

Killam Apartment REIT

Q3-2017 Results Conference Call

*November 8, 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

-
- | | |
|---|--|
|  Grow Same Property NOI by 1% to 3% | 3.2% Same Property NOI growth in the first nine months of 2017 |
|  Acquire a minimum of \$75 million of assets | \$180 million of assets purchased or agreed to acquire |
|  Focus 75% of acquisitions and 23% of 2017 NOI outside Atlantic Canada | 79% of acquisitions completed in 2017 and 23% of forecasted 2017 NOI outside Atlantic Canada |
|  Progress developments on schedule | <ul style="list-style-type: none">– Saginaw Park and Gloucester developments on schedule– The Alexander is delayed approximately two months |
|  Reduce debt as a percentage of assets | 51.4% debt to assets ratio is 210 basis points lower than December 31, 2016 |
-

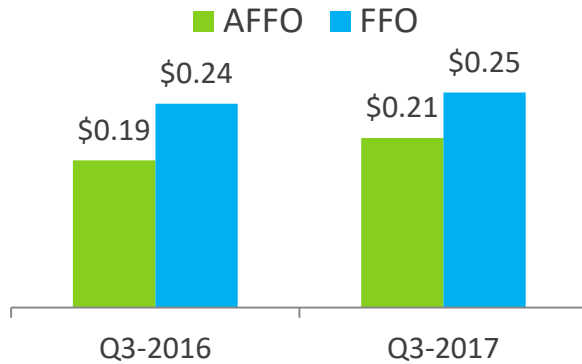
Financial Highlights – Q3-2017

- Generated funds from operations (FFO) per unit of \$0.25, 4.2% ahead of Q3-2016
- Adjusted funds from operations (AFFO)* of \$0.21, 10.5% higher than Q3-2016
- Managed debt to 51.4% of assets and increased interest coverage to 3.12x
- Increased same property rental revenue by 2.9%
- Achieved same property net operating income (NOI) growth of 4.9%

