



Q3-2020 RESULTS CONFERENCE CALL
November 5, 2020 | 9AM EASTERN

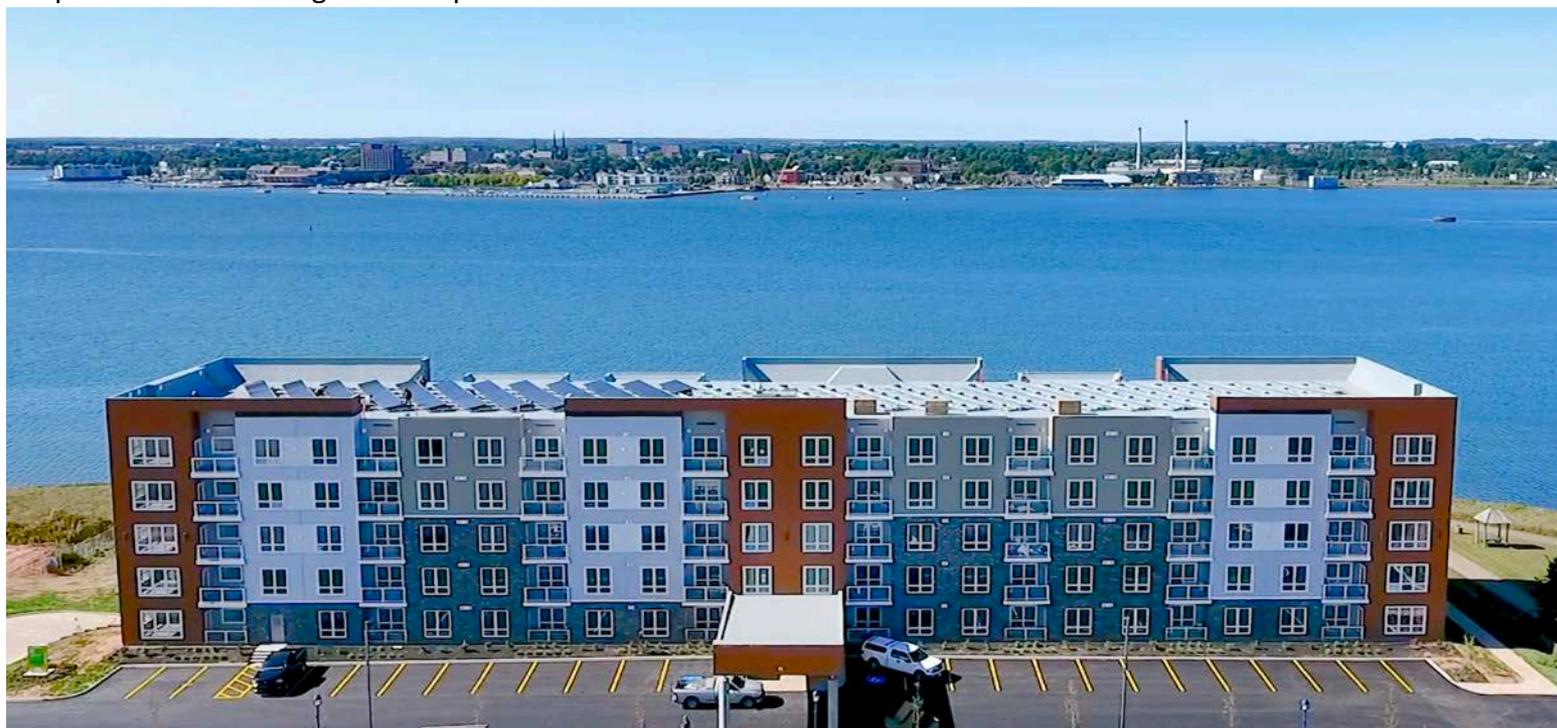


KILLAM APARTMENT REIT



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, risks and uncertainties relating to the COVID-19 pandemic, general economic and market factors, competition, changes in government regulation and the factors described under “Risk Factors” in Killam’s annual information form, Killam’s Management’s Discussion and Analysis for the three and nine months ended September 30, 2020, 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.



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.

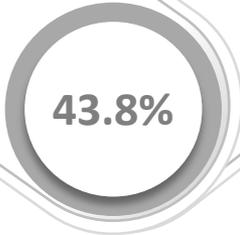
FFO per Unit Growth
\$0.27 per unit, comparable to Q3-2019 and a \$0.75 per unit year-to-date, a 2.7% increase from YTD 2019.



AFFO per Unit
\$0.23 per unit, consistent with Q3-2019 and \$0.63 per unit year-to-date, a 6.8% increase from YTD 2019.



Net Income
Net Income includes \$14.7M of fair value gains on investment properties.



Debt to Total Assets
Flexible capital structure with a conservative balance sheet.

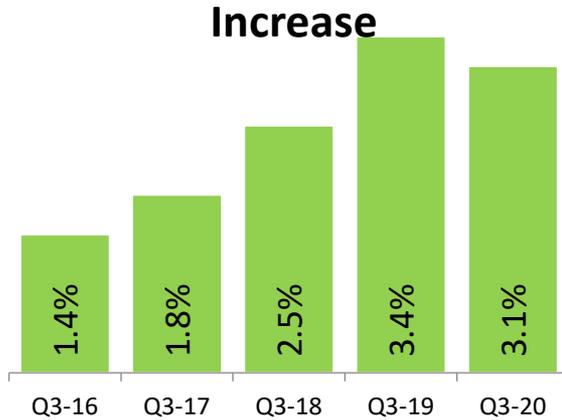


Same Property NOI Growth
0.4% growth for Q3 and 2.8% growth YTD with a 50 bps improvement in operating margin.

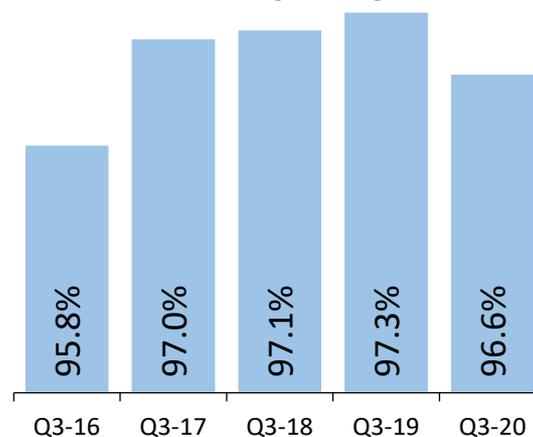
Q3-2020 | Financial Highlights



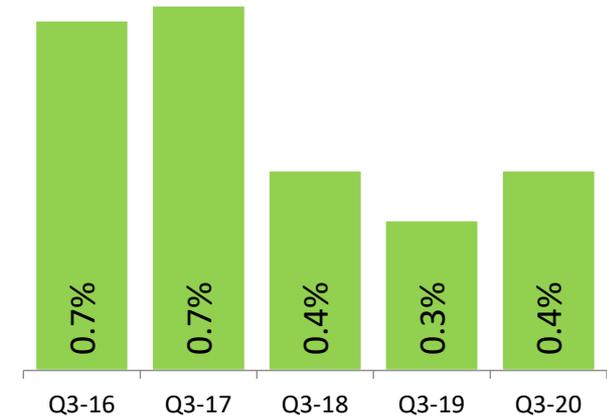
Apt Same Property Avg Rental Rate Increase



