

KILLAM
APARTMENT
REIT

Q2-2016
Results
Conference
Call

Aug 4, 2016
11 am EST

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.

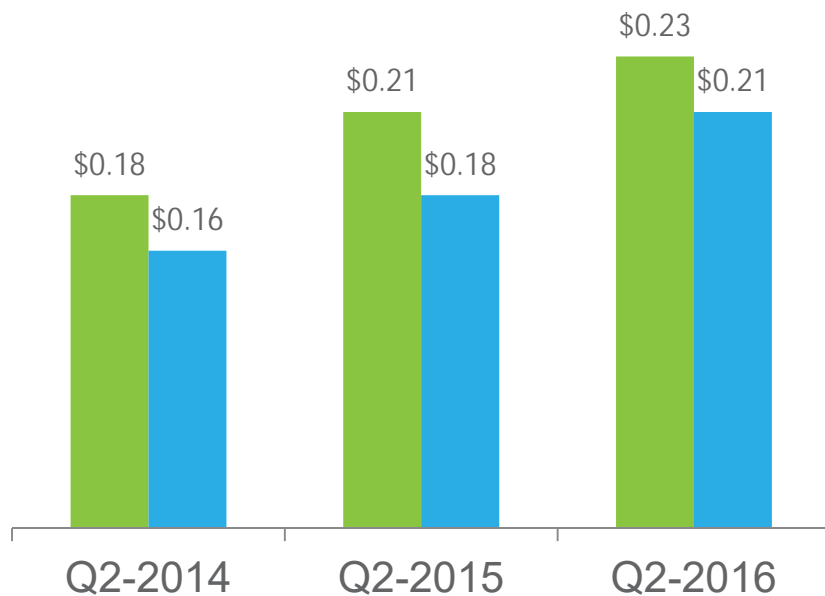
Highlights from Q2-2016

- Generated FFO per unit of \$0.23, a 9.5% increase from \$0.21 in Q2-2015.
- Improved AFFO payout ratio to 81%.
- Increased same property rental revenue by 1.8%.
- Achieved same property NOI growth of 3.8%.
- Reduced debt levels, down to 54.5% at June 30, 2016, and 53.1% at July 4, 2016.
- Completed \$56.6 million in acquisitions.
- Continued interest rate savings on refinancing, reducing the weighted average interest rate on mortgage debt to 3.15%, from 3.27% at December 31, 2015.

