November 8, 2022
Halifax, Nova Scotia

KILLAM APARTMENT REIT ANNOUNCES Q3-2022 OPERATING PERFORMANCE AND FINANCIAL RESULTS

Killam Apartment REIT (TSX: KMP.UN) ("Killam" or the "REIT") today reported its results for the three and nine months ended September 30, 2022.

"We are pleased to report positive earnings growth through the third quarter", noted Philip Fraser, President and CEO. "Fundamentals remain strong across the country, supporting revenue and net operating income growth."

"Killam's development pipeline momentum continued through the third quarter with the substantial completion of Luma, a 168-unit joint development project located in Ottawa, ON. The property opened to tenants in June 2022 and is currently 62% leased. Luma marks Killam's third development completed in 2022. We are proud of the $170 million of developments added to our portfolio this year. These high-quality assets include extensive tenant amenity space and energy efficiency technology and should generate among the highest operating margins in our portfolio."

Q3-2022 Financial & Operating Highlights

- Reported net income of $3.6 million, a decrease of $43.0 million compared to $46.6 million in Q3-2021. The reduction in net income is primarily attributable to $41.3 million of fair value adjustments on investment properties in Q3-2022.
- Generated net operating income (NOI) of $56.8 million, a 12.6% increase from $50.5 million in Q3-2021.
- Earned funds from operations (FFO) per unit (diluted) of $0.31, a 3.3% increase from $0.30 in Q3-2021.[1]
- Increased adjusted funds from operations (AFFO) per unit (diluted) by 3.8% to $0.27, from $0.26 in Q3-2021, and reduced the AFFO payout ratio (diluted) by 100 bps to 65%, from 66% in Q3-2021.[1]
- Achieved a 5.1% increase in revenue for the same property portfolio compared to Q3-2021.
- Generated same property NOI growth of 5.1% in Q3-2021.[2]

[1] FFO and AFFO 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 companies. 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 on page 5 of this press release under "Supplementary Financial Measures."

(000's)	*Three months ended September 30,* 2022	2021	Change	*Nine months ended September 30,* 2022	2021	Change
Property revenue	**$85,301**	$76,244	11.9%	**$244,313**	$213,919	14.2%
Net operating income	**$56,792**	$50,455	12.6%	**$153,740**	$135,315	13.6%
Net income	**$3,600**	$46,634	(92.3)%	**$132,344**	$210,726	(37.2)%
FFO (1)	**$37,144**	$34,246	8.5%	**$99,885**	$88,721	12.6%
FFO per unit (diluted) (1)	**$0.31**	$0.30	3.3%	**$0.84**	$0.80	5.0%
AFFO per unit (diluted) (1)	**$0.27**	$0.26	3.8%	**$0.71**	$0.68	4.4%
AFFO payout ratio – diluted (1)	**65%**	66%	(100) bps	**74%**	76%	(200) bps
AFFO payout ratio – rolling 12 months(1)	**75%**	77%	(200) bps			
Same property apartment occupancy (2)	**98.4%**	97.4%	100 bps			
Same property revenue growth(3)	**5.1%**			**5.1%**		
Same property NOI growth	**5.1%**			**4.9%**		

(1) FFO and AFFO are defined in "non-IFRS Measures." A reconciliation between net income and FFO and a reconciliation from FFO to AFFO are included on page 6 of this press release under "Non-IFRS Reconciliation."

(2) Same property apartment occupancy is a supplementary financial measure. An explanation of the composition of this measure can be found on page 4 of this press release under "Supplementary Financial Measures."

(3) Same property revenue is a supplementary financial measure. An explanation of the composition of this measure can be found on page 4 of this press release under "Supplementary Financial Measures."

