

Q2-2024 Results Conference Call

August 8, 2024 | 8:00am EDT

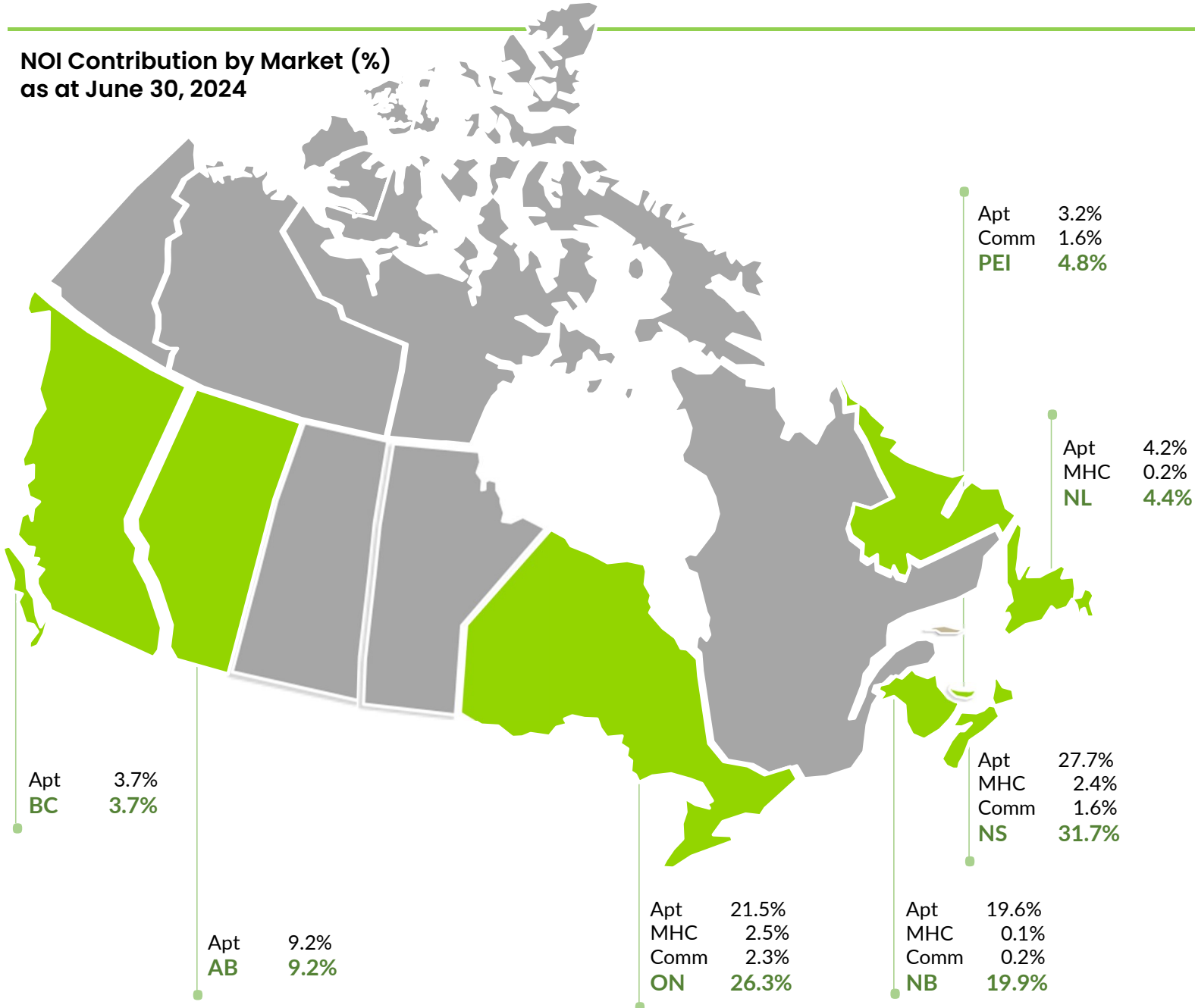


This presentation may contain forward-looking statements with respect to Killam Apartment REIT ("Killam") and its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue", "maintain", "target" or the negative thereof or similar variations. The actual results and performance of Killam 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 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 and the factors described under "Risk Factors" in Killam's Annual Information Form, Killam's Management's Discussion and Analysis for the three and six months ended June 30, 2024, and other securities regulatory filings made by Killam from time to time. The cautionary statements qualify all forward-looking statements attributable to Killam and persons acting on its behalf. All forward-looking statements in this presentation speak only as of the date to which this presentation refers, and Killam does not intend to update or revise any such statements, unless otherwise required by applicable securities laws.

Q2-2024 | Total Portfolio Results



NOI Contribution by Market (%)
as at June 30, 2024



2024 YTD
Same Property
NOI Growth

Apartment
9.5%

MHC
8.7%

Commercial
7.2%

Q2-2024 | Performance Against Strategic Targets



Grow same property NOI by minimum 6%



Year-to-date, Killam achieved same property NOI growth of **9.3%**. Based on the results achieved to date in 2024, Killam expects same property **NOI growth in 2024 to exceed 8.0%**.



Sell a minimum of \$50 million of non-core assets



Year-to-date, Killam completed two dispositions, including an 84-unit apartment building and land for development for a combined total sale price of **\$21.6M**. Subsequent to quarter-end, Killam completed the disposition of a 66-unit apartment building located in PEI for **\$8.4M**. Killam has additional dispositions planned for the remainder of 2024 and expects to meet this target.