9.5% FFO Per Unit Growth in Q2

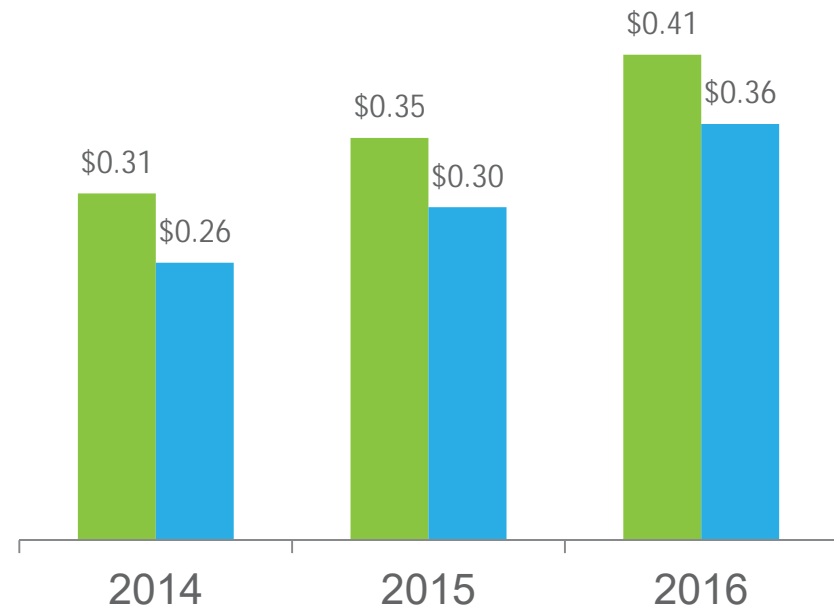
Q2 FFO & AFFO Per Unit

■ FFO ■ AFFO

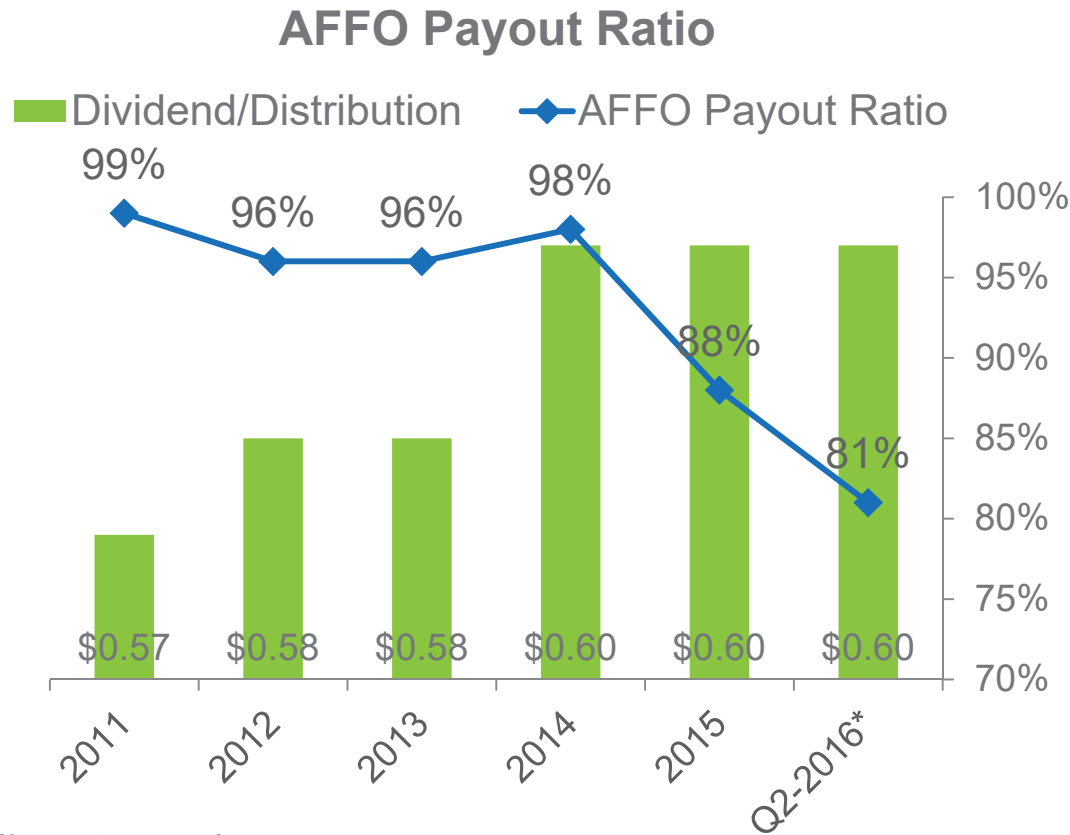


Q1&Q2 FFO & AFFO Per Unit

■ FFO ■ AFFO



Improving Payout Ratio

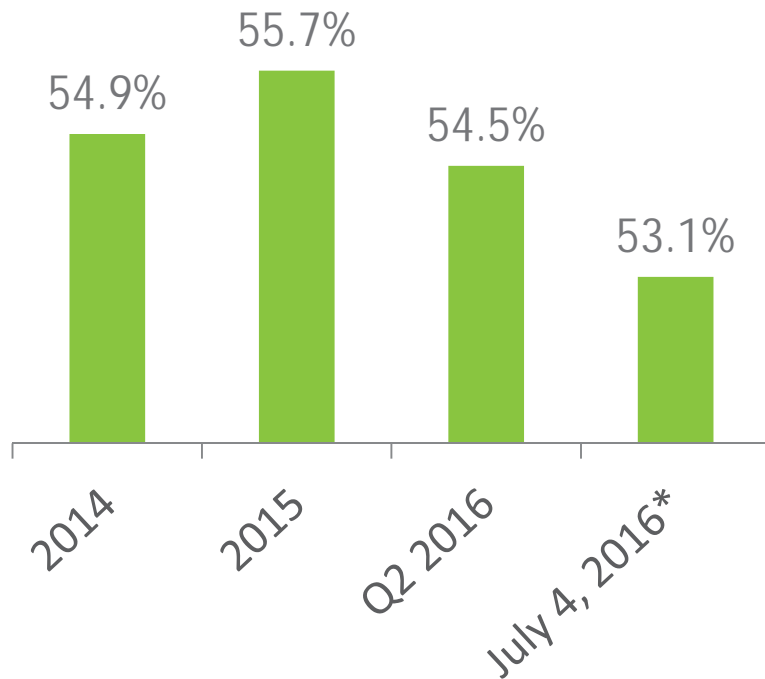


81%
AFFO
Payout
Ratio