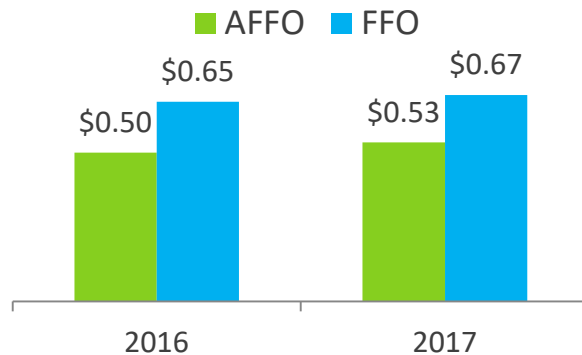
Financial Highlights – Q3-2017

- FFO/unit is ahead of Q3-2016 due to strong operating performance

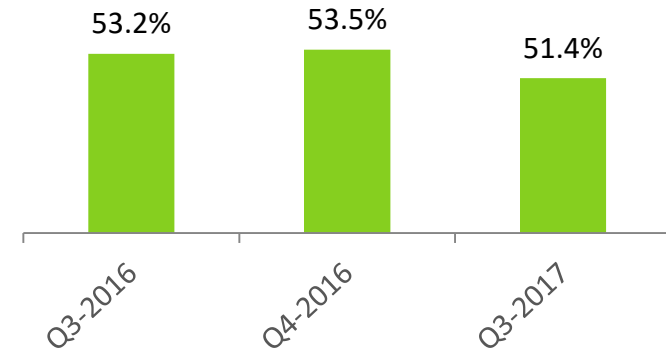
Q3 FFO & AFFO Per Unit



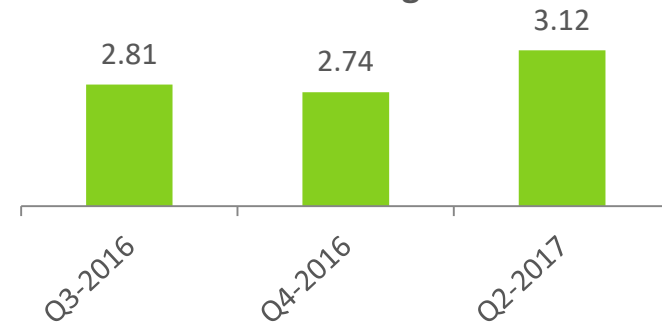
YTD FFO & AFFO Per Unit



Debt as a Percentage of Assets



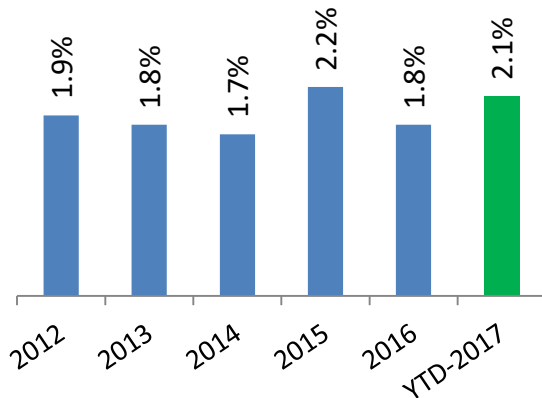
Interest Coverage Ratio



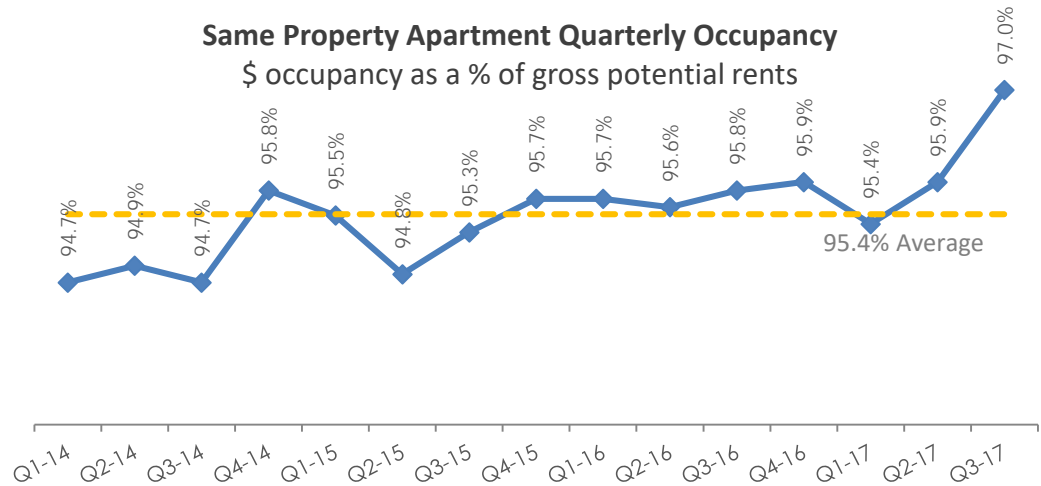
Financial Highlights – Q3-2017

- Same property revenues are ahead of the prior year periods due to stronger occupancy and higher rents
- Total Occupancy up 110 bps
 - Calgary – 500 bps
 - Saint John – 370bps
 - Fredericton – 290bps
 - Halifax – 140bps

