

Killam Apartment REIT

Q1-2017 Results Conference Call

*May 5, 2017
1pm Eastern*



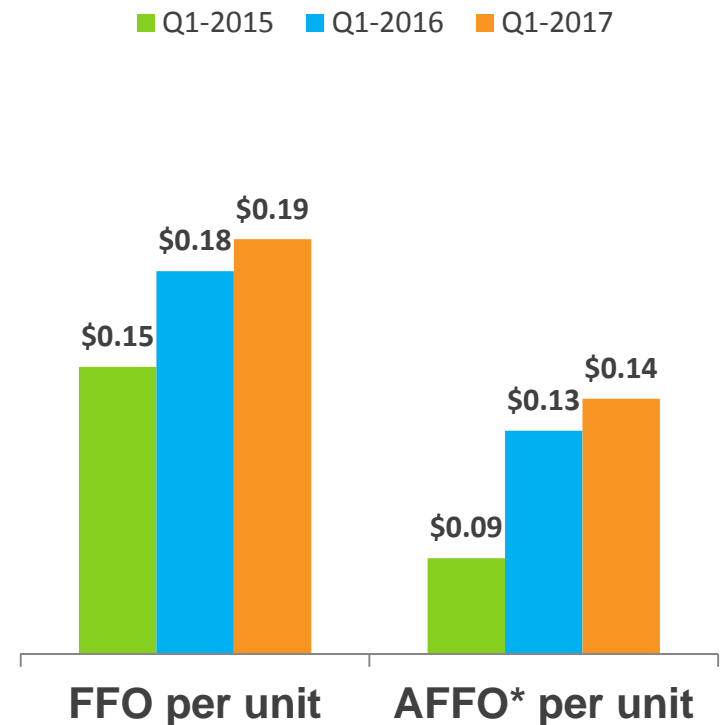
Cautionary Statement

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.

Highlights from Q1-2017

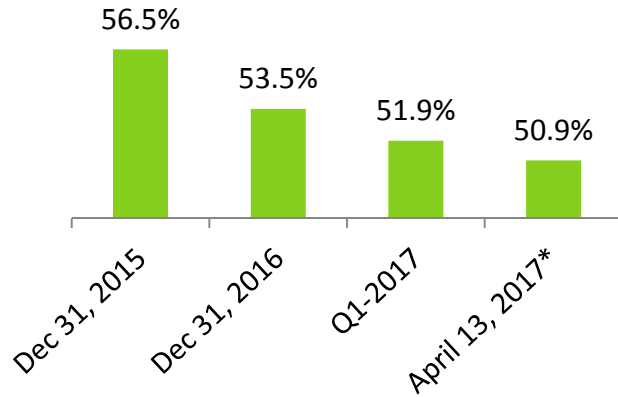
- Generated funds from operations (FFO) per unit of \$0.19, a 5.6% increase from \$0.18 in Q1-2016.
- Adjusted funds from operations (AFFO) of \$0.14, a 7.7% increase from Q1-2016.
- Increased same property rental revenue by 1.4%.
- Achieved same property net operating income (NOI) growth of 1.8%.
- \$63.1 million in accretive acquisitions completed.
- Successful \$77 million equity raise completed in March, with proceeds used to fund acquisitions and the redemption of the remaining \$46 million convertible debentures in April 2017.

