


# Q3-2023 Results Conference Call

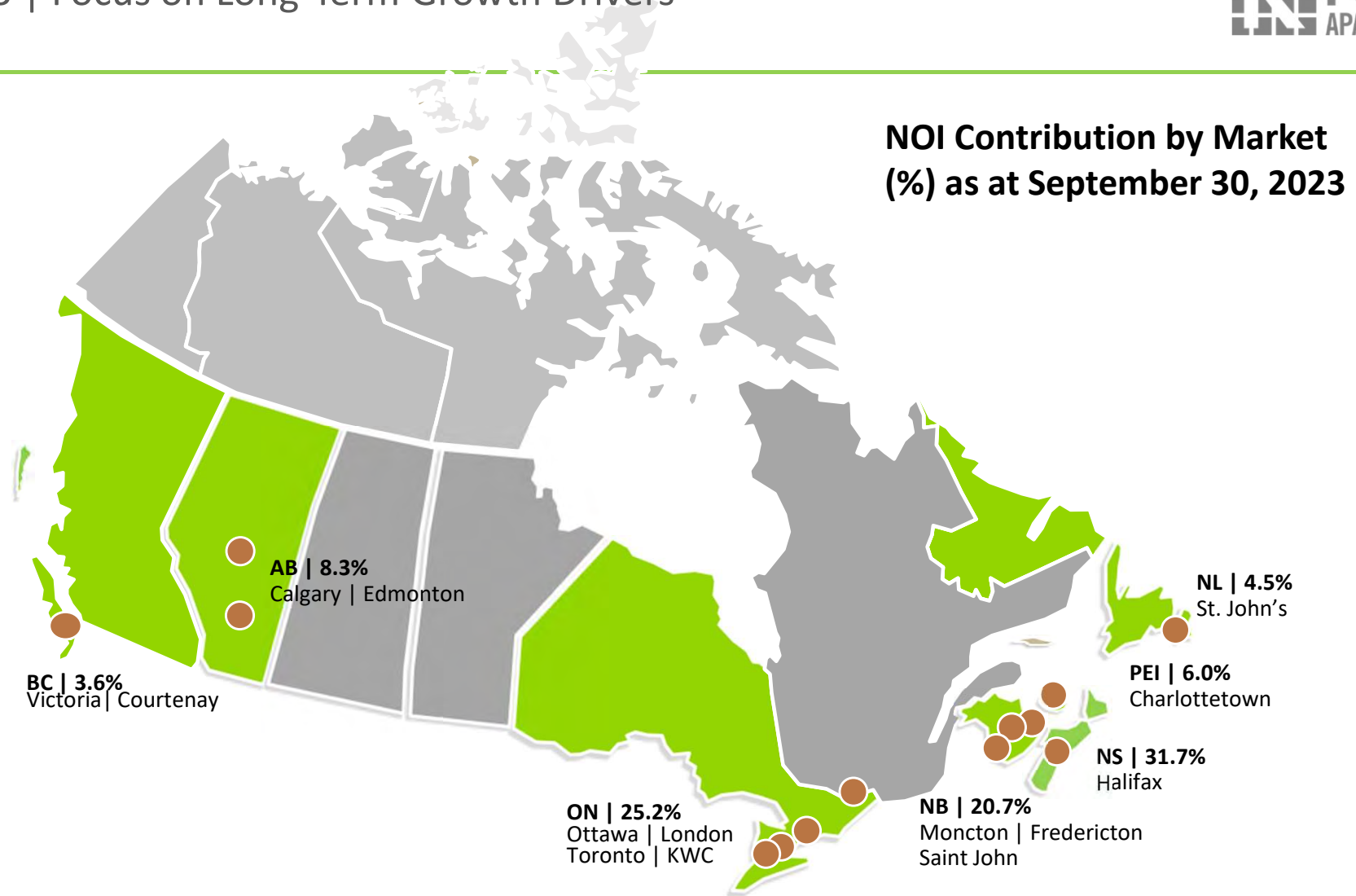
November 8, 2023 | 9am EDT





*Harlington Apartments, Halifax*

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 effects, duration and government responses to the COVID-19 pandemic and other international events, and 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 three and nine months ended September 30, 2023, 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.

