May 7, 2024
Halifax, Nova Scotia

KILLAM APARTMENT REIT ANNOUNCES STRONG Q1-2024 OPERATING PERFORMANCE AND FINANCIAL RESULTS

Killam Apartment REIT (TSX: KMP.UN) ("Killam") today reported its results for the three months ended March 31, 2024.

"We are pleased to begin the year with another quarter of strong operating and financial results. We delivered double-digit same property NOI [net operating income] growth, driven by robust top-line growth and effective cost containment," noted Philip Fraser, President and CEO.

"We have made progress toward our strategic targets for the year. Following Q1 same property NOI growth of 10.3%, we have increased our same property NOI growth target for 2024 to exceed 8%. Developments are an important strategic priority, and they are advancing smoothly. Lease up of the three developments completed in 2023 are on target for full occupancy by early Q3 and are expected to augment FFO [funds from operations] per unit growth in the second half of 2024 and the first half of 2025. In addition, Killam broke ground this quarter on Eventide, a 55-unit building in Halifax, and our 139-unit development in Waterloo, The Carrick, is expected to be completed in the summer of 2025.

"Killam is also pleased to report continued strengthening of its balance sheet. We ended the first quarter with debt as a percentage of total assets of 42.1%, representing the lowest level in our history. Debt to normalized EBITDA [earnings before interest, tax, depreciation and amortization] also improved to 10.16x compared to 11.08x on March 31, 2023.[1]"

Q1-2024 Financial & Operating Highlights

- Reported net income of $127.2 million, an increase of $43.8 million compared to $83.5 million in Q1-2023. The growth in net income is primarily attributable to $116.3 million of fair value gains on investment properties this quarter, driven by strong NOI growth.
- Generated NOI of $55.0 million, an 8.3% increase from $50.8 million in Q1-2023.
- Earned FFO per unit of $0.26, a 4.0% increase from $0.25 in Q1-2023.[2]
- Adjusted funds from operations (AFFO) per unit of $0.21, compared to $0.20 in Q1-2023[3], and reduced the rolling 12-month AFFO payout ratio by 200 basis points (bps) to 72%, from 74% in Q1-2023.[2]
- Achieved a 5.9% increase in revenue for the same property portfolio compared to Q1-2023.
- Generated 10.3% same property NOI growth.[4]

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[1] Net debt to normalized adjusted EBITDA is a non-IFRS ratio. An explanation of the composition of this measure can be found under the heading "Non-IFRS Ratios."

[2] FFO, AFFO, FFO per unit, AFFO per unit and AFFO payout ratio 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 issuers. For information regarding non-IFRS measures, including reconciliations to the most comparable IFRS measure, see "Non-IFRS Measures."

[3] The maintenance capital expenditures used to calculate AFFO and AFFO per unit (diluted) for Q1-2023 were updated to reflect the maintenance capex reserve of $1,025 per apartment unit, $300 per manufactured home community (MHC) site and $1.00 per square foot (SF) for commercial properties that were used in the calculation for the 12 months ended December 31, 2023.

[4] Same property NOI and same property revenue are supplementary financial measures. An explanation of the composition of these measures can be found under the heading "Supplementary Financial Measures."

(000s)	*Three months ended March 31,* **2024**	2023	Change
Property revenue	**$87,505**	$84,895	3.1%
Net operating income	**$55,020**	$50,815	8.3%
Net income	**$127,240**	$83,460	52.5%
FFO (1)	**$31,380**	$30,283	3.6%
FFO per unit (diluted) (1)	**$0.26**	$0.25	4.0%
AFFO per unit (diluted) (1)(3)	**$0.21**	$0.20	5.0%
AFFO payout ratio – diluted (1)(3)	**83%**	85%	(200) bps
AFFO payout ratio – rolling 12 months(1)(3)	**72%**	74%	(200) bps
Same property apartment occupancy (2)	**98.2%**	98.3%	(10) bps
Same property revenue growth (2)	**5.9%**	5.4%	50 bps
Same property NOI growth	**10.3%**	6.3%	400 bps

(1) FFO, FFO per unit, AFFO and AFFO per unit are non-IFRS financial measures. A reconciliation from net income to FFO and a reconciliation from FFO to AFFO can be found under the heading "Non-IFRS Reconciliation."

(2) Same property apartment occupancy and same property revenue are supplementary financial measures. An explanation of the composition of these measures can be found under the heading "Supplementary Financial Measures."

(3) The maintenance capital expenditures used to calculate AFFO, AFFO per unit (diluted) and AFFO payout ratio for Q1-2023 were updated to reflect the maintenance capex reserve of $1,025 per apartment unit, $300 per MHC site and $1.00 per SF for commercial properties that were used in the calculation for the 12 months ended December 31, 2023.