Apt Same Property Occupancy¹



Apt Same Property Incentive Offerings²



1 Measured as dollar vacancy for the quarter.
2 Measured as a percentage of residential rent.

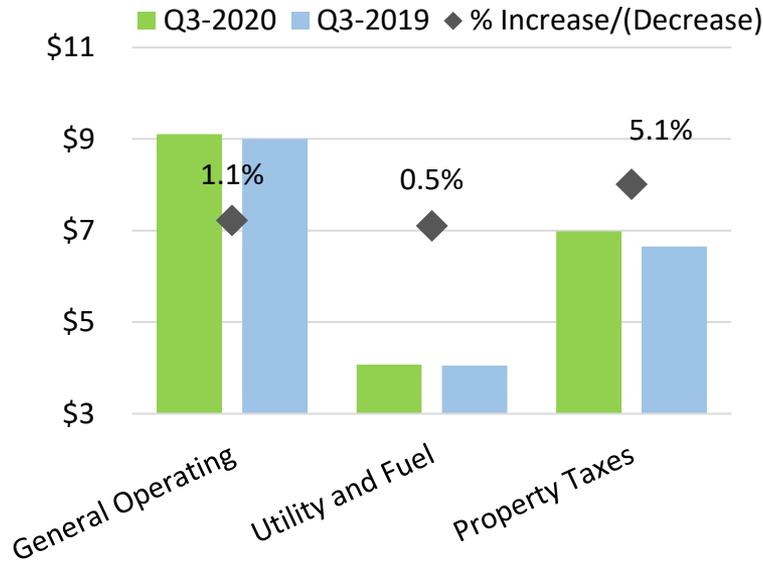
Net Revenue Growth of 1.8%

- Rental rate growth of 3.1%
- Occupancy declined 70 bps
- Modest incentive offerings in only select markets

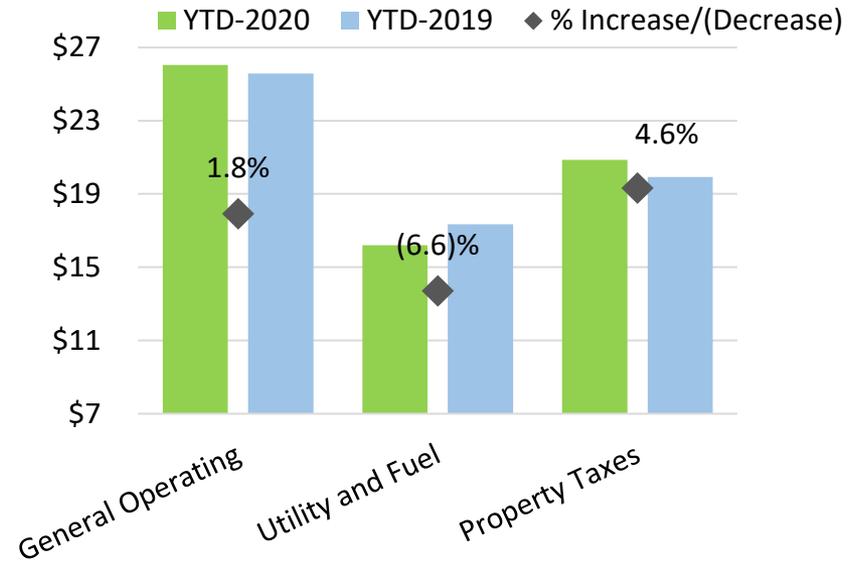
Q3-2020 | Financial Highlights



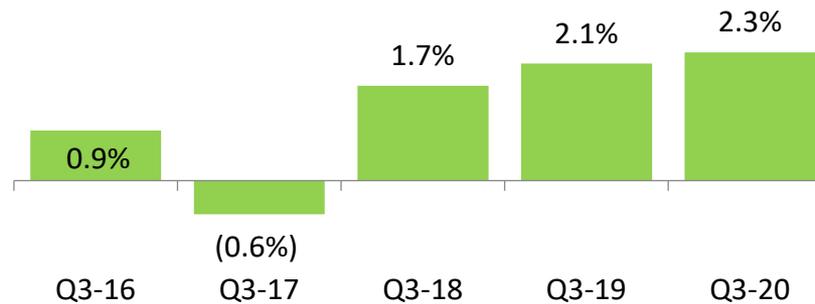
Q3 Same Property Expense by Category (\$M)



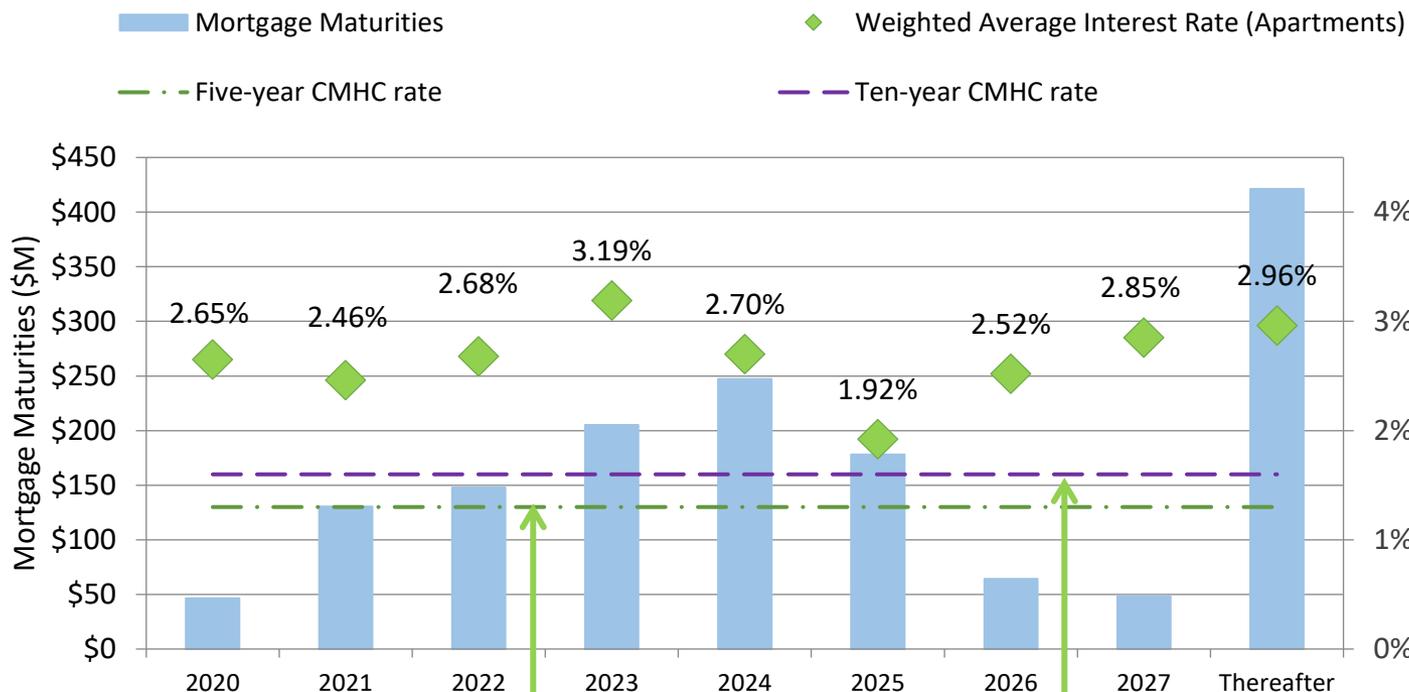
YTD-2020 Same Property Expense by Category (\$M)



Same Property Expense Growth



Apartment Mortgage Maturities by Year As at September 30, 2020



**Current
Weighted
Average
Interest Rate of
2.77%**

**86% of
Apartment
Mortgages
CMHC Insured**

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

Killam's mortgage refinancing program has remained on schedule during the COVID-19 pandemic.

