growth	**8.1%**			**7.5%**		

(1) FFO and AFFO are non-IFRS financial measures. A reconciliation from net income to FFO and a reconciliation from FFO to AFFO can be found under the heading "Non-IFRS Reconciliation."

(2) FFO per unit, AFFO per unit and AFFO payout ratio are non-IFRS ratios. An explanation of the composition of these measures can be found under the heading "Non-IFRS Ratios."

(3) Same property apartment occupancy and same property revenue are supplementary financial measures. An explanation of the composition of these measures can be found under the heading "Supplementary Financial Measures."

Debt Metrics as at	**September 30, 2023**	December 31, 2022	Change
Debt to total assets	**42.8%**	45.3%	(250) bps
Weighted average mortgage interest rate	**3.00%**	2.74%	26 bps
Weighted average years to debt maturity	**4.0**	3.8	0.2 years
Interest coverage ratio(1)	**3.11x**	3.31x	(6.0)%

(1) Interest coverage ratio is a non-IFRS ratio. An explanation of the composition of this measure can be found under the heading "Non-IFRS Ratios."

Summary of Q3-2023 Results and Operations

Generated Net Income of $68.3 Million

Killam generated net income of $68.3 million in Q3-2023, compared to $3.6 million in Q3-2022. The increase in net income is primarily attributable to fair value gains on investment properties of $38.5 million, compared to fair value losses of $41.3 million in the same period in 2022. The gains in Q3-2023 were a direct result of strong NOI growth, partially offset by an expansion in cap rates in Ontario, BC and PEI. The fair value losses in Q3-2022 were related to an expansion of cap-rates across the portfolio.

Achieved Same Property NOI Growth of 8.1%

Killam achieved an 8.1% increase in same property NOI during the quarter, based on a 5.6% increase in same property revenue and a 0.7% increase in same property operating expenses. Revenue growth was driven by a 4.7% increase in apartment rental rates, coupled with a 10 bps increase in same property apartment occupancy and further reduction in rental incentives. General operating expenses increased 1.7%, driven by higher wages and contract costs, partially offset by lower insurance, bad debt and repairs and maintenance costs, while property tax expense decreased 0.9%. Lower natural gas pricing partially offset higher electricity and water costs, resulting in only a 1.3% increase in utility and fuel expenses compared to the same period in 2022. The strong performance resulted in an operating margin expansion of 160 bps for the same property portfolio compared to Q3-2022.

Delivered 3.2% FFO per Unit Growth and 3.7% AFFO per Unit Growth

Killam delivered FFO per unit of $0.32 in the quarter, a 3.2% increase from $0.31 per unit in Q3-2022. AFFO per unit increased 3.7% to $0.28, compared to $0.27 in Q3-2022. The growth in FFO and AFFO was attributable to strong NOI growth from Killam's same property portfolio, coupled with incremental contributions from developments completed in 2022. This growth was partially offset by a 1.3% increase in the weighted average number of Trust Units outstanding, along with higher interest expense as a result of rising interest rates.

Continued Progress on Killam's Disposition Strategy
During Q3-2023, Killam completed the disposition of Parkwood Apartments, located in Saint John, NB, for gross proceeds of $15.0 million. Parkwood Apartments is a complex containing 205 apartment units across 20 buildings. It was originally built in 1947 and was acquired by Killam in 2004. Proceeds were used to reduce Killam's credit facility and to fund on-going developments. The sale of the property aligns with Killam's strategy to optimize value from the existing portfolio. During the first nine months of 2023, Killam completed five dispositions for gross proceeds of $97.0 million.

Completion of Two Development Projects
Two developments reached substantial completion in Q3: Civic 66, containing 169 apartment units and 3,000 SF of ground floor commercial space located in Kitchener, and The Governor, containing 12 luxury apartment units and 3,500 SF of ground floor commercial space located in Halifax. The total combined development cost of the properties was $94.1 million. Civic 66 is currently 54% leased, while The Governor is currently 42% leased. The Carrick, a 139-unit property located in Waterloo, is currently under development and expected to be completed in the second half of 2025, with an expected cost of $83.5 million. Killam also owns a 10% interest in the second phase of the Nolan Hill development in Calgary, which is expected to be completed in December 2023. Killam has a commitment to purchase 100% of the development for $65.0 million.