Earn more than 38% of 2024 NOI outside of Atlantic Canada



39.2% of NOI generated outside Atlantic Canada as of June 30, 2024. The lease-up of Civic 66 and Nolan Hill Phase II will further increase NOI generated outside Atlantic Canada during the remainder of the year. Killam is on track to exceed this target.



Break ground on two new developments



Killam is **on track to meet this target**. In Q1, Killam **broke ground on Eventide**, a 55-unit building located in Halifax, NS. Additionally, construction on Wissler, a 130-unit building located in Waterloo, ON, is expected to start in late 2024.



Maintain debt as a percentage of total assets below 45%



Debt as a percentage of total assets was **41.2%** as at June 30, 2024 (December 31, 2023 - 42.9%).



Invest a minimum of \$6 million in energy initiatives



Killam has invested **\$2.4 million** in energy initiatives in year-to-date, including the installation of PV solar panels, new boilers and heat pumps, as well as window replacements and building upgrades such as new cladding and insulation in various buildings across the portfolio.

Q2-2024 | Financial Highlights

\$114.5M
Net Income

Includes \$59.9 million of net operating income, up 6.6% from Q2-2023.

\$0.30
FFO per Unit⁽¹⁾

FFO per unit remained at \$0.30 from Q2-2023. AFFO per unit remained at \$0.25 from Q2-2023.

8.5%
Same Property NOI Growth⁽²⁾

8.5% growth in Q2-2024 includes a 6.1% increase in same property revenue.

69%
AFFO payout ratio⁽¹⁾

A 100-basis point improvement from 70% in Q2-2023.

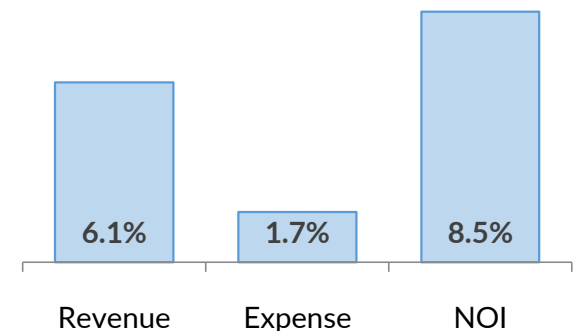
41.2%
Total Debt as a % of Total Assets⁽³⁾

A 170-basis point decrease from 42.9% at December 31, 2023.



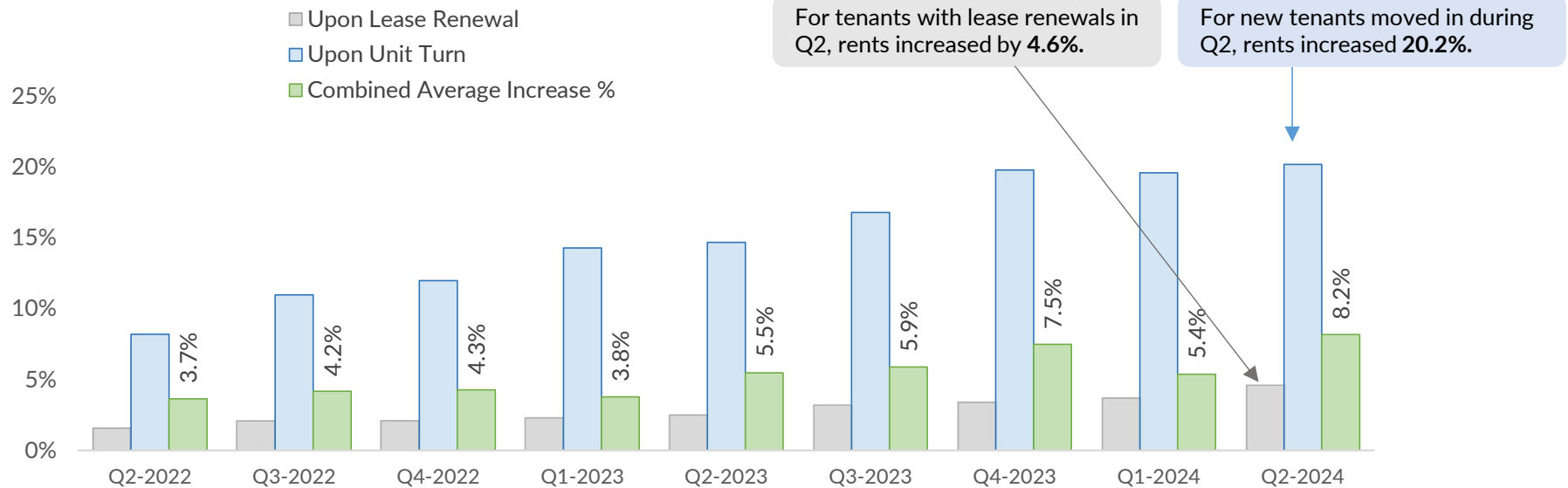
Same Property Portfolio

For the three months ended June 30, 2024

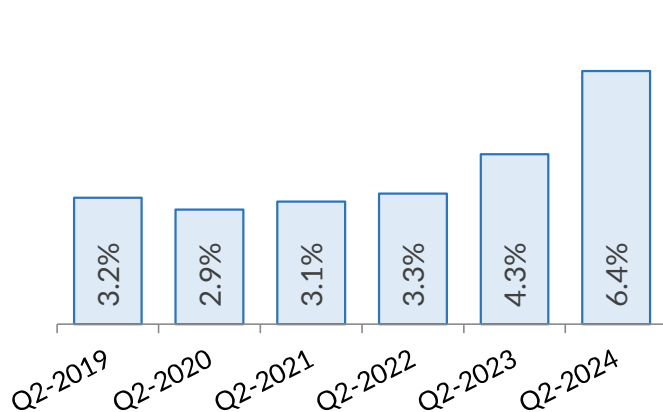


1) FFO per unit, AFFO per unit and AFFO payout ratio are non-IFRS financial ratios. For a full description and reconciliation of non-IFRS measures, see slide 20 and page 25 of Killam's MD&A for the period ended June 30, 2024.
 2) Same property NOI growth is a supplementary financial measure. For a full description of same property metrics, see slide 20.
 3) Total debt as a percentage of total assets is a capital management measure. For a full description of total debt as a percentage of total assets, see slide 20.