Q1 FFO & AFFO* Per Unit



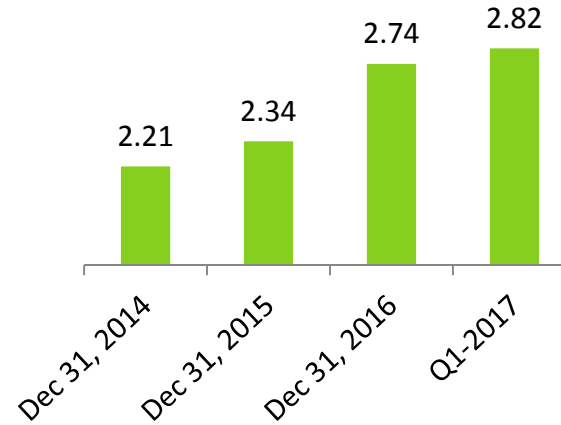
Balance Sheet Highlights

Debt as a Percentage of Assets

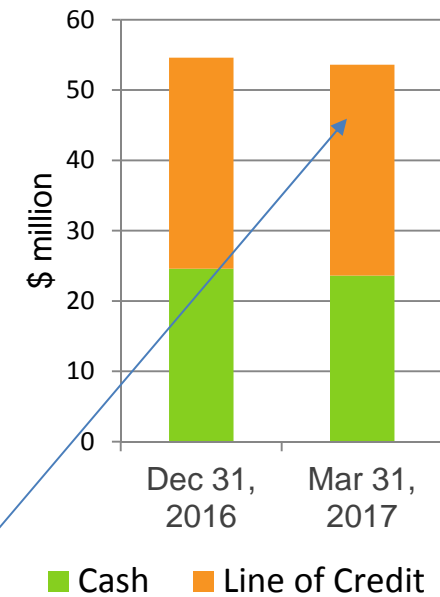


* Forecast to show the impact of redeeming \$46 million of convertible debentures on April 13, 2017.

Interest Coverage Ratio



Liquidity



Acquisition capacity of approximately \$100 million at March 31, 2017 (net of cash for redemption of converts).

Killam's Strategy for Growth

Killam's strategy is to maximize its value and long-term profitability by concentrating on three key areas of growth:

#1

Increasing earnings from its existing portfolio



#2

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



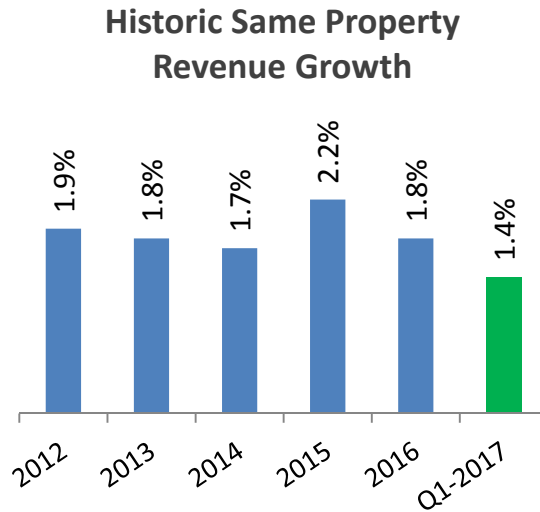
#3

Developing high-quality properties in its core markets

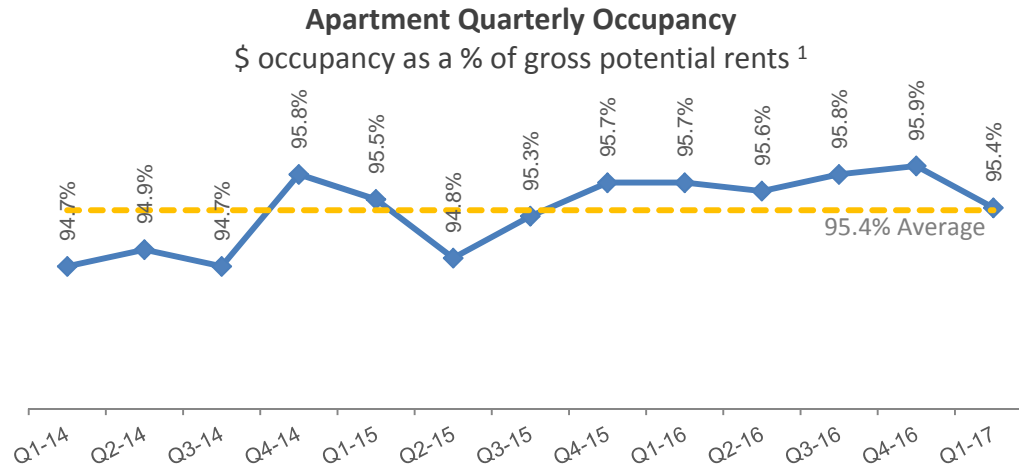


Increasing Revenues to Grow NOI

Revenue Growth
 +
 Expense Management
 =
 Increased NOI



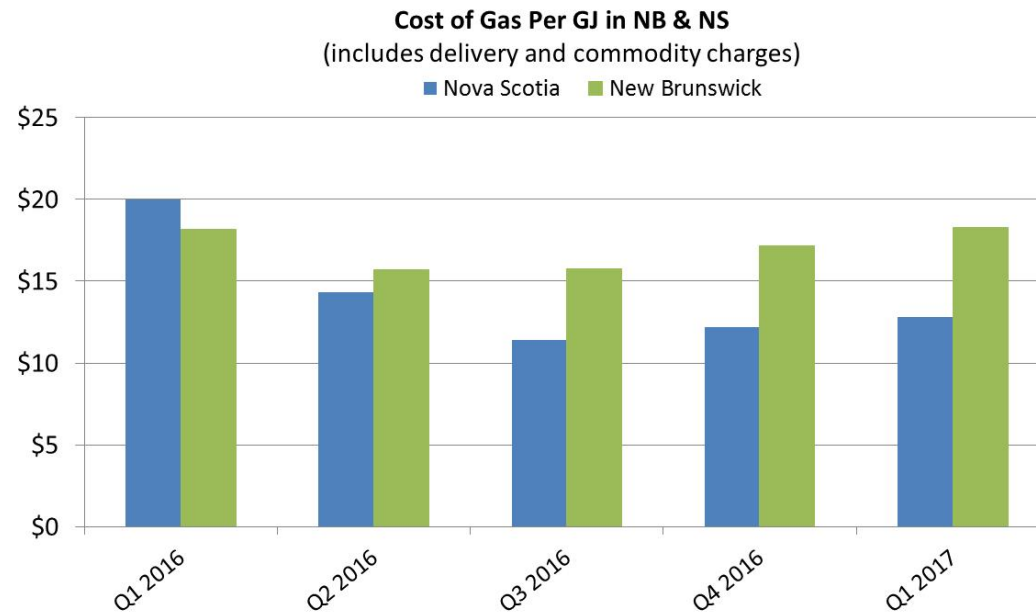
- ✓ 1.6% revenue growth in Halifax.
- ✓ Rents up 1.5%, with highest rental rate growth achieved in Ontario (2.7%), Fredericton (2.4%) and Halifax (2.2%).



