Q4-2020 RESULTS CONFERENCE CALL February 11, 2021 | 10AM EASTERN

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Killam



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 gualified 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 year ended December 31, 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.

2020 | Focusing on Long-term Growth Drivers



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.

2020 | Strategic Targets





2020 | Highlights





Flexible capital structure with a conservative balance sheet.

2020 | Five Year Lookback of Strong Growth

Killam APARTMENT REIT





AFFO Payout Ratio





Debt as a % of Assets



Q4 FFO & AFFO Per Unit



Same Property Portfolio Performance

Completed the year with Q4 revenue and NOI growth

- Generated FFO per unit of \$0.25 and AFFO per unit of \$0.21, both comparable to Q4-2019.
- Strong rental rate growth of 3.3%, partially offset by a 100 bps decrease in occupancy.
- Expense growth of 4.4% due to higher staffing, increased insurance premiums and property tax assessments, and property tax increases, partially offset by lower utility and heating costs, resulting in 0.9% NOI growth for Q4-2020.





Achieved FFO, AFFO and NOI growth for the year

- Generated FFO per unit of \$1.00, increase of 2.0%, and AFFO per unit of \$0.83, increase of 3.7% from 2019.
- Strong rental rate growth in apartments were partially offset by lower seasonal MHC revenues during COVID restrictions, and lower commercial net revenue.



2020 Net Revenue Growth

Same Property Portfolio Performance

For the year ended December 31, 2020



by Category (\$M) 2020 2019 % Increase/(Decrease) \$40 \$32 4.6% 3.6% \$24 efficiency projects (5.9)%\$16 ٠ \$8 \$0 Utility and Fuel General Operating property Taxes

2020 Same Property Expense

Utility and fuel expenses decreased due to:

- Reduced consumption from energy
- Decreases in natural gas pricing across Killam's three largest regions
- Decrease in the inclusion of unit electricity as part of the monthly rent



Same Property Tax Expense Growth



2020 | Apartment Financial Highlights



0.4%

2020

Apt Same Property Apt Same Property Avg Incentive Offerings² Rental Rate Increase Apt Same Property Occupancy¹ 3.4% 0.4% 1.6%1.8%2.7% 3.6% 0.8% 0.7% 0.3% 2016 2017 2018 2019 2020 2016 2017 2018 2019

96.(

2017

Measured as dollar vacancy for the year.
 Measured as a percentage of residential rent.

Net Revenue Growth of 2.4%

95.7%

2016

- Rental rate growth of 3.4%
- Occupancy declined 40 bps
- Modest incentive offerings in only select markets

97.1%

2018

.3%

97.

2019

96.8%

2020

2020 | Apartment Financial Highlights



Approximately 70% of Killam's

residents renew each year with

pre COVID-19. Due to voluntary

rent freeze and delayed notice

given to tenants renewing July –

average increases of 1.8% - 2.5%



November, renewal rates were temporarily lower in Q2 and Q3-2020 but started to recover by year-end. (Note that there are rent freezes on renewals in ON and BC for 2021.)

Increases on Renewing Rents (%)



2020 | Financial Highlights





2020 | Financial Highlights

2.70

2016



Increasing value of investment properties with conservative debt metrics.



2020 | Growing our existing portfolio

Roadmap to Same Property NOI Growth

Revenue Optimization

- Data driven decisions on unit renewals and turns to maximize mark-to-market opportunities
- •Repositioning opportunities to meet market demand
- •Strong occupancy
- •**Rising** rental rates

Expense Management

- Focused economies of scale strategies
- Risk management plan
- •Continual property tax appeals
- •Employee investment and training

Energy Efficiencies

- •Energy and water projects \downarrow CO2 footprint, \downarrow consumption and \uparrow earnings
- •\$25M invested to-date on energy efficiencies
- •\$5.9M planned investments in 2021 generating \$0.9M in operating savings with 6.5-year payback

| Technology | Investm | ents |
|------------|---------|------|
|------------|---------|------|

- •Data driven decisions on revenue optimization and expense management
- Investment in Customer Relationship Management & Business Intelligence platforms
- Property-level NOI enhancing technology
- Continuous process improvement











2020 | Affordability and Value Delivery

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

- Killam's average rent varies between 15% 25% of the median ۲ household income in each of its regions, well below the CMHC maximum threshold of 30% for affordability.
- 50% of Killam's portfolio rents for \$1,100 per month, or less.
- Average rent is \$1.42 per SF across the portfolio.
- Supports affordable housing with more than 750 subsidized units through community partnerships.
- Actively involved as part of the solution. Example: Secured debt through CMHC's Rental Construction Financing initiative (RCFi) program with the Nolan Hill acquisition in Jan 2021.
 - 78 of the 233 units are at 70% of market rents.