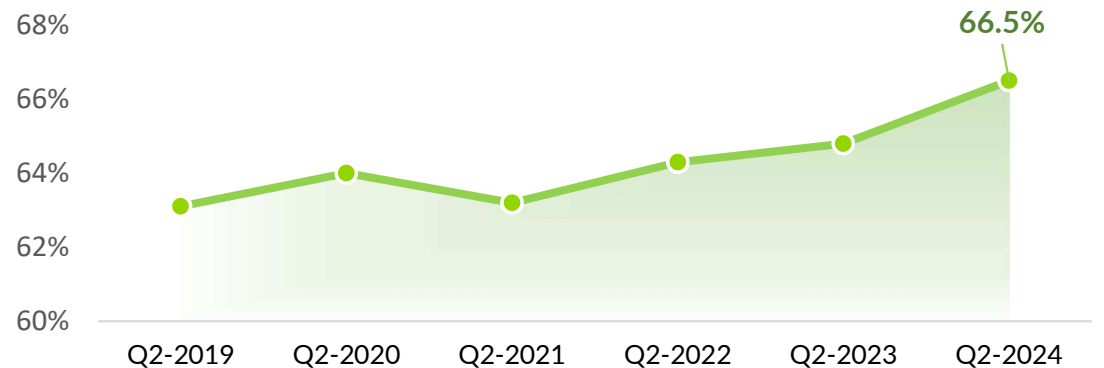
Apartments Same Property Rental Rate Growth by Quarter



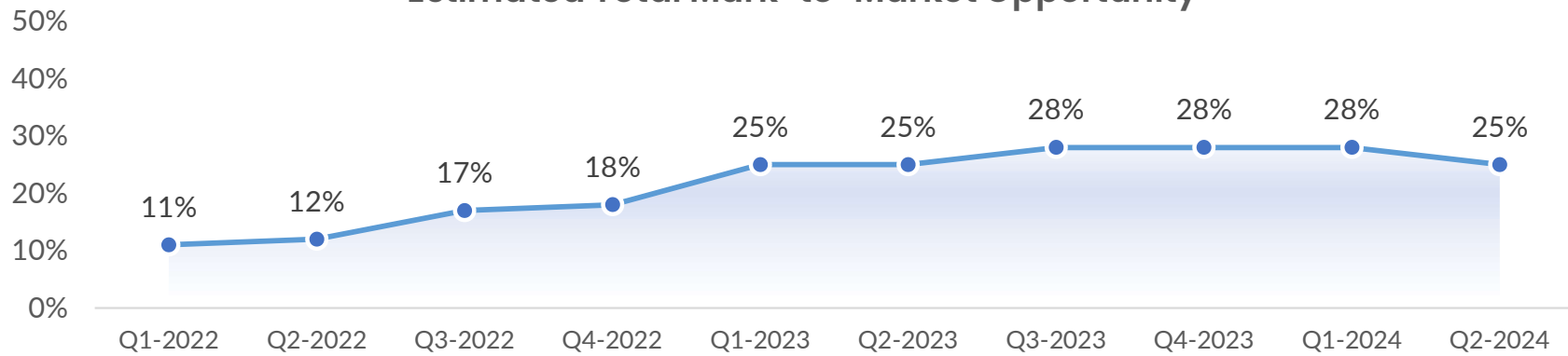
Apartment Same Property Average Rental Rate Increase



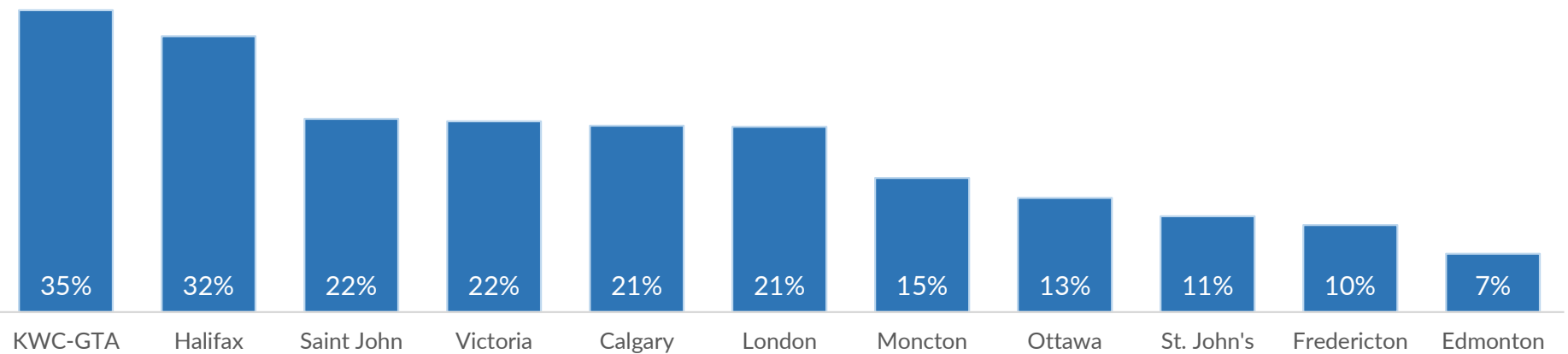
Apartment Same Property Operating Margin Expansion