Historic Same Property Revenue Growth



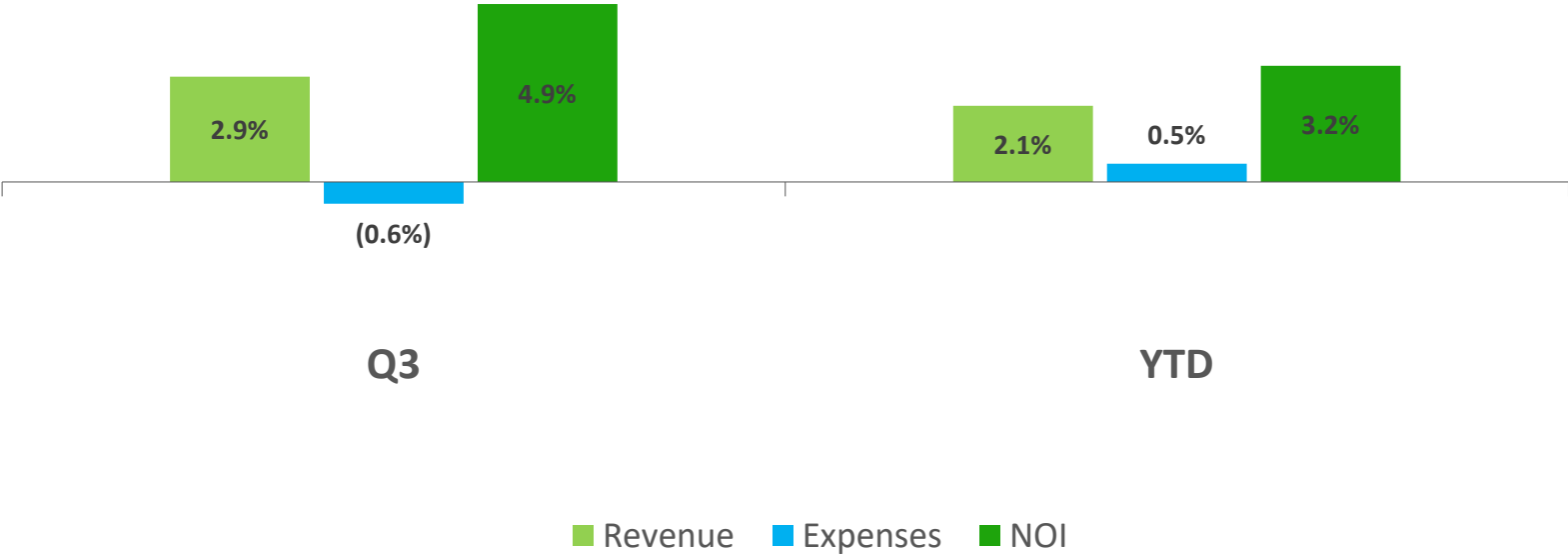
Same Property Apartment Quarterly Occupancy
\$ occupancy as a % of gross potential rents