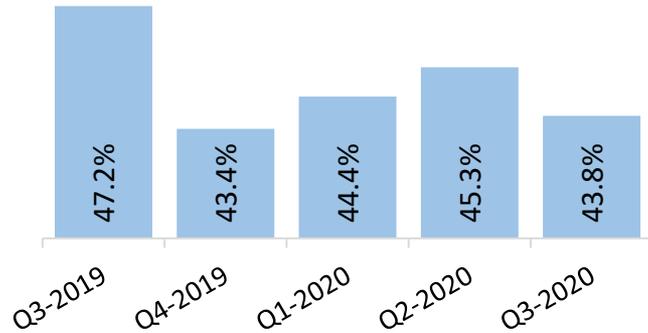
Current rate for 5-year and 10-year CMHC insured debt is approximately 1.3% and 1.6%.

Q3-2020 | Financial Highlights



Increasing value of investment properties with conservative debt metrics.

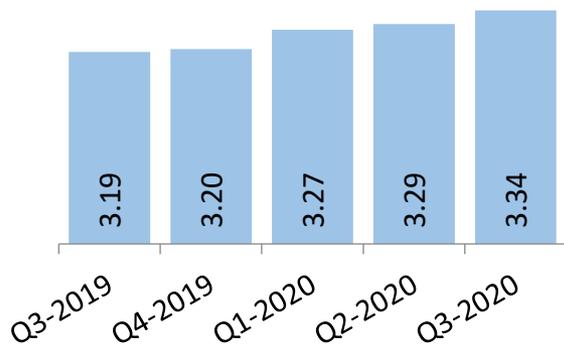
Debt as a % of Assets



Investment Properties (\$B)



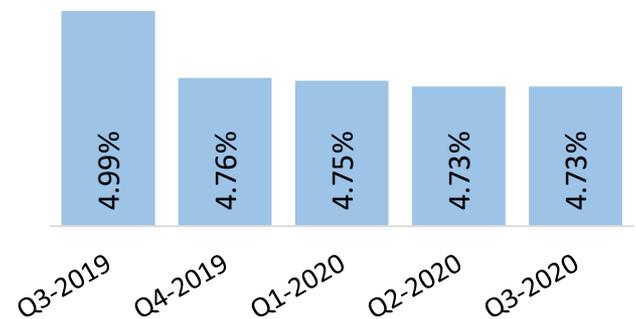
Interest Coverage Ratio



Debt to Normalized EBITDA

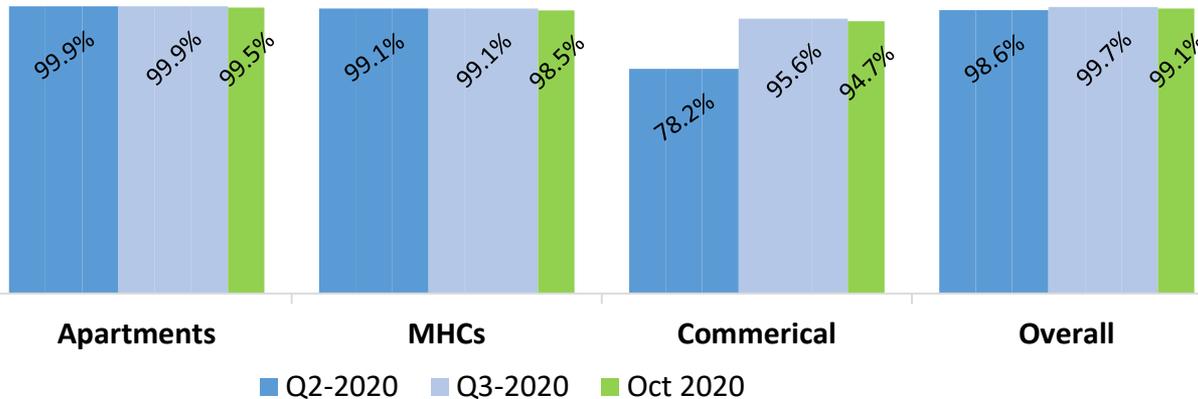


Weighted Average Apartment Effective Cap-Rates



Q3-2020 | Rent Collection

Rent Collection (as at Oct 30th)

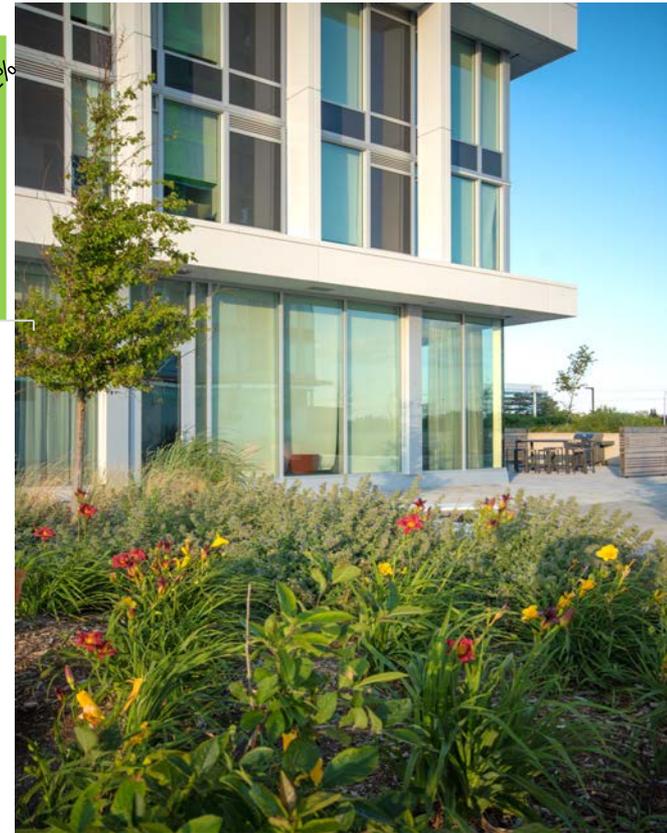


Killam's Commercial Tenants

Participating in the federal CECRA program with:

- 40 tenants
- \$0.1M revenue reduction recorded in Q3 (\$0.2M Year-to-date)

Working with tenants who do not qualify for CECRA on a case-by-case basis, and in certain cases have agreed to temporary rent deferrals for 60 to 90 days.



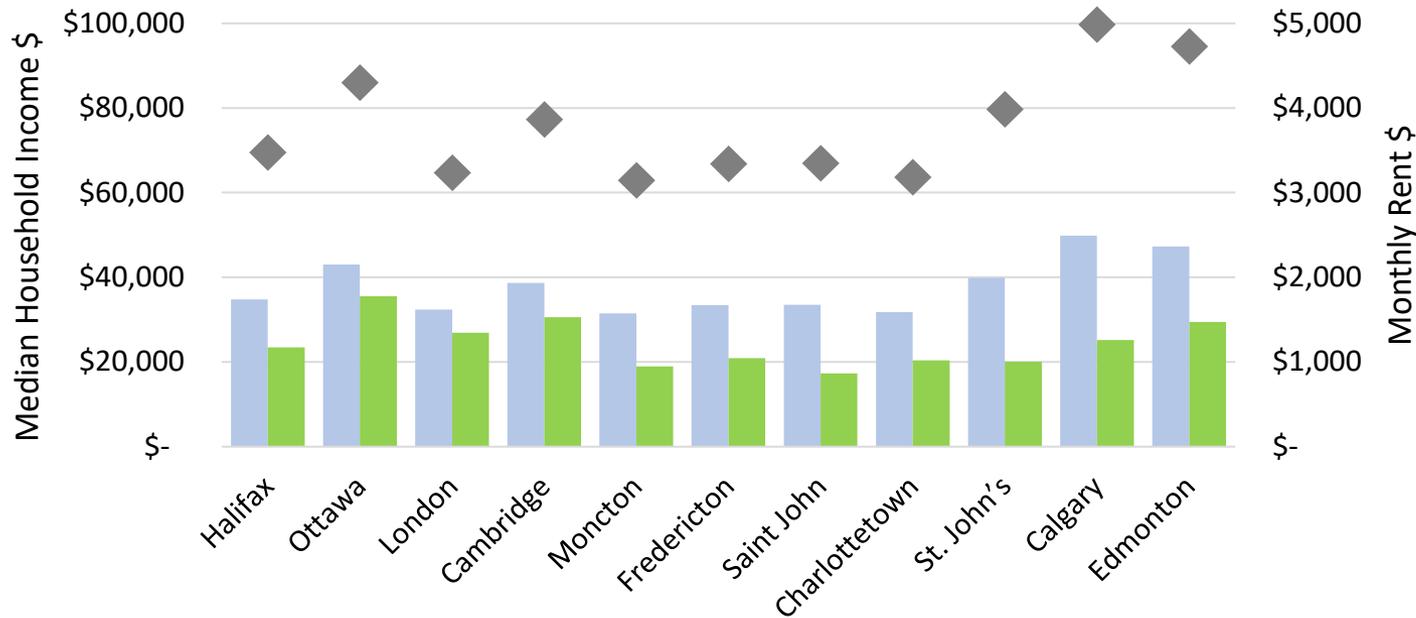
Killam continues to diligently work on all arrears and seeking rent deferrals arrangements with commercial and residential tenants on a case-by-case basis.