Estimated Total Mark-to-Market Opportunity



Estimated Mark-to-Market Spread by Region



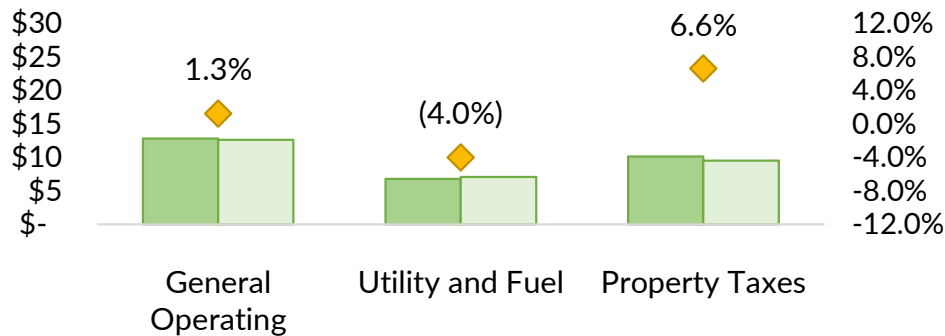
Total same property operating expenses increased modestly by 1.7% in Q2-24

- Driven by a 6.6% increase in property taxes due to increased assessments across the portfolio, higher mill rates in various regions and no property tax subsidies in PEI.
- Mitigated by a 4.0% decrease in utility and fuel expenses due to lower natural gas pricing.

Q2 Expense by Category

Same Property (\$M)

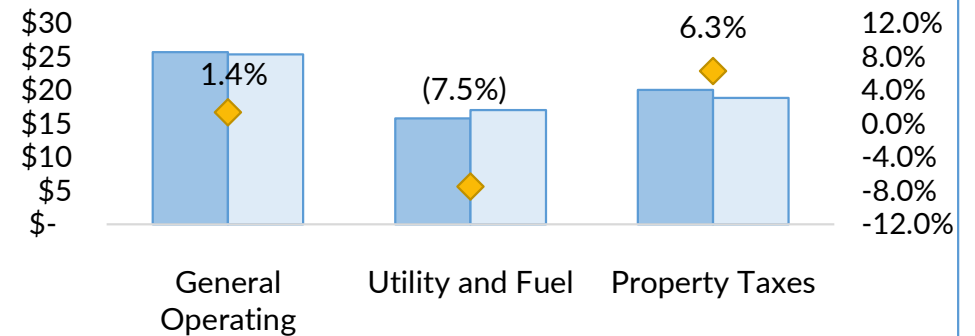
■ Q2-2024 ■ Q2-2023 ◆ % Increase/(Decrease)



YTD Expense by Category

Same Property (\$M)

■ YTD 2024 ■ YTD 2023 ◆ % Increase/(Decrease)



Q2 FFO & AFFO Per Unit

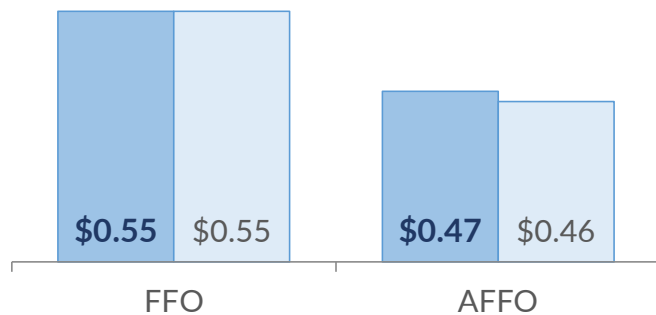
■ Q2-2024 ■ Q2-2023



FFO growth per unit was tempered in Q1 & Q2 from the lease-up of three new developments that came online in the second half of 2023. These new developments are expected contribute positively to FFO growth starting in Q3-2024, with an estimated contribution to FFO of over \$3M in 2025.