Managing Expenses to Grow NOI

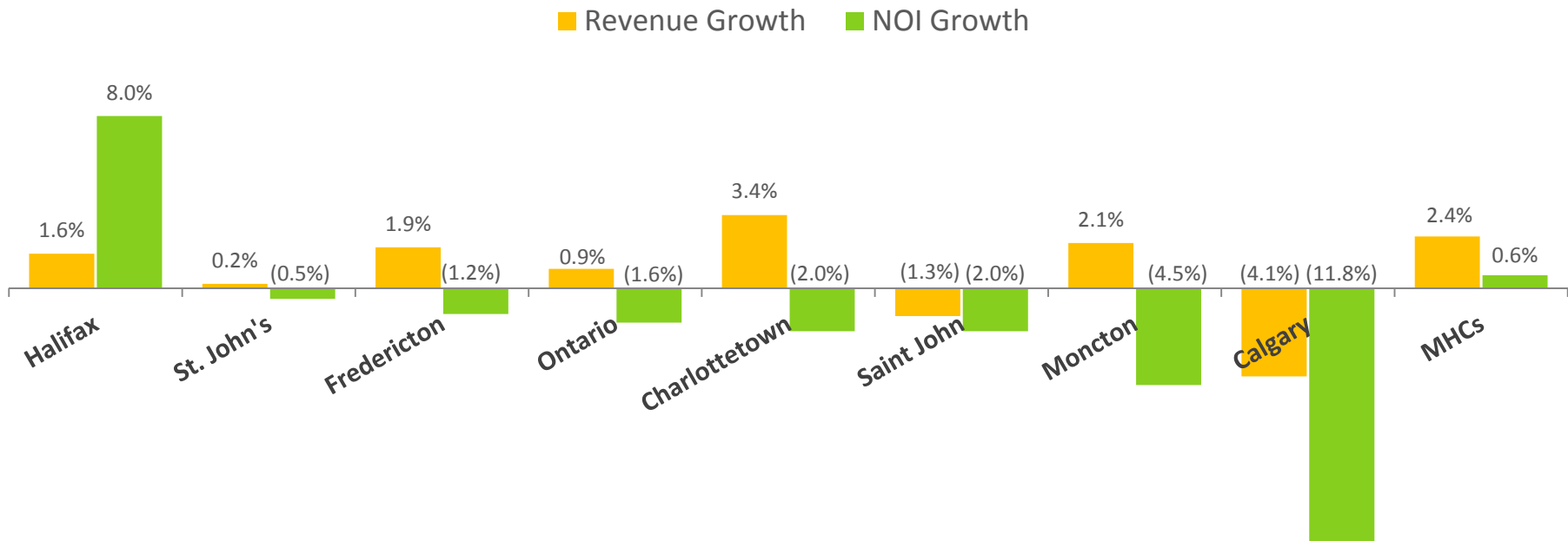
Revenue
Growth
+
**Expense
Management**
=
Increased NOI

- Energy initiatives
- Water saving programs
- Maximizing economies of scale.