Focus on Reduced Leverage
Year-to-date, debt to total assets decreased 250 bps, from 45.3% at December 31, 2022, to 42.8% at September 30, 2023. Since the beginning of the year, Killam's variable rate debt has been reduced by $110.5 million, as funds from dispositions, mortgage refinancings, and general operations were used to reduce the balance on Killam's credit facility, and permanent financing has replaced construction loans. Variable rate debt as a percentage of total debt has decreased to 4.9% at the end of Q3-2023 from 9.8% as at December 31, 2022. Looking ahead, Killam expects to continue to reduce variable rate debt during the fourth quarter, with the placement of permanent financing on two developments and a further reduction in the credit facility. Overall, Killam's weighted average mortgage interest rate increased 26 bps at the end of Q3-2023 to 3.0%, compared to 2.7% at December 31, 2022. The maturity dates for Killam's mortgages are staggered to help mitigate interest rate risk, and the weighted average term to maturity is four years.

ESG Progress
In October, Killam received a green, three-star designation for its 2023 GRESB real estate assessment. During the quarter, Killam invested $2.5 million in energy initiatives, and, to date, Killam has 19 photovoltaic (PV) solar arrays producing power, with an expected 1,900 MWh of annual energy production. PV solar arrays, along with geothermal heating and cooling systems at Killam's new developments, illustrate Killam's ongoing commitment to lowering its carbon footprint. Additionally, Killam is installing Level II electric vehicle (EV) charging stations across its portfolio, with 355 charging stations operational at 47 properties, plus an additional 54 charging stations underway at seven additional properties. Killam's 2022 ESG report can be accessed on its website at https://killamreit.com/esg. The report summarizes Killam's commitment to creating and maintaining sustainable communities, and details its progress and future plans to achieve its long-term targets.

Additional Dispositions Subsequent to Quarter End

On October 5, 2023, Killam completed the disposition of Edward Court, a 96-unit apartment building located in Miramichi, NB, for a sale price of $11.0 million, and net cash proceeds of $5.1 million after mortgage repayment. On November 2, 2023, Killam completed the disposition of two apartment buildings totalling 139 units located in Sydney, NS, for a combined sale price of $22.5 million, and net cash proceeds of $10.1 million. Year-to-date, Killam has completed $130.5 million of dispositions.

Financial Statements

Killam's condensed consolidated interim Financial Statements and Management's Discussion and Analysis (MD&A) for the three and nine months ended September 30, 2023, are posted under Financial Reports in the Investor Relations section of Killam's website at www.killamreit.com, and are available on SEDAR+ at www.sedarplus.ca. Readers are directed to these documents for financial details and a discussion of Killam's results.

Results Conference Call

Management will host a webcast and conference call to discuss these results and current business initiatives on Wednesday, November 8, 2023, at 9:00 AM Eastern Time. The webcast will be accessible on Killam's website at the following link: http://www.killamreit.com/investor-relations/events-and-presentations. A replay of the webcast will be available for one year after the event at the same link.

The dial-in numbers for the conference call are as follows:
North America (toll free): 1-888-664-6392
Overseas or local (Toronto): 1-416-764-8659

Profile

Killam Apartment REIT, based in Halifax, Nova Scotia, is one of Canada's largest residential real estate investment trusts, owning, operating, managing and developing a $4.9 billion portfolio of apartments and manufactured home communities. Killam's strategy to enhance value and profitability focuses on three priorities: 1) increasing earnings from existing operations; 2) expanding the portfolio and diversifying geographically through accretive acquisitions, with an emphasis on newer properties; and 3) developing high-quality properties in its core markets.

Non-IFRS Measures

Management believes the following non-IFRS financial measures, ratios and supplementary information are relevant measures of the ability of Killam to earn revenue and to evaluate Killam's financial performance. Non-IFRS financial measures should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS, as indicators of Killam's performance or the sustainability of Killam's distributions. These measures do not have standardized meanings under IFRS and, therefore, may not be comparable to similarly titled measures presented by other publicly traded organizations.

