



2019 RESULTS CONFERENCE CALL
FEB 13, 2020 | 10AM EASTERN



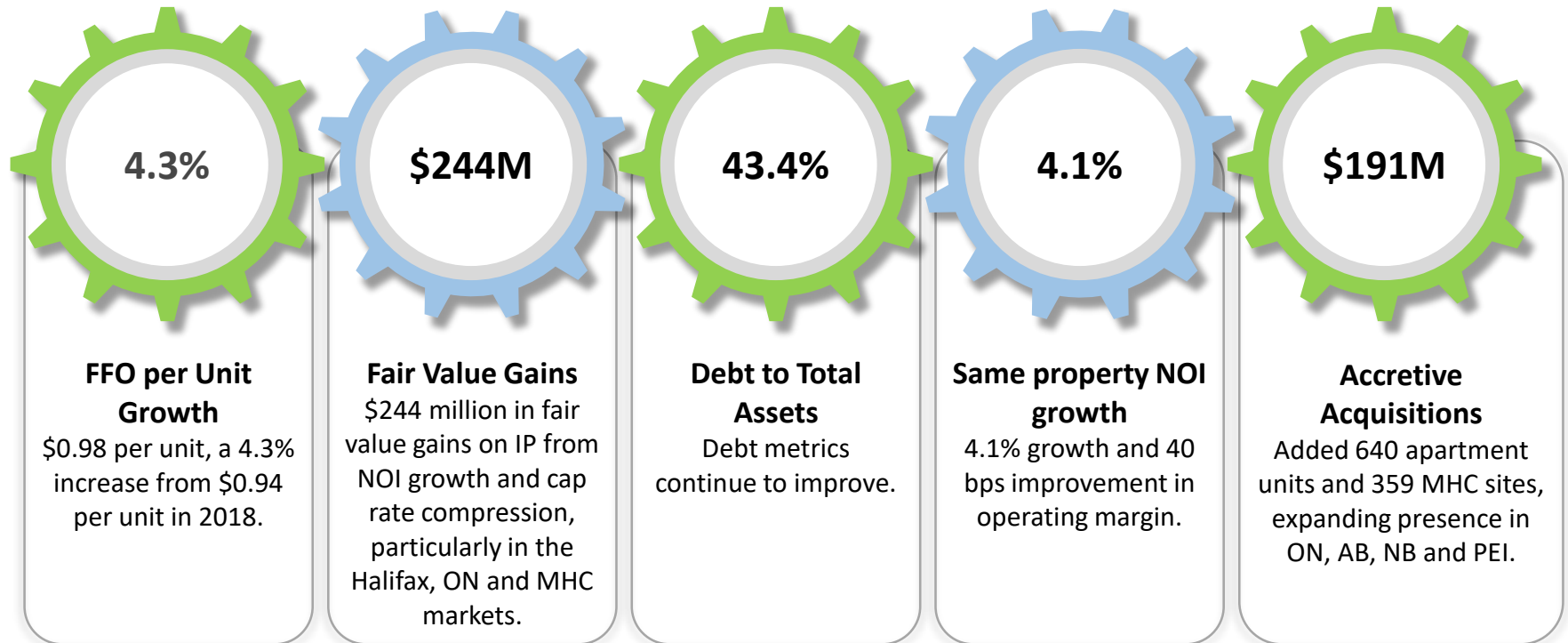
KILLAM APARTMENT REIT



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.





2019 | Strategic Achievements



2019 Target

2019 Performance

Same Property NOI Growth of 3% to 5%.

Target achieved - 4.1% same property NOI growth.

Grow the portfolio to over \$3.0 billion by the end of 2019, with a minimum acquisition target of \$100 million.

Targets exceeded - with \$191 million in acquisitions, investment in development projects and fair value gains increased the portfolio to \$3.3 billion.

Earn at least 30% of 2019 NOI outside Atlantic Canada.

Target achieved - with 30% of 2019 NOI generated outside Atlantic Canada.

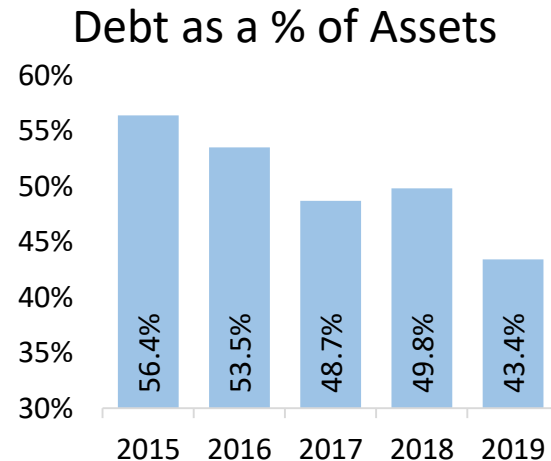
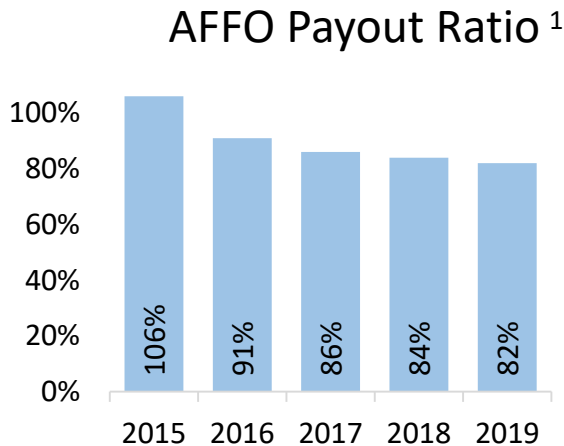
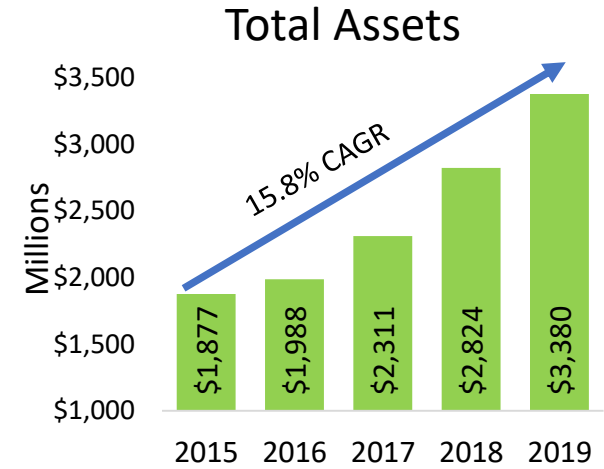
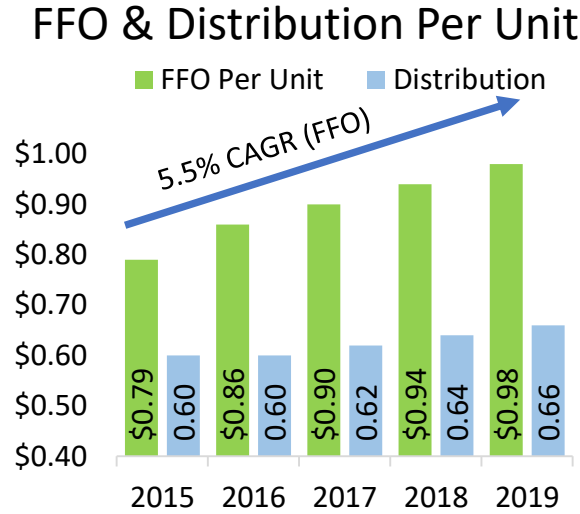
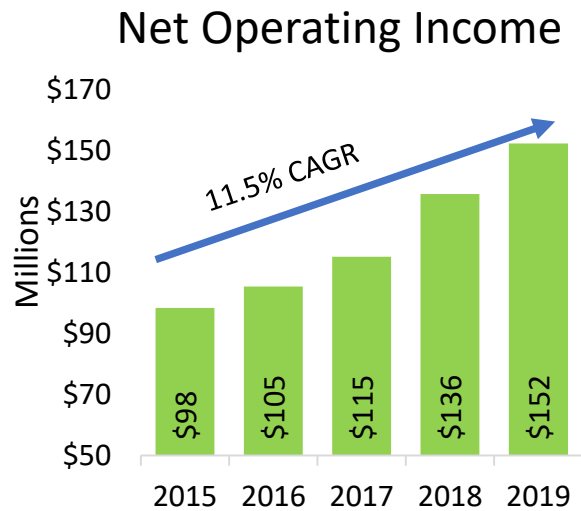
Complete Phase I of the Ottawa development, break ground on The Kay and one additional development project.

Target achieved - Phase I (Frontier) of the Gloucester City Centre development completed in Q2, broke ground on Phase II (Latitude) in Q2 and on The Kay in Q3.

Maintain debt as a percentage of assets ratio below 49%.

Target achieved with 43.4% debt to assets ratio at December 31, 2019.