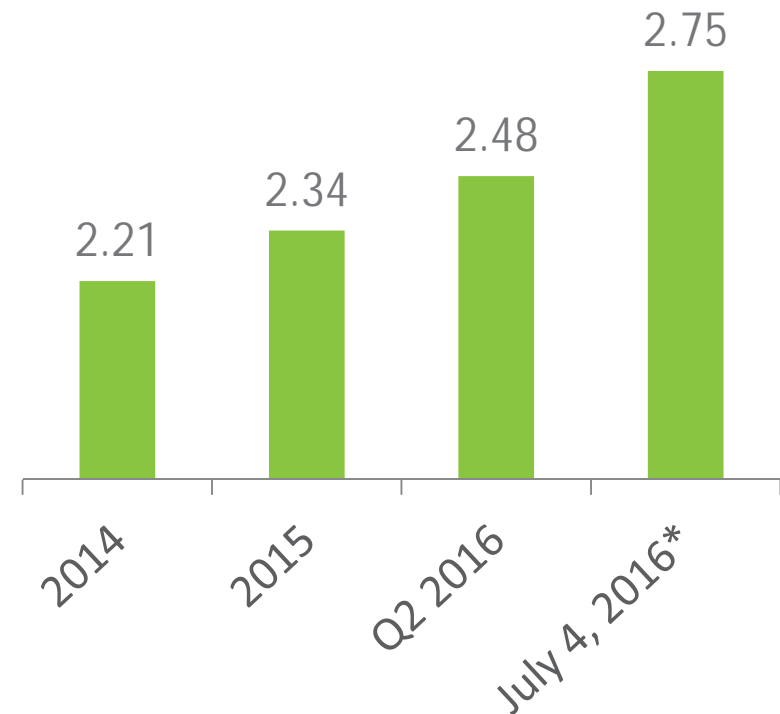
* Rolling 12 months

Improving Debt Levels

Debt as a Percentage of Assets



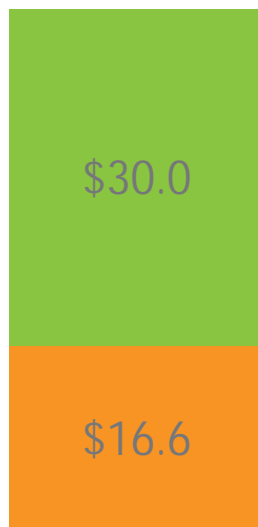
Interest Coverage Ratio



* The amounts as at July 4, 2016 are estimates to show the impact of redeeming \$57.5 million of converts on July 4, 2016.