Financial Highlights – Q3-2017

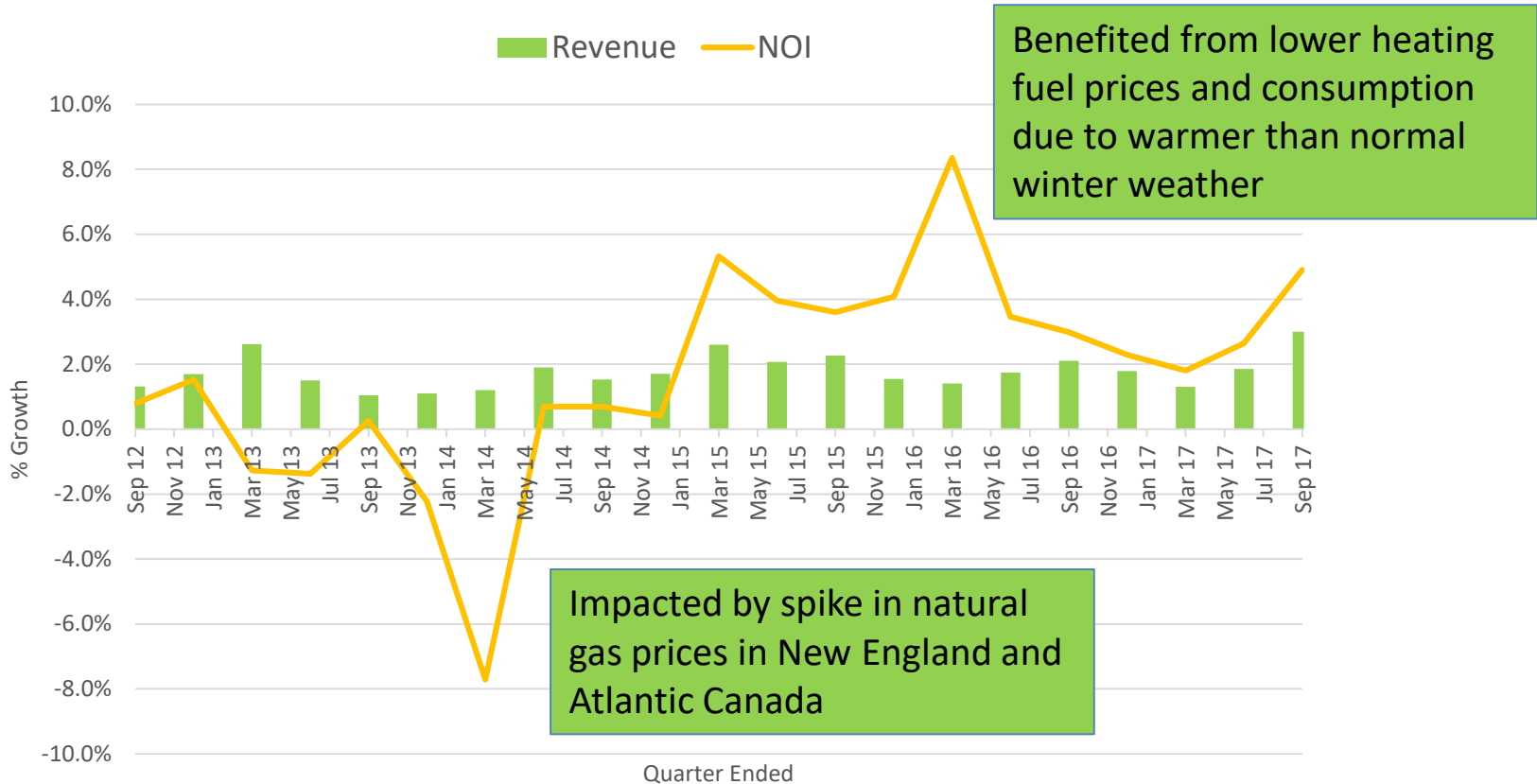
Same Property Results

Three and nine months ended September 30, 2017



Financial Highlights – Q3-2017

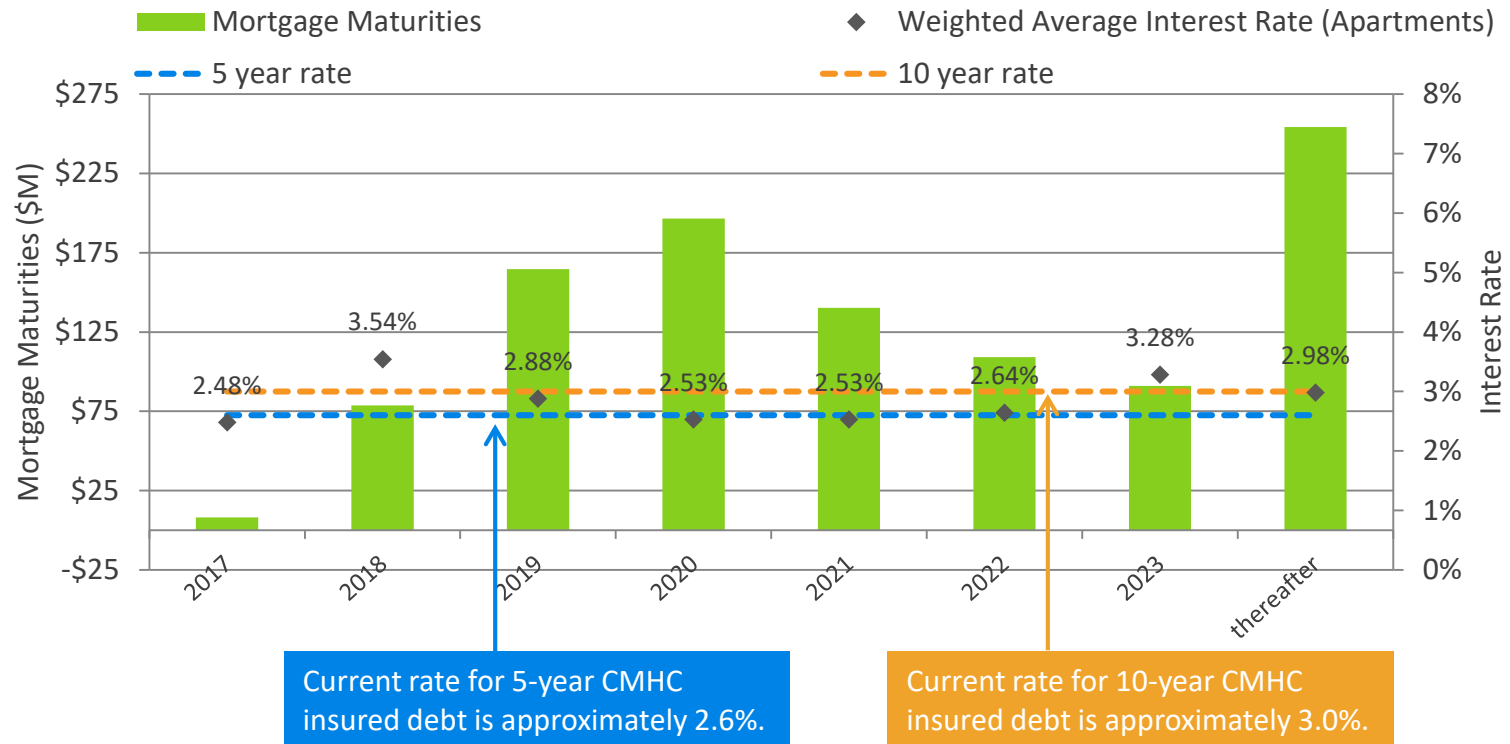
Historical Revenue and NOI Growth