Proven Record of Strong Growth

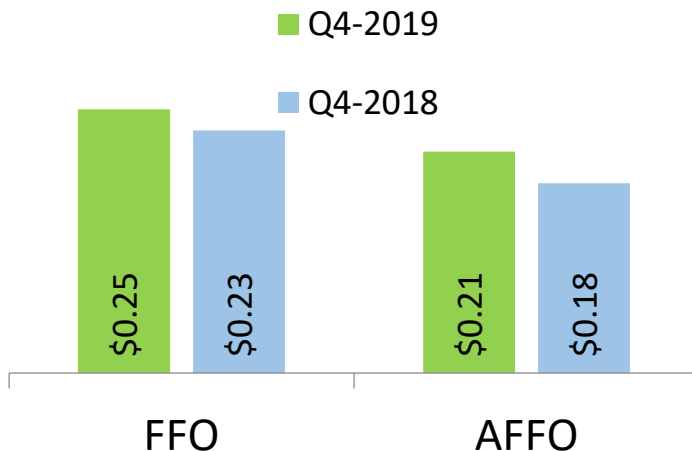


¹ AFFO payout ratio for 2015 – 2016 calculated using a maintenance capex reserve of \$970/unit for apartments. AFFO payout ratio for 2017-2019 calculated using a maintenance capex reserve of \$900/unit for apartments.

Completed the year with strong Q4 FFO and same property NOI growth

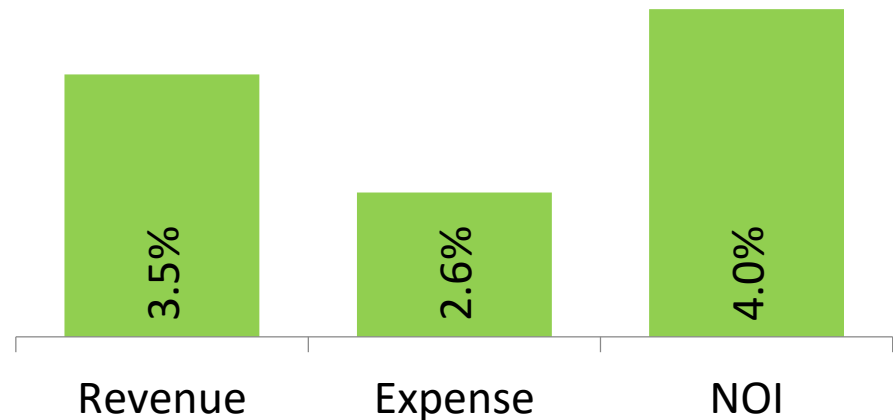
- Generated FFO per unit of \$0.25, 8.7% increase from Q4-2018.
- Produced AFFO per unit of \$0.21, 16.7% increase from Q4-2018.
- Strong rental rate growth, 10 bps increase in occupancy and managed expense growth resulted in a 4.0% NOI increase from Q4-2018.

Q4 FFO & AFFO Per Unit



Same Property Portfolio Performance

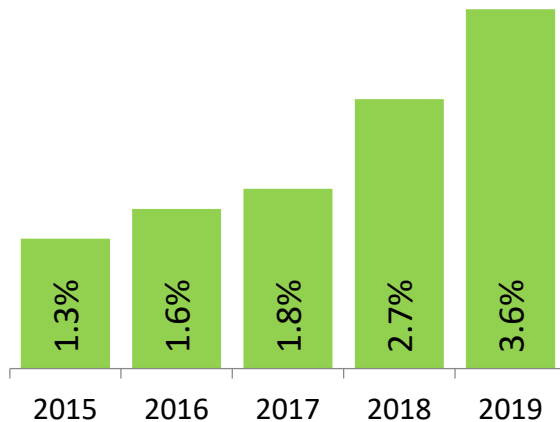
For the three months ended December 31, 2019



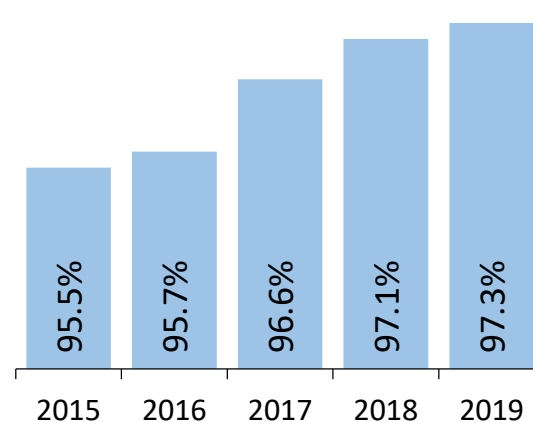
Strong revenue growth for same property for 2019

- Increasing rental rates: Rate increases on renewals of **2.1%**, on turns of **5.8%** and repositionings of **28.5%**, averaged **3.6%** in December 2019.
- Strong occupancy and minimal incentives required with strong market fundamentals.

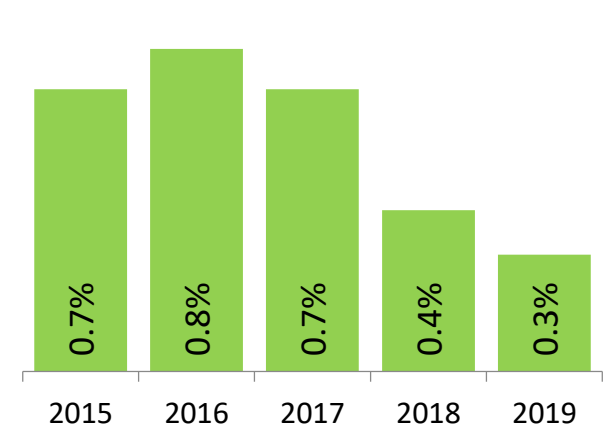
Apt Same Property Avg Rental Rate Increase



Apt Same Property Occupancy¹



Apt Same Property Incentive Offerings²



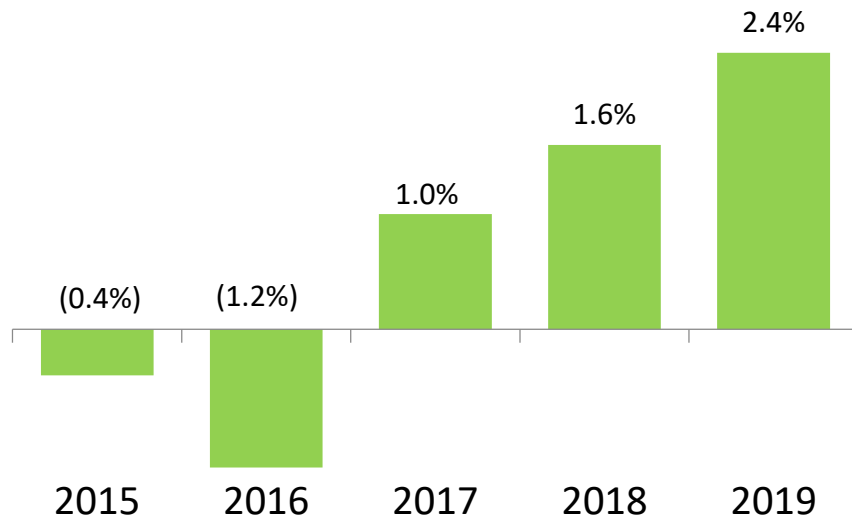
1 Measured as dollar vacancy.

2 Measured as a percentage of residential rent.

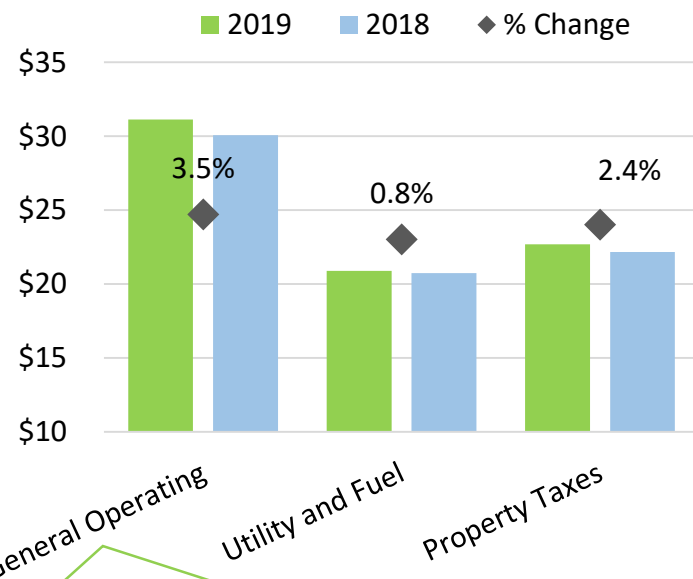
Managing expenses to increase same property earnings

- Investing in energy and water conservation initiatives.
- Maximizing economies of scale.
- Successfully appealing property tax assessments.

Same Property Expense Growth



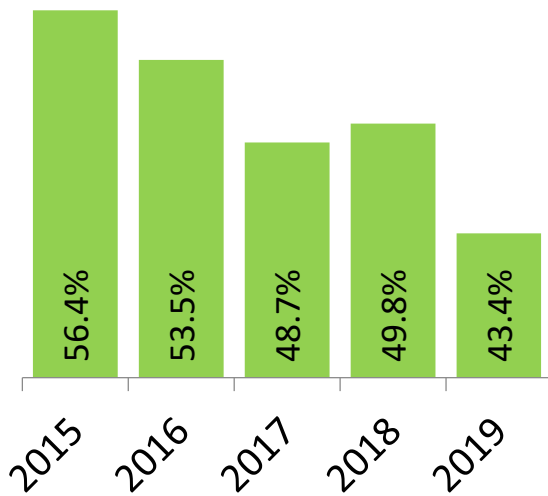
Same Property Expense Change by Category (\$M)



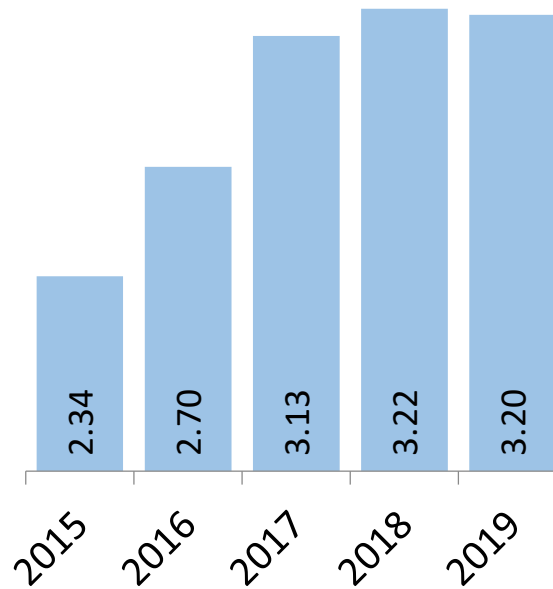
Increase in general operating expenses include the impact of expanding our leasing platform with the implementation of CRM.