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

| Region | Killam's Rent as a % of Median Household Income ⁽¹⁾ |
|---------------|--|
| 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% |
| C | 4 - 004 |



2020 | Revenue Growth - Halifax



With current resiliency in the Halifax market, rental rate growth on turnover is a key longer-term focus.



Market vs. In-place Rent (\$/SF)

The market rent opportunity in Halifax has remained strong throughout the last 12 months with a ~\$0.18 per SF (or 13%) differential between market and in-place rents across Killam's Halifax apartment portfolio.

2020 | Revenue - Renovations



Revenue growth through unit repositions to meet market demand.



2020 | Revenue - Renovations





2020 | Revenue – Renovations





2020 | Capital Investment





2020 | Capital Investment





2020 | Killam's Green Commitment



Increasing earnings from operations through energy efficiency.

Includes increasing the installations of photovoltaic solar panels, smart metering, decreasing peak electric demand, water conservation projects and heating efficiencies at Killam's existing properties.



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

Longer-term Targets

- Reduce GHG emissions by 15%⁽¹⁾ by 2030.
- Produce a minimum of 10% of electricity⁽²⁾ through renewable energy sources by 2025.

⁽¹⁾ Scope 1 & 2 emissions from 2020 levels.

⁽²⁾ Operational controlled electricity.

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% | МНС | 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 | Q4 | 171 & 181 Leopold Belliveau Drive | Moncton, NB | Oct 26, 2020 | 100% | Apartment | 17,600 |
| 9 | Q4 | 1538 Carlton Street | Halifax, NS | Oct 30, 2020 | 100% | Dev Land | 1,200 |
| 9 | Q4 | 88 Sunset | Moncton, NB | Nov 13, 2020 | 100% | Apartment | 55,000 |
| 10 | | Total 2020 Acquisitions | | | | | \$211,050 |

(1) Purchase price does not include transaction costs.



Crossing at Belmont, Victoria, BC | 156 units





Christie Point, Victoria, BC | 161 units

23

2020 | Acquisitions - Moncton, NB



| Description: 171 & 181 Leopold Belliveau Drive 107 units; 2 apartment buildings with 1 and 2 bedroom units | Acquisition Details: \$17.6 million 5.0% capitalization rate | Location: Moncton, NB |
|--|--|---------------------------------|
| Average rent – \$1,214/month (\$1.20/sf) | 97% occupied Closed: October 26, 2020 | |
| <section-header></section-header> | | |

2020 | Acquisitions - Moncton, NB

Description:

88 Sunset Blvd 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: \$55.0 million

- 4.5% capitalization rate
- 82% occupied
- Closed: Nov 13, 2020













Description:

- Nolan Hill development in northwest Calgary
- Phase 1 consists of three 4storey buildings
- 233 units; 84 one bedrooms, 107 two bedrooms and 42 three bedrooms

Affordable Rent Details:

- 78 units at 70% of market rates, avg. \$1,014 per unit or \$1.20 per SF
- 154 units at market, avg. \$1,403 per unit or
 \$1.74 per SF
- Secured debt through CMHC Rental Construction Financing initiative (RCFi) (\$40.9 million debt, 1.95% interest rate, 10 year term)

Acquisition Details:

- \$49.5 million (\$231k per unit)*
- 4.5% capitalization rate
- 31% leased
- Closed: January 21, 2021

* Killam invested \$4.8M for a 10% interest in this development in 2018. \$49.5M represents the remaining 90% ownership. Per unit cost includes total Killam costs of \$54.3M. Based on the purchase price of \$55M, or a 100% interest, Killam recorded a fair value gain of \$0.7 million on its 10% interest.



2021 | Acquisitions - Calgary, AB





2021 | Acquisitions - Calgary, AB









2021 | Acquisitions - Moncton, NB

Description:

\$5.6 million

100% occupied

54 AS

Acquisition Details:

4.2% capitalization rate

Closed: February 1, 2021

54 Assomption Boulevard; built in 2004 11 Hester & 293 Church 23 units; 15 one bdrm and 8 two bdrm units **Belmar Plaza** Average rent – \$1,369/month (\$1.43 per SF) 100 Archibald Street Apartments Centennial Towers Archibald Residence 54 Assomption Blvd | 23 units Cameron Arms

2020 | Development Progress









With Shorefront and Nolan Hill now open, Killam currently has six developments underway, which will add an additional 535 units to Killam's portfolio in the next 18 months at a total cost of ~\$240 million and an expected yield of ~5%.