Q3-2020 | Delivering Value to our Residents



Killam delivers affordable, safe, clean and high-quality housing to our residents across Canada.

Affordable Rents in Killam's Portfolio per CMHC Metric



Region	Killam's Rent as a % of Median Household Income
Halifax	20.3%
Ottawa	24.8%
London	25.0%
Cambridge	23.7%
Moncton	18.1%
Fredericton	18.8%
Saint John	15.5%
Charlottetown	19.2%
St. John's	15.1%
Calgary	15.2%
Edmonton	18.7%

■ Monthly Rent as 30% of Median Income ■ Killam's Average Monthly Rent ◆ Median Household Income (2016) ⁽¹⁾

Killam's average rent varies between 15% - 25% of the median household income in each of its regions, well below the CMHC maximum threshold of 30% for affordability.

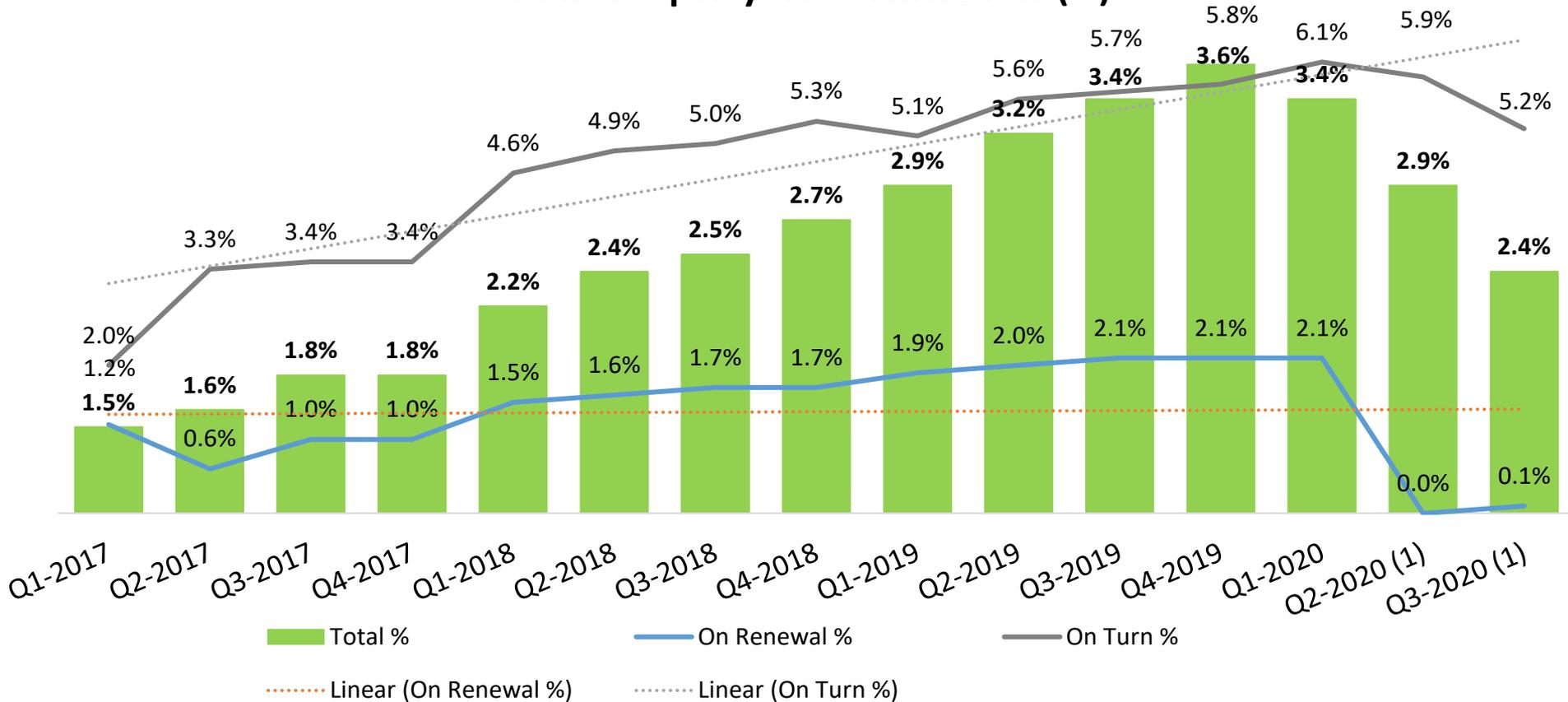
(1) Per CMHC Housing Market Information Portal - Median Household Income (Before Taxes), 2016

Q3-2020 | Revenue – Long-term Strength



With continued **high occupancy levels**, increasing rental rates is a key focus for **revenue optimization**.

Same Property Rental Increases (%)