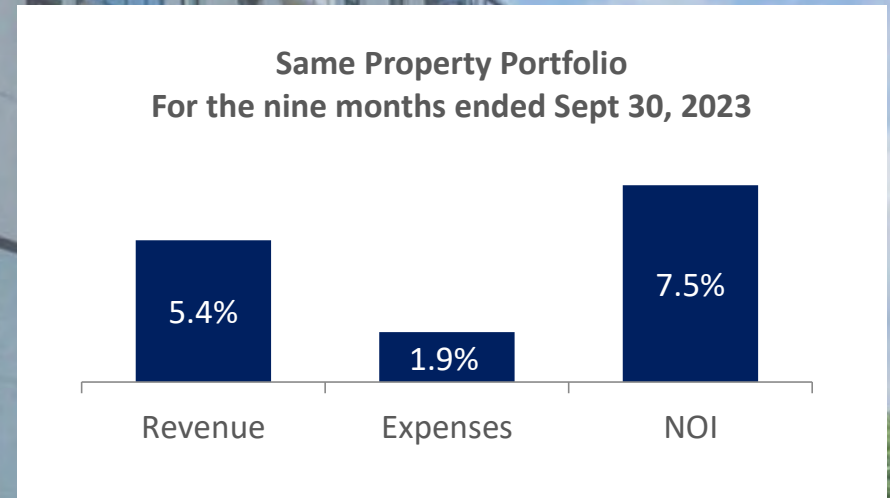
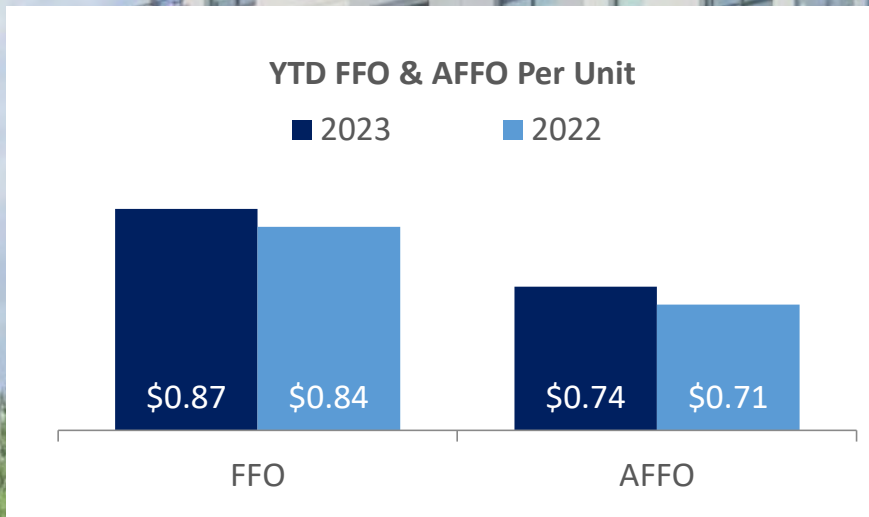
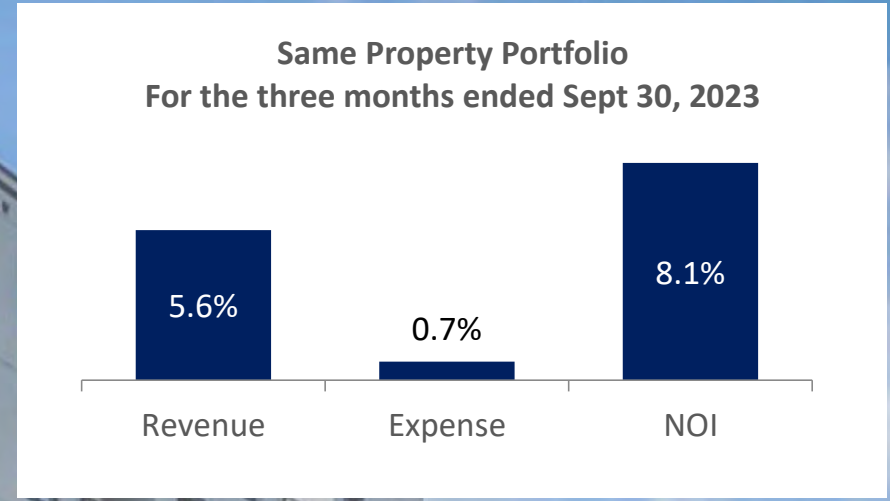
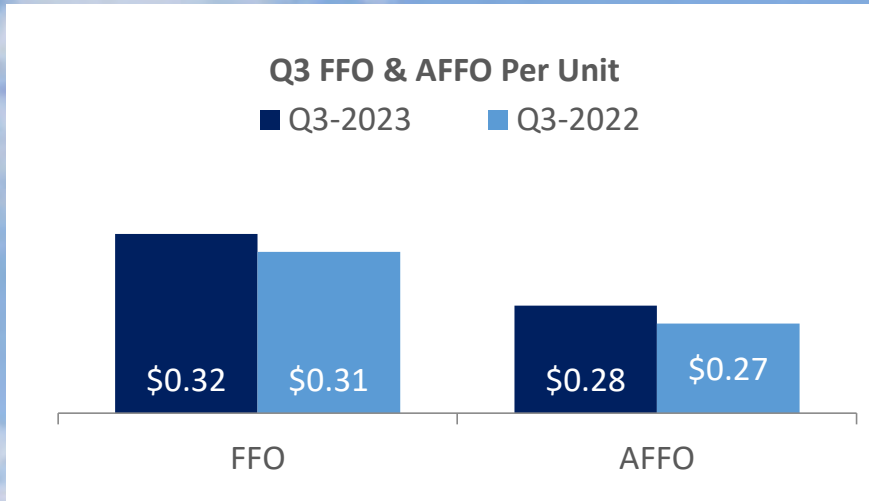