Managing balance sheet with conservative leverage.

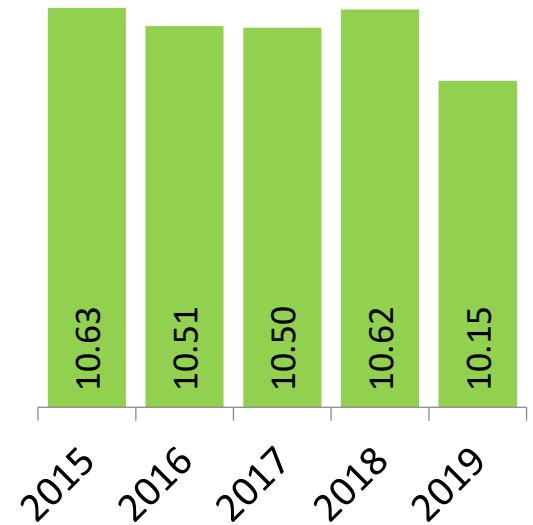
Debt as a Percentage of Assets



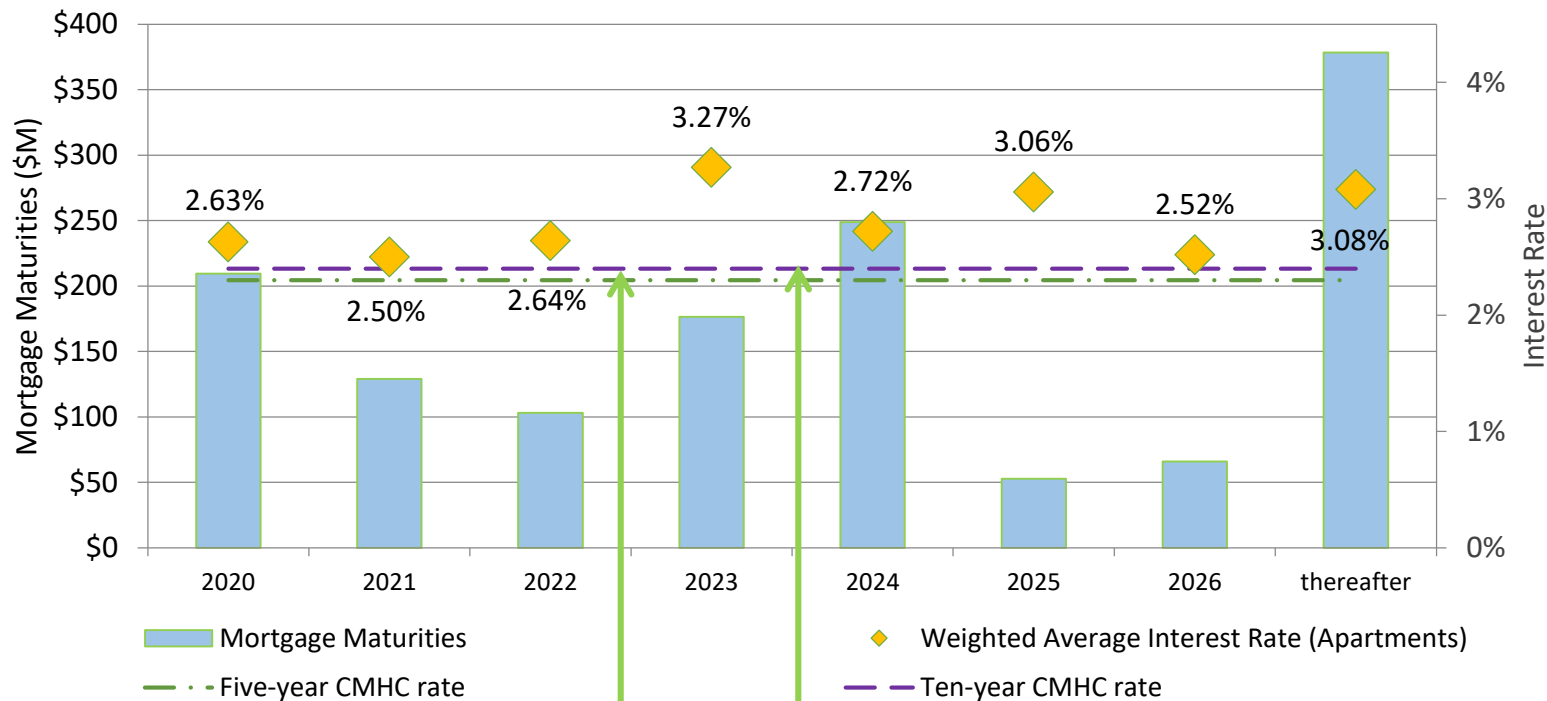
Interest Coverage Ratio



Debt to Normalized EBITDA



Apartment Mortgage Maturities by Year As at December 31, 2019



**Current
Weighted
Average
Interest Rate of
2.90%**

**85% of
Apartment
Mortgages
CMHC Insured**

**Weighted
Average Term
to Maturity of
4.5 years**

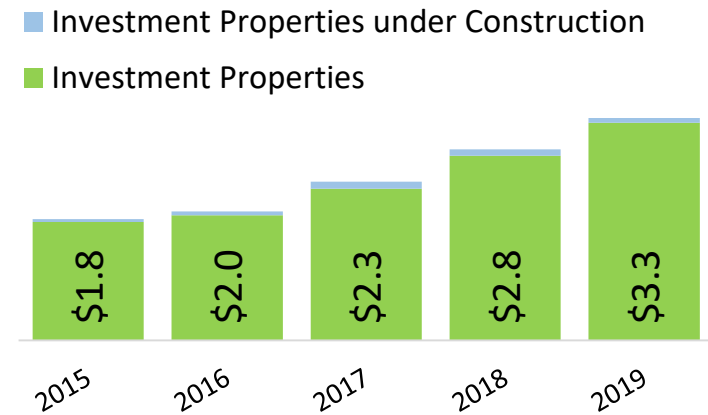
Current rate for 5-year and 10-year CMHC insured debt is approximately 2.30% and 2.40%.

2019 | Financial Highlights

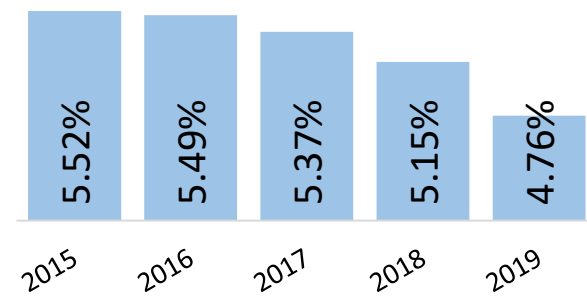
Increasing value of investment properties.



Investment Properties (\$ billions)



Weighted Average Apartment Cap-Rates



Killam's strategy to increase FFO, NAV and maximize value is focused on three priorities:



Increase earnings from existing portfolio.



Expand the portfolio and diversify geographically through accretive acquisitions, targeting newer properties.

