

# Q3-2024 Results Conference Call

November 7, 2024 | 9:00am EDT

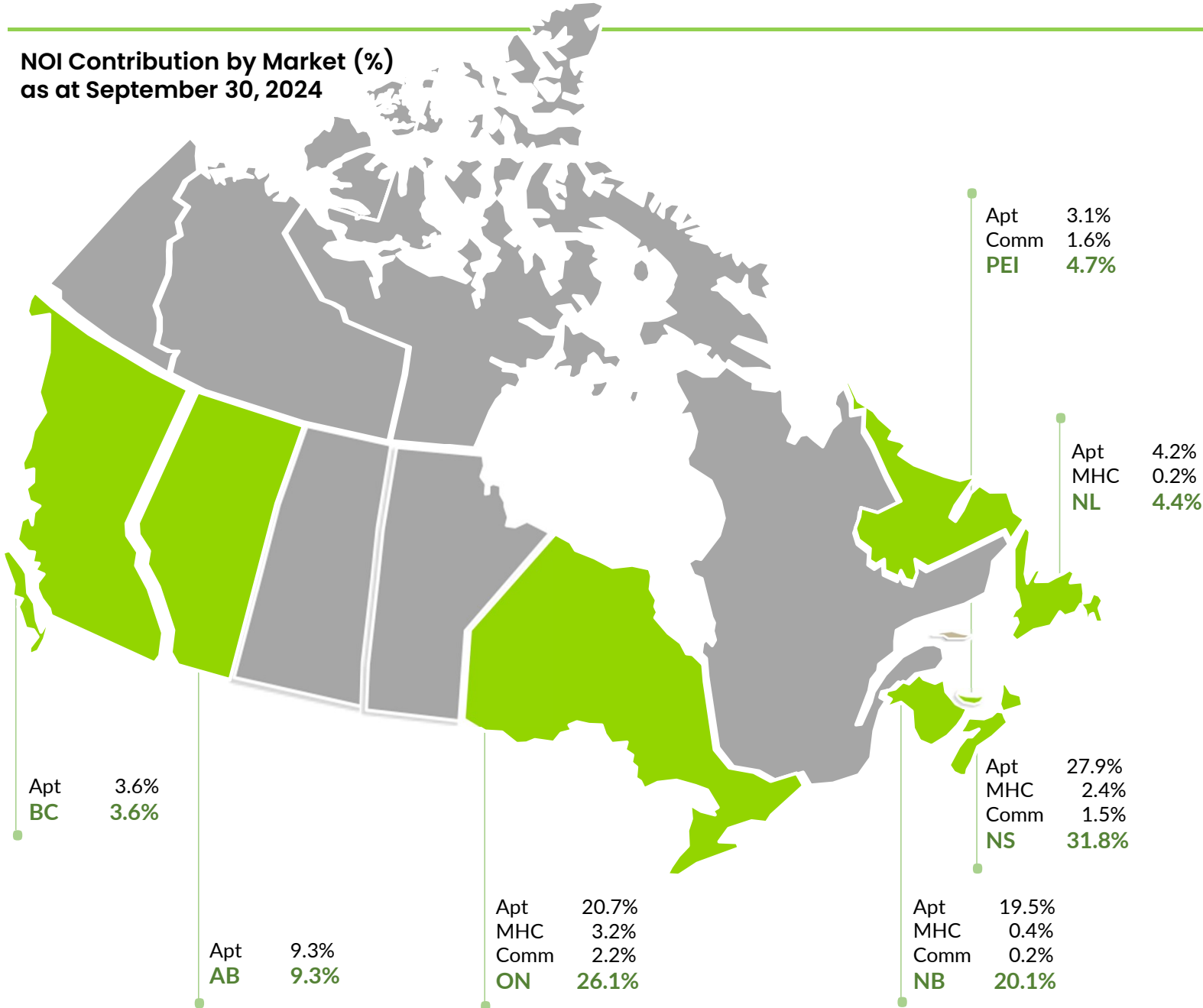


This presentation may contain forward-looking statements with respect to Killam Apartment REIT ("Killam") and its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "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 period ended September 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.



# Q3-2024 | Total Portfolio Results

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



**2024 YTD  
Same Property  
NOI Growth**

Apartment  
**9.0%**

MHC  
**6.6%**

Commercial  
**6.4%**

# Q3-2024 | Performance Against Strategic Targets



**Grow same property NOI by minimum 6%**



Year-to-date, Killam achieved same property NOI growth of **8.7%**. 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 five dispositions, totaling 228 units, for a combined sale price of **\$39.5M**. Subsequent to quarter-end, Killam completed an additional disposition in Halifax, NS, for gross proceeds of **\$8.2M**, increasing the total year-to-date dispositions to **\$47.7M**. Killam expects to meet its capital recycling target.



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



**39.0%** of NOI generated outside Atlantic Canada as of September 30, 2024. The continued lease-up of Nolan Hill Phase II will further increase NOI generated outside Atlantic Canada during the fourth quarter. **Killam is on track to exceed this target.**



**Break ground on two new developments**



Killam is **on track to meet this target**. In Q1-2024, Killam **broke ground on Eventide**, a 55-unit building located in Halifax, NS. Construction on Wissler, a 130-unit building located in Waterloo, ON, is expected to start in Q4-2024.



**Maintain debt as a percentage of total assets below 45%**



Debt as a percentage of total assets was **40.7%** as at September 30, 2024 (December 31, 2023 - 42.9%).



**Invest a minimum of \$6 million in energy initiatives**



Killam has invested **\$4.4 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.

# Q3-2024 | Financial Highlights

**\$62.7M**  
Net Income

Includes \$64.4 million of net operating income, up 6.4% from Q3-2023.

**\$0.33**  
FFO per Unit<sup>(1)</sup>

3.3% increase from \$0.32 per unit in Q3-2023. AFFO per unit remained at \$0.28 from Q3-2023.

**7.4%**  
Same Property NOI Growth<sup>(2)</sup>

7.4% growth in Q3-2024 includes a 5.9% increase in same property revenue.

**71%**  
AFFO payout ratio<sup>(3)(4)</sup>

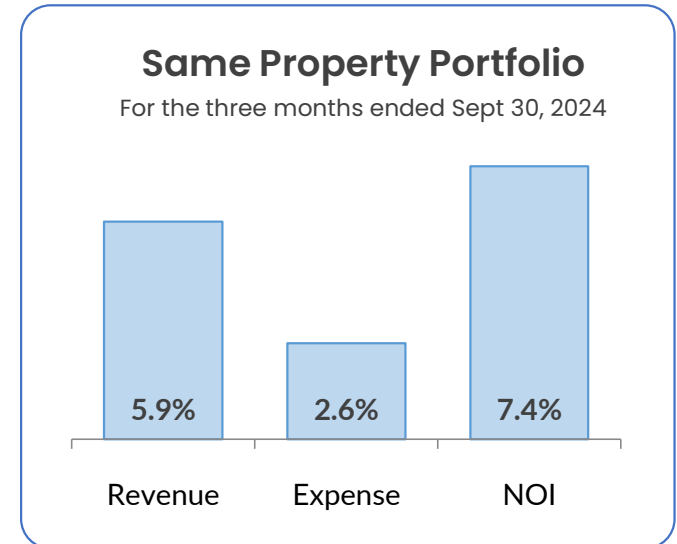
A 100-basis point improvement from 72% in Q3-2023.

**40.7%**  
Total Debt as a % of Total Assets<sup>(5)</sup>

A 220-basis point decrease from 42.9% at December 31, 2023.