YTD FFO & AFFO Per Unit

■ YTD 2024 ■ YTD 2023

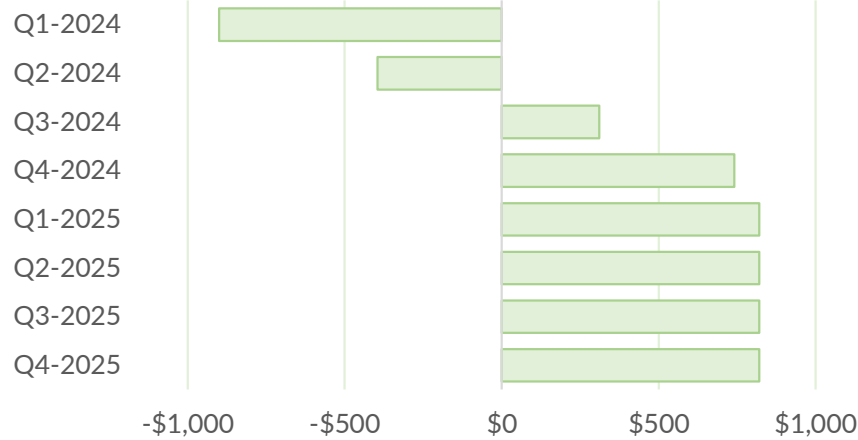


Q2-2024 | Accretive Runway for New Developments

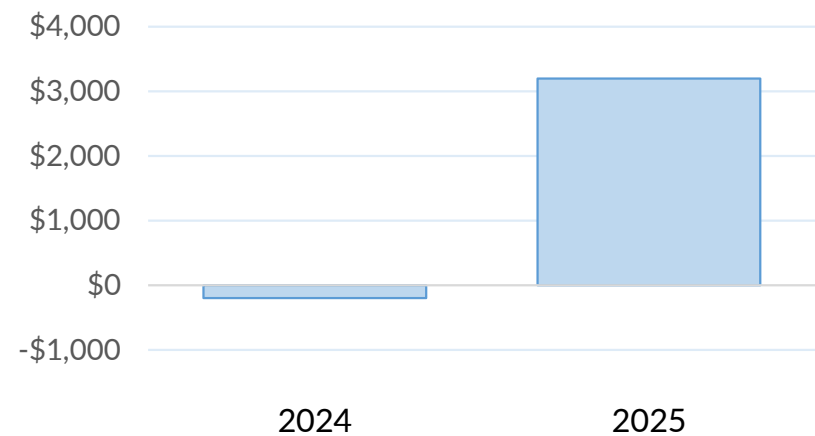
OCCUPANCY⁽¹⁾



Estimated Quarterly FFO Impact⁽²⁾ from Lease Up of New Developments
(000's)



Estimated Annual FFO Impact⁽²⁾ from New Developments in Lease up
(000's)



(1) Occupancy as of August 8, 2024.



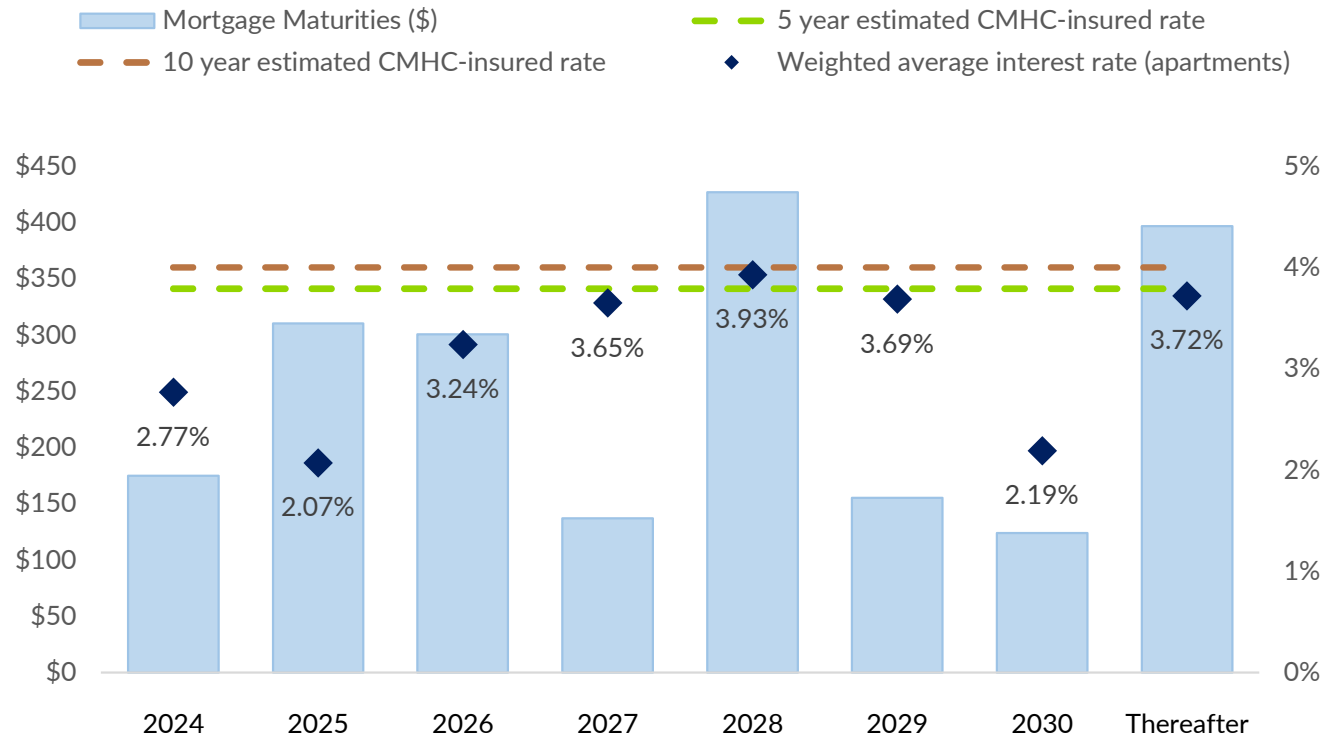
Weighted Avg Apartment Mortgage Interest Rate **3.32%**