\$100 M of Acquisition Capacity

Liquidity of \$46.6M =
\$100M of Acquisition
Capacity

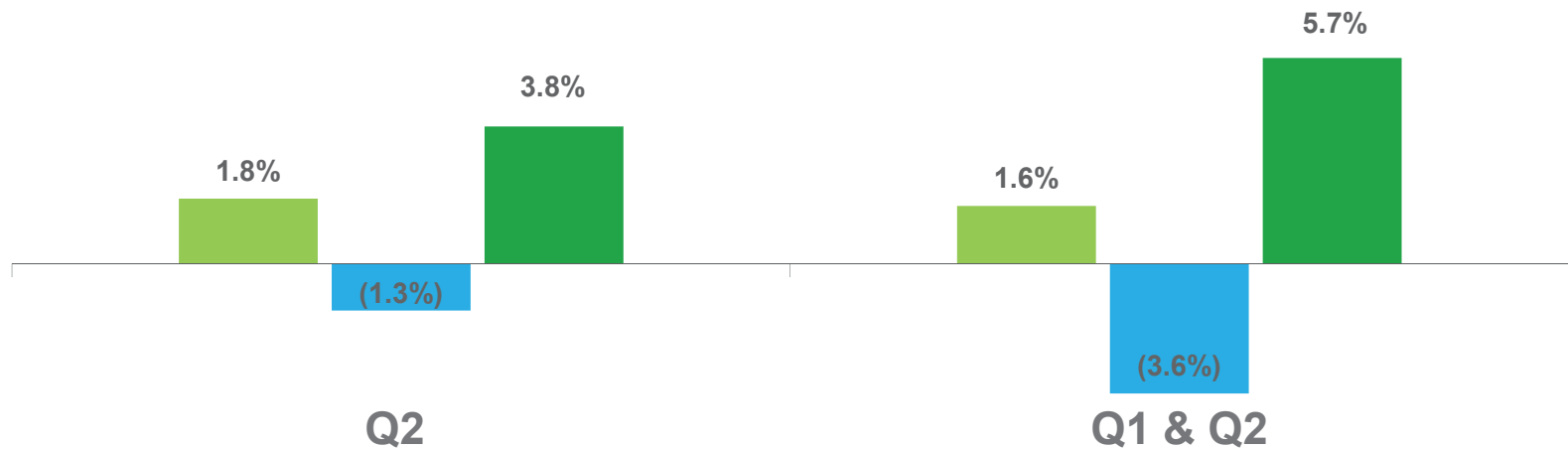


← **Credit Facility:** Following the acquisition of Garden Park Apartments without mortgage debt on June 30, 2016, a new \$30M demand credit facility was finalized on July 20, 2016. This replaced Killam's previous \$2M acquisition facility.

← **Cash at June 30, 2016.** This excludes \$58 million of cash held in trust for the redemption of \$57M of convertible debentures on July 4, 2016.