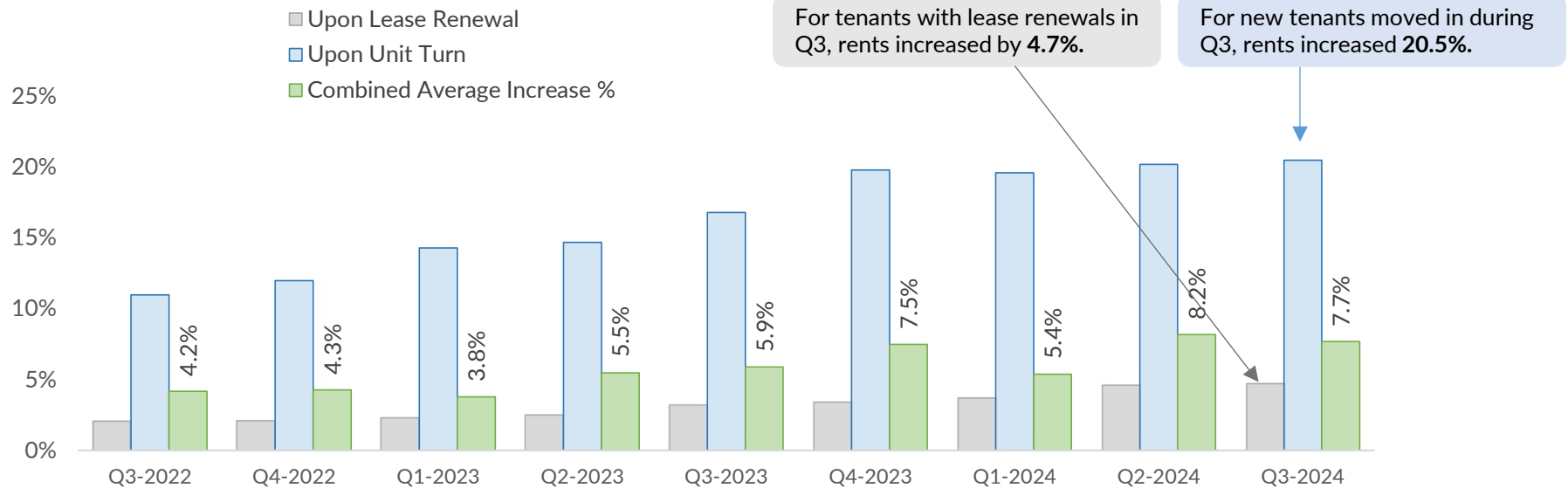


Luma - Ottawa, ON

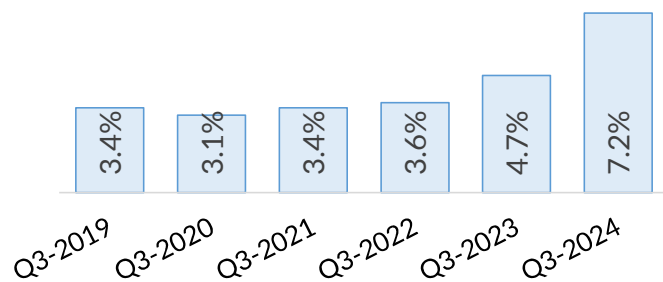


1) FFO per unit is a non-IFRS financial ratio. For a full description and reconciliation of non-IFRS measures, see slide 26 and page 24 of Killam's Management Discussion and Analysis for the period ended September 30, 2024.  
 2) Same property NOI growth is a supplementary financial measure. For a full description of same property metrics, see slide 26.  
 3) AFFO per unit and AFFO payout ratio are non-IFRS ratios. For a full description and reconciliation of non-IFRS measures, see slide 26 and page 24 of Killam's Management Discussion and Analysis for the period ended Sept 30, 2024.  
 4) AFFO payout ratio presented in the rolling 12-month measure.  
 5) 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 26.

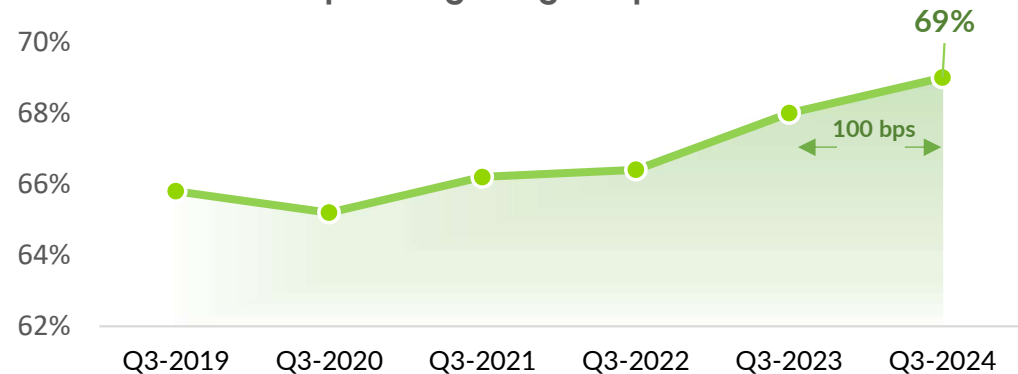
## Apartments Same Property Rental Rate Growth by Quarter



## Apartment Same Property Average Rental Rate Increase



## Apartment Same Property Operating Margin Expansion



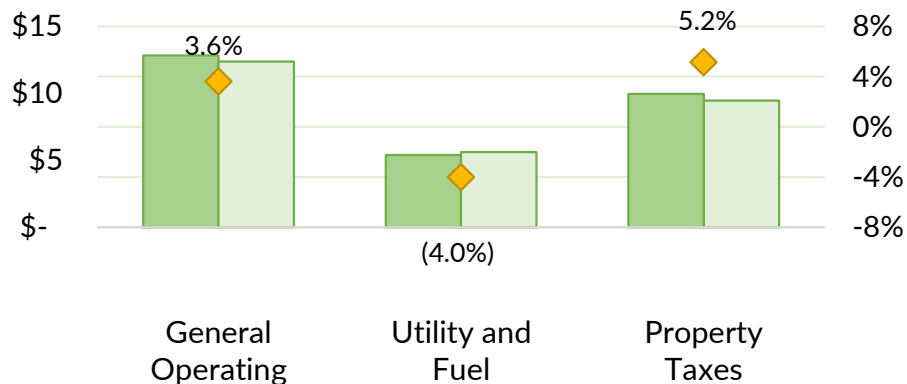
## Total same property operating expenses increased by 2.6% in Q3-24

- Driven by a 5.2% increase in property taxes due to increased assessment values across the portfolio, higher mill rates in Ontario and no property tax subsidies in PEI.
- Mitigated by a 4.0% decrease in utility and fuel expenses due to lower electricity pricing in Alberta compared to Q3-2023.

### Q3 Expense by Category

Same Property (\$M)

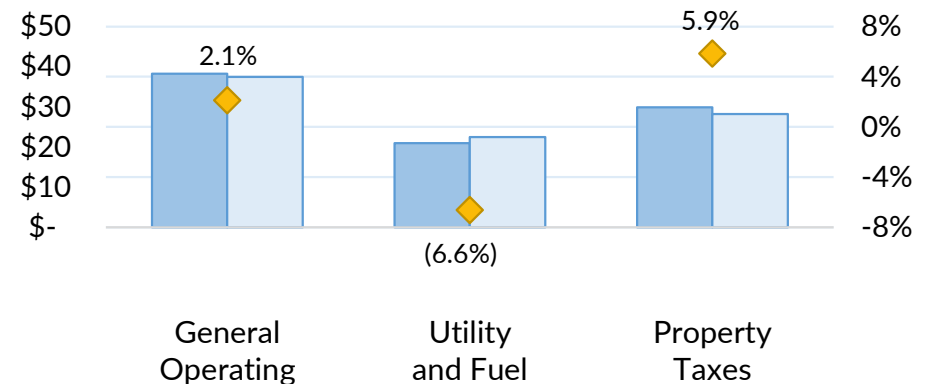
■ Q3-2024 ■ Q3-2023 ◆ % Increase/(Decrease)