2020 | Develop High Quality Properties



The current pipeline of developments has an expected yield of approximately 5%, contributing to FFO per unit growth in 2022 – 2024.

2020 | Development Activity - Charlottetown



Shorefront opened October 1, 2020 and this 78-unit property is currently 55% leased.

| Key Statistics | |
|--------------------|-----------|
| Number of units | 78 |
| Start date | Q4-2018 |
| Completion date | Oct-2020 |
| Project cost (\$M) | \$22.0 |
| Cost per unit | \$282,000 |
| Expected yield | 5.25% |
| | |

2020 | Development Activity - Charlottetown



10 Harley Street – 38-unit redevelopment in Charlottetown that is over 95% complete and opening in March.

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

9 Harley



2020 | Development Activity - Charlottetown





2020 | Development Activity - Ottawa





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



Key Statistics

| Number of units | 209 |
|-------------------------------------|---------------------|
| Start date | Q2-2019 |
| Estimated completion date | Q1-2022 |
| Project budget (\$M) ⁽¹⁾ | \$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) |
| | |

(1) Killam's 50% interest.

2020 | Development Activity - Ottawa



Latitude, the second phase of the Gloucester City Centre development, is expected to be completed in Q1-2022.



2020 | Development Activity - Mississauga





2020 | Development Activity - Mississauga



The Kay, 128-unit development is expected to be completed in Q4-2021.





2020 | Development Activity - Ottawa



168

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



Key Statistics Number of units Estimated completion date Q2-2022 P C

| Project budget (\$M) ⁽¹⁾ | \$44.3 |
|-------------------------------------|---------------|
| Cost per unit | \$527,000 |
| Expected yield | 4.0-4.25% |
| Avg rent | \$2.90 per SF |
| Avg unit size | 748 SF |

(1) Killam's 50% interest.



Progress shot as of October 2020

2020 | Development Activity - Kitchener



Civic 66 – 169-unit development in Kitchener that broke ground in Q3-2020 and is expected to be completed by Q4-2022.

| Key Statistics | |
|----------------------|---------------|
| Number of units | 169 |
| Start date | Q3-2020 |
| Est. completion date | Q4-2022 |
| Project budget (\$M) | \$69.7 |
| Cost per unit | \$412,000 |
| Expected yield | 4.75-5.0% |
| Avg unit size | 780 SF |
| Avg rent | \$2.77 per SF |
| | |





2020 | Development Activity - Kitchener



Civic 66 is expected to be completed in late 2022.



2020 | Development Pipeline - ~\$1.0 billion



| Future Development Opportunities ⁽³⁾ | | | | | |
|---|-------------------|----------------------|--|--------------------------------|---------------------------|
| Property | Location | Killam's Interest | Potential # of Units ⁽¹⁾ | Status | Est Year of Completion |
| Developments expected to start in 2021 | | | | | |
| The Governor ⁽²⁾ | Halifax, NS | 100% | 12 | Building permit | 2022 |
| Westmount Place (Phase 1) | Waterloo, ON | 100% | 140 | In design and approval process | 2024 |
| Developments expected to start in 2022- | <u>2026</u> | | | | |
| Carlton East & West | Halifax, NS | 100% | 140 | In design | 2024 |
| Stratford Land | Charlottetown, PE | 100% | 175 | In design | 2024 |
| Sherwood Crossing | Charlottetown, PE | 100% | 325 | In design | 2025 |
| Hollis Street | Halifax | 100% | 90 | In design | 2025 |
| 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 |
| St. George Street | Moncton, NB | 100% | 60 | Future development | TBD |
| 15 Haviland Street | Charlottetown, PE | 100% | 60-90 | 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 |
| otal Development Opportunities ⁽³⁾ 3,067 | | | | | |

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

(2) The development is adjacent The Alexander, Killam's newly completed development, and will include 12 large-scale luxury suites.

(3) In addition, Killam has a 10% interest in the remaining three phases of Nolan Hill, totaling another 596 units.

~ 55% 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 \$1.0 billion pipeline at a 100 bps spread would create approximately \$250 million in NAV growth for unitholders.

Non-IFRS Measures



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 90.3% of the fair value of Killam's investment property portfolio as at December 31, 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 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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