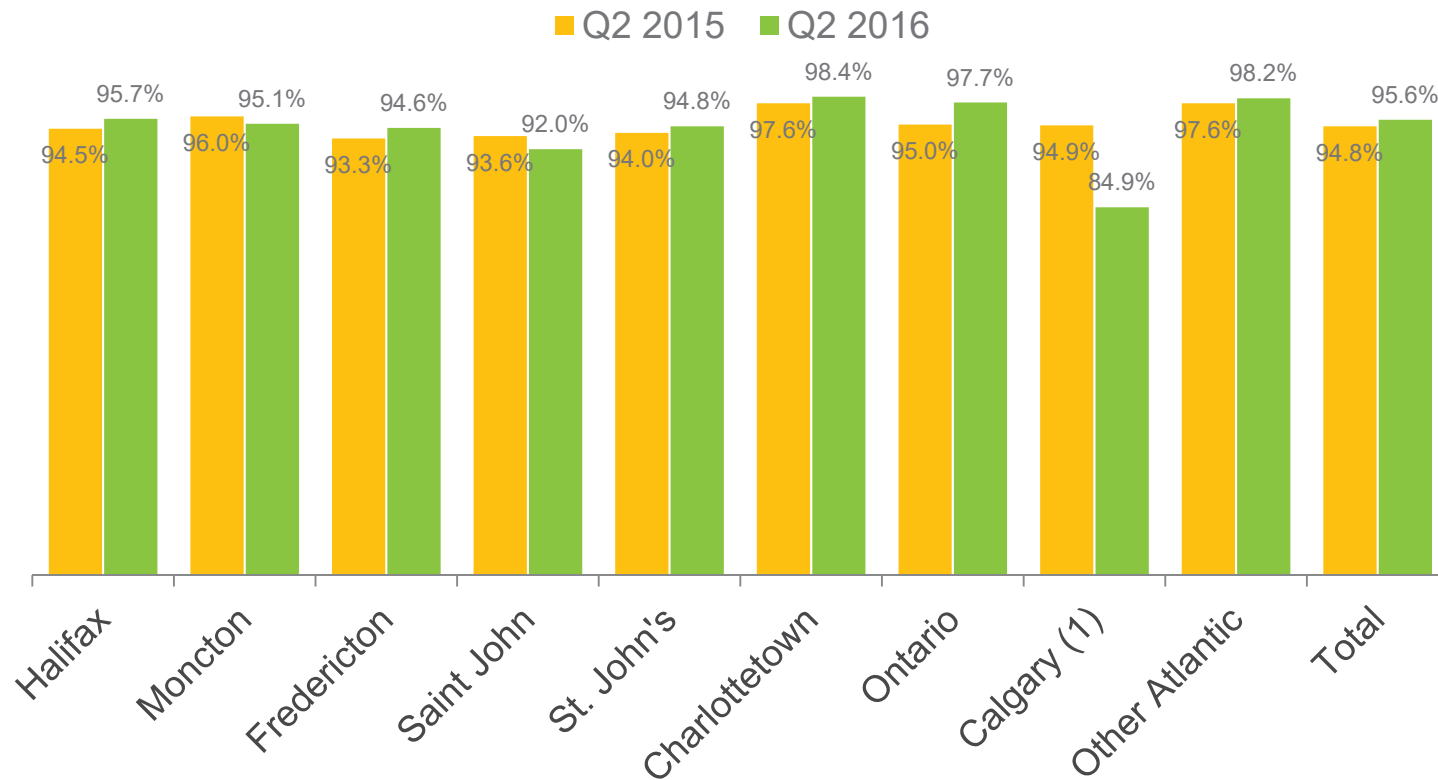
3.8% Same Property NOI Growth in Q2

Same Property Results
3 and 6 months ended June 30, 2016
■ Revenue ■ Expenses ■ NOI