### YTD Expense by Category

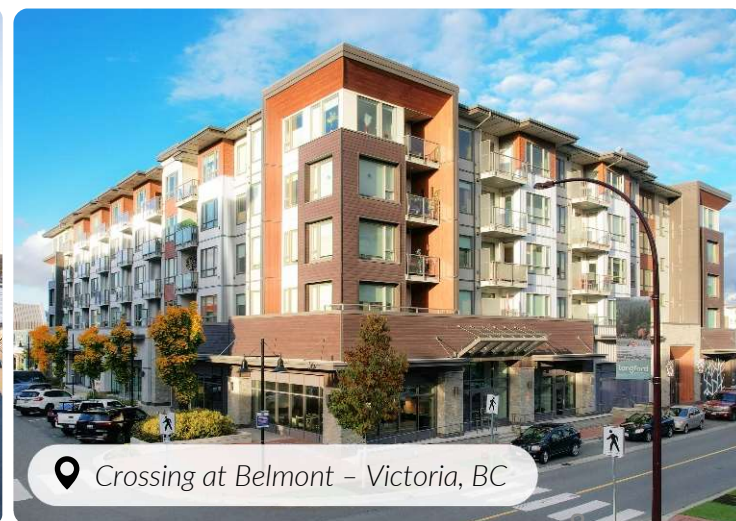
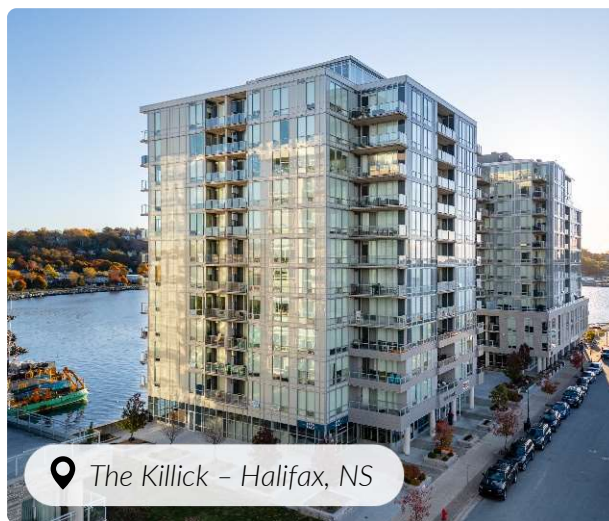
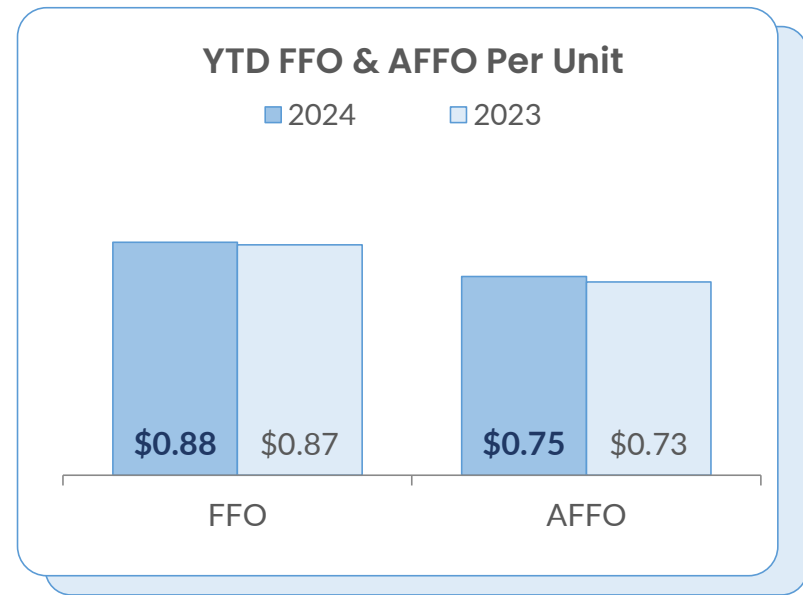
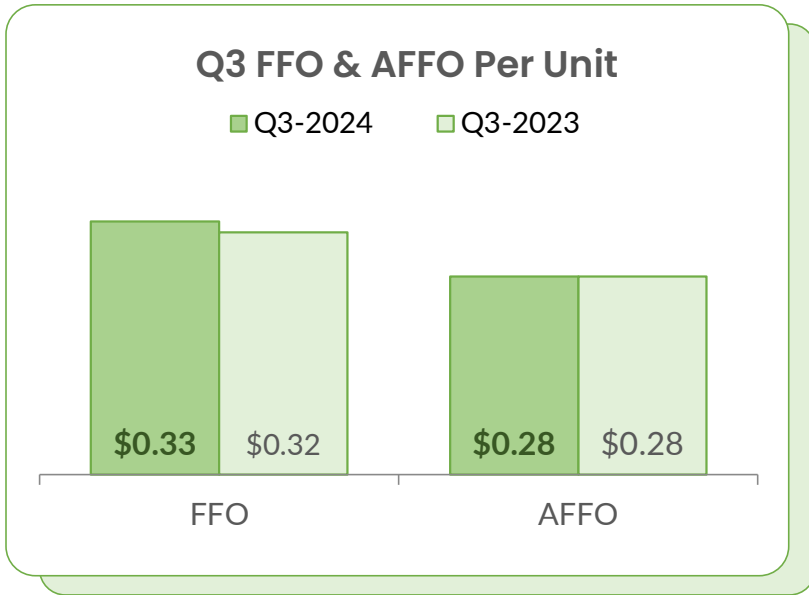
Same Property (\$M)

■ 2024 ■ 2023 ◆ % Increase/(Decrease)





# Q3-2024 | FFO Growth



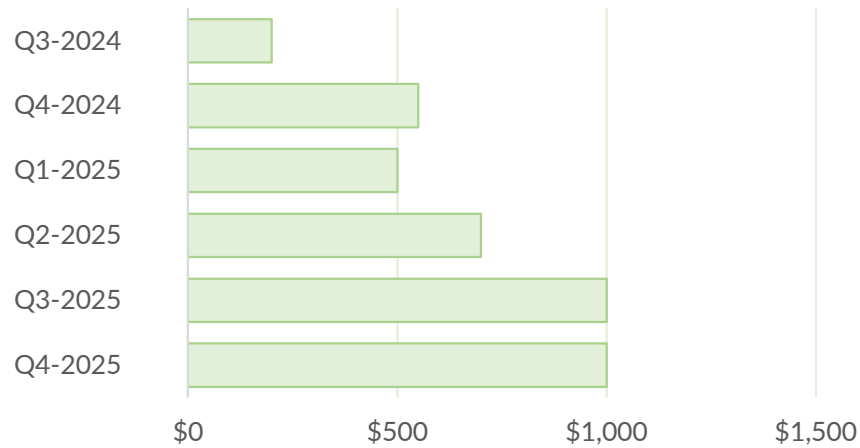


# Q3-2024 | Accretive Runway for New Developments

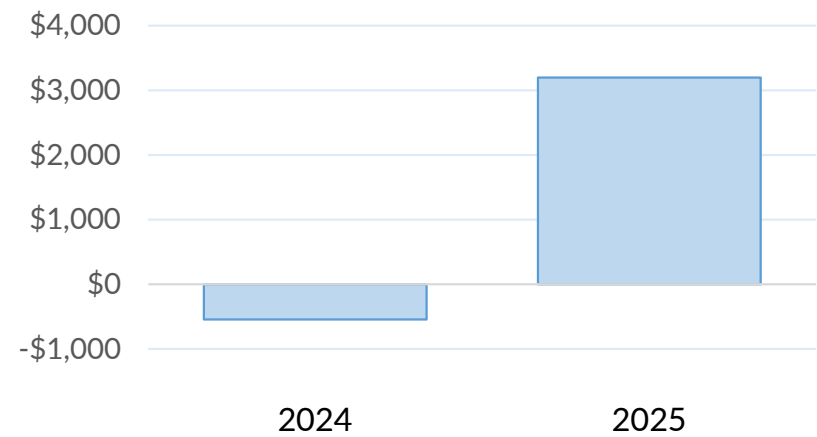
**INITIAL  
LEASE UP<sup>(1)</sup>**



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



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



(1) Occupancy as of November 4, 2024.