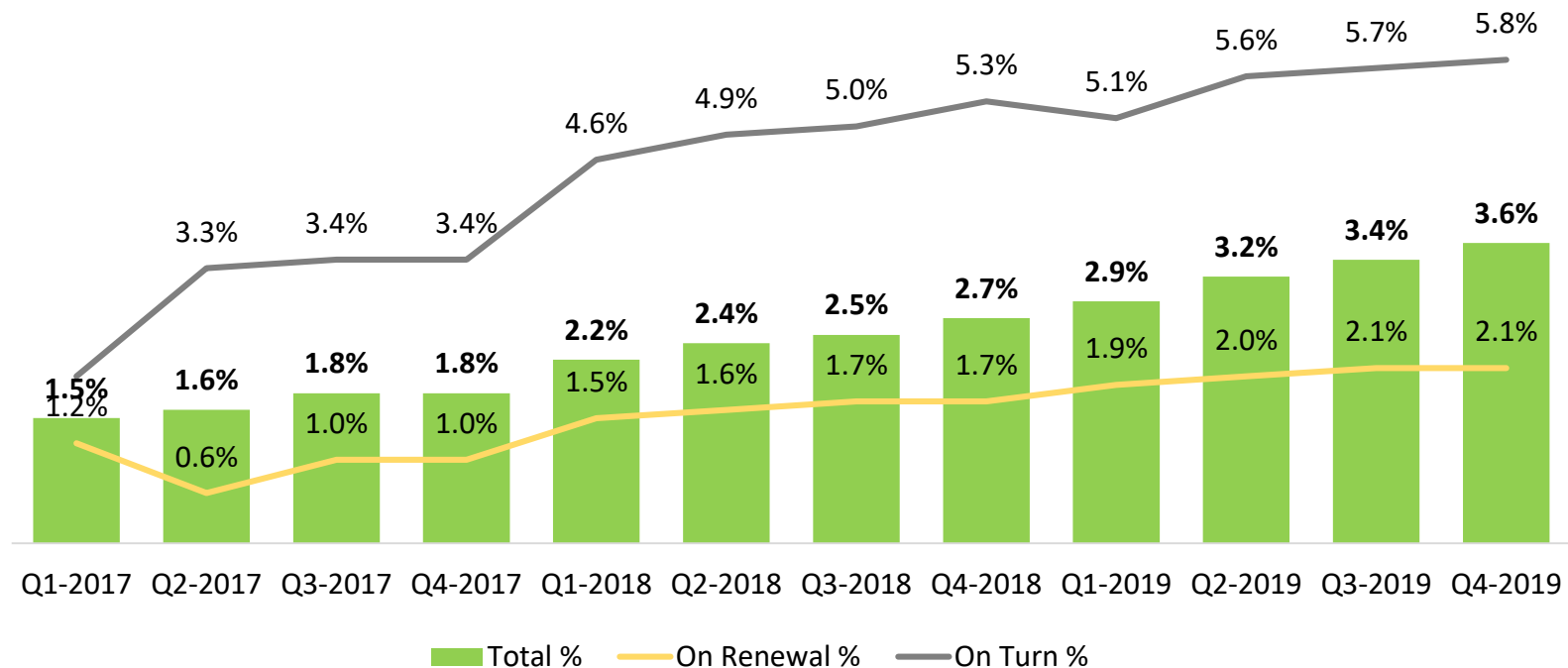


Develop high-quality properties in Killam's core markets.

2019 | Increasing Revenues to Grow NOI

With continued high occupancy levels, rental rate growth is a key focus for revenue optimization.

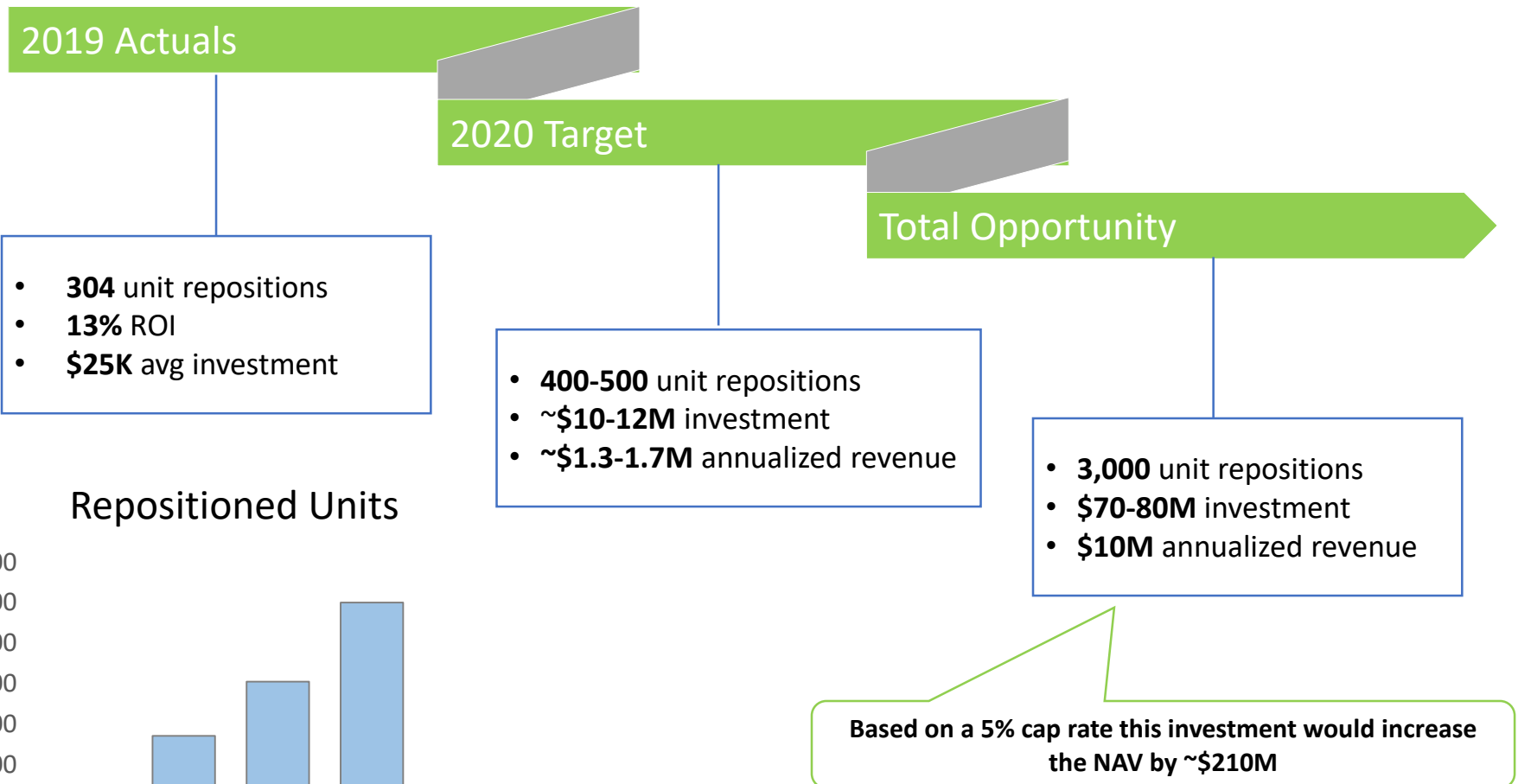
Same Property Rental Increases (%)



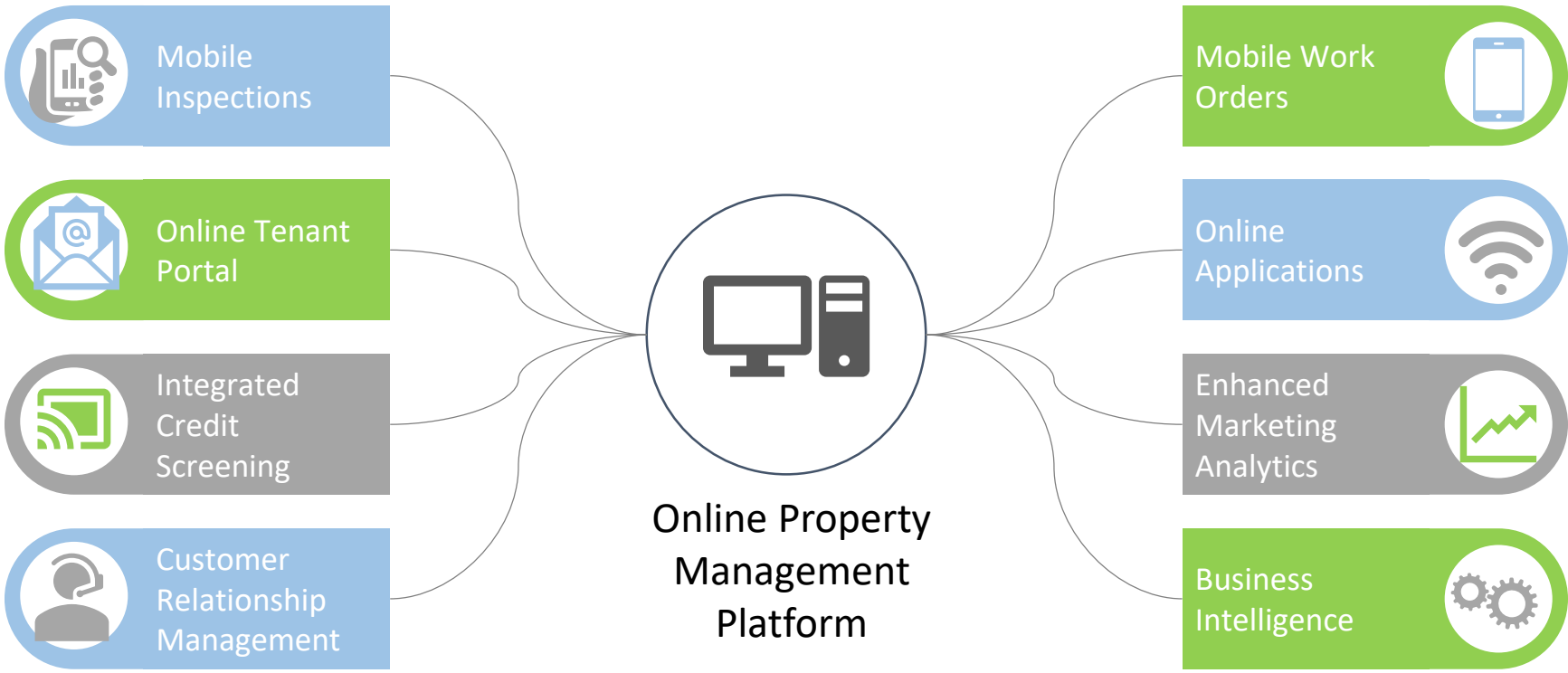
Same property rental rate growth has accelerated ~20 bps in each of the past eight quarters, from **1.8% in Q4-2017 to 3.6% in Q4-2019.**

2019 | Increasing Revenues

Driving revenues through unit repositions to meet market demand, **maximize NOI growth** and investment returns.