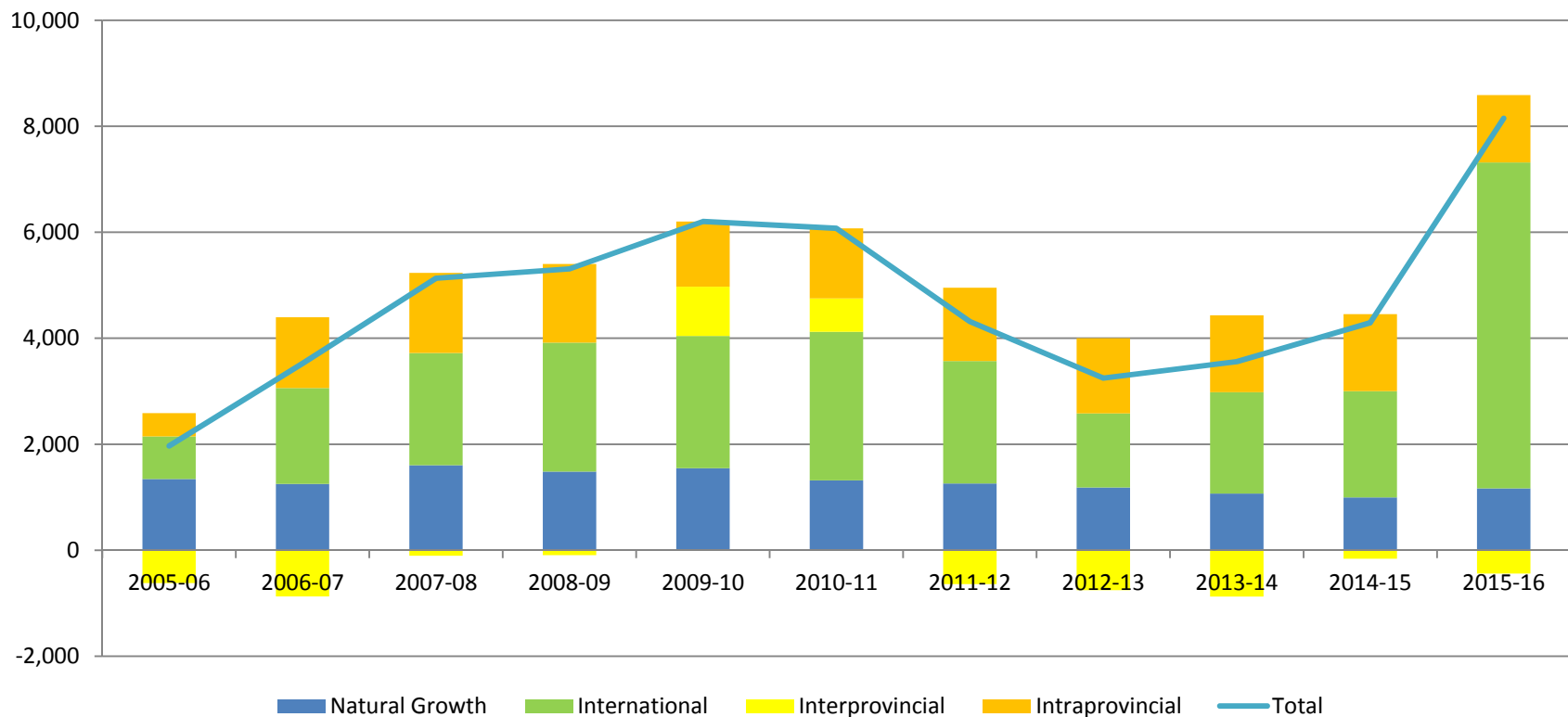
1.8% NOI Growth in Q1-2017

2017 Same Property Performance



Population Growth in Halifax

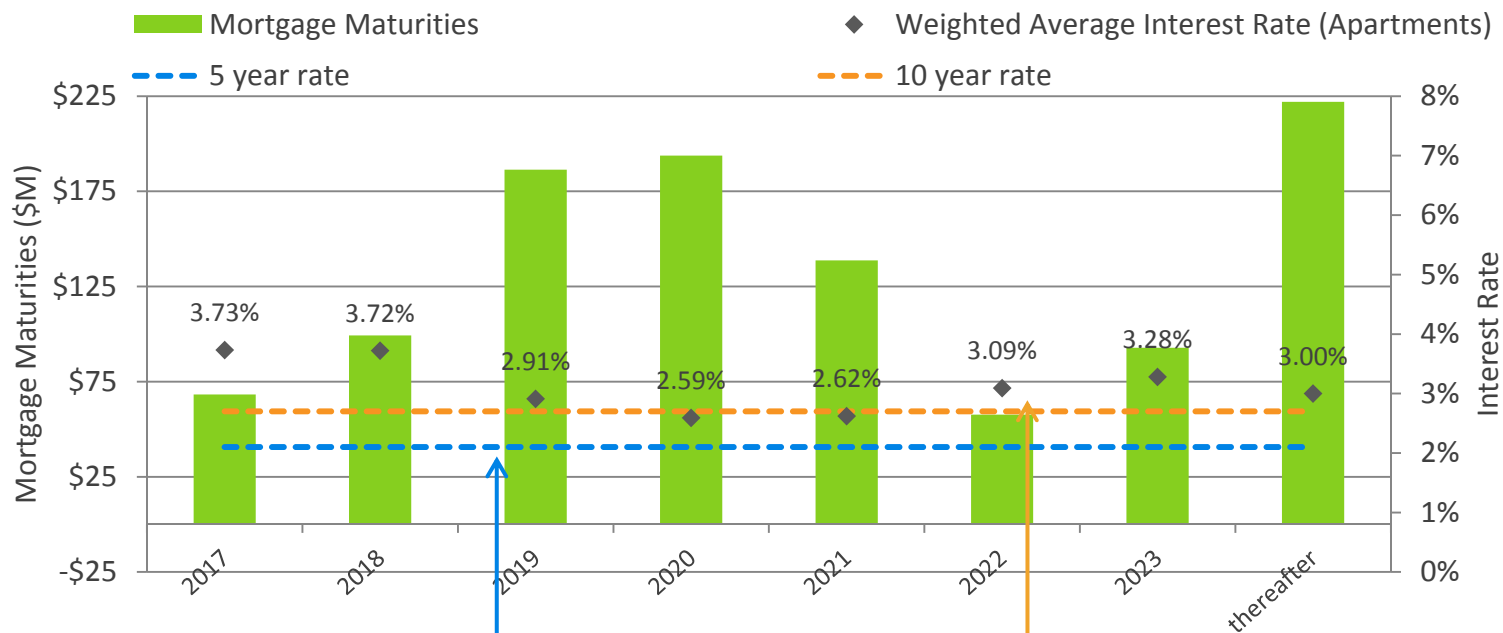
Historical Population Growth and Source, Halifax
Annually from July 1 - June 30