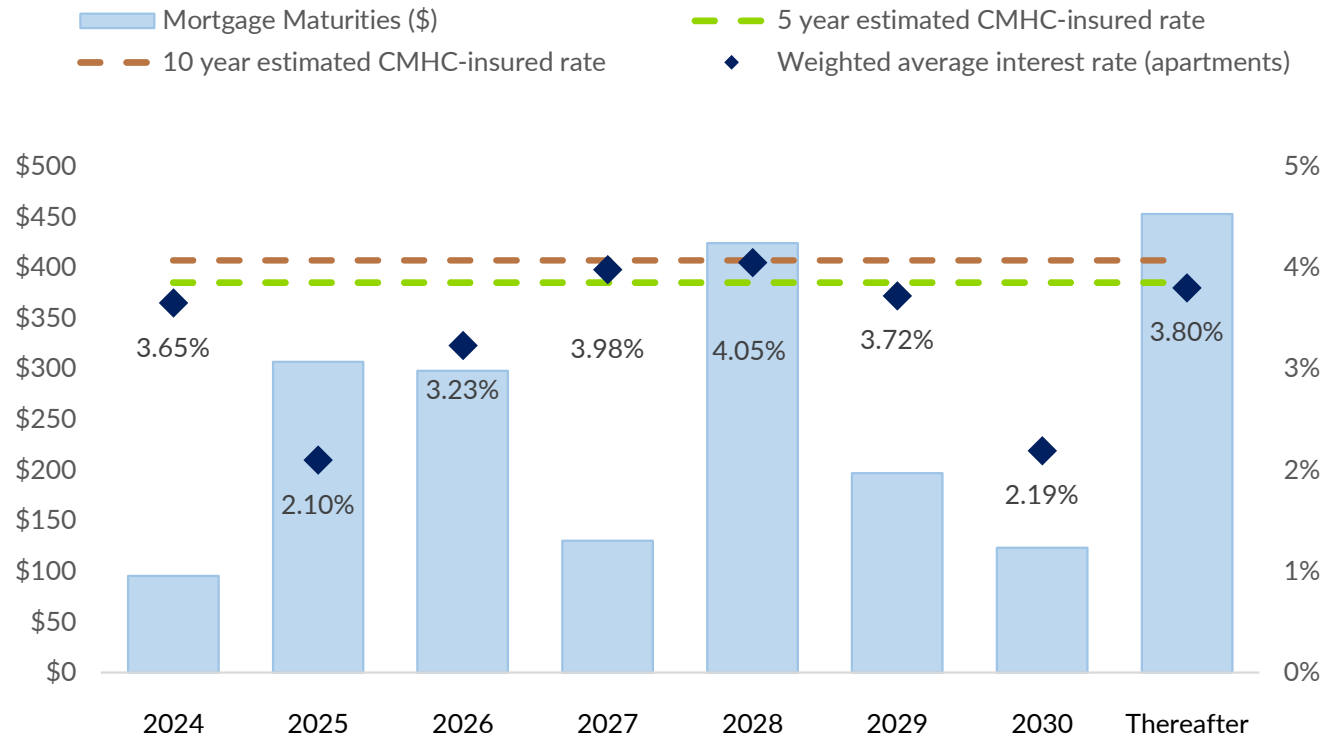
Weighted Avg Apartment Mortgage Interest Rate **3.45%**

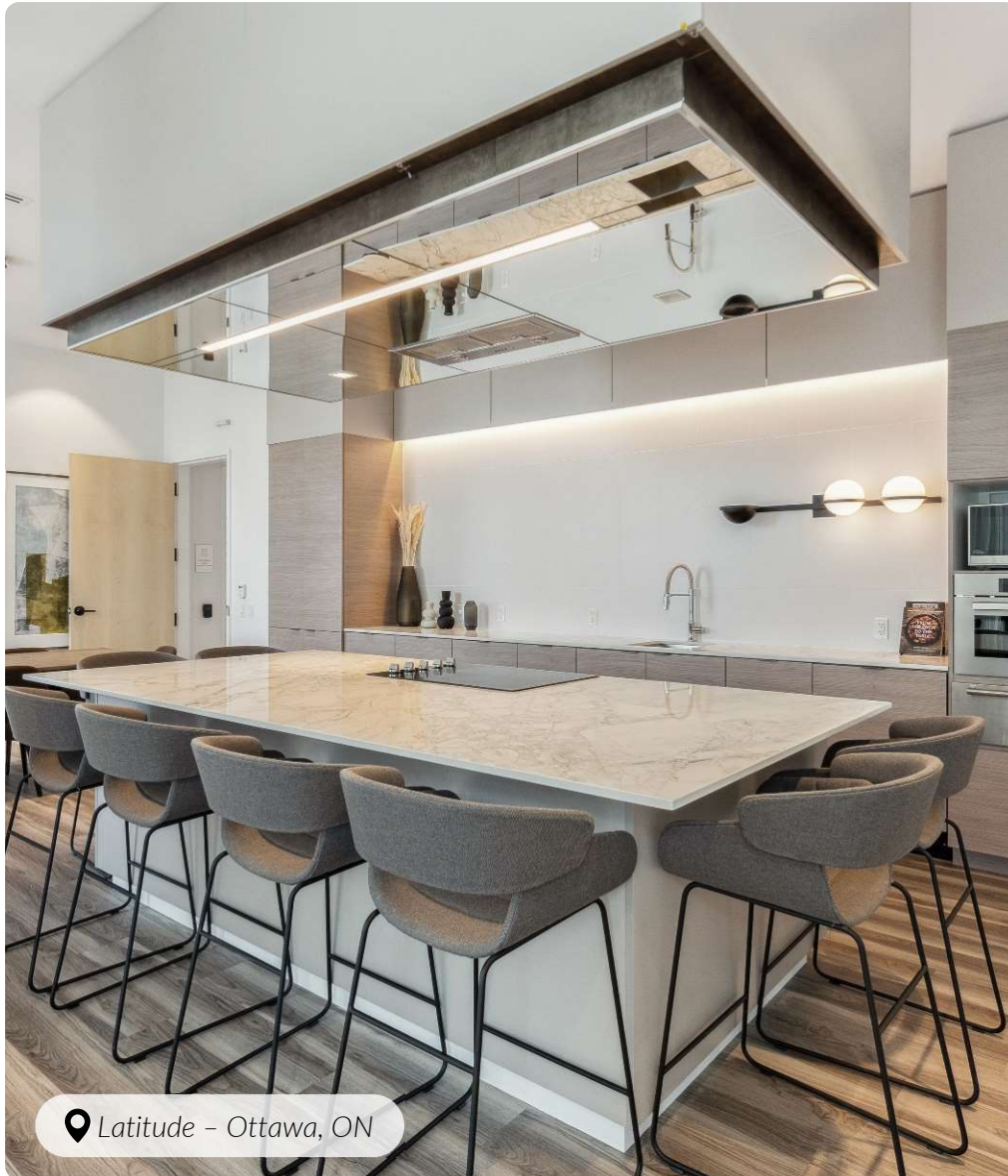
Weighted Average Term to Maturity **4.0 years**

CMHC Insured Apartment Mortgages **81.8%**

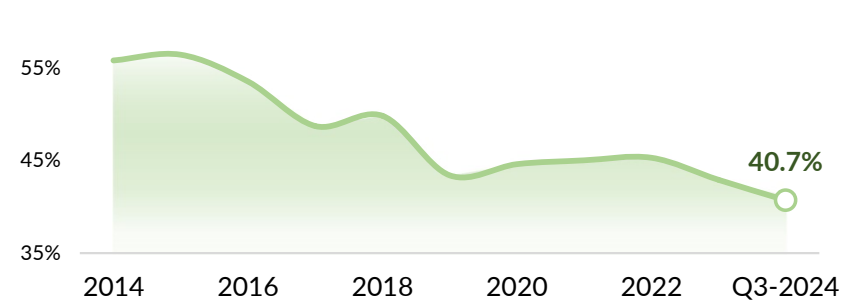
## Apartment Mortgage Maturities by Year