Killam invests in technology and automation to deliver high-quality service to tenants and prospective tenants, optimize rental opportunities and further reduce vacancy.



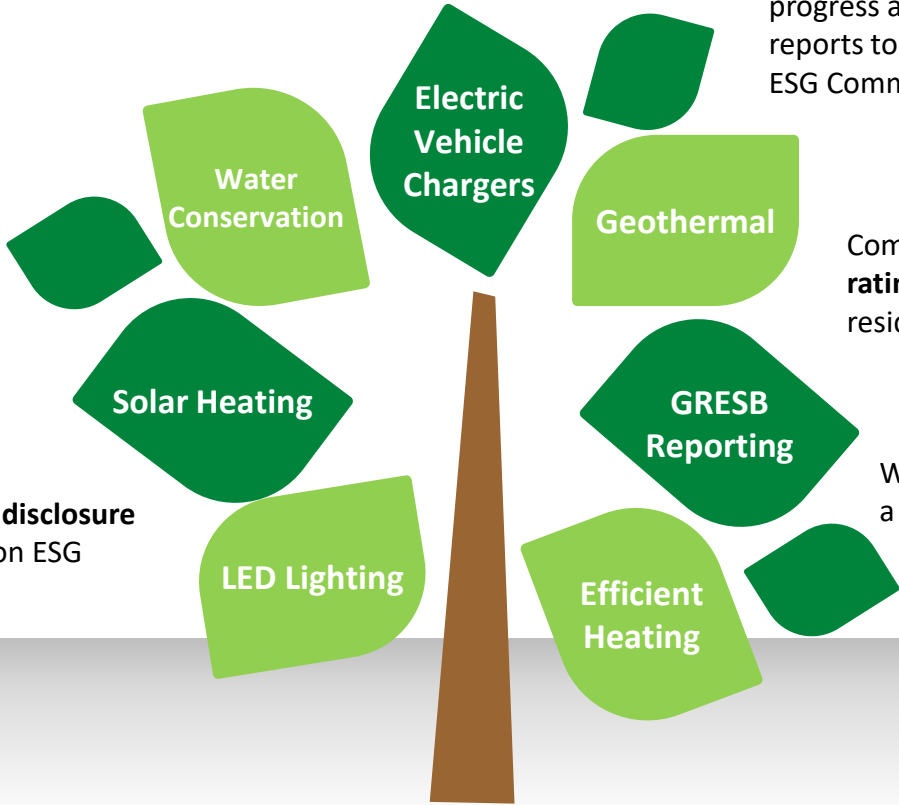
Along with maximizing the functionality of its current suite of products, Killam is focused on its business intelligence platform to expand the use of data analytics to drive leasing decisions, optimize rental growth and maximize returns.

2019 | Killam's ESG Progress

Killam continues to build on its current successes to make its buildings **more sustainable** and **resilient** to the impacts of climate change.

Investing **\$5 million** annually in energy efficient initiatives.

Focused on increased **disclosure** and **public reporting** on ESG initiatives.



ESG Oversight Committee – bi-monthly meetings to drive progress against ESG targets and reports to the Board's Governance & ESG Committee.

Completed first year of **GRESB rating** – **first** of Canadian multi-residential peers.

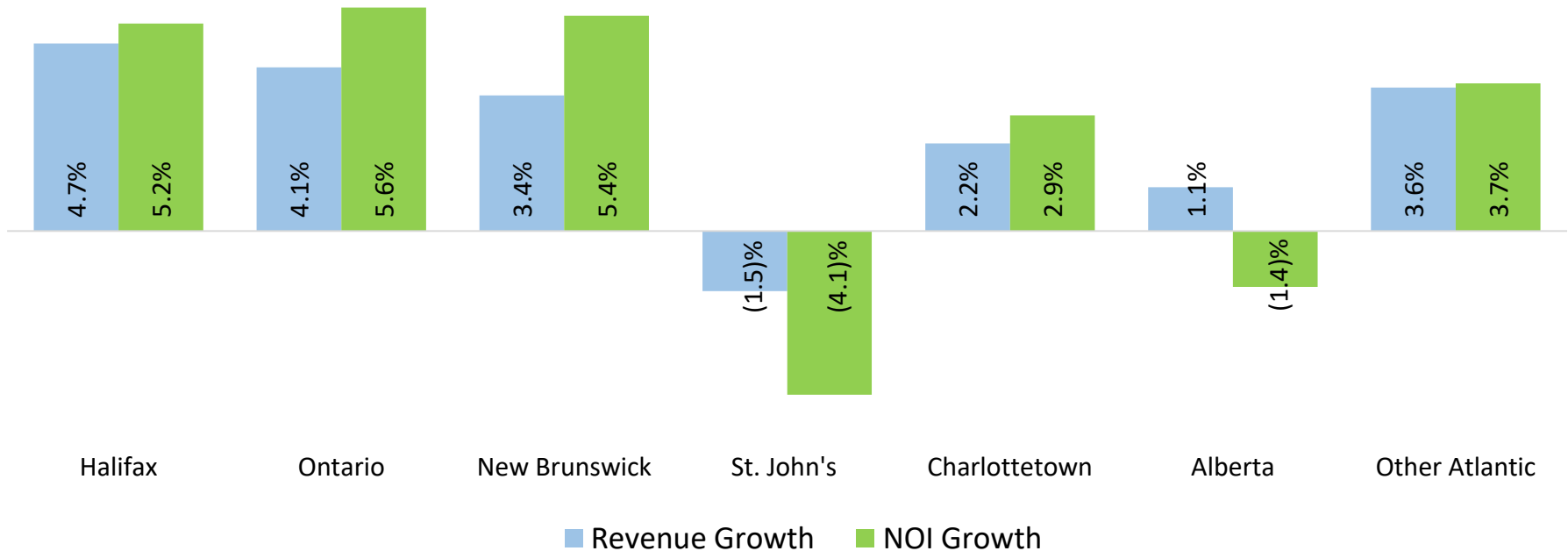
Worked with a 3rd party to complete a baseline **Greenhouse Gas Audit**.



2019 | NOI by Region

Apartment NOI increased 4.2% during 2019 with Ontario and New Brunswick leading NOI growth of 5.6% and 5.4%.

2019 Same Property Growth by Region



Continuing to move rental rates higher across Killam's major regions.

2019 | Acquisitions



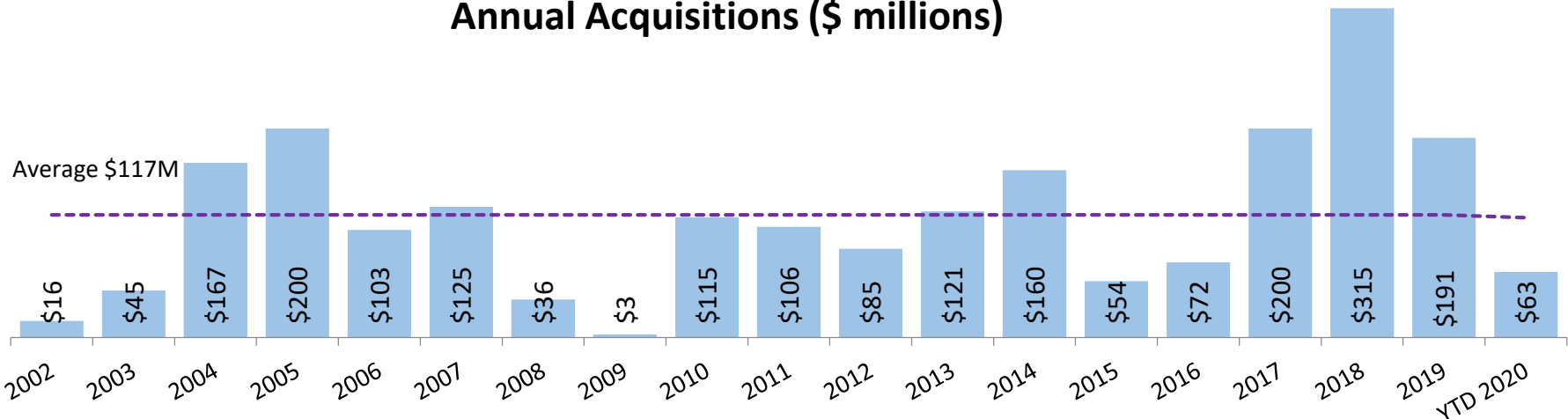
| Property | Location | Acquisition Date | Ownership Interest (%) | Property Type | Purchase Price ⁽¹⁾ (\$M) | | |
|---------------------------|-------------------------------|-------------------|------------------------|---------------|-------------------------------------|----------------------------|----------------|
| | | | | | Income-Producing Properties (\$M) | Land for Development (\$M) | |
| 1 | 9 Dietz | Waterloo, ON | Jan 15, 2019 | 100% | Dev Land | \$- | \$1,500 |
| 2 | 11 Harold Doherty | Fredericton, NB | Apr 18, 2019 | 100% | Apartment | 8,100 | |
| 3 | Charlottetown Mall | Charlottetown, PE | May 17, 2019 | 50% | Retail | 23,750 | |
| 4 | Grid 5 ⁽²⁾ | Calgary, AB | Jun 14, 2019 | 100% | Apartment | 42,700 | |
| 5 | Silver Spear ⁽²⁾ | Mississauga, ON | Jun 14, 2019 | 100% | Apt/Dev Land | 27,200 | 3,600 |
| 6 | 59 Irvin | Kitchener, ON | Jun 21, 2019 | 100% | Dev Land | | 150 |
| 7 | Dieppe Village ⁽³⁾ | Moncton, NB | Jun 27, 2019 | 100% | Apartment/Retail | 28,000 | 900 |
| 8 | 150 Lian | Fredericton, NB | Aug 20, 2019 | 100% | Apartment | 9,250 | |
| 9 | 690 University Ave | Charlottetown, PE | Oct 15, 2019 | 50% | Retail | 1,150 | |
| 10 | Oceanic MHC | Shediac, NB | Nov 1, 2019 | 100% | Seasonal Campground | 3,800 | |
| 11 | 145 Canaan | Moncton, NB | Nov 22, 2019 | 100% | Apartment | 9,520 | |
| 12 | The Link | Edmonton, AB | Nov 25, 2019 | 100% | Apartment | 31,500 | |
| Total Acquisitions | | | | | | \$184,970 | \$6,150 |

(1) Purchase price does not include transaction costs.