Debt Metrics as at	**September 30, 2022**	December 31, 2021	Change
Debt to total assets	**45.0%**	45.0%	– bps
Weighted average mortgage interest rate	**2.67%**	2.58%	9 bps
Weighted average years to debt maturity	**4.0**	4.0	– years
Interest coverage ratio(1)	**3.42x**	3.53x	(3.1)%

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

Summary of Q3-2022 Results and Operations

Net Income Impacted by Fair Value Losses

Killam earned net income of $3.6 million in Q3-2022, compared to $46.6 million in Q3-2021. The decrease in net income is due to fair value losses on investment properties of $41.3 million in the current period, compared to fair value gains of $25.8 million in Q3-2021. These fair value losses reflect an expansion of cap-rates in several of Killam's core markets. Killam's weighted average cap-rate for its apartment portfolio as at September 30, 2022, was 4.43%, a 5 bps increase from the weighted average cap-rate as at June 30, 2022. The losses associated with the expansion in cap-rates were partially offset with NOI growth of $6.3 million in the quarter, compared to the same period in 2021, driven by acquisitions, completed developments, and increased earnings from the existing portfolio.

Achieved 3.3% FFO per Unit Growth and 3.8% AFFO per Unit Growth

Killam delivered FFO per unit of $0.31 in the quarter, a 3.3% increase from $0.30 per unit in Q3-2021. AFFO per unit increased 3.8% to $0.27, compared to $0.26 in Q3-2021. The growth in FFO and AFFO was attributable to increased NOI from Killam's same property portfolio and incremental contributions from acquisitions, which total over $500 million since the beginning of 2021. This growth was partially offset by a 5.3% increase in the weighted average number of Trust Units outstanding, along with higher interest expense.

Revenue Growth Drives Average Same Property NOI Growth of 5.1%

Killam generated 5.1% growth in same property NOI during Q3-2022. This improvement was driven by 5.1% growth in same property revenue, partially offset by a 5.2% increase in same property operating expenses. Revenue growth was supported by a 3.6% increase in apartment rents, coupled with a 100 bps increase in same property apartment occupancy in the quarter. Operating expenses increased due to higher natural gas pricing in Killam's core markets, resulting in a 9.8% increase in same property utility and fuel expenses. Same property general operating expenses increased by 5.5%, driven by higher wages and contract services. Property tax expenses increased modestly by 2.3%.

Continued Advancement of Development Pipeline and Completion of Third Development in 2022
Killam's joint venture development project, Luma, a 168-unit building located in Ottawa, ON, opened to tenants in June 2022, and reached substantial completion in this quarter. The property is currently 62% leased and is expected to generate $3.4 million in NOI annually once stabilized ($1.7 million for Killam's 50% interest). The Kay, located in Mississauga, opened in April and was fully leased at the end of the third quarter. This marks one of Killam's fastest new development lease-ups to date.

Killam continues to advance its development pipeline and has two developments close to completion and one development that commenced in Q2-2022, totalling 320 units, with an expected combined development cost of $177.5 million. During the third quarter, Killam invested $14.6 million in its active development projects, the majority of which was funded through construction financing.

Rising Interest Rates
The maturity dates of Killam's mortgages are staggered to help mitigate interest rate risk. During Q3-2022, Killam refinanced $22.4 million of maturing mortgages with $27.1 million of new debt, all of which were for five-year terms at a weighted average interest rate of 4.05%, 177 bps higher than the maturing debt.

ESG Update
In October, Killam received a green, three-star designation for its 2022 GRESB real estate assessment, and achieved a 15% score improvement from its 2021 rating. During Q3-2022, Killam invested $3.8 million in energy initiatives, which included $1.3 million in new boilers, $1.2 million in building improvements, $1.1 million in window replacements and $0.3 million in solar panels. As of September 30, 2022, Killam had 16 photovoltaic (PV) solar arrays producing power, with an expected 1,610 MWh of annual energy production. This is the equivalent amount of energy to supply 304 apartment units with electricity annually, based on the average consumption per unit in Killam's apartment portfolio. 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.

Killam's 2021 ESG report can be accessed on its website at https://killamreit.com/esg. It summarizes Killam's commitment to creating and maintaining sustainable communities, and details its progress and future plans to achieve its long-term targets.