Weighted Average Term to Maturity **3.8 years**

CMHC Insured Apartment Mortgages **79.4%**

Apartment Mortgage Maturities by Year

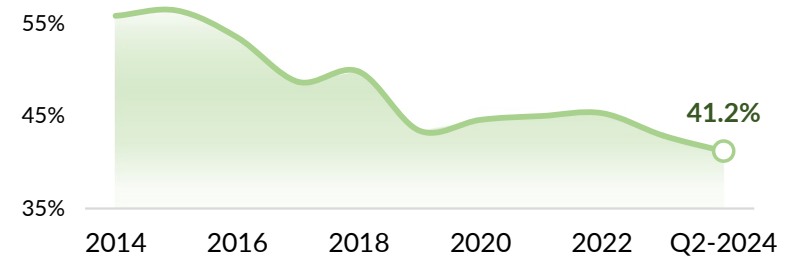
As at June 30, 2024



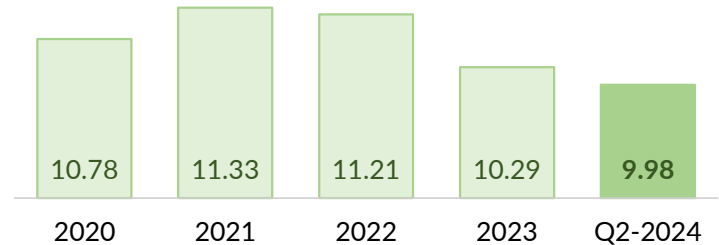


The Alexander – Halifax, NS

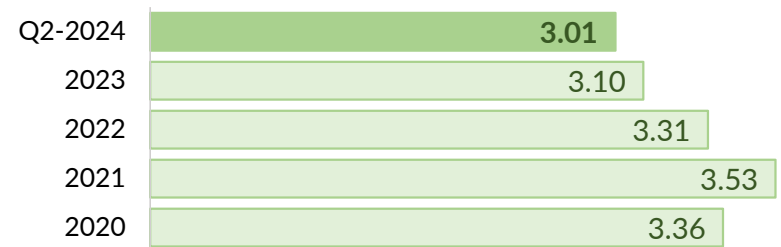
Total Debt as a % of Assets⁽³⁾



Debt to Normalized EBITDA⁽²⁾



Interest Coverage Ratio⁽¹⁾

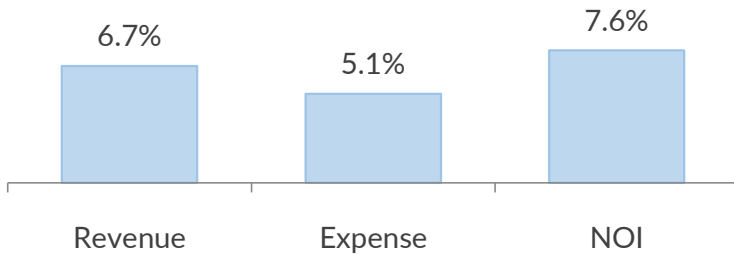


1) Interest coverage ratio is a non-IFRS ratio. For a full description and calculation of the non-IFRS measures, see slide 20 and page 29 of Killam's Management Discussion and Analysis for the period ended June 30, 2024.
 2) Debt to normalized EBITDA is a non-IFRS ratio. For a full description and calculation of the non-IFRS measures, see slide 20 and page 29 of Killam's Management Discussion and Analysis for the period ended June 30, 2024.
 3) Total debt as a percentage of total assets is a capital management financial measure. For a full description of total debt as a percentage of total assets, see slide 20.

Q2-2024 | Strong Summer Seasonal Results

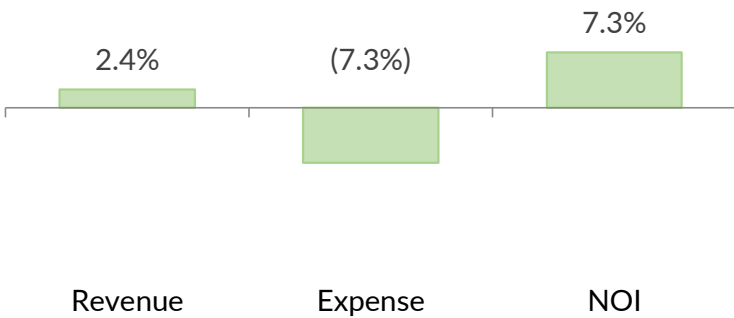
Seasonal MHC SP Portfolio

For the three months ended June 30, 2024



Permanent MHC SP Portfolio

For the three months ended June 30, 2024



Q2-2024 | Impactful ESG Report Highlights

Killam's 2023 ESG Report was released in June 2024. Highlights from the year include the following:

Environmental



Renewable Energy

Installed photovoltaic (PV) panels at 6 additional properties, bringing the total number of systems to 23



Green Lease

Implemented a sustainability lease addendum across all multi-unit residential properties



Building Certifications

Certified 14 additional properties under the CRBP, bringing the total number of certified properties to 33



Electric Vehicle Chargers

Installed 255 additional EV chargers across 35 buildings, bringing the total number of chargers to 401 across 57 buildings

Social



Affordability

Contributed \$2.5 million in affordability assistance



Giving

Donated \$415K to our communities



Diversity and Inclusion

Completed 910 hours of diversity and inclusion training



Stakeholder Satisfaction

Scored 87% on our annual Resident Satisfaction Survey and 81% on our annual Employee Engagement Survey

Governance



Executive Compensation

Introduced ESG targets into executive compensation plans



Disclosure

Achieved an A-rating on the GRESB Public Disclosure Survey and recognized on Sustainalytics' Regional Top-Rated Companies List



Cybersecurity

Implemented a new email security gateway to enhance the security of our IT environment



Supplier Engagement

Released our Supplier Code of Conduct and shared it with active vendors

In 2023, Killam saved an estimated \$200,000 in energy costs from our 23 properties producing solar energy, resulting in an average ROI of 6.1%.