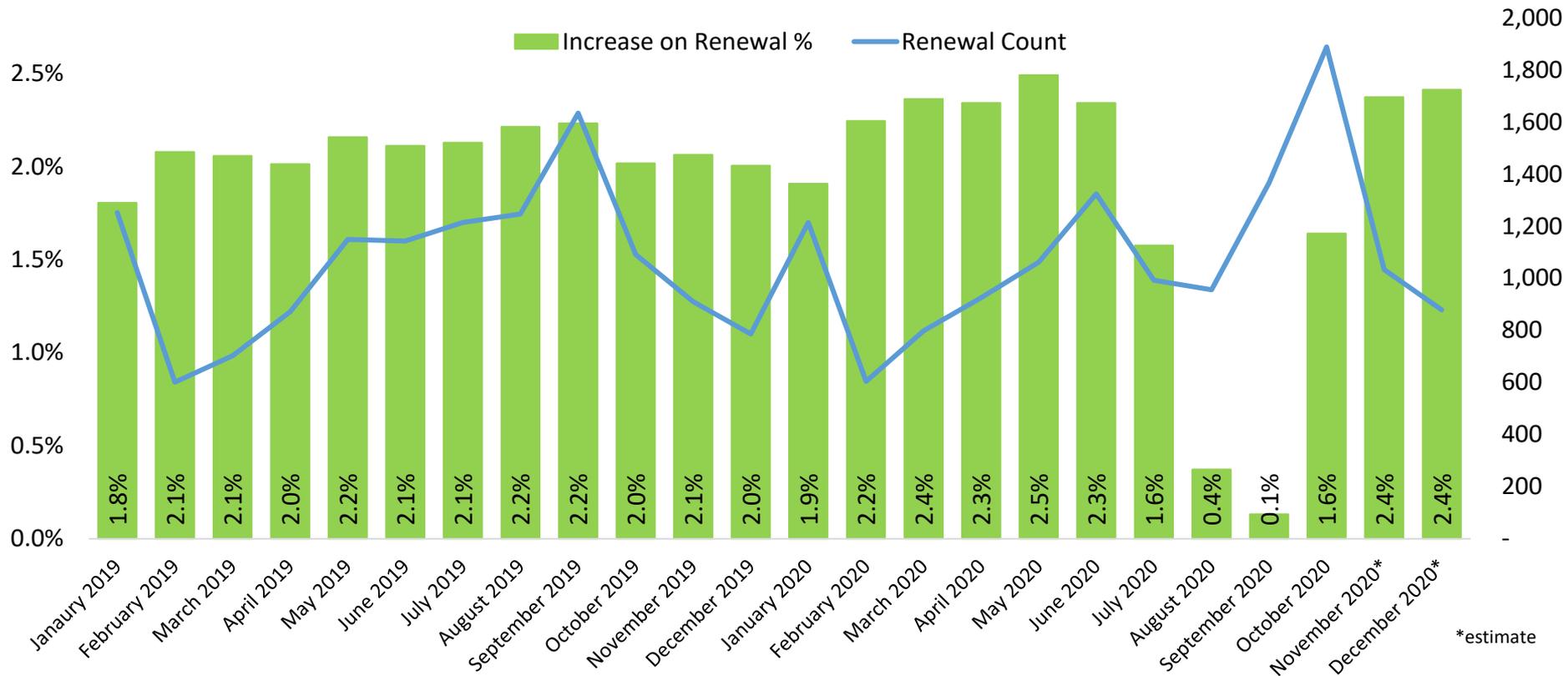
(1) Killam waived the collection of rental increases on renewals in Q2 and July 2020, resulting in a reduction of same property revenue of approximately \$280k. Without the waiving of increases, same property rent growth on renewals would have been 2.8% and 0.6% and same property average rental rate increases would have been 3.5% and 2.8% for Q2 and Q3-2020, based on contractual rates.

Q3-2020 | Revenue – Renewal Growth



Approximately 70% of Killam’s residents renew each year with average increases of 1.8% - 2.5% pre COVID-19. Due to voluntary rent freeze and delayed notice given to tenants renewing July – November, renewal rates are temporarily lower in Q3-2020 but expected to recover by year-end.

Increases on Renewing Rents (%)



*estimate

Based on renewal increases delivered to residents, Killam estimates renewal rates to be ~2.4% in Q4-2020.

Revenue growth through unit repositions to meet market demand.

YTD-2020 Actuals

- 426 unit repositions
- 12% ROI
- \$26k avg investment

2020 Program

- 500 unit repositions
- ~\$12-14M investment
- ~\$1.6-1.8M annualized revenue

Total Opportunity

- 5,000 unit repositions
- ~\$125-140M investment
- ~\$16-18M annualized revenue

Based on a 5% cap rate this investment would increase the NAV by ~\$200M.

Province	Opportunity to Renovate
NS	3,000
NB	1,300
ON	500
NL	150
AB	50
Total	5,000

Note: Unit renovations have continued in compliance with social distancing measures.

Q3-2020 | Killam's Green Commitment

Increasing earnings from operations through energy efficiency.

Includes photovoltaic solar panels, water conservation projects and heating efficiencies.

\$5.8 Million planned for 2020; 87 projects

\$0.65 Million potential annualized savings

8 year average payback



Quinpool Court, Halifax, NS

94 kW Array | 113 MWh produced annually



The solar panels will save ~80 metric tons of GHG each year, equivalent to 315 thousand KMs driven by an average size vehicle.

2020 Solar Array Projects

- 11 Solar array installs at various properties in NS & PEI
- \$1.3M Investment
- 880 Mega Watts hours (MWh) annually
- ~\$150k Annual expense savings
- 11% Average ROI

Q3-2020 | Acquisitions

		Property	Location	Acquisition Date	Ownership Interest (%)	Property Type	Purchase Price ⁽¹⁾ (\$000's)
1	Q1	Christie Point	Victoria, BC	Jan 15, 2020	100%	Apartment	\$54,000
2	Q1	9 Carrington	Halifax, NS	Jan 31, 2020	100%	Apartment	8,800
3	Q1	Domaine Parlee	Shediac, NB	Mar 23, 2020	100%	MHC	3,950
4	Q1	1323-1325 Hollis	Halifax, NS	Mar 31, 2020	100%	Apartment	3,700
5	Q2	Crossing at Belmont	Langford, BC	Apr 30, 2020	100%	Apartment	60,000
6	Q3	3644 & 3670 Kempt Road	Halifax, NS	Jul 15, 2020	100%	Commercial	2,500
7	Q3	Luma	Ottawa, ON	Jul 30, 2020	50%	Dev Land	4,300
8		Q3-YTD Acquisitions					\$137,250
9	Q4	171 & 181 Leopold Belliveau Drive	Moncton, NB	Oct 26, 2020	100%	Apartment	17,600
10	Q4	Horizon Place	Moncton, NB	Mid-Nov 2020	100%	Apartment	55,000
11		Year-to-date closed and/or committed acquisitions					\$209,850

(1) Purchase price does not include transaction costs.



Q4-2020 Acquisitions | Moncton, NB

Description:

171 & 181 Leopold Belliveau Drive

107 units; 2 apartment buildings with 1 and 2 bedroom units

Average rent – \$1,214/month (\$1.20/sf)

Acquisition Details:

\$17.6 million

5.0% capitalization rate

100% occupied

Closed: October 26, 2020

Location:

Moncton, NB

171 & 181 Leopold Belliveau



Q4-2020 Acquisitions | Moncton, NB

Description:

162 units; 1,426 square feet (sf) average

- 39 one bedrooms; 986 sf
- 116 two bedrooms; 1,499 sf
- 7 three bedrooms; 2,663 sf

Average rent – \$1,885/month (\$1.32/sf)

Acquisition Details:

\$55 million

4.5% capitalization rate

88% leased

Expected closing date: Nov 13, 2020

Location:

Dieppe, NB

Horizon Place



Q4-2020 Acquisitions | Moncton, NB

Horizon Place, 162 units

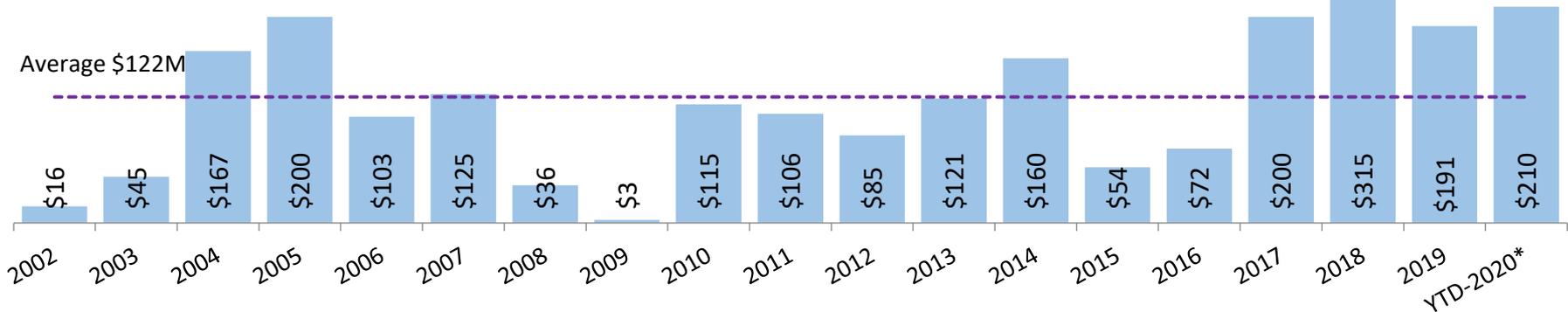


Q4-2020 Acquisitions | Moncton, NB

Horizon Place, 162 units



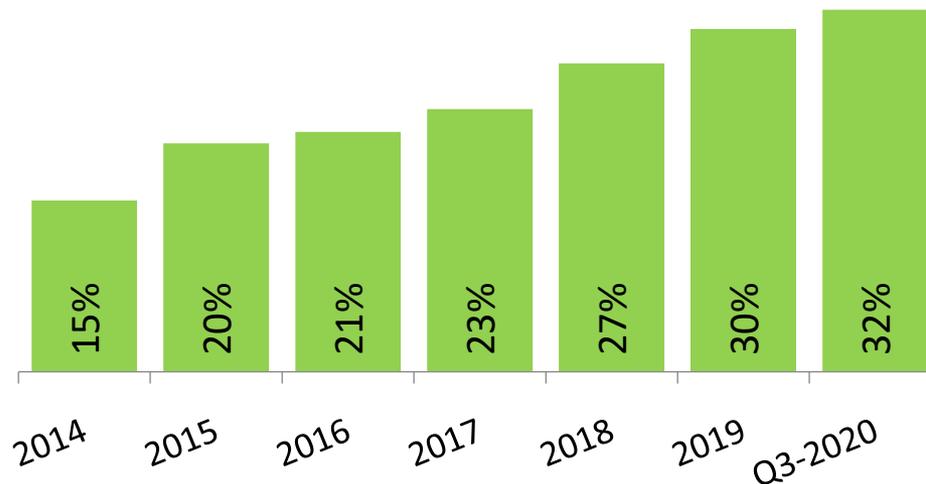
Annual Acquisitions (\$ millions)



*Includes a \$55 million purchase to be completed in mid-November 2020.

NOI Generated Outside Atlantic Canada

Killam continues to expand the portfolio and diversify geographically through accretive acquisitions, targeting newer properties.



Q3-2020 | 2020 Development Projects Underway



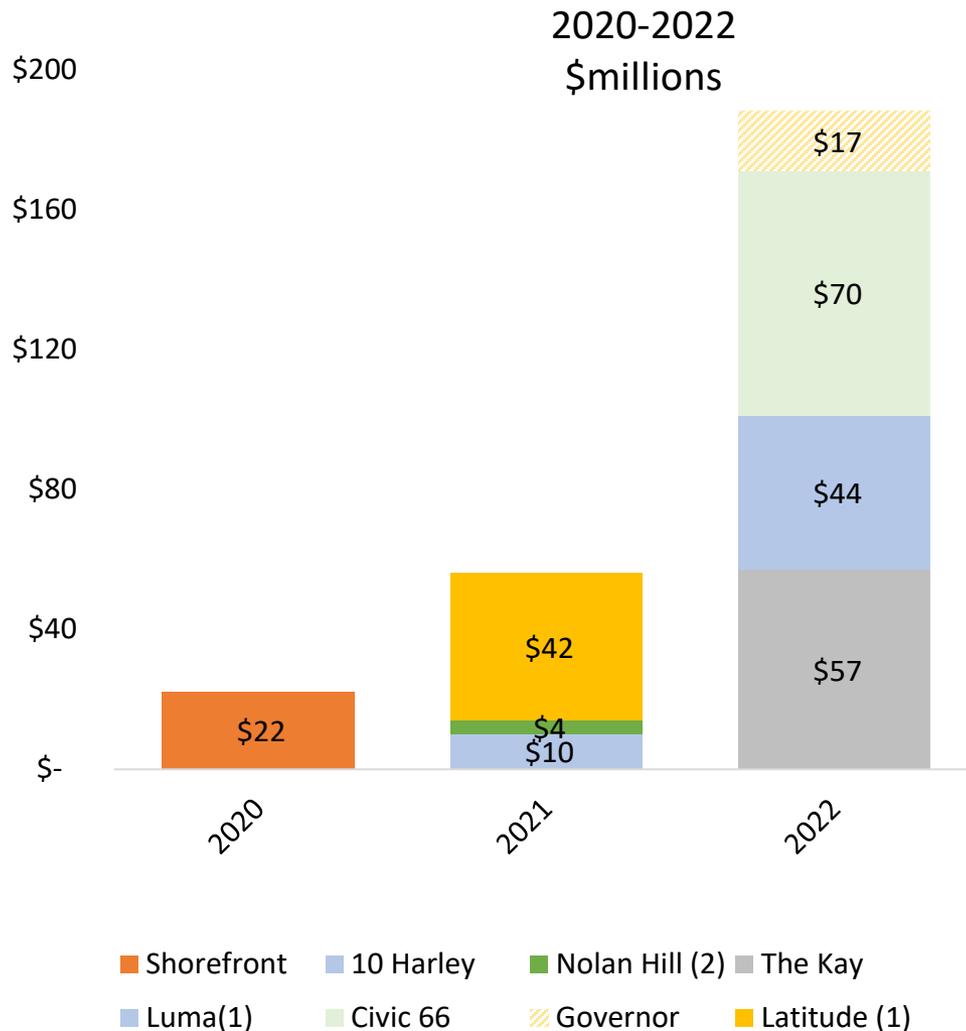
Killam currently has six developments underway, plus a 10% interest in a Calgary project, for a total of 624 apartment units at a total cost of ~\$250 million and an expected yield of ~5%.



(1) Represents Killam's 50% ownership

(2) Killam has a 10% interest in the project. Killam has a commitment to acquire the remaining 90% interest upon completion in Q1-2021. 21

Developments - Scheduled Completion



Developing high-quality properties in core markets.

- Over \$600 million (~2,000 units) of developments completed or underway.
- Experienced in-house architect and engineers.
- Extensive development experience with \$280 million (1,024 units) in 10 development projects completed in 2013-2019.

The current pipeline of developments has an expected yield of approximately 5%, contributing to FFO per unit growth in 2021 – 2023.

(1) Killam's 50% ownership

(2) Killam's 10% ownership. Killam will acquire the remaining 90% interest of this 233-unit building upon completion in Q1-2021.

Q3-2020 | Development Activity, Charlottetown

Shorefront opened October 1, 2020.

Key Statistics

Number of units	78
Start date	Q4-2018
Completion date	Oct-2020
Project budget (\$M)	\$22.0
Cost per unit	\$282,000
Expected yield	5.25%
Expected value	4.75-5.0%



Green Features: Sub-metered water, solar photovoltaic panels, on-site EV chargers

Q3-2020 | Development Activity, Charlottetown

Shorefront opened October 1, 2020 and this 78-unit property is currently 33% leased.



Q3-2020 | Development Activity, Charlottetown

10 Harley Street – 38-unit redevelopment in Charlottetown.



Key Statistics

Number of units	38
Start date	Q3-2019
Estimated completion date	Feb-2021
Project budget (\$M)	\$10.4
Cost per unit	\$274,000
Expected yield	5.0-5.25%
Expected value	4.75-5.0%

- Solar arrays (262 kW) are currently being installed at the Harley portfolio (5, 9, 10 Harley and 297 Allen)
- \$457k Investment
- 303 Mega Watts hours (MWh) annually
- ~\$58k Annual expense savings
- 12.7% Return on investment



Q3-2020 | Development Activity, Calgary

Killam has a 10% interest in a 233-unit development project, **Nolan Hill**, in Calgary. Killam has a commitment to acquire the remaining 90% interest upon completion in Q1-2021.