Killam's strategy to increase FFO, NAV and maximize value is focused on three priorities:

Increase earnings from existing portfolio.

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

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



**\$68.3M**  
Net Income

Includes \$60.5 million of net operating income, up 6.6% from Q3-2022.

**\$0.32**  
FFO per Unit<sup>(1)</sup>

3.2% increase from \$0.31 per unit in Q3-2022. AFFO per unit increased 3.7% to \$0.28, compared to \$0.27 in Q3-2022.

**8.1%**  
Same Property NOI Growth<sup>(2)</sup>

8.1% growth in Q3-2023 includes a 5.6% increase in same property revenue.

**62%**  
AFFO payout ratio<sup>(3)</sup>

AFFO payout ratio was 62%, a 300-basis point improvement from Q3-2022.

**42.8%**  
Total Debt as a % of Total Assets<sup>(4)</sup>

A 250-basis point decrease from 45.3% at December 31, 2022.



- 1) FFO per unit is a non-IFRS financial ratio. For a full description and reconciliation of non-IFRS measures, see slide 25 and page 28 of Killam's Management Discussion and Analysis for the quarter ended September 30, 2023.
- 2) Same property NOI growth is a supplementary financial measure. For a full description of same property metrics, see slide 25.
- 3) AFFO per unit and AFFO payout ratio are non-IFRS ratios. For a full description and reconciliation of non-IFRS measures, see slide 25 and page 29 of Killam's Management Discussion and Analysis for the quarter ended September 30, 2023.
- 4) 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 25.

Luma, Ottawa - Rooftop Terrace

## Q3-2023 | Strategic Targets



Target: Average 3.0%–5.0%

Killam achieved same property NOI growth of 7.5% for the nine months ended September 30, 2023. Based on the results achieved to date in 2023, Killam expects same property NOI growth in 2023 to exceed the top end of its target and has increased its target to over 7.0%.