📍 Westmount Place - Waterloo, ON

Westmount Place is home to our largest PV solar array with an estimated annual production of 453,000 kWh/year.

Killam generates revenue through the sale of this energy to our commercial tenant, who purchases our solar energy through a submetering company.

In 2023, this array produced 450,000 kWh, yielding \$56,000 in revenue from the sale of electricity to our commercial tenant.

Acquisitions

Property	Location	Acquisition Date	Purchase Price (\$ 000's)	Units
5 & 35 Harlington Crescent	Halifax, NS	January 2024	\$11,000	50
425 5 St SW	Calgary, AB	February 2024	\$3,000	Land
105 Elmira Rd North [70% interest]	Guelph, ON	June 2024	\$2,800	Land
Total to-date			\$16,800	50 units

Dispositions

Property	Location	Disposition Date	Sale Price (\$ 000's)	Units
Plaza 54 [40% interest]	Calgary, AB	February 2024	\$2,400	Land
Woolwich	Guelph, ON	May 2024	\$19,150	84
Bridlewood Apartments	Charlottetown, PEI	July 2024	\$8,400	66
Total to-date			\$29,950	150 units

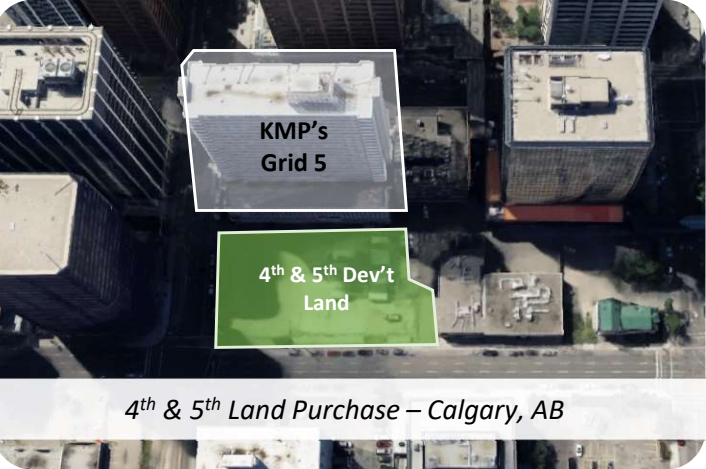
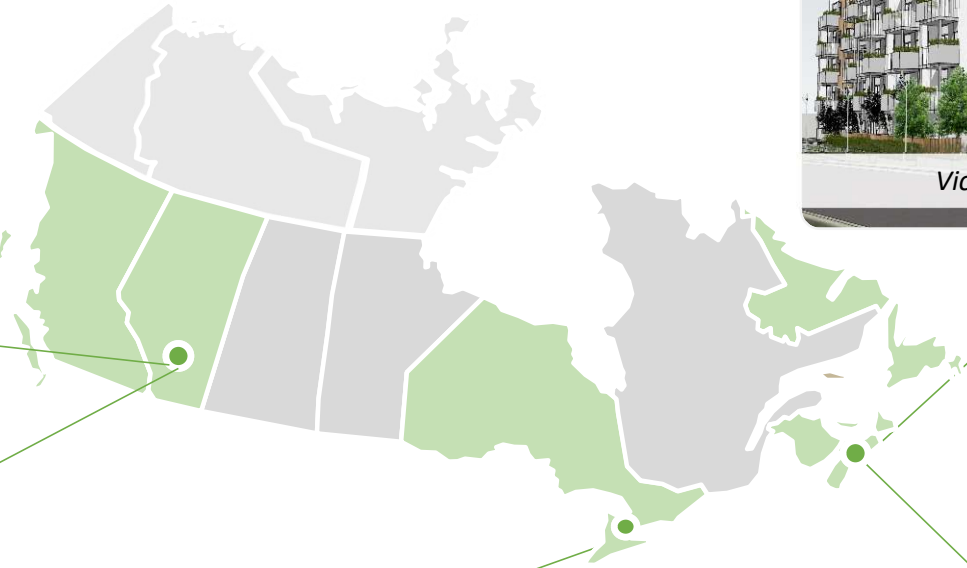
Q2-2024 | Future Development Activity