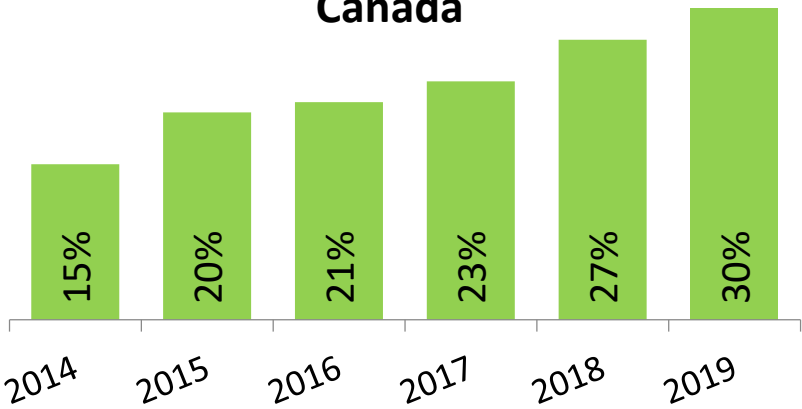
(2) Killam acquired a 50% interest in each property and now holds 100% ownership. The units shown above represent 50% of the total apartment units.

(3) Dieppe Village includes 127 apartment units (\$21.4 million) and commercial space (\$6.6 million).

Annual Acquisitions (\$ millions)



NOI Generated Outside Atlantic Canada



- 2020 Target of 32%
- 2022 Target of 37%

2019 Acquisitions | Moncton, NB

125 & 145 Canaan Street



Acquisition Details:

\$9.52 million

4.99% capitalization rate

Closed: November 22, 2019

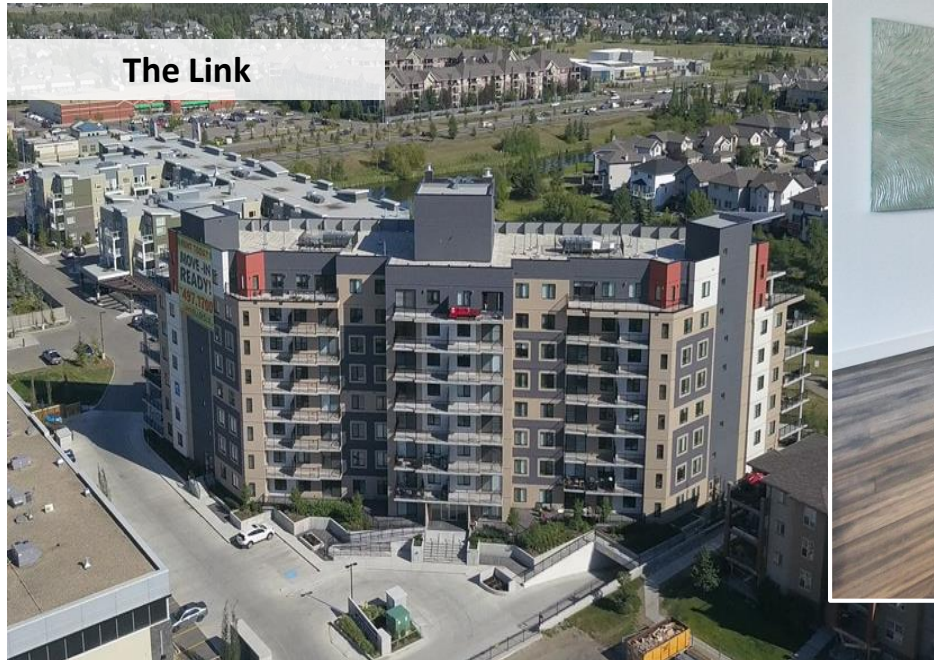
Description:

48 units; 38 underground parking spots

Four-storey apartment complex with large

1 & 2 bedroom units

Average rent – \$1,229/month (\$1.06/sf)



Acquisition Details:

\$31.5 million (\$305,000/unit)

4.5% capitalization rate

86% leased

Closed: November 25, 2019

Description:

105 units

Underground parking

Eight-storey apartment complex with 1 & 2 bdrm units

Average rent – \$1,627/month (\$1.97/sf)

Location:

Edmonton, AB

2020 Acquisitions | Victoria, BC

Description:

161 units

5 two-storey apartment buildings and 4 two-storey townhouses with 2 and 3 bedroom units

Average rent – \$1,555/month (\$1.67/sf)

Acquisition Details:

\$54 million

4.1% capitalization rate

99% occupied

Closed: January 15, 2020

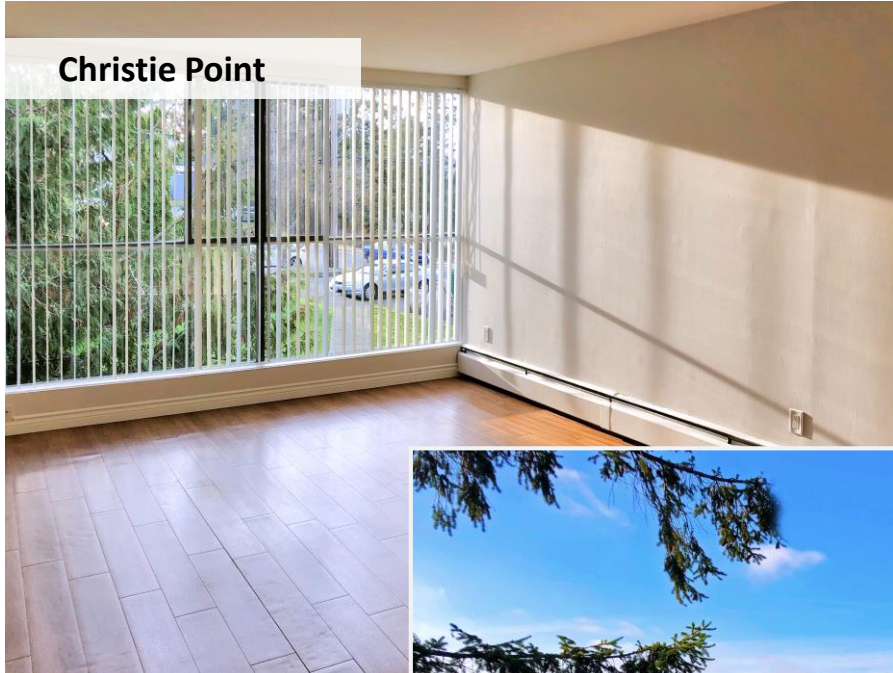
Location:

Greater Victoria, BC



2020 Acquisitions | Victoria, BC

Christie Point



Development agreement in place for a total of 473 units.

2020 Acquisitions | Halifax, NS

Description:

54 units

42 underground parking; 36 surface parking

Average rent – \$1,176/month

Occupancy – 100%

Acquisition Details:

\$8.8 million (\$163,000/unit)

5.3% capitalization rate

Closed: January 31, 2020

Location:

Halifax, NS

9 Carrington



2019 | Development Success



**Projects Completed
2013 – 2019**
Value today - \$348M
Cost to build - \$278M
Gain - \$70M (25%)



Approximately \$300 million in completed developments.

Phase I (Frontier) of Gloucester City Centre, was substantially complete in June 2019.



Green Features: Sub-metered water, geothermal heating and cooling

Frontier

Key Statistics

| | |
|-------------------------|----------------------|
| Number of units | 228 |
| Start date | Q2-2017 |
| Completion date | Q2-2019 |
| Project actual (\$M)* | \$37.5 |
| Cost per unit | \$329,000 |
| Expected yield | 5.25% |
| Expected value cap-rate | 4.0% |
| Average unit size | 789 SF |
| Average rent | \$1,965 \$2.49/sf |

* Killam's 50% interest.

Phase I of Killam's 228-unit joint development project, Frontier, located in Ottawa, reached substantial completion in June 2019 and is currently 97% leased.