Target: Sell a minimum of \$100 million of non-core assets.

Year-to-date, Killam has completed five dispositions totalling 580 units, for a combined sale price of \$97.0 million. On October 5, 2023, Killam completed the disposition of a 96-unit building located in Miramichi, NB, for gross proceeds of \$11.0 million. Following the completion of this disposition, Killam has exceeded its capital recycling target of \$100.0 million for the year.



Target: Earn at least 36% of 2023 NOI outside of Atlantic Canada.

Killam is on track to exceed this target, with 37.2% of NOI generated outside Atlantic Canada as of September 30, 2023. The completion and lease-up of Civic 66 and planned dispositions in Eastern Canada will further increase NOI generated outside Atlantic Canada during the remainder of the year.



Target: Complete construction of two development projects and break ground on one additional project in 2023.

Killam is on track to meet this target; The Governor, a 12-unit building located in Halifax, NS, and Civic 66, a 169-unit building located in Kitchener, ON, both reached substantial completion in July 2023.



Target: Reduce debt as a percentage of total assets to below 45%.

Debt as a percentage of total assets was 42.8% as at September 30, 2023 (December 31, 2022 – 45.3%).



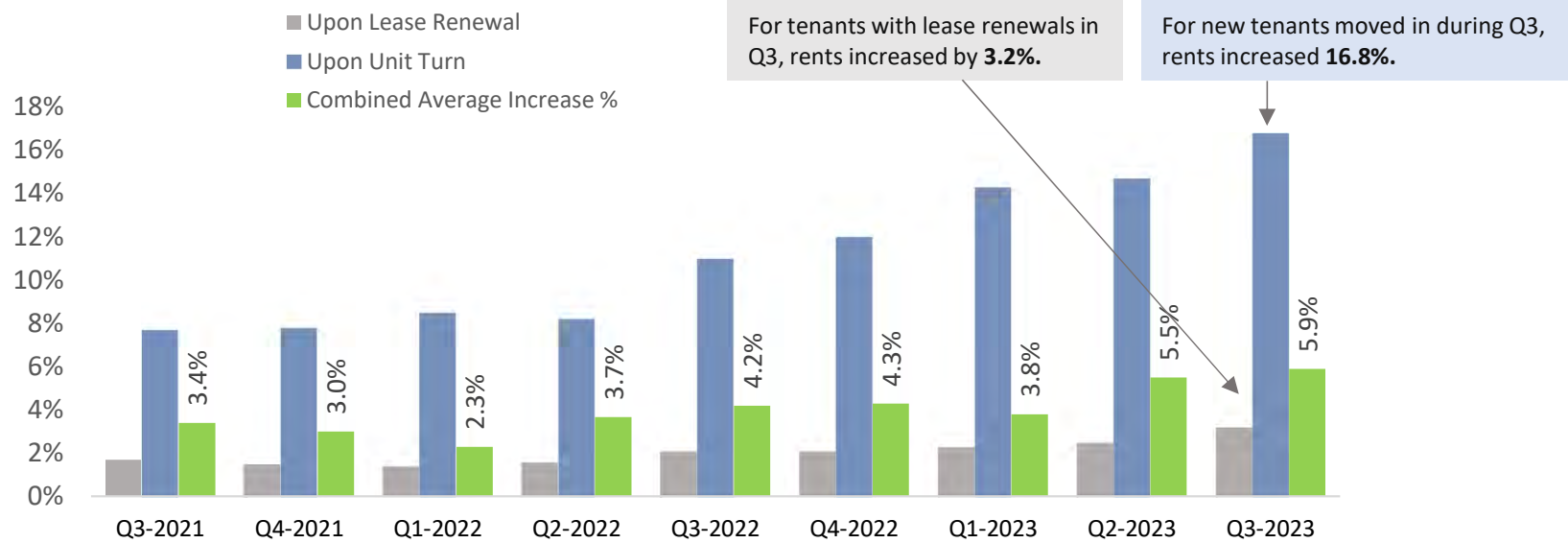
Target: Invest a minimum of \$8.0 million in energy initiatives in 2023.