Apartment Occupancy of 95.6% in Q2

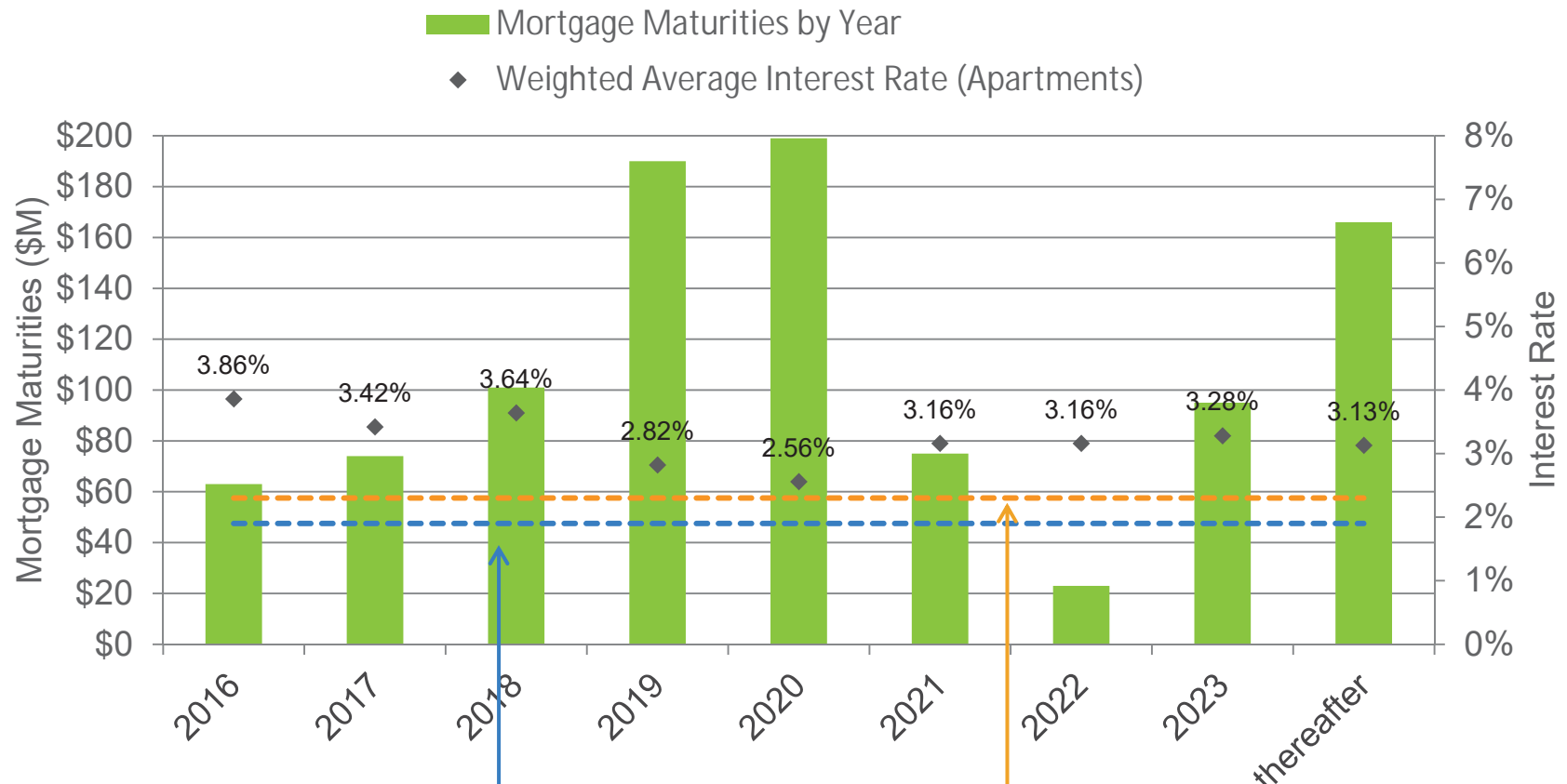
Q2 Apartment Occupancy*



* Occupancy represents actual residential rental revenue net of vacancy as a percentage of gross potential residential rent from stabilized properties.

Interest Expense Savings on Refinancings

Mortgage Maturities by Year



Current rate for 5-year CMHC insured debt is approximately 1.9%.

Current rate for 10-year CMHC insured debt is approximately 2.3%.

Capital Upgrade Programs Underway



Before



Common area upgrades underway at Shaunslieve Apartments in Halifax.



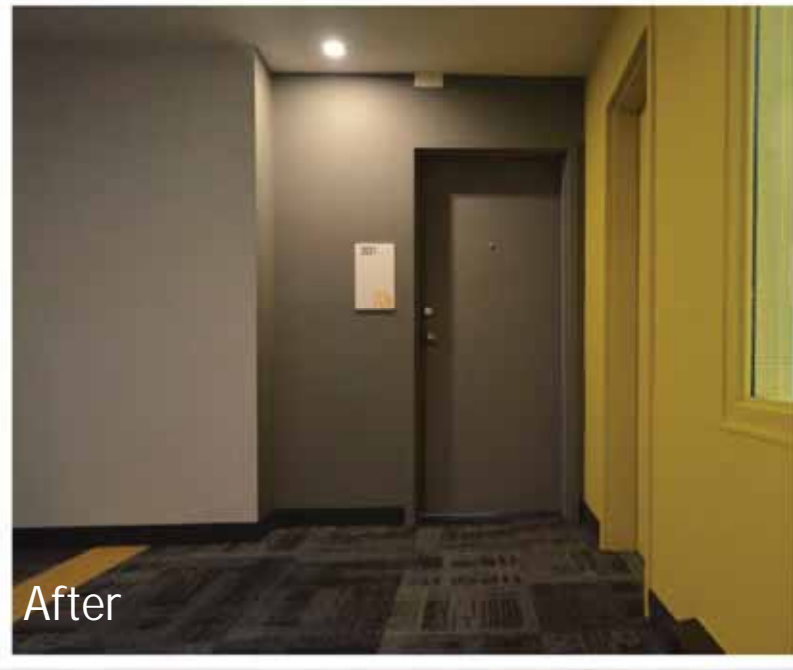
After

Capital Upgrade Programs Underway



Before

Common area and unit upgrades at 125 Knightsridge, acquired in December 2015.



After

Capital Upgrade Programs Underway



Penthouse upgrade
at the James in
Halifax.