- FFO is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. FFO, and applicable per unit amounts, are calculated by Killam as net income adjusted for fair value gains (losses), interest expense related to exchangeable units, gains (losses) on disposition, deferred tax expense (recovery), unrealized gains (losses) on derivative liability, internal commercial leasing costs, depreciation on an owner-occupied building, interest expense related to lease liabilities, and non-controlling interest. FFO is calculated in accordance with the REALPAC definition. A reconciliation between net income and FFO is included below.
- AFFO is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. AFFO, and applicable per unit amounts and payout ratios, are calculated by Killam as FFO less an allowance for maintenance capital expenditures ("capex") (a three-year rolling historical average capital investment to maintain and sustain Killam's properties), commercial leasing costs and straight-line commercial rents. AFFO is calculated in accordance with the REALPAC definition. Management considers AFFO an earnings metric. A reconciliation from FFO to AFFO is included below.
- Adjusted EBITDA is calculated by Killam as net income before fair value adjustments, gains (losses) on disposition, income taxes, interest, depreciation and amortization.

Non-IFRS Ratios

- Interest coverage is calculated by dividing adjusted earnings before interest, tax, depreciation and amortization ("adjusted EBITDA") by mortgage, loan and construction loan interest and interest on credit facilities.
- Per unit calculations are calculated using the applicable non-IFRS financial measures noted above, i.e. FFO and AFFO, divided by the basic or diluted number of units outstanding at the end of the relevant period.
- Payout ratios are calculated using the distribution rate for the applicable period divided by the applicable per unit amount, i.e. AFFO per unit.

Supplementary Financial Measures

- Same property NOI is a supplementary financial measure defined as NOI for stabilized properties that Killam has owned for equivalent periods in 2023 and 2022. Similarly, same property revenue is a supplementary financial measure defined as revenue for stabilized properties that Killam has owned for equivalent periods in 2023 and 2022.
- Same property apartment occupancy is a supplemental financial measure defined as actual residential rental revenue, net of vacancy, as a percentage of gross potential residential rent for stabilized properties that Killam has owned for equivalent periods in 2023 and 2022. Same property results represent 92% of the fair value of Killam's investment property portfolio as at September 30, 2023. Excluded from same property results in 2023 are acquisitions, dispositions and developments completed in 2022 and 2023, and non-stabilized commercial properties linked to development projects.

Non-IFRS Reconciliation (in thousands, except per unit amounts)

Reconciliation of Net Income to FFO	***Three months ended September 30,***		***Nine months ended September 30,***	
	2023	2022	**2023**	2022
Net income	**$68,349**	$3,600	**$266,345**	$132,344
Fair value adjustments	**(39,392)**	33,181	**(196,604)**	(50,154)
Non-controlling interest	**(3)**	(5)	**(10)**	(12)
Internal commercial leasing costs	**90**	75	**270**	225
Deferred tax expense (recovery)	**9,176**	(446)	**32,134**	15,450
Interest expense on exchangeable units	**682**	701	**2,046**	2,102
Loss on disposition	**301**	—	**1,380**	—
Unrealized loss (gain) on derivative liability	**0**	11	**68**	(159)
Depreciation on owner-occupied building	**25**	21	**76**	72
Change in principal related to lease liabilities	**6**	6	**17**	17
FFO	**$39,234**	$37,144	**$105,722**	$99,885
FFO per unit – diluted	**$0.32**	$0.31	**$0.87**	$0.84

Reconciliation of FFO to AFFO	***Three months ended September 30,***		***Nine months ended September 30,***	
	2023	2022	**2023**	2022
FFO	**$39,234**	$37,144	**$105,722**	$99,885
Maintenance capital expenditures	**(5,031)**	(4,856)	**(15,229)**	(14,402)
Commercial straight-line rent adjustment	**31**	(29)	**83**	(169)
Internal commercial leasing costs	**(91)**	(71)	**(278)**	(380)
AFFO	**$34,143**	$32,188	**$90,298**	$84,934
AFFO per unit – basic	**$0.28**	$0.27	**$0.74**	$0.71
AFFO per unit – diluted	**$0.28**	$0.27	**$0.74**	$0.71
AFFO payout ratio – diluted	**62%**	65%	**71%**	74%
AFFO payout ratio – rolling 12 months (1)	**72%**	75%		
Weighted average number of units – basic (000s)	**121,651**	120,130	**121,277**	119,174
Weighted average number of units – diluted (000s)	**121,848**	120,292	**121,466**	119,341

(1) Based on Killam's annual distribution of $0.69996 for both the 12-month period ended September 30, 2023 and the 12-month period ended September 30, 2022.