As at September 30, 2024

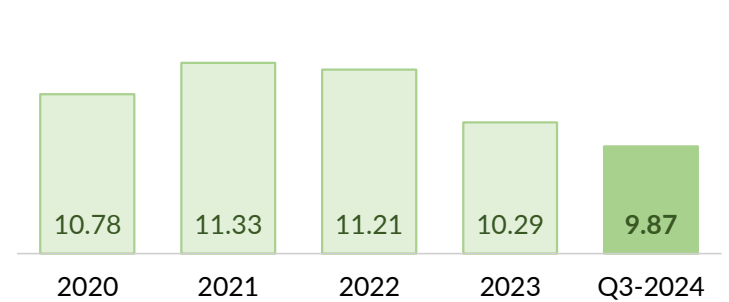




**Total Debt as a % of Assets<sup>(3)</sup>**



**Debt to Normalized EBITDA<sup>(2)</sup>**



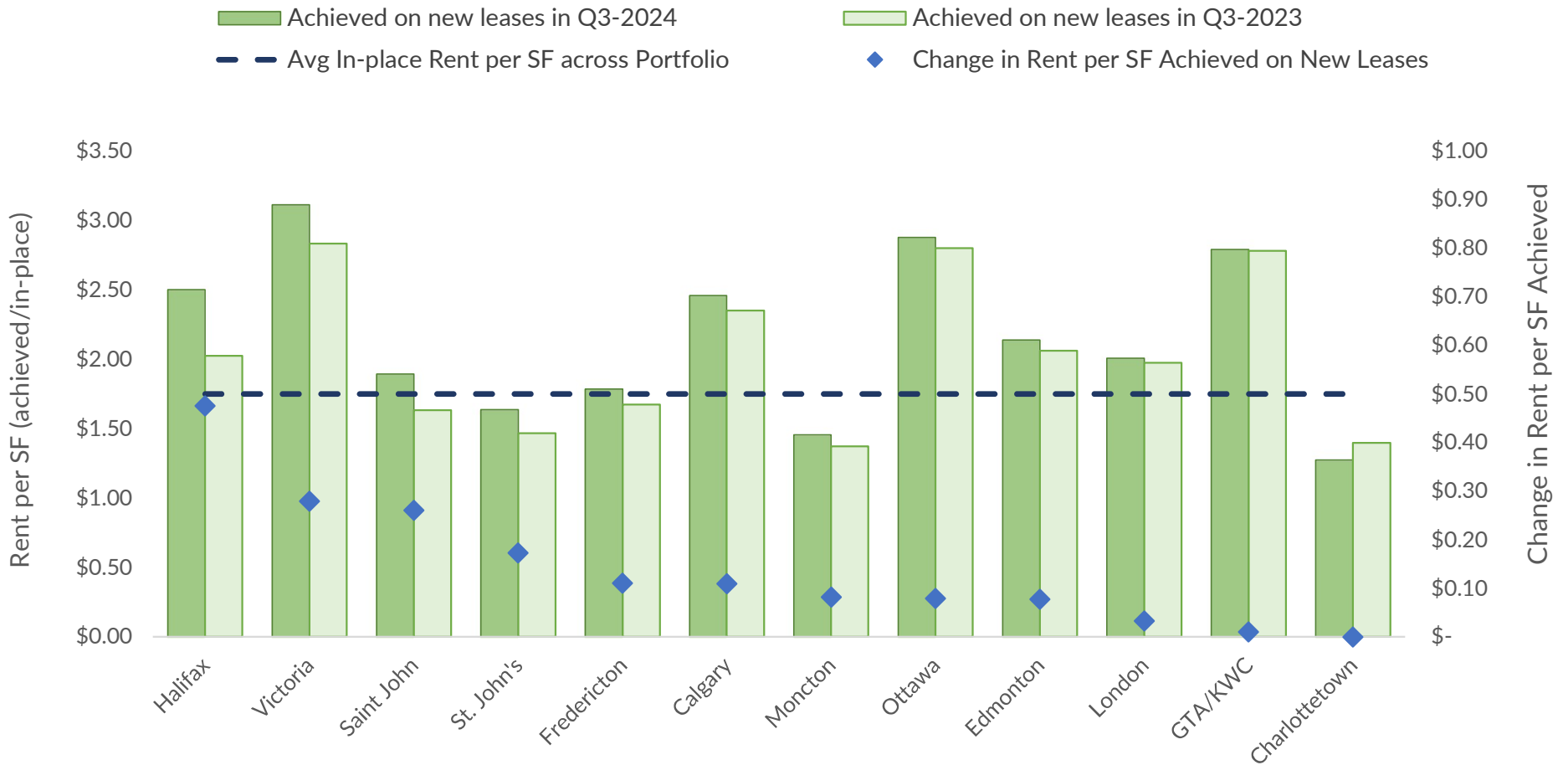
1) Debt to normalized EBITDA is a non-IFRS ratio. For a full description and calculation of the non-IFRS measures, see slide 26 and page 28 of Killam's Management Discussion and Analysis for the period ended Sept 30, 2024.  
 2) Total debt as a percentage of total assets is a capital management financial measure. For a full description of total debt as a percentage of total assets, see slide 26.