Financial Statements

Killam's condensed consolidated interim Financial Statements and Management's Discussion and Analysis for the nine and three months ended September 30, 2022, 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.sedar.com. 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 9, 2022, at 10:00 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 will be available for 7 days after the webcast 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 $4.8 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-International Financial Reporting Standards (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 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 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.

- Funds from operations (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.
- Adjusted funds from operations (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.
- 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.

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 2022 and 2021. Similarly, same property revenue is a supplementary financial measure defined as revenue for stabilized properties that Killam has owned for equivalent periods in 2022 and 2021. 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 2022 and 2021. Same property results represent 90.4% of the fair value of Killam's investment property portfolio as at September 30, 2022. Excluded from same property results in 2022 are acquisitions, dispositions and developments completed in 2021 and 2022, and non-stabilized commercial properties linked to development projects.

- Interest coverage is calculated by dividing normalized adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA) by mortgage, loan and construction loan interest and interest on credit facilities. Normalized adjusted EBITDA is calculated by Killam as adjusted EBITDA that has been normalized for a full year of stabilized earnings from recently completed acquisitions and developments, on a forward-looking basis.

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,	
	2022	2021	**2022**	2021
Net income	**$3,600**	$46,634	**$132,344**	$210,726
Fair value adjustments	**33,181**	(21,427)	**(50,154)**	(155,897)
Non-controlling interest	**(5)**	(4)	**(12)**	(9)
Internal commercial leasing costs	**75**	52	**225**	155
Deferred tax expense	**(446)**	8,289	**15,450**	31,677
Interest expense on exchangeable units	**701**	687	**2,102**	2,065
Unrealized loss (gain) on derivative liability	**11**	(18)	**(159)**	(98)
Depreciation on owner-occupied building	**21**	26	**72**	80
Change in principal related to lease liabilities	**6**	7	**17**	22
FFO	**$37,144**	$34,246	**$99,885**	$88,721
FFO per unit – diluted	**$0.31**	$0.30	**$0.84**	$0.80

Reconciliation of FFO to AFFO	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
FFO	**$37,144**	$34,246	**$99,885**	$88,721
Maintenance capital expenditures	**(4,856)**	(4,589)	**(14,402)**	(13,357)
Commercial straight-line rent adjustment	**(29)**	(58)	**(169)**	(309)
Internal commercial leasing costs	**(71)**	(89)	**(380)**	(286)
AFFO	**$32,188**	$29,510	**$84,934**	$74,769
AFFO per unit – basic	**$0.27**	$0.26	**$0.71**	$0.68
AFFO per unit – diluted	**$0.27**	$0.26	**$0.71**	$0.68
AFFO payout ratio – diluted	**65%**	66%	**74%**	76%
AFFO payout ratio – rolling 12 months (1)	**75%**	77%		
Weighted average number of units – basic (000s)	**120,130**	114,090	**119,174**	110,473
Weighted average number of units – diluted (000s)	**120,292**	114,250	**119,341**	110,633

(1) Based on Killam's annual distribution of $0.69996 for the 12-month period ended September 30, 2022, and $0.68170 for the 12-month period ended September 30, 2021.

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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 effects *of acquisitions and development projects on Killam's earnings and financial condition and the timing thereof ; the operating margins of new developments completed and added to Killam's portfolio; the continued expansion of Killam's portfolio; NOI generation as a result of new developments; the completion, costs, capacity, total investment and timing of development projects and acquisitions; continued advancement of Killam's development pipeline; Killam's commitment to reducing its environmental impact and carbon footprint; the expected annual energy production of Killam's PV solar arrays; the ability of Killam's development program to deliver anticipated portfolio growth; 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 international events, and the effectiveness of measures intended to mitigate impacts thereof; competition; global, national and regional economic conditions including inflationary pressures; and the availability of capital to fund further investments in Killam's business. For more exhaustive information on these risks and uncertainties, readers should refer to Killam's most recently filed annual information form, as well as Killam's most recently filed MD&A, each of which are available at www.sedar.com. 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 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.