Garden Park Apartments, Halifax

Building Description:

246 apartment units
8,195 sq. ft. commercial

Location:

1472 Martello Street, Halifax

2016 Acquisition:

51.0%
\$23.7 million



Kanata Lakes Apartments III, Ottawa

Building Description:

173 units

3rd of a five-building portfolio
with a shared clubhouse

Location:

1047 Canadian Shield Ave,
Kanata

Previous Purchases:

2011 – 25% of building I

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



Kanata Lakes Apartments, Ottawa

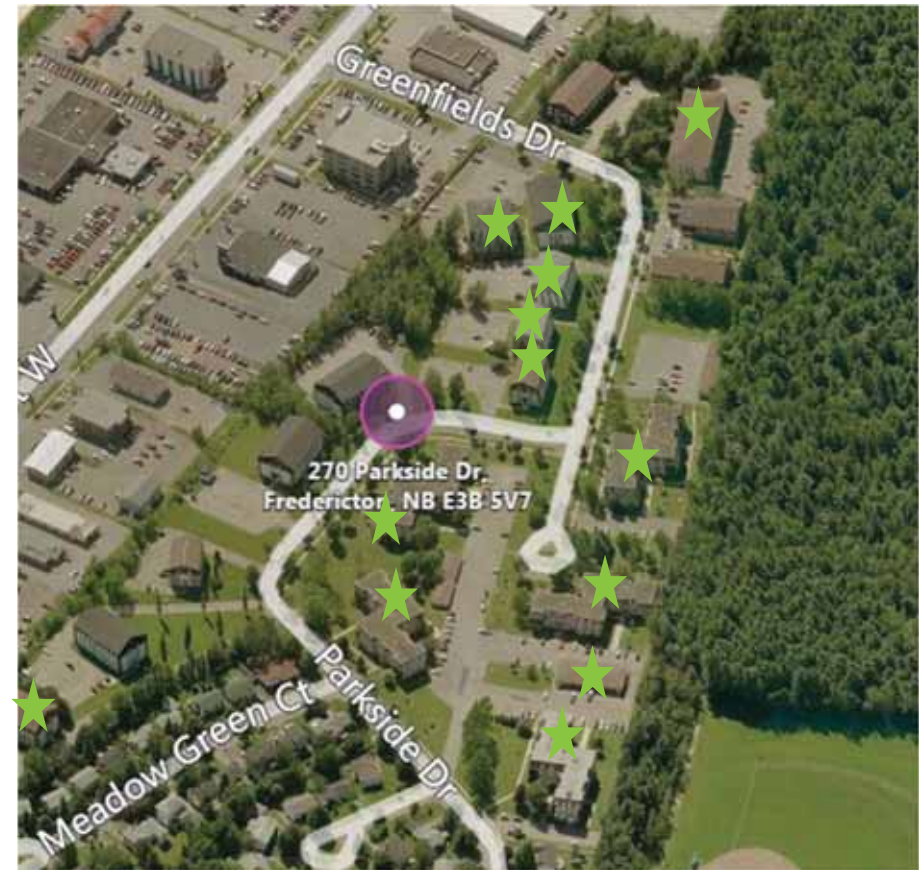


270 Parkside Drive, Fredericton



270 Parkside Drive is located in close proximity to 355 units in Fredericton, and across from Killam's regional office in the city.

★ existing Killam properties



Southport Nearing Completion

Rental Units: 70

Start Date:

December 2014

Projected Completion:

August 2016

Move-ins starting in Sept 2016

Location:

Downtown Halifax

Lease up:

35 of 70 units (50%)

Construction Cost:

\$14.7 million, \$210,000/door

Expected Yield:

5.5%

Expected Value:

4.75% cap rate



Southport, Halifax



Southport, Halifax



Southport, Halifax



The Alexander - 2017 Completion



Building Description:

242 units
24 storeys
230 underground parking stalls
6,500 square feet of retail space

Ownership:

Killam 50%, Partners 50%

Start Date:

Q3-2015

Projected Completion:

2017

Location:

Downtown Halifax across from the waterfront

Construction Cost:

\$35 million, \$276,000/ residential door (Killam's cost)

Expected Yield:

5.5%

Expected Value:

4.75% cap rate

The Alexander, Halifax



Saginaw 2, Cambridge

Building Description:

93 units, 7 storeys

Start Date:

Q3-2016

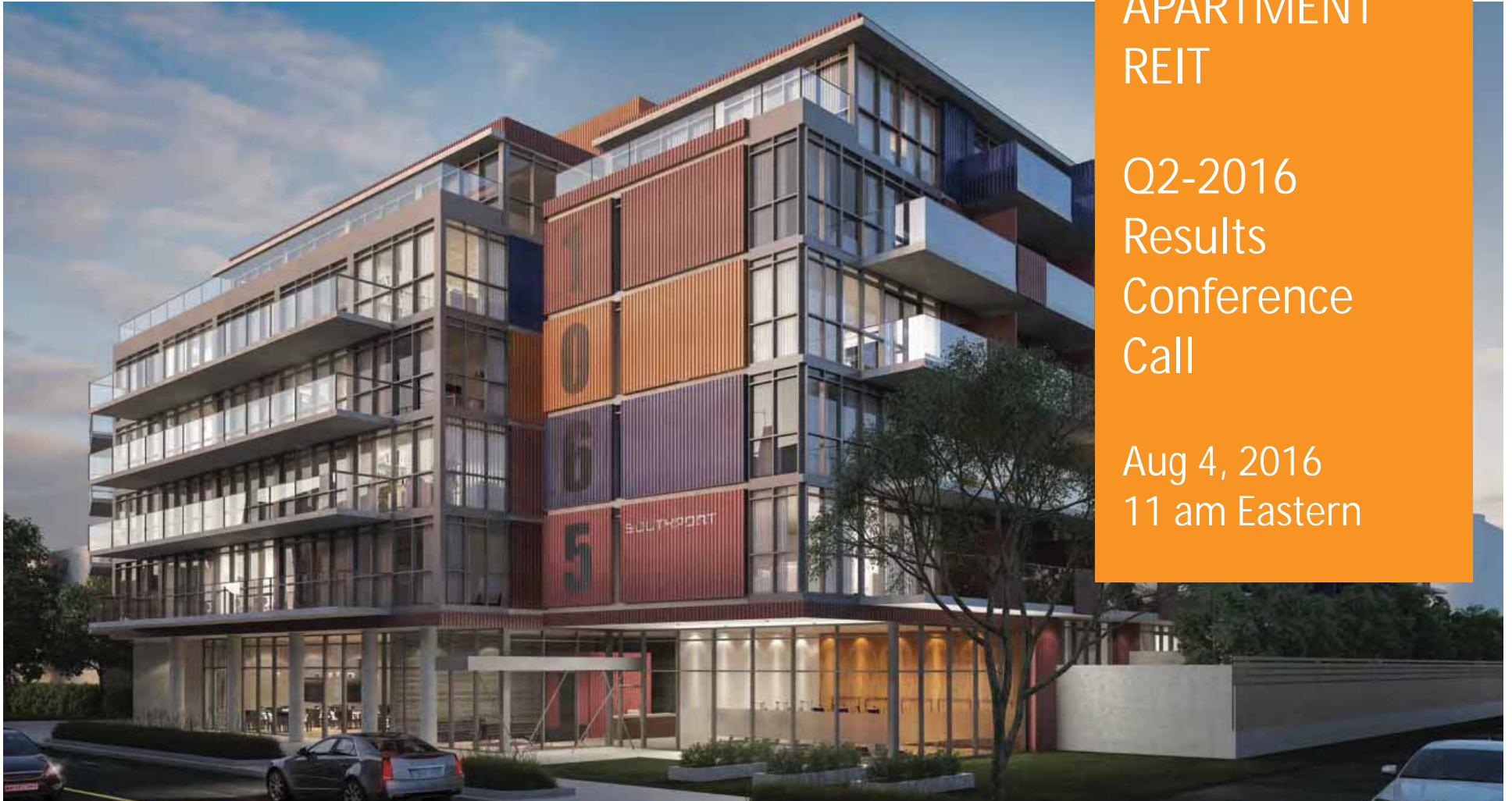
Projected Completion:

Q1-2018

Location:

Cambridge, ON





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