Killam has invested \$6.5 million in energy initiatives year-to-date, including new boilers, window replacements, building upgrades including new cladding and insulation and the installation of EV chargers at various buildings across the portfolio.

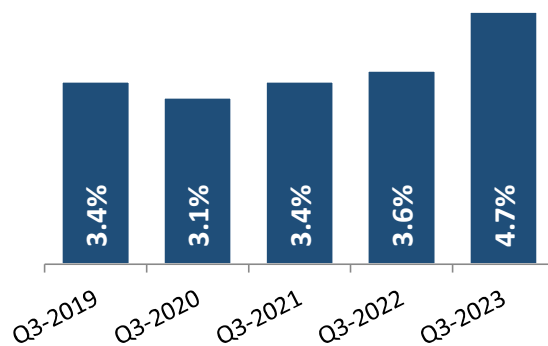


The Vibe, Edmon

## Apartments Same Property Rental Rate Growth by Quarter

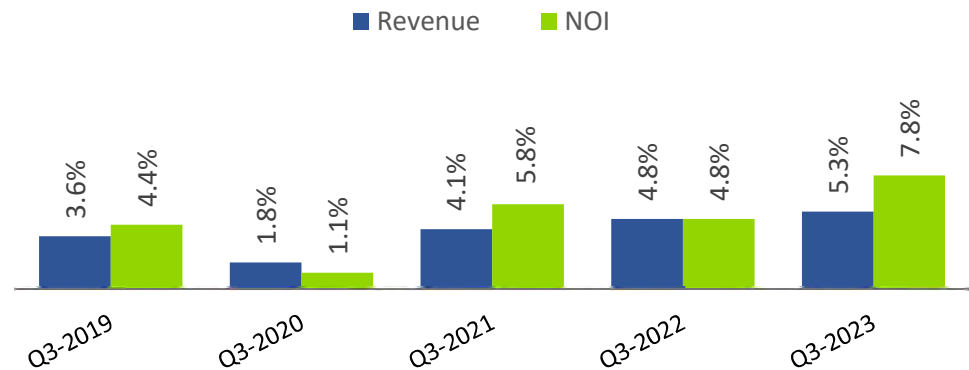