Financial Highlights – Financing Activity

Apartment Mortgage Maturities by Year

As at September 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

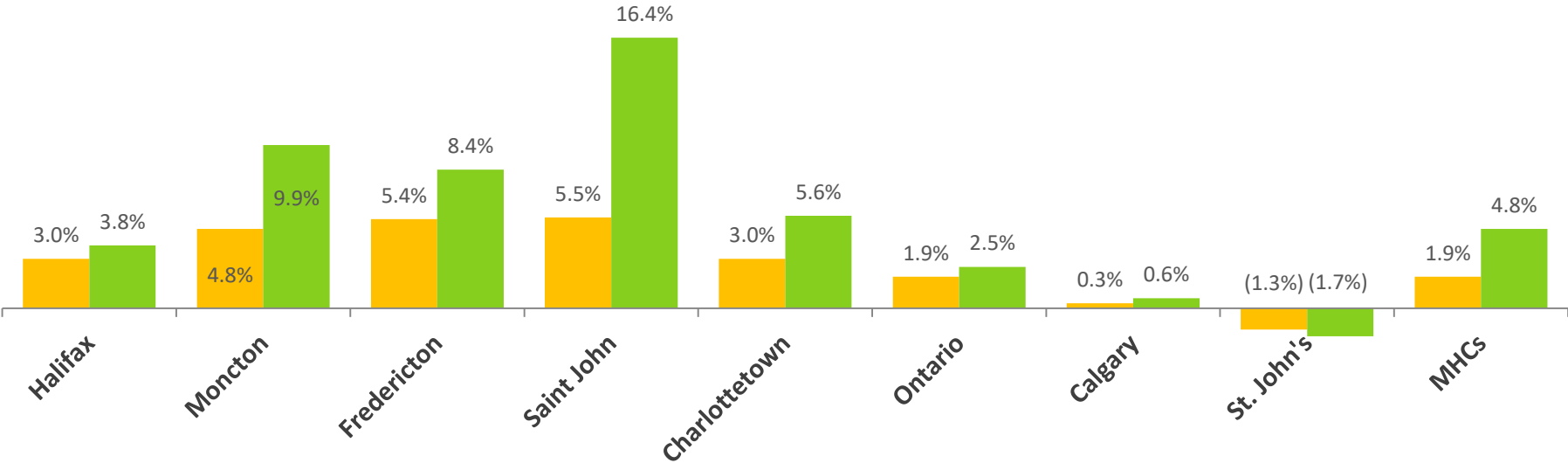
Developing high-quality properties in its core markets