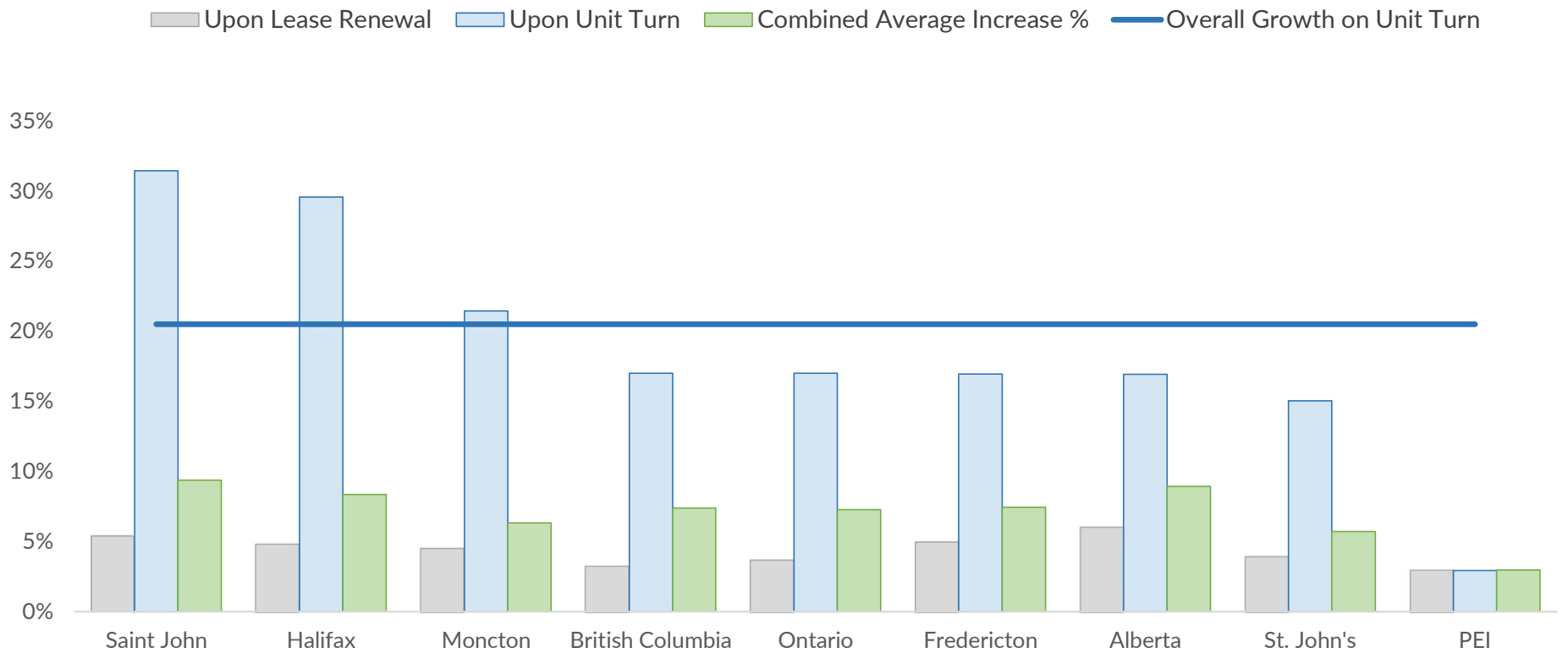
# Q3-2024 | New Lease Spreads by Region



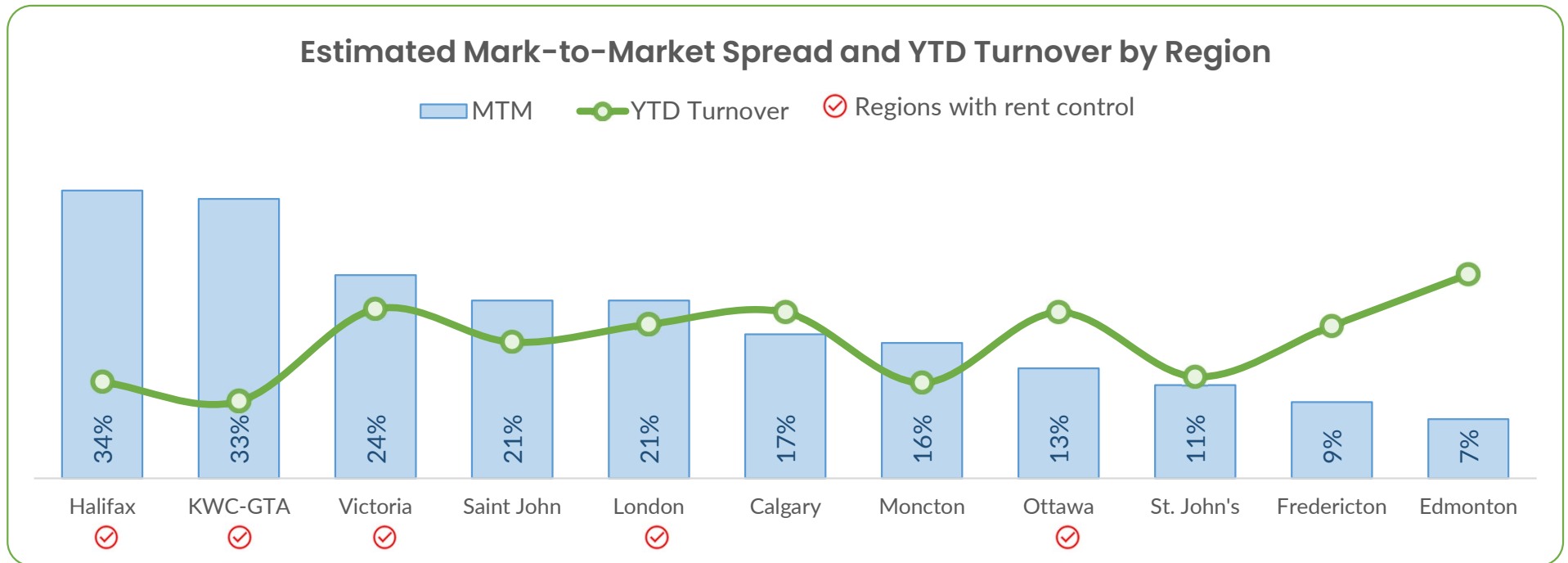
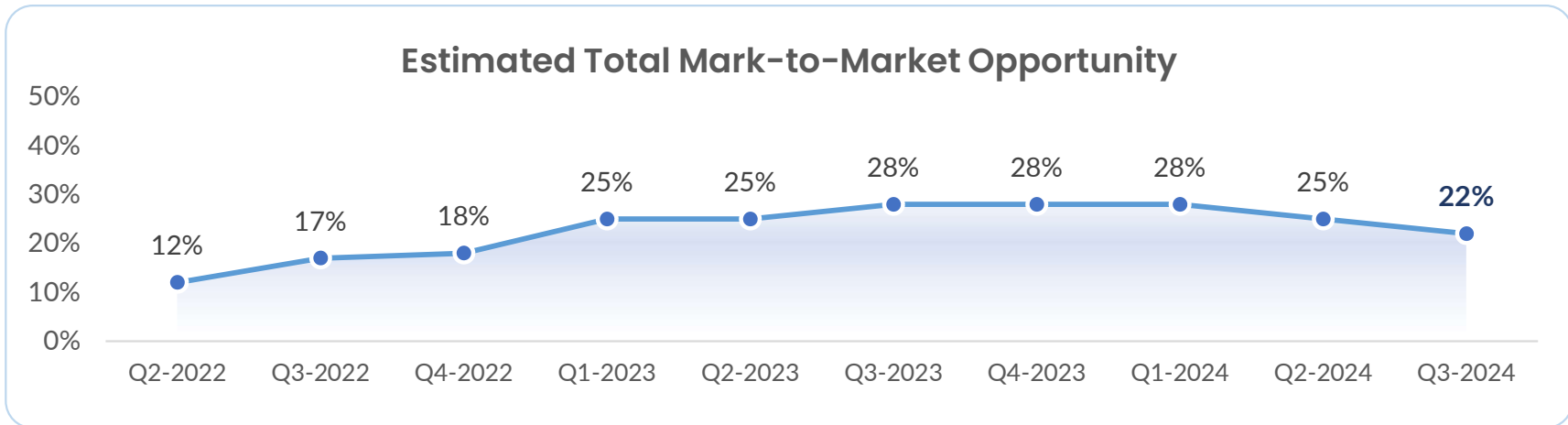
## Rent per Square Foot (SF) Achieved on New Leases Signed