Interest Expense Savings

Mortgage Maturities by Year

As at March 31, 2017



Current rate for 5-year CMHC insured debt is approximately 2.1%.

Current rate for 10-year CMHC insured debt is approximately 2.7%.

Spruce Grove Apartments, Calgary

Description:

66 townhouse-style apartments on 3-acre lot

All 2-bedroom, 1,150 sf units

44 two-storey units

22 one-storey units

Average rent = \$1,110

(CMHC reports average 2-bedroom rent of \$1,270 in the neighbourhood in October 2016, down from \$1,563 in October 2015)

Location:

1802-92 Avenue SW, in affluent Pump Hill neighbourhood

Acquisition Details:

\$12.8 million (\$195,000 per unit)

Closed January 16, 2017

~4.5% going-in yield

~5.2% yield at market rents (\$1,270 per unit)

+6% yield within 4 years with unit upgrades

Investment Opportunities:

- 1) Ability to increase NOI with professional management
- 2) Below market rents
- 3) Potential to increase yield with capital upgrades
- 4) Long-term development potential



Kanata Lakes Apartments, Ottawa

Description:

268 units over two buildings

4th and 5th of a five-building portfolio with a shared clubhouse, completed in 2015 and 2016.

Average rent = \$2,160

Current occupancy = 96% leased

Location:

1203 Maritime Way

985 Great Lakes Avenue

Acquisition Details:

\$49.3 million for 50% interest

Closed March 1, 2017

~5.2% stabilized yield

Previous Purchases:

2012 – 25% of building I

2014 – 50% of building II & additional 25% of building 1

2016 – 50% of building III



William's Court Ottawa

Morning Owl Kanata

William's Court - Killam
REIT Apartments

William's Court
Building B

Alluvion SPA



William's Court Ottawa



William's Court Ottawa



William's Court Ottawa



William's Court Ottawa



William's Court Ottawa



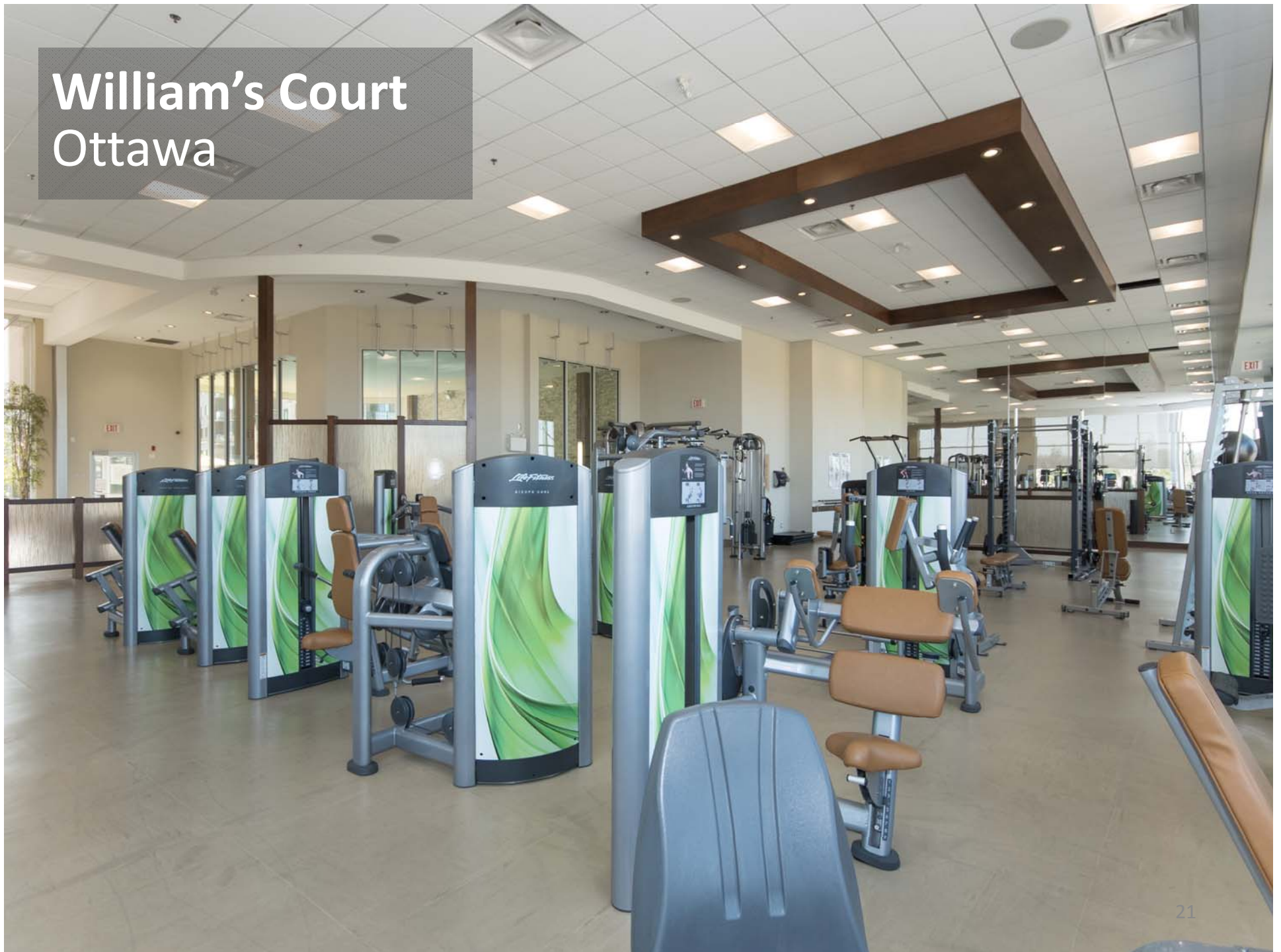
William's Court Ottawa



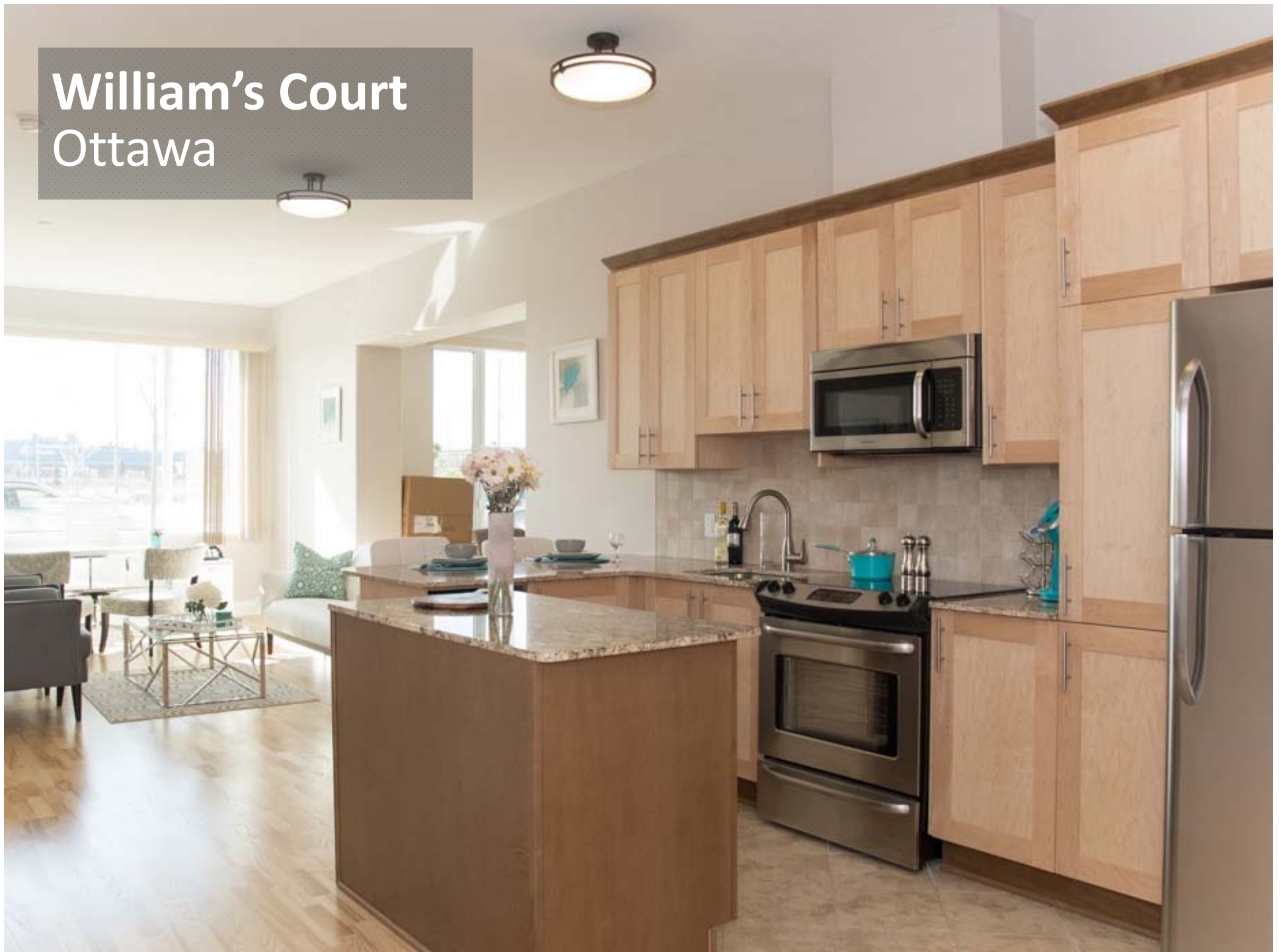
William's Court Ottawa



William's Court Ottawa



William's Court Ottawa



William's Court Ottawa



William's Court Ottawa



Gloucester City Centre (Phase 1), Ottawa

Rental Units: 222 units

Ownership: Killam 50%, Partners 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)







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: \$35 million (Killam's cost) (\$278,000/residential door)

Expected Yield: 5.5%

Expected Value: 4.75% cap rate

Average Unit Size: 740 sf

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









TheAlexanderProject.com

Project financing provided by
TD Commercial Banking
Atlantic Real Estate Group
Contact:
Angel Wong
(902) 420-8052

Killam PROPERTIES INC
THE ALEXANDER
COMING IN 2017

For Lease



Saginaw Park, Cambridge

Rental Units: 93 units

Start Date: Q3-2016

Projected Completion:
Q2-2018

Location: Adjacent Saginaw
Gardens, Saginaw Parkway,
Cambridge

Cost: \$25.1 million
(\$269,000/door)

Expected Yield: 5.5%

Expected Value: 4.75% cap rate

Average Unit Size: 1,025 sf

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









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REIT

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