Nolan Hill

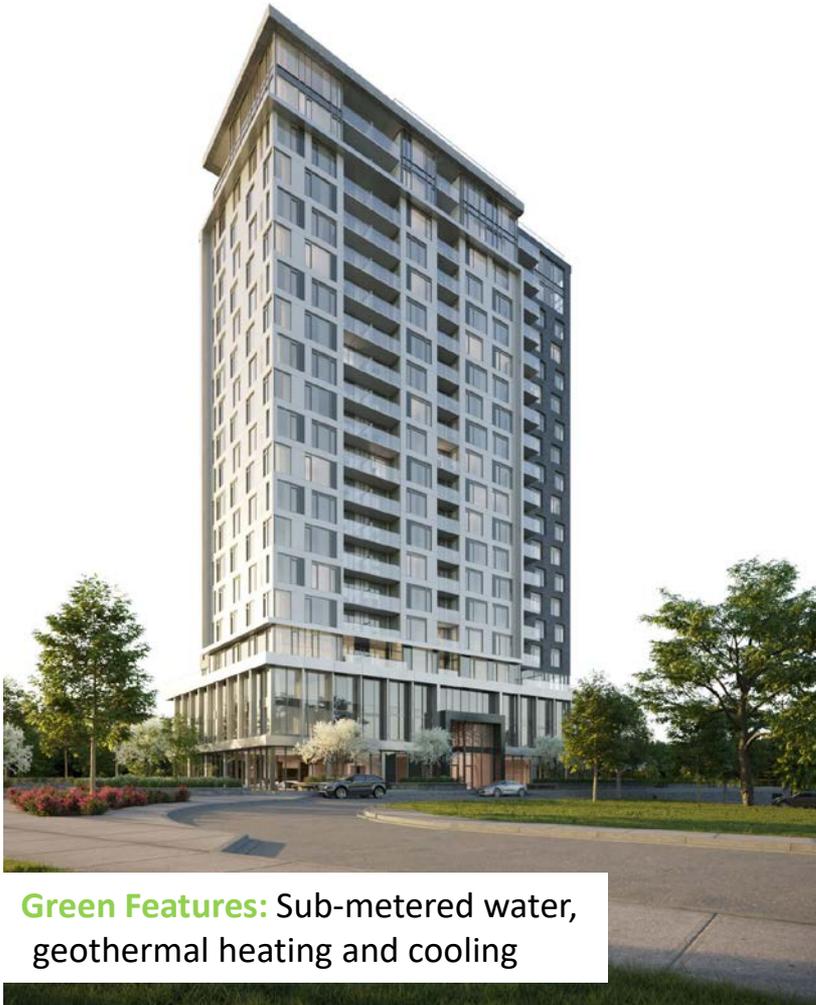
Key Statistics

Number of units	233
Start date	Q4-2019
Estimated completion/purchase date	Q1-2021
Project budget (\$M)*	\$4.4M \$190,000/unit
Purchase Price	\$55.0M \$236,000/unit

* Killam's 10% interest.



Latitude (Phase II of Gloucester City Centre)



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



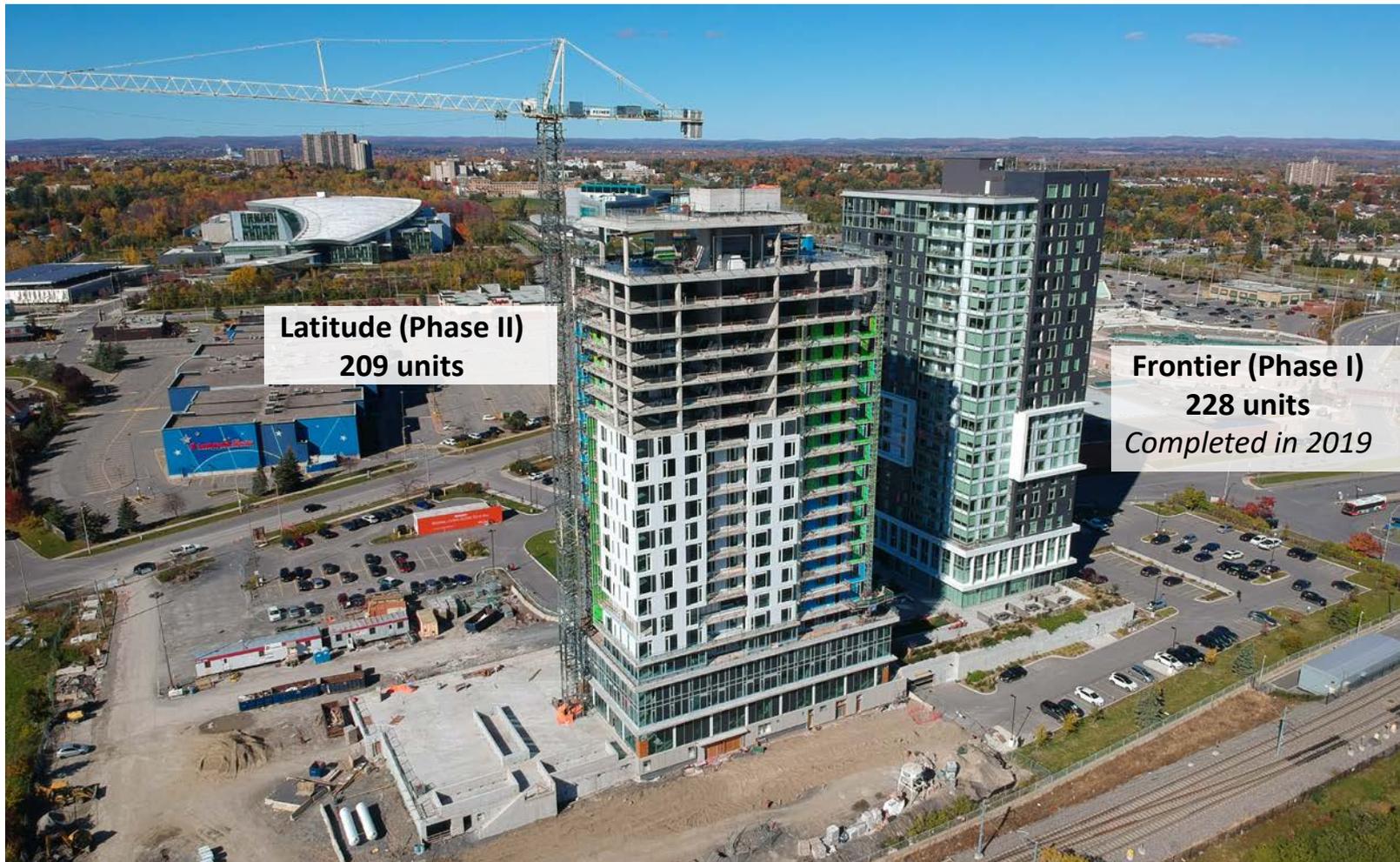
Key Statistics

Number of units	209
Start date	Q2-2019
Estimated completion date	Q4-2021
Project budget (\$M)*	\$42.0
Cost per unit	\$402,000
Expected yield	4.75-5.0%
Expected value cap-rate	4.0%
Average unit size	803 SF
Average rent	\$2,085 (\$2.60/sf)

* Killam's 50% interest.

Q3-2020 | Development Activity, Ottawa

Latitude, the second phase of the Gloucester City Centre development, is expected to be completed in late-2021.