## Apartments Same Property Rental Rate Growth by Region in Q3-2024

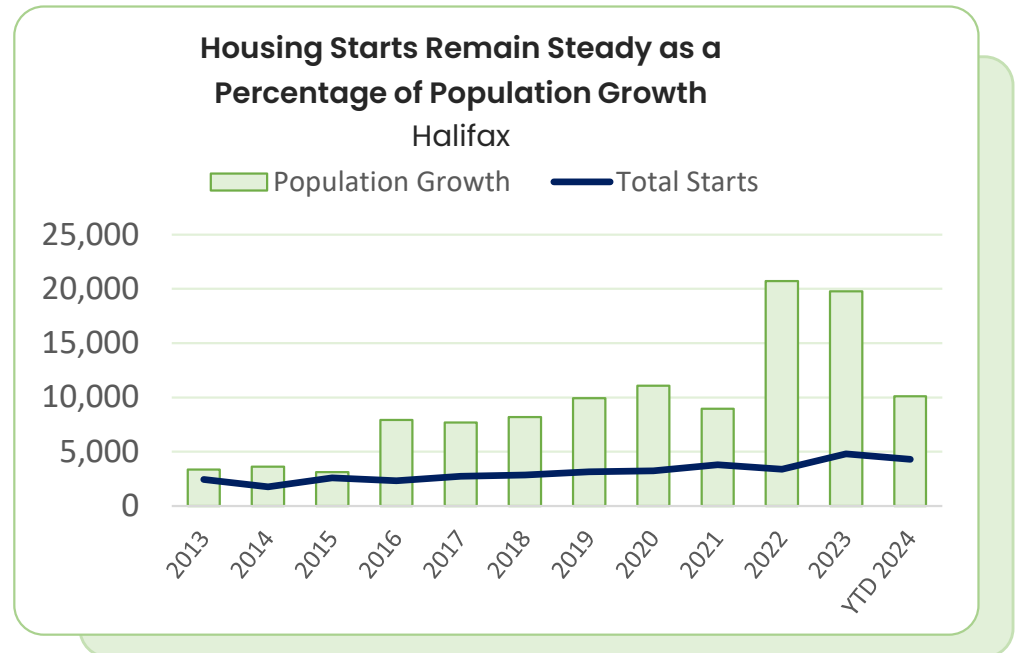
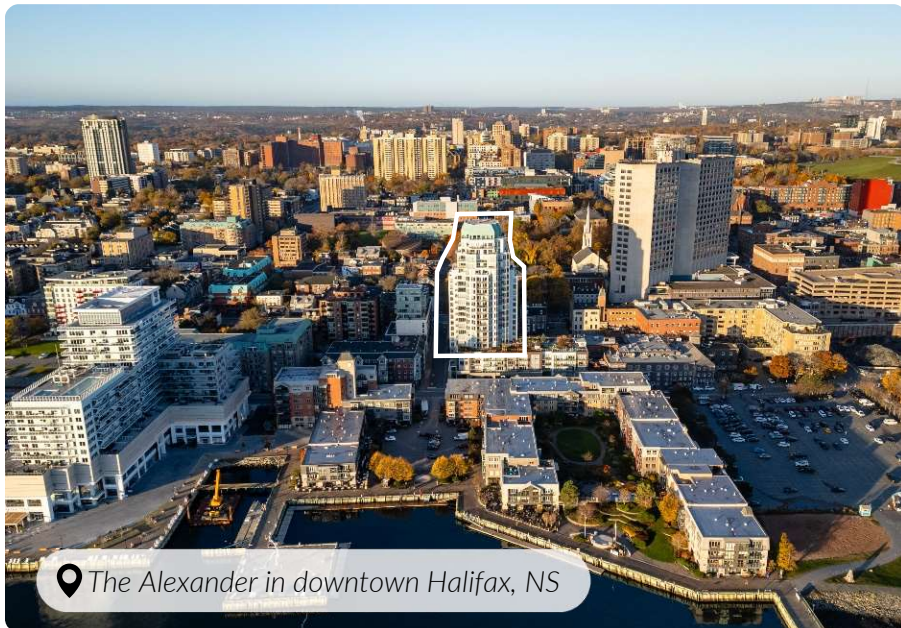
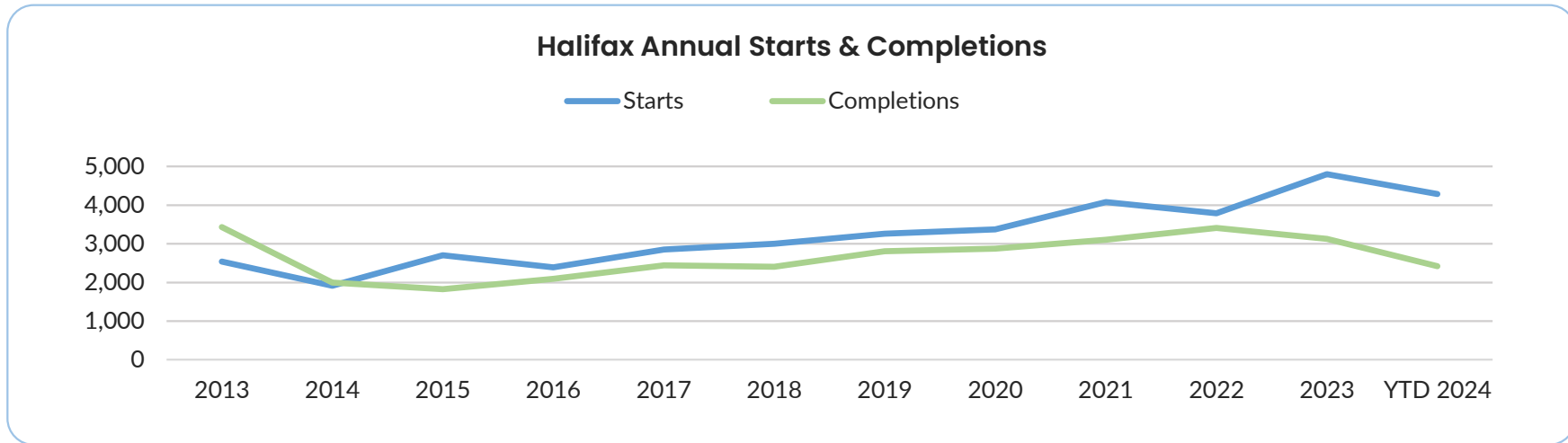


# Q3-2024 | Mark-to-Market Against Turnover by Region

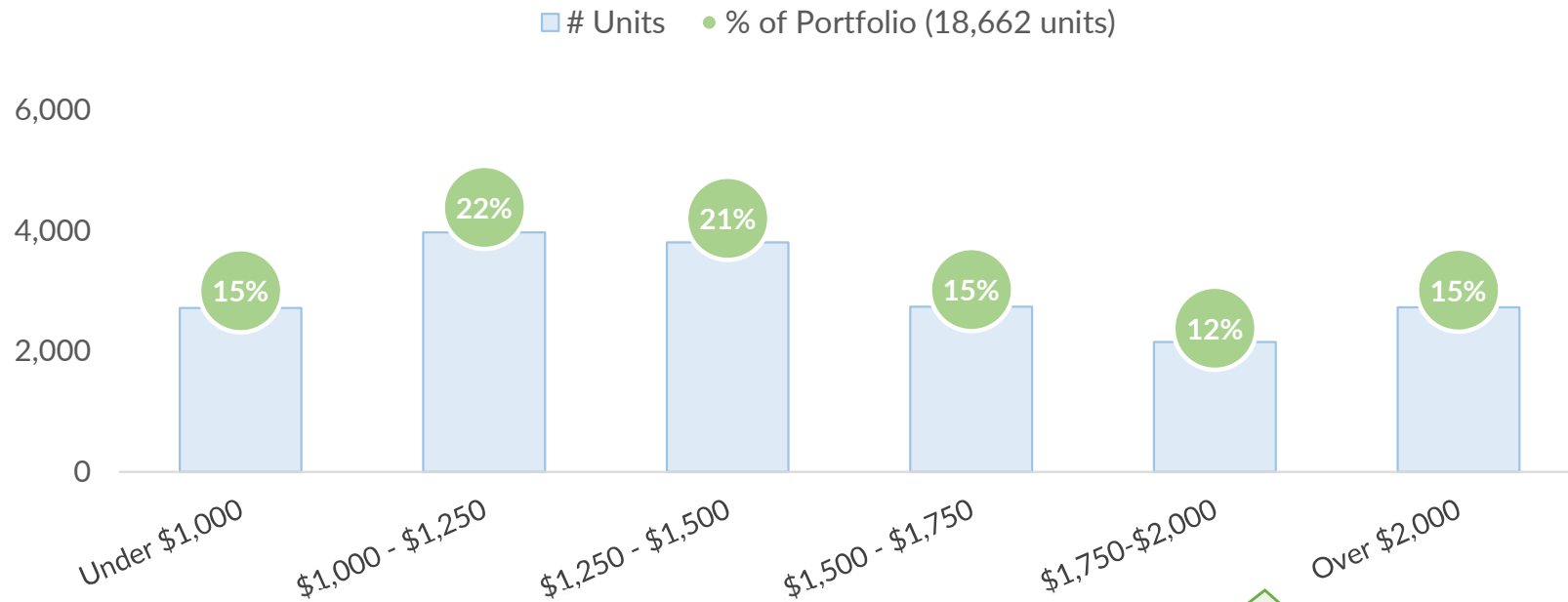




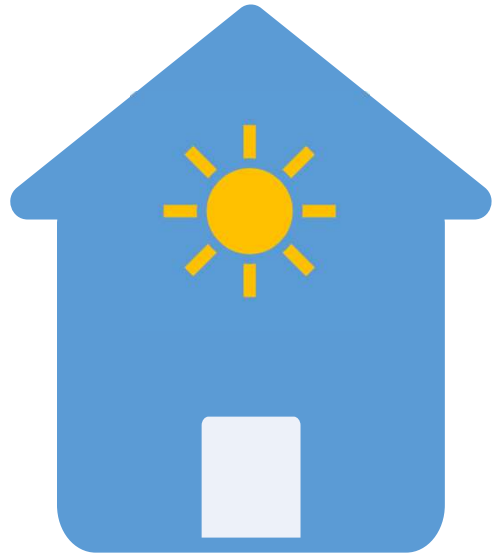
# Q3-2024 | Supply Gap Persists in Halifax



## Killam's Portfolio Distribution by Monthly Rent



Average asking rent on new multi-family developments leasing up in Halifax and KWC ranges from \$1,700-\$3,000/month, competing with only 27% of Killam's product offering.