2019 | Development Activity, Ottawa

Ottawa, ON - **Phase II (Latitude)** of Gloucester City Centre



Latitude (Phase II)

Frontier (Phase I)

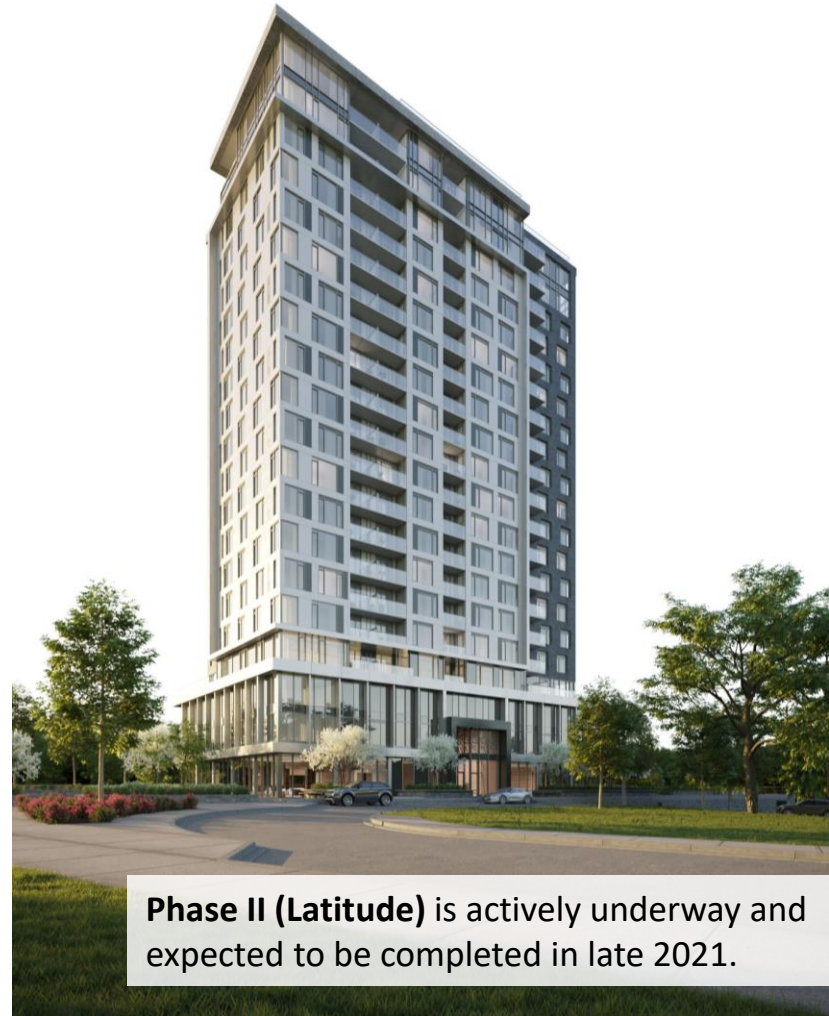
Key Statistics

| | |
|---------------------------|------------------------|
| Number of units | 209 |
| Start date | Q2-2019 |
| Estimated completion date | Q4-2021 |
| Project budget (\$M)* | \$43.5 |
| Cost per unit | \$416,000 |
| Expected yield | 5.2% |
| Expected value cap-rate | 4.0% |
| Average unit size | 803 SF |
| Average rent | \$2,085 (\$2.60/sf) |

* Killam's 50% interest.

Green Features: Sub-metered water, geothermal heating and cooling

Latitude (Phase II)



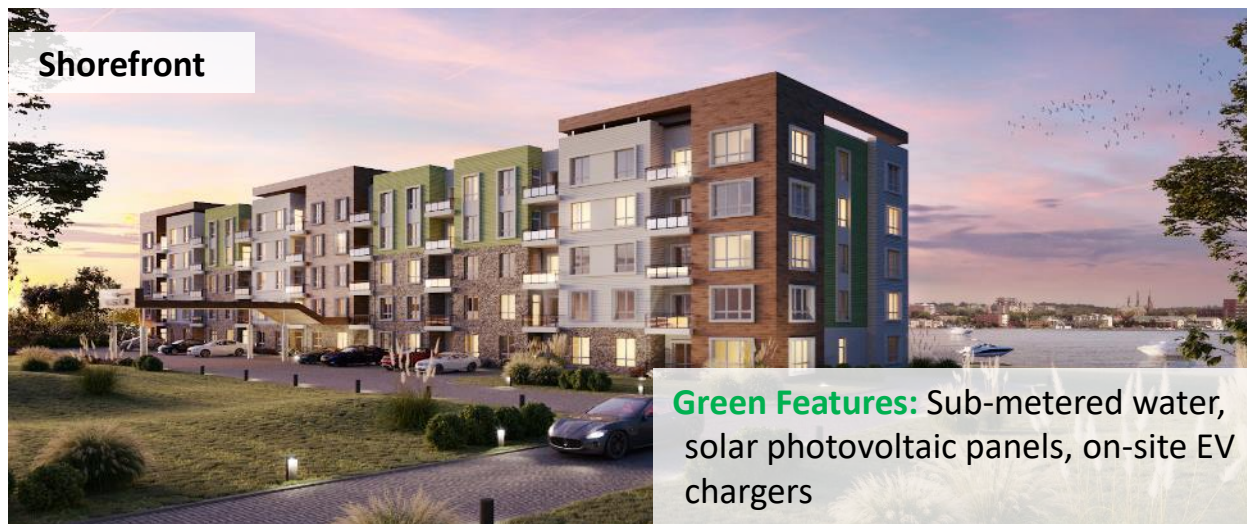
Phase II (Latitude) is actively underway and expected to be completed in late 2021.

2019 | Development Activity, Charlottetown

Shorefront development broke ground in October 2018.

Key Statistics

| | |
|---------------------------|-----------|
| Number of units | 78 |
| Start date | Q4-2018 |
| Estimated completion date | Q2-2020 |
| Project budget (\$M) | \$22.0 |
| Cost per unit | \$282,000 |
| Expected yield | 5.5% |
| Expected value | 4.75-5.0% |



2019 | Development Activity, Charlottetown

Shorefront development is on schedule and expected to be completed in mid-2020.



2019 | Development Activity, Mississauga

The **Key** development broke ground in Q3-2019.

Key Statistics

| | |
|---------------------------|-----------|
| Number of units | 128 |
| Start date | Q3-2019 |
| Estimated completion date | Q2-2021 |
| Project budget (\$M) | \$56.0 |
| Cost per unit | \$437,500 |
| Expected yield | 5.0% |
| Expected value cap-rate | 3.5% |



2019 | Development Activity, Mississauga



The Kay

2019 | Development Activity, Charlottetown

10 Harley Street – 38-unit redevelopment in Charlottetown.



10 Harley

Key Statistics

| | |
|---------------------------|-----------|
| Number of units | 38 |
| Start date | Q3-2019 |
| Estimated completion date | Q4-2020 |
| Project budget (\$M) | \$10.4 |
| Cost per unit | \$274,000 |
| Expected yield | 5.25% |
| Expected value | 4.75-5.0% |



- Original building was three storeys and 29 units.
- Rebuild has increased the size to four storeys and 38 units.
- Insurance proceeds from the loss are expected to cover a portion of the reconstruction costs.

2019 | Development Pipeline - ~\$850 million



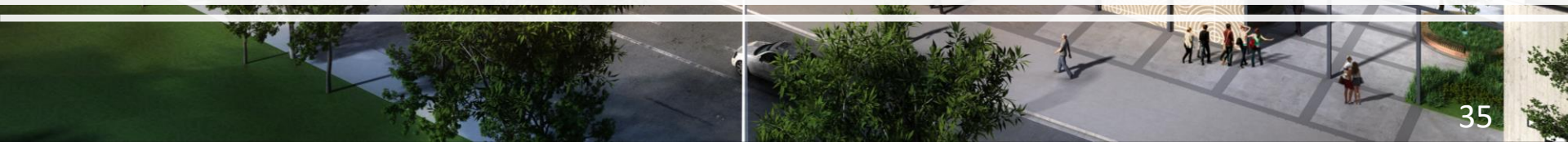
| Future Development Opportunities | | | | | |
|---|-------------------|-------------------|-------------------------------------|--------------------------------|------------------------|
| Property | Location | Killam's Interest | Potential # of Units ⁽¹⁾ | Status | Est Year of Completion |
| <u>Developments expected to start in the next 24 months</u> | | | | | |
| The Governor | Halifax, NS | 100% | 12 | In design and approval process | 2021 |
| Weber Scott Pearl | Kitchener, ON | 100% | 170 | In design and approval process | 2022 |
| Westmount Place (Ph 1) | Waterloo, ON | 100% | 114 | In design | 2022 |
| <u>Developments expected to start in 2022-2026</u> | | | | | |
| Haviland Street | Charlottetown, PE | 100% | 99 | In design | 2022 |
| Gloucester City Centre (Ph 3-4) | Ottawa, ON | 50% | 200 | In design | 2024 |
| Westmount Place (Ph 2-5) | Waterloo, ON | 100% | 908 | In design | 2028 |
| <u>Additional future development projects</u> | | | | | |
| Gloucester City Centre (Ph 5) | Ottawa, ON | 50% | 100 | In design and approval process | TBD |
| Carlton Terrace | Halifax, NS | 100% | 104 | In design and approval process | TBD |
| Kanata Lakes | Ottawa, ON | 50% | 40 | In design and approval process | TBD |
| Christie Point | Victoria, BC | 100% | 312 | Future development | TBD |
| Medical Arts (Spring Garden) | Halifax, NS | 100% | 200 | Future development | TBD |
| Carlton Houses | Halifax, NS | 100% | 80 | Future development | TBD |
| Topsail Road | St. John's, NL | 100% | 225 | Future development | TBD |
| Block 4 | St. John's, NL | 100% | 80 | Future development | TBD |
| Total Development Opportunities | | | 2,644 | | |

(1) Represents Killam's interest/# of units in the potential development units.