Nolan Hill Phase 3 – Calgary, AB



Victoria Gardens – Halifax, NS



4th & 5th Land Purchase – Calgary, AB



Wissler – Waterloo, ON



Harlington Crescent – Halifax, NS

Q2-2024 | Development Underway: The Carrick – Waterloo, ON

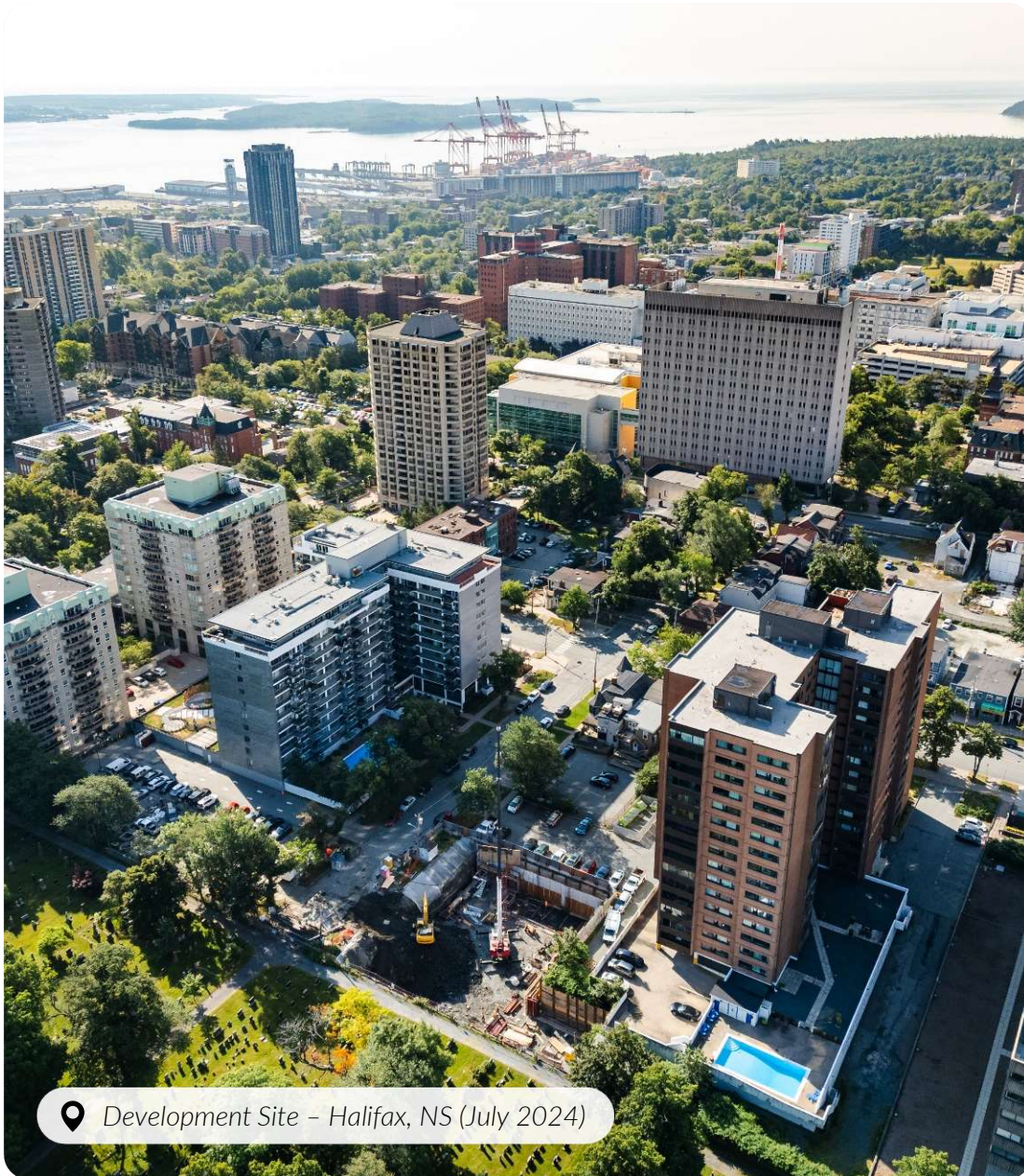


Number of units	139
Start date	Q2-2022
Est. completion date	Second half of 2025
Project budget	\$83.5M
Cost per unit	\$601,000
Expected yield ⁽¹⁾	4.00%-4.25%
Avg rent	\$2.75-\$3.00 per SF
Avg unit size	840 SF



(1) Anticipated all-cash yield is inclusive of the affordability criteria per the CMHC loan.

Q2-2024 | Future Development Activity: Eventide – Halifax, NS



Number of units	55
Start date	Q1-2024
Est. completion date	Q2-2026
Project budget	\$34.1M
Cost per unit	\$620,000
Expected yield	4.50%-5.00%
Avg rent	\$3.50-\$3.75 per SF
Avg unit size	765 SF

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 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.

Non-IFRS Financial Measures

- 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.
- 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.
- Adjusted earnings before interest, tax, depreciation and amortization ("adjusted EBITDA") is calculated by Killam as net income before fair value adjustments, gains (losses) on disposition, income taxes, interest, depreciation and amortization.
- 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.
- Net debt is a non-IFRS measure used by Management in the computation of debt to normalized adjusted EBITDA. Net debt is calculated as the sum of mortgages and loans payable, credit facilities and construction loans (total debt) reduced by the cash balances at the end of the period. The most directly comparable IFRS measure to net debt is debt.
- **Non-IFRS Ratios**
- Interest coverage is calculated by dividing 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, AFFO and/or ACFO, 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 period divided by the applicable per unit amount, i.e., AFFO and/or ACFO.
- Debt to normalized adjusted EBITDA is calculated by dividing net debt by normalized adjusted EBITDA.

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 2024 and 2023. Same property results represent 95.7% of the fair value of Killam's investment property portfolio as at June 30, 2024. Excluded from same property results in 2023 are acquisitions, dispositions and developments completed in 2023 and 2024, and non-stabilized commercial properties linked to development projects.
- Same property average rent is calculated by taking a weighted average of the total residential rent for the last month of the reporting period, divided by the relevant number of the units per region for stabilized properties that Killam has owned for equivalent periods in 2024 and 2023. For total residential rents, rents for occupied units are based on contracted rent, and rents for vacant units are based on estimated market rents if the units were occupied.

Capital Management Financial Measure

- Total debt as a percentage of total assets is a capital management financial measure and is calculated by dividing total debt by total assets, excluding right-of-use assets.

See the Q2-2024 Management's Discussion and Analysis for further details on these non-IFRS measures and, where applicable, reconciliations to the most directly comparable IFRS measure.

Q2-2024 Results Conference Call