Debt Metrics as at	**March 31, 2024**	December 31, 2023	Change
Debt to total assets	**42.1%**	42.9%	(80) bps
Weighted average mortgage interest rate	**3.23%**	3.22%	1 bps
Weighted average years to debt maturity	**3.7**	3.9	(0.2) years
Interest coverage ratio(1)	**3.06x**	3.10x	(1.3)%

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

Summary of Q1-2024 Results and Operations

Same Property NOI Growth of 10.3% Drives Margin Expansion

Killam achieved same property NOI growth of 10.3% and an operating margin increase of 250 bps during the quarter. The gains were driven by a 5.9% increase in same property revenue and a 0.7% reduction in same property operating expenses. Revenue growth is attributed to a 5.8% increase in apartment rental rates year-over-year and a 51% reduction in rental incentives. Killam expects its same property weighted average rental rate increase to trend higher throughout the remainder of 2024.

The 0.7% reduction in total same property operating expenses is attributable to lower natural gas prices in Q1-2024, resulting in a 10.0% decrease in utility and fuel expenses. This was partially offset by an increase in general operating expenses of 1.6% and a 6.0% increase in property tax expense due to higher property taxes across the portfolio and the absence of property tax subsidies in Prince Edward Island (which were offered in 2023 to compensate apartment owners for rent control restrictions).

Earned Net Income of $127.2 Million

During the quarter, Killam earned net income of $127.2 million, compared to $83.5 million in Q1-2023. The increase in net income is primarily attributable to fair value gains on investment properties of $116.3 million, compared to fair value gains of $66.8 million in Q1-2023. The fair value gains in Q1-2024 were a direct result of strong NOI growth and operating margin expansion.

Generated 4.0% of FFO per Unit Growth and 5.0% of AFFO per Unit Growth
Killam generated FFO per unit of $0.26 in Q1-2024, a 4.0% increase from $0.25 per unit in Q1-2023. AFFO per unit increased 5.0% to $0.21, compared to $0.20 in Q1-2023. The growth in FFO and AFFO was attributable to strong NOI growth from Killam's same property portfolio, partially offset by rising interest costs. FFO per unit growth in Q1-2024 was also partially offset by Killam's three new developments currently in lease-up. As lease-up continues, these projects are expected to contribute positively to earnings growth during the second half of the year and during the first half of 2025.

Development Program Continues to Support Growth in New High-Quality Assets
During Q1-2024, Killam broke ground on Eventide, an 8-storey, 55-unit building located in Halifax, NS. The project is expected to be completed in the second half of 2026 and has a development budget of $33.6 million. Killam also continued to advance The Carrick, a 139-unit development in Waterloo, ON, during the quarter, with development-related costs funded through a fixed-rate CMHC construction and permanent loan. This project is expected to be completed in mid-2025. As noted above, lease-up of Killam's three new developments continued in Q1-2024. The Governor and Civic 66, which both reached substantial completion in summer 2023, are currently at 75% and 88% leased, up from 40% and 66% as at December 31, 2023. Nolan Hill Phase II, which reached substantial completion in December 2023, is currently at 45% leased, up from 19% at year-end 2023.

Higher Interest Rates on Refinancings
The maturity dates of Killam's mortgages are staggered to mitigate interest rate risk. During Q1-2024, Killam refinanced $12.0 million of maturing mortgages with $17.4 million of new debt at a weighted average interest rate of 4.32%, 132 bps higher than the weighted average interest rate of the maturing debt. Overall, Killam's weighted average mortgage interest rate increased 1 bps at the end of Q1-2024 to 3.23%, compared to 3.22% as at December 31, 2023.

Additional Dispositions Subsequent to Quarter End

Conditions have been waived on the sale of Woolwich, an 84-unit apartment building located in Guelph, ON, for a sale price of $19.2 million and net cash proceeds of $16.7 million. The transaction is expected to close in the first half of May 2024.

Financial Statements

Killam's condensed consolidated interim Financial Statements and Management's Discussion and Analysis (MD&A) for the three months ended March 31, 2024, 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.sedarplus.ca. 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, May 8, 2024, at 9:00 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 of the webcast will be available at the same link for one year after the event.

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 $5.2 billion portfolio of apartments and manufactured home communities. Killam's strategy to enhance value and profitability focuses on three priorities: 1) increase earnings from existing operations; 2) expand the portfolio and diversifying geographically through accretive acquisitions and dispositions, with an emphasis on acquiring newer properties; and 3) develop high-quality properties in its core markets.