## Apartments Same Property Average Rental Rate Increase

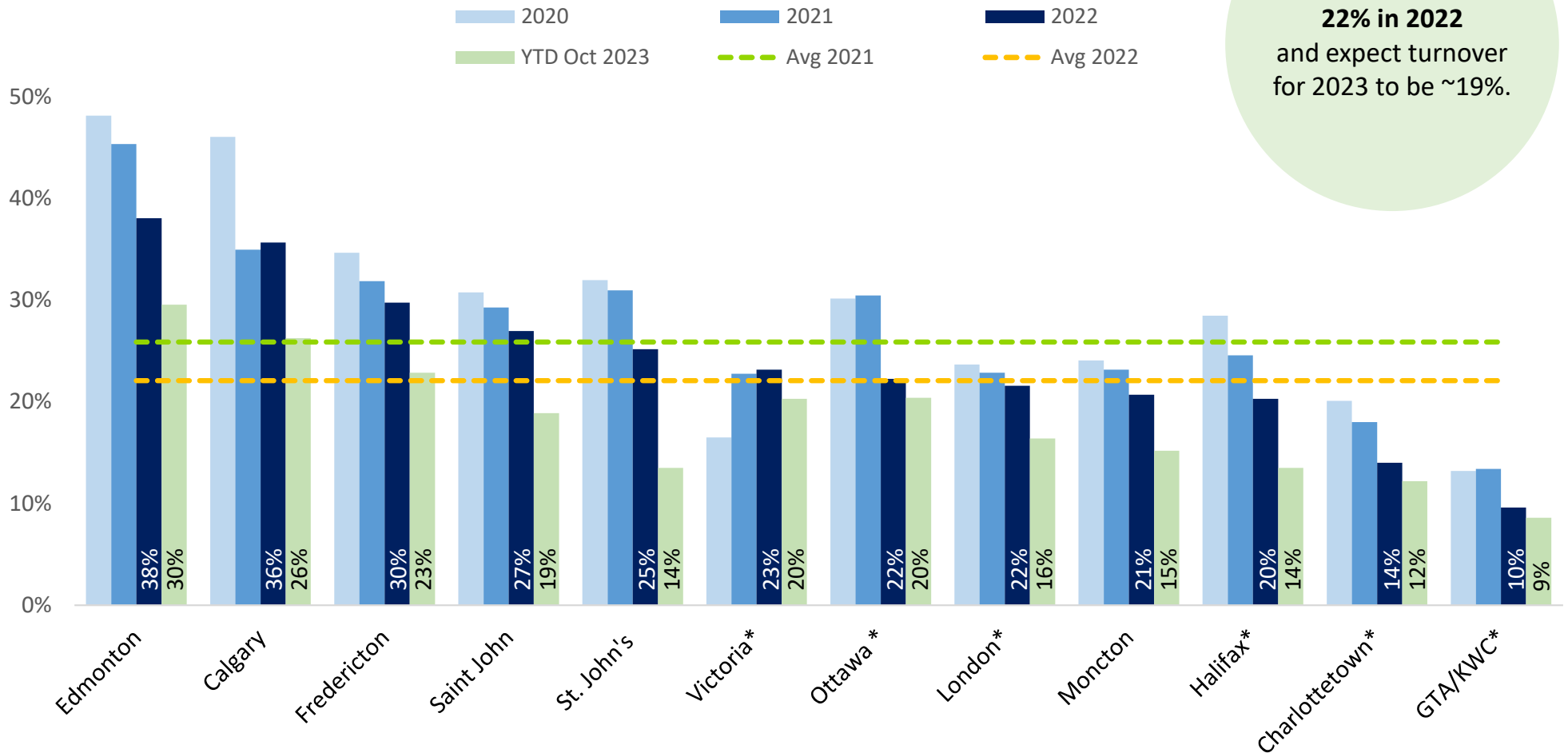


\*Year-over-year change in average rent.

## Apartments Same Property Growth



### Annual Turnover by Region



Killam's turnover was **22% in 2022** and expect turnover for 2023 to be ~19%.

\*Regions with provincial rent control in place.