Normalized Adjusted EBITDA	***Twelve months ended,***		
	September 30, 2023	December 31, 2022	% Change
Net income	**$256,781**	$122,532	109.6%
Deferred tax expense	**35,251**	18,813	87.4%
Financing costs	**68,278**	61,499	11.0%
Depreciation	**547**	573	(4.5)%
Loss on disposition	**1,380**	—	N/A
Fair value adjustment on unit-based compensation	**524**	(2,234)	(123.5)%
Fair value adjustment on Exchangeable Units	**8,615**	(29,497)	(129.2)%
Fair value adjustment on investment properties	**(167,451)**	19,870	(942.7)%
Adjusted EBITDA	**203,925**	191,556	6.5%
Normalizing adjustment (1)	**1,395**	3,437	(59.4)%
Normalized adjusted EBITDA	**205,320**	194,993	5.3%
Net debt	**$2,156,955**	$2,186,275	(1.3)%
Debt to normalized adjusted EBITDA	**10.51x**	11.21x	(6.2)%

(1) Killam's normalizing adjustment includes NOI adjustments for recently completed acquisitions, dispositions and developments to account for the difference between NOI booked in the period and stabilized NOI over the next 12 months.

For information, please contact:

Claire Hawksworth, CPA
Manager, Investor Relations & Sustainability
chawksworth@killamREIT.com
(902) 442-5322

Note: The Toronto Stock Exchange has neither approved nor disapproved of the information contained herein. Certain statements in this press release may constitute forward-looking statements. In some cases, forward-looking statements can be identified by the use of words such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "commit," "estimate," "potential," "continue," "remain," "forecast," "opportunity," "future" or the negative of these terms or other comparable terminology, and by discussions of strategies that involve risks and uncertainties. Such forward-looking statements may include, among other things, statements regarding: the continued expansion of Killam's portfolio and the effects thereof; strengthening the balance sheet; reducing exposure to variable debt through permanent financing, refinancing and dispositions, and the timing thereof; planned dispositions in 2023; Killam's commitment to purchase the remaining 90% interest in the second phase of the Nolan Hill development; the completion, costs, capacity, total investment and timing of development projects, acquisitions and dispositions; Killam's ability to mitigate interest rate risk; Killam's commitment to reducing its environmental impact and carbon footprint; the expected annual energy production of Killam's PV solar arrays; the installation of electric vehicle charging stations across Killam's portfolio and the timing thereof; and Killam's priorities. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated or implied, or those suggested by any forward-looking statements, including: the effects, duration and government responses to the COVID-19 pandemic and other local or international events, and the effectiveness of measures intended to mitigate impacts thereof; competition; global, national and regional economic conditions, including inflationary pressures; the availability of capital to fund further investments in Killam's business; and the risks and uncertainties identified in Killam's most recently filed annual information form, as well as Killam's most recently filed MD&A and other documents Killam files from time to time with securities regulatory authorities in Canada, each of which are available at www.sedarplus.ca. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements contained in this press release. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events may not occur. Although Killam's management believes that the expectations reflected in the forward-looking statements are reasonable, there can be no *assurance that future results, levels of activity, performance or achievements will occur as anticipated. Further, a forward-looking statement speaks only as of the date on which such statement is made and should not be relied upon as of any other date. While Killam anticipates that subsequent events and developments may cause Killam's views to change, Killam does not intend to update or revise any forward-looking statement, whether as a result of new information, future events, circumstances, or such other factors that affect this information, except as required by law. The forward-looking statements in this press release are provided for the limited purpose of enabling current and potential investors to evaluate an investment in Killam. Readers are cautioned that such statements may not be appropriate and should not be used for any other purpose. The forward- looking statements contained in this press release are expressly qualified by this cautionary statement.*