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 the 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

- 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.
- 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.
- Adjusted earnings before interest, tax, depreciation and amortization ("adjusted EBITDA") is a non-IFRS financial measure calculated by Killam as net income before fair value adjustments, gains (losses) on disposition, income taxes, interest, depreciation and amortization.
- Normalized adjusted EBITDA is a non-IFRS financial measure 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 financial 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 and AFFO, divided by the diluted number of units outstanding at the end of the relevant period.
- Payout ratios are calculated using the distribution rate for the applicable period divided by the applicable per unit amount, i.e. AFFO per unit.
- 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. Similarly, same property revenue is a supplementary financial measure defined as revenue for stabilized properties that Killam has owned for equivalent periods in 2024 and 2023.
- 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 2024 and 2023. Same property results represent 96% of the fair value of Killam's investment property portfolio as at March 31, 2024. Excluded from same property results in 2024 are acquisitions, dispositions and developments completed in 2023 and 2024, and non-stabilized commercial properties linked to development projects.

Non-IFRS Reconciliation (in thousands, except per unit amounts)

Reconciliation of Net Income to FFO	***Three months ended March 31,***	
	2024	2023
Net income	**$127,240**	$83,460
Fair value adjustments	**(113,823)**	(63,365)
Non-controlling interest	**—**	(4)
Internal commercial leasing costs	**90**	90
Deferred tax expense	**16,969**	8,942
Interest expense on Exchangeable Units	**682**	682
Loss on disposition	**191**	350
Unrealized loss on derivative liability	**—**	96
Depreciation on owner-occupied building	**25**	26
Change in principal related to lease liabilities	**6**	6
FFO	**$31,380**	$30,283
FFO per unit – diluted	**$0.26**	$0.25

Reconciliation of FFO to AFFO	***Three months ended March 31,***	
	2024	2023 (1)
FFO	**$31,380**	$30,283
Maintenance capital expenditures	**(5,323)**	(5,491)
Commercial straight-line rent adjustment	**(31)**	101
Internal commercial leasing costs	**(64)**	(87)
AFFO	**$25,962**	$24,806
AFFO per unit – diluted	**$0.21**	$0.20
AFFO payout ratio – diluted	**83%**	85%
AFFO payout ratio – rolling 12 months (2)	**72%**	74%
Weighted average number of units – diluted (000s)	**122,610**	121,072

(1) The maintenance capital expenditures used to calculate AFFO and AFFO per unit (diluted) for Q1-2023 were updated to reflect the maintenance capex reserve of $1,025 per apartment unit, $300 per MHC site and $1.00 per SF for commercial properties that were used in the calculation for the 12 months ended December 31, 2023.
(2) Based on Killam's annual distribution of $0.69996 for both the 12-month period ended March 31, 2024 and the 12-month period ended March 31, 2023.

Normalized Adjusted EBITDA	***Twelve months ended,***		
	March 31, 2024	December 31, 2023	% Change
Net income	**$310,116**	$266,333	16.4%
Deferred tax expense	**41,186**	33,158	24.2%
Financing costs	**71,960**	69,398	3.7%
Depreciation	**799**	669	19.4%
Loss on disposition	**3,861**	4,021	(4.0)%
Fair value adjustment on unit-based compensation	**537**	330	62.7%
Fair value adjustment on Exchangeable Units	**5,691**	6,821	(16.6)%
Fair value adjustment on investment properties	**(223,715)**	(174,179)	28.4%
Adjusted EBITDA	**210,435**	206,551	1.9%
Normalizing adjustment (1)	**5,124**	3,480	47.2%
Normalized adjusted EBITDA	**215,559**	210,031	2.6%
Net debt	**$2,189,492**	$2,160,908	1.3%
Debt to normalized adjusted EBITDA	**10.16x**	10.29x	(1.3)%

(1) Killam's normalizing adjustment includes NOI adjustments for recently completed acquisitions, dispositions and developments to account for the difference between NOI booked in the period and stabilized NOI over the next 12 months.

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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: same property NOI growth rate; the occupancy rate of Killam's properties;, FFO growth and the timing thereof; rental rates and lease renewals and the timing thereof; the effects of acquisitions and development projects on Killam's earnings and financial condition; Killam's weighted average mortgage interest rate; the expected proceeds from and closing of acquisitions;and the housing supply in Canada, and the timing thereof; the continued expansion of Killam's portfolio, including through developments, and the timing thereof; annual NOI generation as a result of new developments; the progress, completion, costs, capacity, total investment and timing of development projects; Killam's commitment to reducing its environmental impact and ensuring its buildings are sustainable and resilient to climate change; the timing of completion and anticipated energy consumption benefits from Killam's photovoltaic (PV) solar arrays, geothermal heating and cooling systems; 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 and duration of local, international and global events, any government responses thereto and the effectiveness of measures intended to mitigate any impacts thereof; competition; global, national and regional economic conditions (including rising interest rates and inflation); 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 on SEDAR+ at www.sedarplus.ca. 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 its 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.