Increasing Revenues to Grow NOI

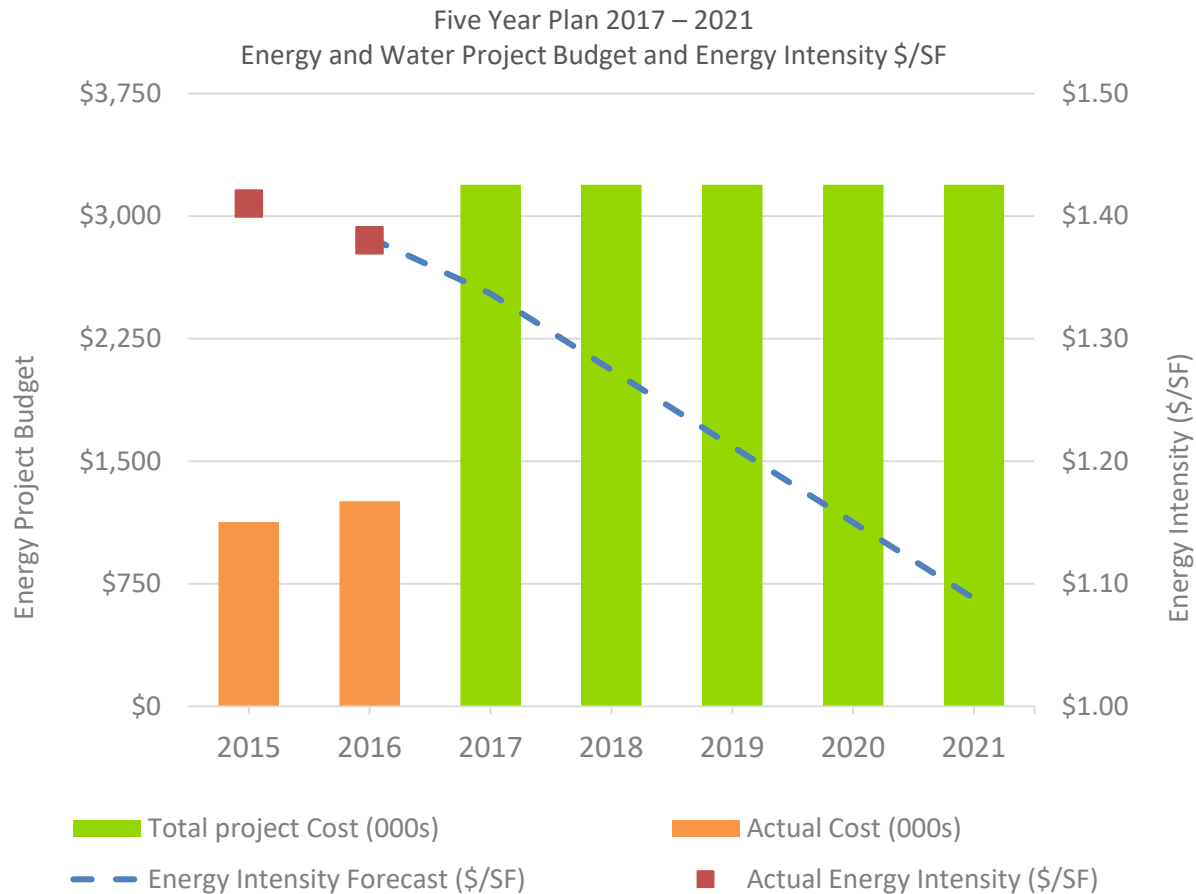
2017 Same Property Performance

■ Revenue Growth ■ NOI Growth



Managing Expenses to Grow NOI

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



Managing Expenses – Kanata Lakes, Ottawa



The Property

- Five-building, 739-unit property, with a shared clubhouse
- Constructed – 2011 – 2017

The Project

- Retrofit 2,036 fixtures with LED bulbs
- Energy Savings – 66kW/annum
- Capital investment – \$136,000
- Annualized savings – \$69,000
- Payback – 2 years (51% ROI)

Recap of 2017 Acquisitions

- Killam has acquired ~\$180 million of apartments and development sites in 2017

Property	City	Units	Acquisition Cost (\$ millions)
Spruce Grove	Calgary, AB	66	\$12.8
Kanata Lakes	Ottawa, Ont	134	\$49.2
Innovation Drive	Halifax, NS	134	\$31.6
Waybury Park and Tisbury Crossing *	Edmonton, AB	296	\$67.5
Total Apartment Acquisitions		630	\$161.1
Cameron Heights - Development Land	Edmonton, AB		\$4.1
1459 Hollis Street - Commercial	Halifax, NS		\$4.6
Gloucester - Development Plan	Ottawa, Ont		\$8.0
Other	Halifax, NS	5	\$1.1
Total Acquisitions		635	\$178.9

* Killam took possession of a portion of this property in August, investing \$28.3 million. The second phase of this transaction (\$39.2 million) is scheduled to close December 1, 2017.

The Alexander, Halifax

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

Ownership: Killam 50%, Partners 50%

Start Date: Q3-2015