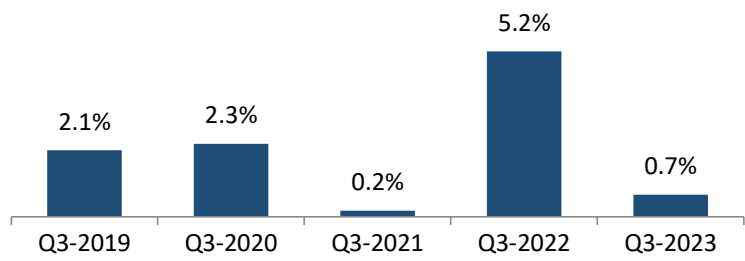


# Q3-2023 | Financial Highlights – Expenses

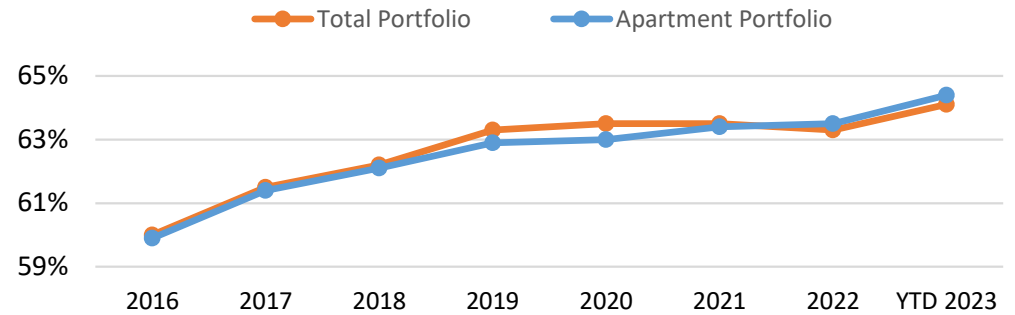


Total same property operating expenses were up 0.7% in Q3-2023. The increase was driven a 1.7% increase in general operating expenses, and a 1.3% increase in utility and fuel expenses. These increases were offset by a 0.9% decrease in property taxes.

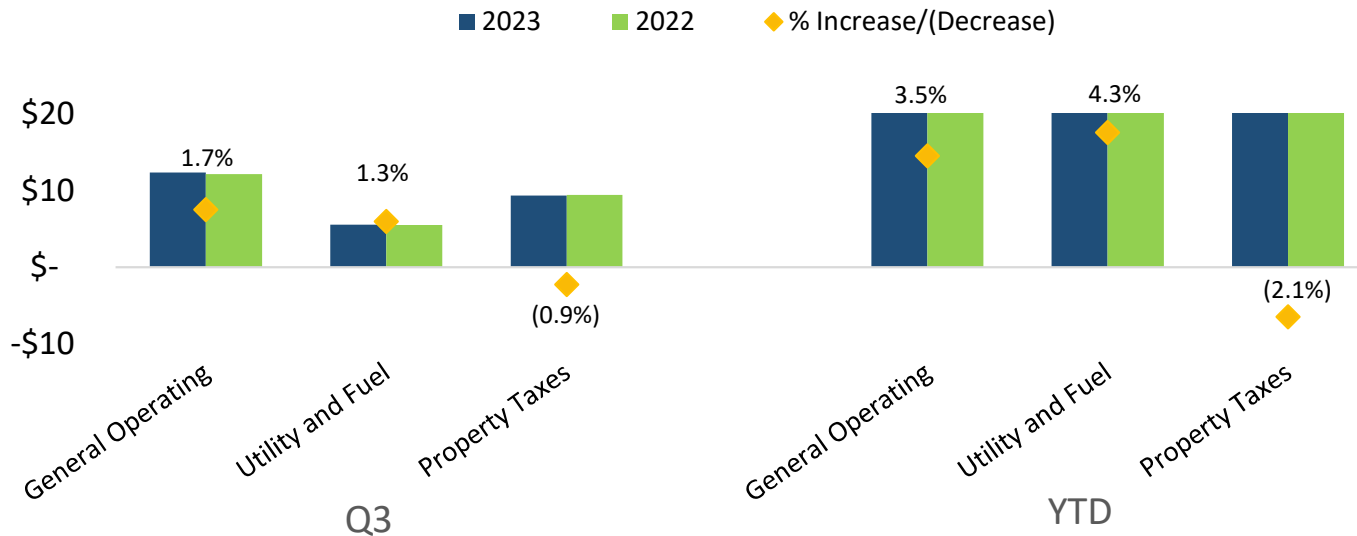
### Same Property Expense Growth



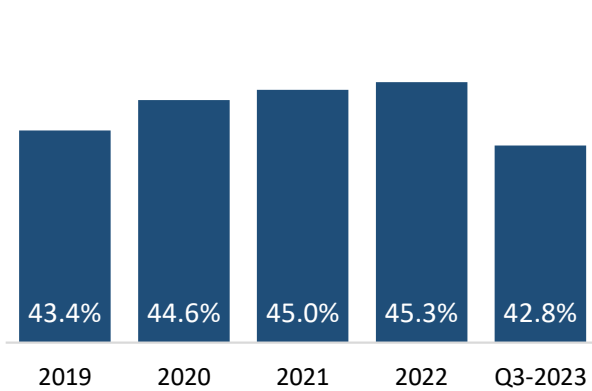
### Same Property Operating Margin Expansion