~ 70% of Killam's development pipeline is outside Atlantic Canada. Killam targets yields of 5.0% to 6.0% on development, 50–150 bps higher than the expected cap-rate value on completion. Building out the \$850 million pipeline at a 100 bps spread would create approximately \$215 million in NAV growth for unitholders.



Appendices



Q4-2019 Performance | Halifax



The Halifax rental market is strong with overall occupancy of 98.3%.

Current Market Conditions (per CMHC)

- Strong demand as population growth from immigration, intraprovincial migration and demographics continues to outpace new supply.
- Increasing supply with rising number of rental units under construction, CMHC expects immigration to occupy new supply.
- Occupancy forecast to increase modestly over the coming years.

Killam's Same Property Performance

Halifax Q4-2019

% of NOI **39.7%**

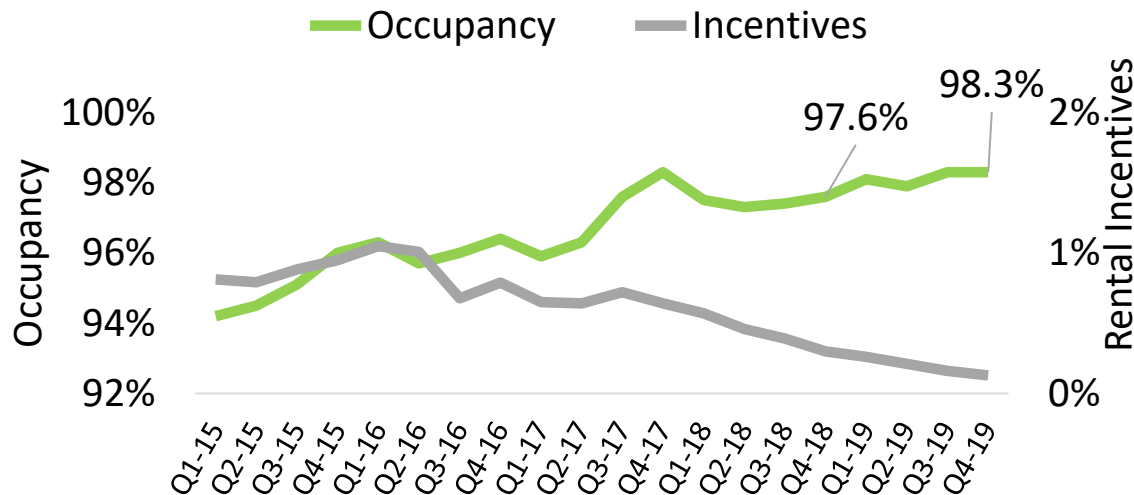
Units **5,753**

Rental Rate Growth **3.8%**

Occupancy **98.3%**

NOI Growth **5.2%**

Killam's Halifax Same Property Results



Q4-2019 Performance | New Brunswick



Population growth coupled with limited construction has resulted in record high occupancy of 98.1%.

Current Market Conditions per CMHC

- Population growth from increased interprovincial and international migration boosts rental demand in 2019, along with downsizing seniors.
- Fewer apartment starts in recent years has contributed to improved occupancy.
- Higher rental increases in all three major markets.

Killam's Same Property Performance

New Brunswick Q4-2019

% of NOI **21.1%**

Units **4,631**

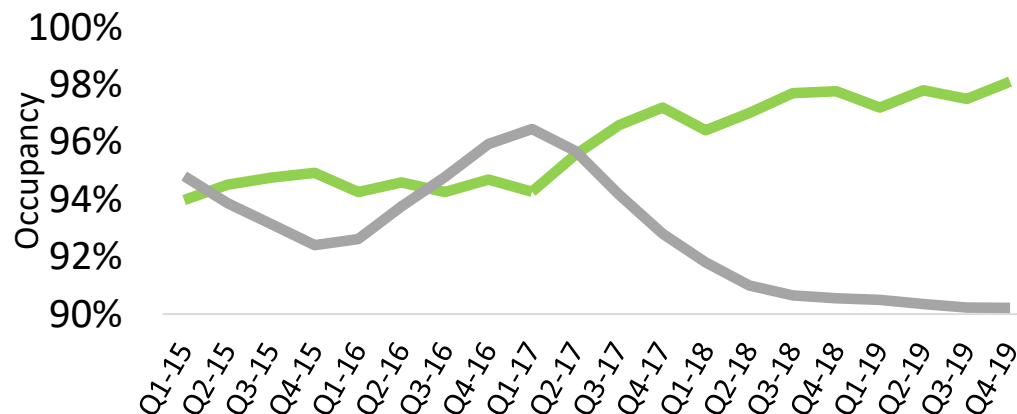
Rental Rate Growth **3.4%**

Occupancy **98.1%**

NOI Growth **5.4%**

Killam's NB Same Property Results

Occupancy Incentives



Rental Incentives

Q4-2019 Performance | Ontario



Strong rental market driven by robust job market, international immigration and high housing prices.

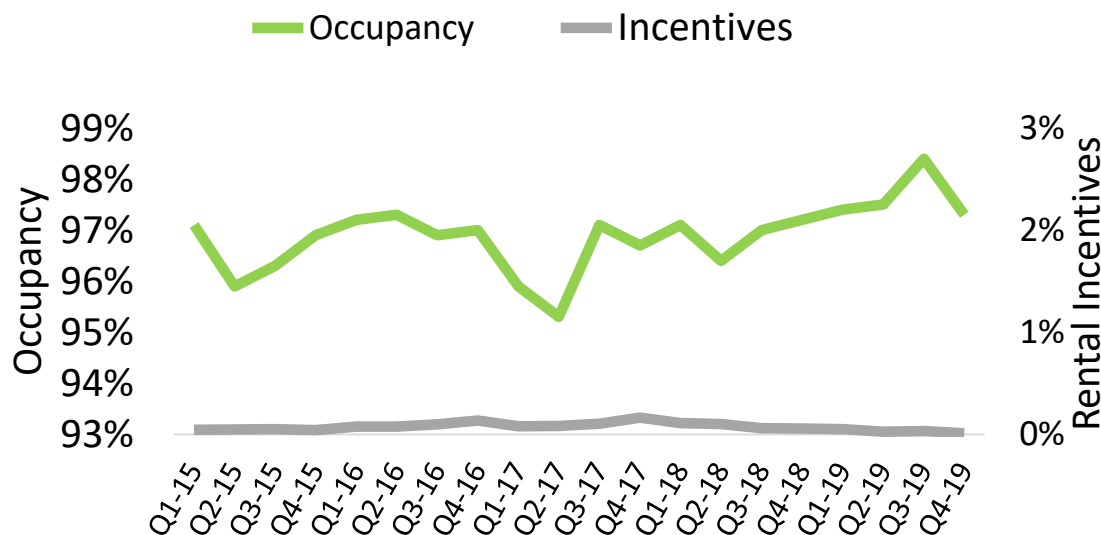
Current Market Conditions per CMHC

- Strong economic growth.
- Rising population due to immigration and intra-provincial migration.
- Growth in rental supply outpaces strong rental demand.
- Affordability of homeownership is driving many to rent.
- Low vacancy rates and high asking rents = low turnover.

Killam's Same Property Performance

| Ontario Q4-2019 | |
|--------------------|-------|
| % of NOI | 18.7% |
| Units | 2,557 |
| Rental Rate Growth | 3.8% |
| Occupancy | 97.3% |
| NOI Growth | 5.6% |

Killam's Ontario Same Property Results



Non-IFRS Measures

Management believes these non-IFRS financial measures are relevant measures of the ability of the REIT to earn revenue and to evaluate Killam's financial performance. The 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.

- Funds from operations ("FFO"), and applicable per unit amounts, are calculated by Killam as net income adjusted for depreciation on an owner-occupied building, 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, interest expense related to lease liabilities, insurance proceeds and non-controlling interest. FFO are calculated in accordance with the REALpac definition, except for the adjustment of insurance proceeds as REALpac does not address this adjustment.
- Adjusted funds from operations ("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 spend to maintain and sustain Killam's properties), commercial leasing costs and straight-line commercial rents. AFFO are calculated in accordance with the REALpac definition. Management considers AFFO an earnings metric.
- Same property results in relation to Killam are revenues and property operating expenses for stabilized properties that Killam has owned for equivalent periods in 2019 and 2018. Same property results represent 80.2% of the fair value of Killam's investment property portfolio as at December 31, 2019. Excluded from same property results in 2019 are acquisitions, dispositions and developments completed in 2018 and 2019, non-stabilized commercial properties linked to development projects, and other adjustments to normalize for revenue or expense items that relate to prior periods or are not operational.
- Interest coverage is calculated by dividing earnings before interest, tax, depreciation and amortization ("EBITDA") by interest expense, adjusted for interest expense related to exchangeable units.
- Debt service coverage is calculated by dividing EBITDA by interest expense, less interest expense related to exchangeable units, and principal mortgage repayments.
- Normalized debt to EBITDA is calculated by dividing interest-bearing debt (net of cash) by EBITDA that has been adjusted for a full year of stabilized earnings from recently completed acquisitions and developments.

See the 2019 Management's Discussion and Analysis for further details on these non-IFRS measures and, where applicable, reconciliations to the most directly comparable IFRS measure.



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