Projected Completion: Podium level completed October 1, 2017, tower completion in Q2-2018

Location: Downtown Halifax across from the waterfront

Cost: \$37 million (Killam's cost) (\$295,833/residential door)

Expected Yield: 5.1%

Expected Value: 4.5% cap rate

Average Unit Size: 740 sf

Average Rent: \$1,770 (\$2.39/sf)





Saginaw Park, Cambridge

Rental Units: 93 units

Start Date: Q3-2016

Projected Completion: Q2-2018

Location: Adjacent Saginaw Gardens,
Saginaw Parkway, Cambridge

Cost: \$25.5 million (\$274,000/door)

Expected Yield: 5.4%

Expected Value: 4.75% cap rate

Average Unit Size: 1,025 sf

Average Rent: \$1,670 (\$1.63/sf)





Gloucester City Centre (Phase 1), Ottawa

Rental Units: 227 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)





Development Pipeline

Property	City	Development Potential in Units
Development Opportunities - 2018		
Carlton Terrace	Halifax, NS	104
Silver Spear*	Mississauga, ON	64
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.

Carlton Terrace, Halifax

Rental Units: 104 units

Ownership: Killam 100%

Start Date: Q2-2018

Projected Completion: mid-2020

Location: Downtown Halifax, NS

Preliminary Budget: \$39 million

Expected Yield: 5.4%

Expected Value: 4.5% cap rate



Silver Spear, Mississauga

Rental Units: 128 units

Ownership: Killam 50%, Partners 50%

Start Date: Q2-2018

Projected Completion: mid-2020

Location: Mississauga, ON

Preliminary Budget: \$39 million

Expected Yield: 5.4%

Expected Value: 4.0% cap rate