Quinpool Tower

In November 2024, Killam will be installing its first virtual net metering solar panel project at Quinpool Tower in Halifax, NS. This will allow the surplus energy<sup>(1)</sup> generated to be transferred to its neighboring property, Quinpool Court.



Virtual net metering



Quinpool Court



As at September 30, 2024

Solar Panel Installations	<b>22 sites</b>
Annual Energy Production Capacity	<b>2,100 MWh</b>
Operationally-controlled electricity produced through renewable sources	<b>5.4%</b>

(1) Surplus energy being the additional solar electricity generated above what the host building needs.



Recycling capital, divesting of slow growth assets and lower yielding assets, while focusing on Killam’s development program and strengthening its balance sheet are key components of Killam’s strategy.

## 2024 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
5231 Kent Street	Halifax, NS	September 2024	\$5,250	27
Belvedere	Charlottetown, PEI	September 2024	\$4,250	51
9 Bruce Street	Halifax, NS	October 2024	\$8,200	60
<b>Total to-date</b>			<b>\$47,650</b>	<b>288 units</b>

# Q3-2024 | Development Underway: The Carrick – Waterloo, ON



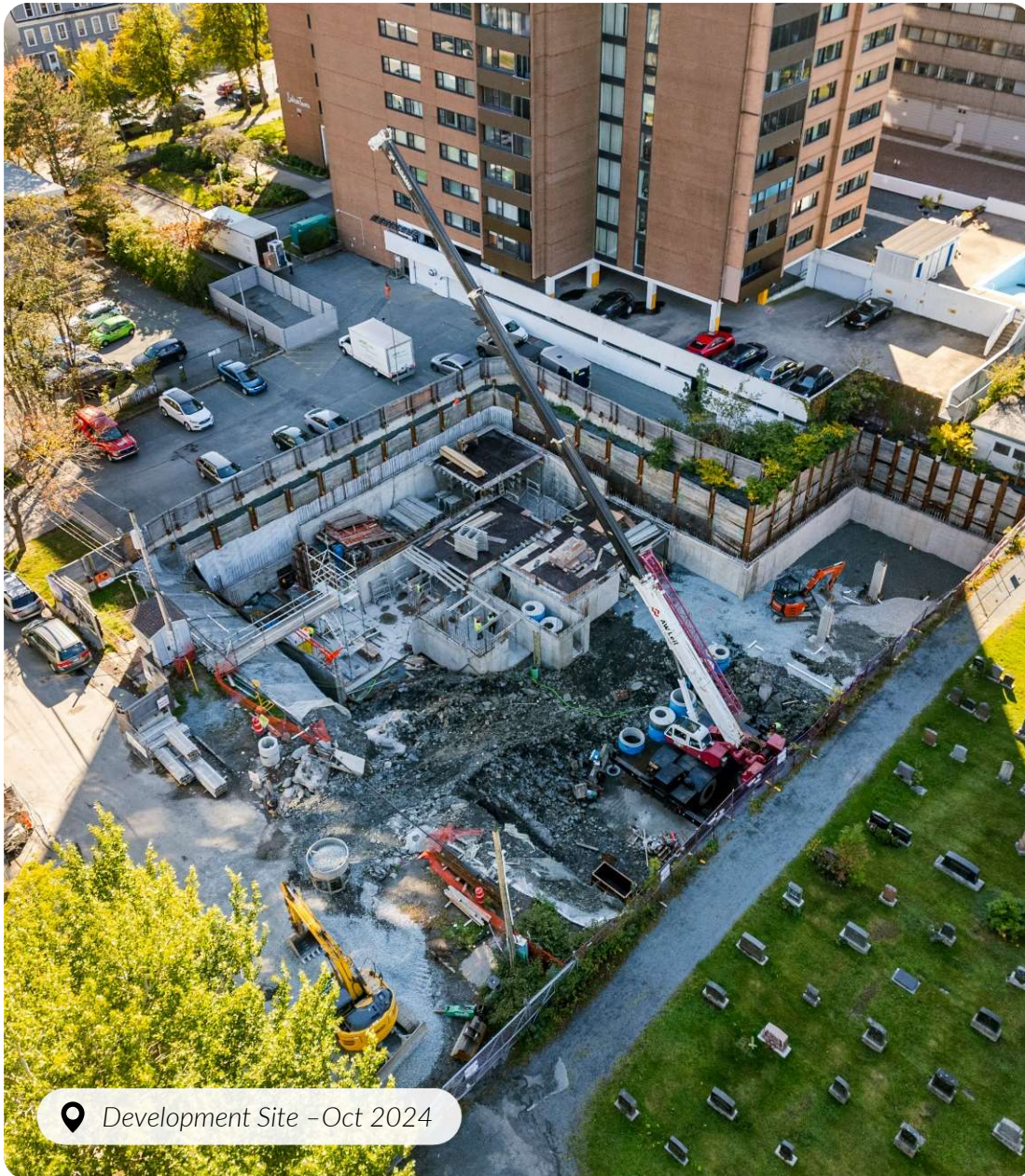
Number of units	139
Start date	Q2-2022
Est. completion date	~June 2025
Project budget	\$89M
Cost per unit	\$640,000
Expected yield <sup>(1)</sup>	4.00%-4.25%
Avg rent	\$2.75-\$3.00 per SF
Avg unit size	800 SF



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



# Q3-2024 | Development Underway: Eventide – Halifax, NS



📍 Development Site - Oct 2024



📍 Project Rendering

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





📍 Nolan Hill, Phases I and II

Nolan Hill Phase 3 is the third phase of a multi-phase development in Calgary, AB. These two towers will comprise 296 units. The development includes a clubhouse with a fitness center, indoor court, and amenity room for the Nolan Hill community.



📍 Nolan Hill Phase III - Rendering

(1) Killam has a 10% interest in the Nolan Hill Phase III development, with the potential to purchase the remaining 90% interest upon completion of each phase.



Demolition of the vacant commercial building on site has started. The Wissler development is a 128-unit apartment adjacent to Killam's Northfield Gardens in Waterloo, ON.







Victoria Gardens is a multi-phase development opportunity in Halifax, NS. Phase 1 will comprise of 95 units to be built on a vacant parcel within the 10-acre site, resulting in minimal disruption to existing tenants.



Victoria Gardens Phase I – Rendering

# Q3-2024 | Current Development Pipeline



**Wissler**  
Waterloo, ON

- ▶ 128 units
- ▶ 2026 Est. Completion
- ▶ Starting demolishing work



**Victoria Gardens**  
Halifax, NS

- ▶ 95 units (Phase 1)
- ▶ 2026 Est. Completion
- ▶ Planning approvals



**Harlington**  
Halifax, NS

- ▶ 150 units
- ▶ 2027 Est. Completion
- ▶ Planning approvals



**Nolan Hill Phase 3**  
Calgary, AB

- ▶ 296 units
- ▶ 2028 Est. Completion
- ▶ Ready to begin construction

# 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 95.8% of the fair value of Killam's investment property portfolio as at September 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 Q3-2024 Management's Discussion and Analysis for further details on these non-IFRS measures and, where applicable, reconciliations to the most directly comparable IFRS measure.



# Q3-2024 Results Conference Call