Q3-2020 | Development Activity, Mississauga

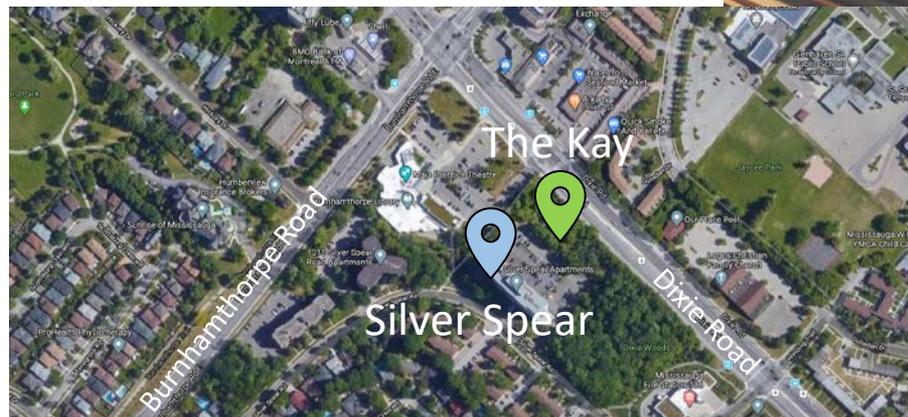
The **Kay** development broke ground in Q3-2019 and is expected to be completed in Q1-2022.

Key Statistics

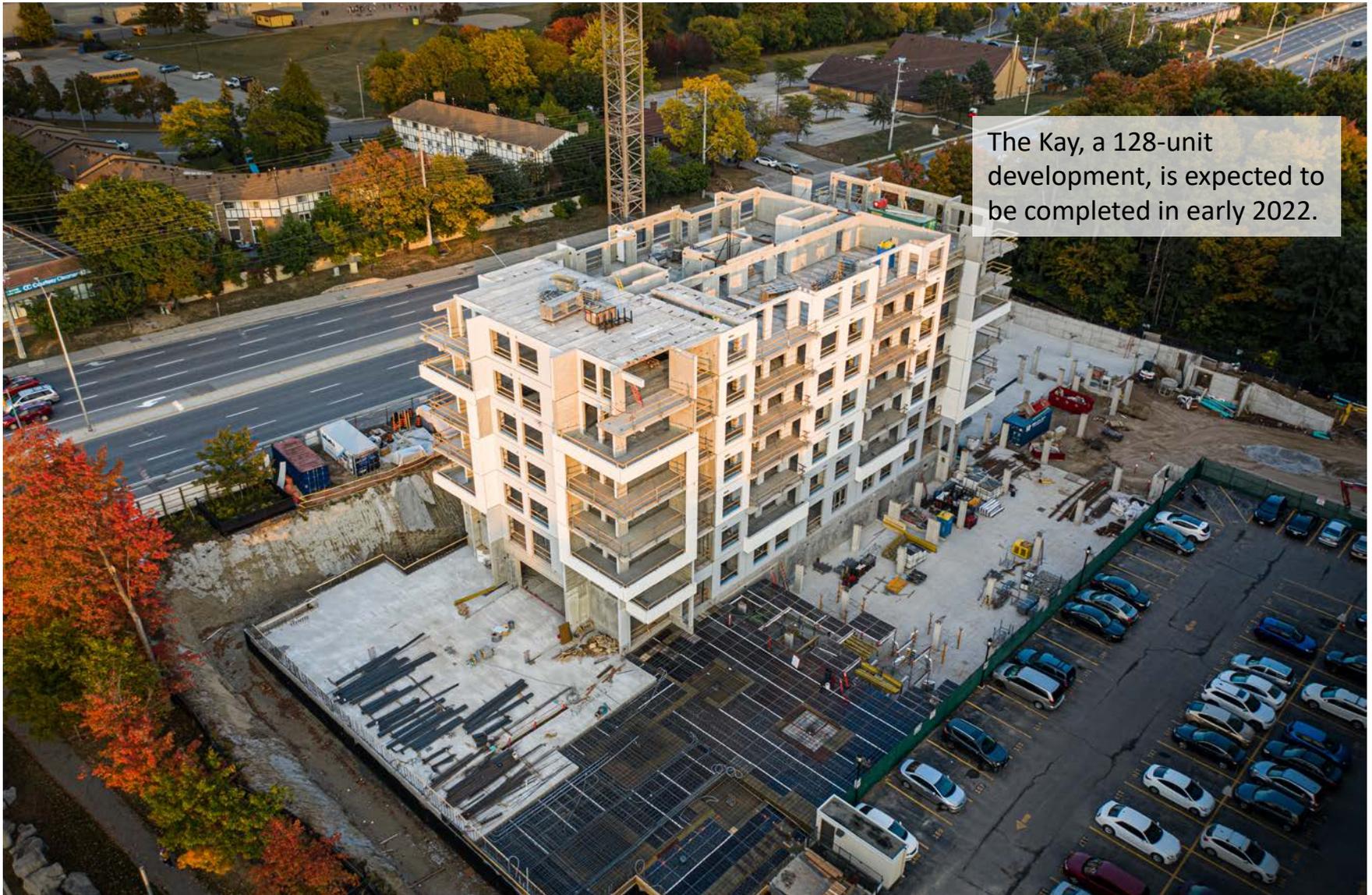
Number of units	128
Start date	Q3-2019
Estimated completion date	Q1-2022
Project budget (\$M)	\$57.0
Cost per unit	\$445,500
Expected yield	4.75-5.0%
Expected value cap-rate	3.5%



The Kay



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



The Kay, a 128-unit development, is expected to be completed in early 2022.

Q3-2020 | Development Activity, Ottawa

Luma – 168-unit development in Ottawa 50/50 with RioCan REIT.



Key Statistics

Number of units	168
Start date	Q3-2019
Estimated completion date	Q1-2022
Project budget (\$M)*	\$44.3
Cost per unit	\$527,000
Expected yield	4.0-4.25%
Avg rent per square foot (SF)	\$2.90 per SF
Avg unit size (SF)	748 SF

* Killam's 50% interest.

Q3-2020 | Development Activity, Kitchener

Civic 66 – 169-unit development in Kitchener that broke ground in July 2020.

Key Statistics

Number of units	169
Start date	Q3-2020
Estimated completion date	Q3-2022
Project budget (\$M)	\$69.7
Cost per unit	\$412,000
Expected yield	4.75-5.0%
Avg unit size (SF)	780 SF



Q3-2020 | Development Activity, Kitchener

Civic 66 – is expected to be completed in late 2022.



Q3-2020 | Development Pipeline - ~\$850 million



Future Development Opportunities					
Property	Location	Killam's Interest	Potential # of Units ⁽¹⁾	Status	Est Year of Completion
Developments expected to start in the next 12 months ⁽²⁾					
The Governor	Halifax, NS	100%	12	Building permit	2023
Westmount Place (Phase 1)	Waterloo, ON	100%	140	In design and approval process	2024
Developments expected to start in 2022-2026					
Carlton East & West	Halifax, NS	100%	130	In design	2024
St. George Street	Moncton, NB	100%	60	In design	2024
15 Haviland Street	Charlottetown, PE	100%	60-90	In design	2024
Gloucester City Centre (Phase 3-4)	Ottawa, ON	50%	200	In design	2025
Westmount Place (Phase 2-5)	Waterloo, ON	100%	908	In design	2028
Additional future development projects					
Gloucester City Centre (Phase 5)	Ottawa, ON	50%	100	Future development	TBD
Kanata Lakes	Ottawa, ON	50%	40	Future development	TBD
Christie Point	Victoria, BC	100%	312	Future development	TBD
Medical Arts	Halifax, NS	100%	200	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			2,467		

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

(2) Management is reevaluating the timing of development plans originally expected to start in 2020 in response to COVID-19.

~ 70% of Killam's development pipeline is outside Atlantic Canada. Killam targets yields of 4.75% to 5.5% 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 \$200 million in NAV growth for unitholders.

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 2020 and 2019. Same property results represent 88% of the fair value of Killam's investment property portfolio as at September 30, 2020. Excluded from same property results in 2020 are acquisitions, dispositions and developments completed in 2019 and 2020, 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.
- Debt to normalized 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 Q3-2020 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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