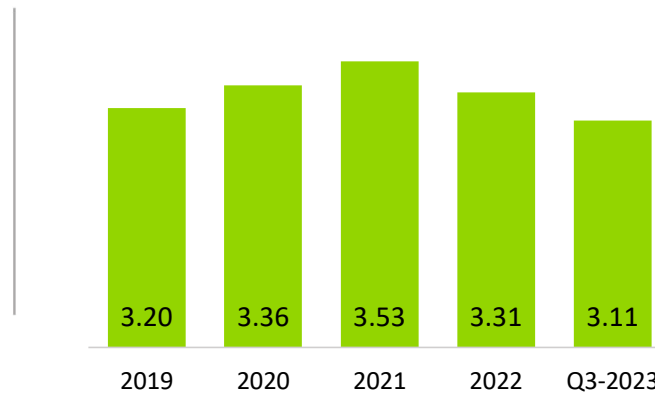
### Same Property Expense by Category (\$M)



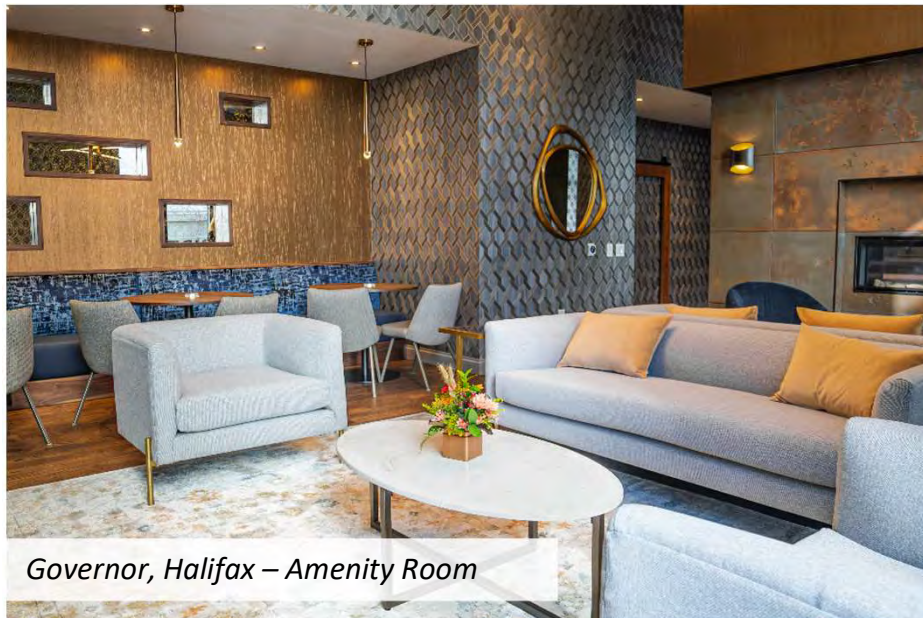
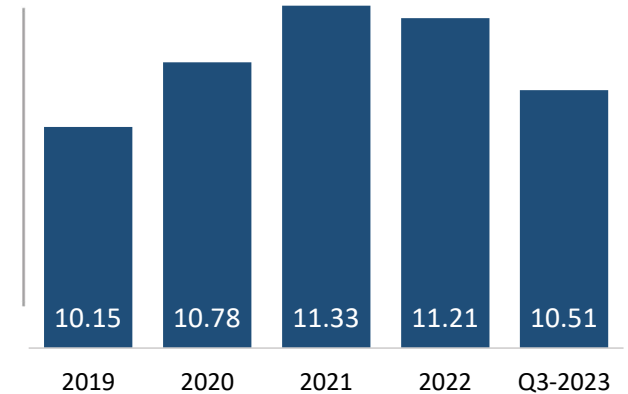
**Total Debt as a % of Assets<sup>(1)</sup>**



**Interest Coverage Ratio<sup>(2)</sup>**



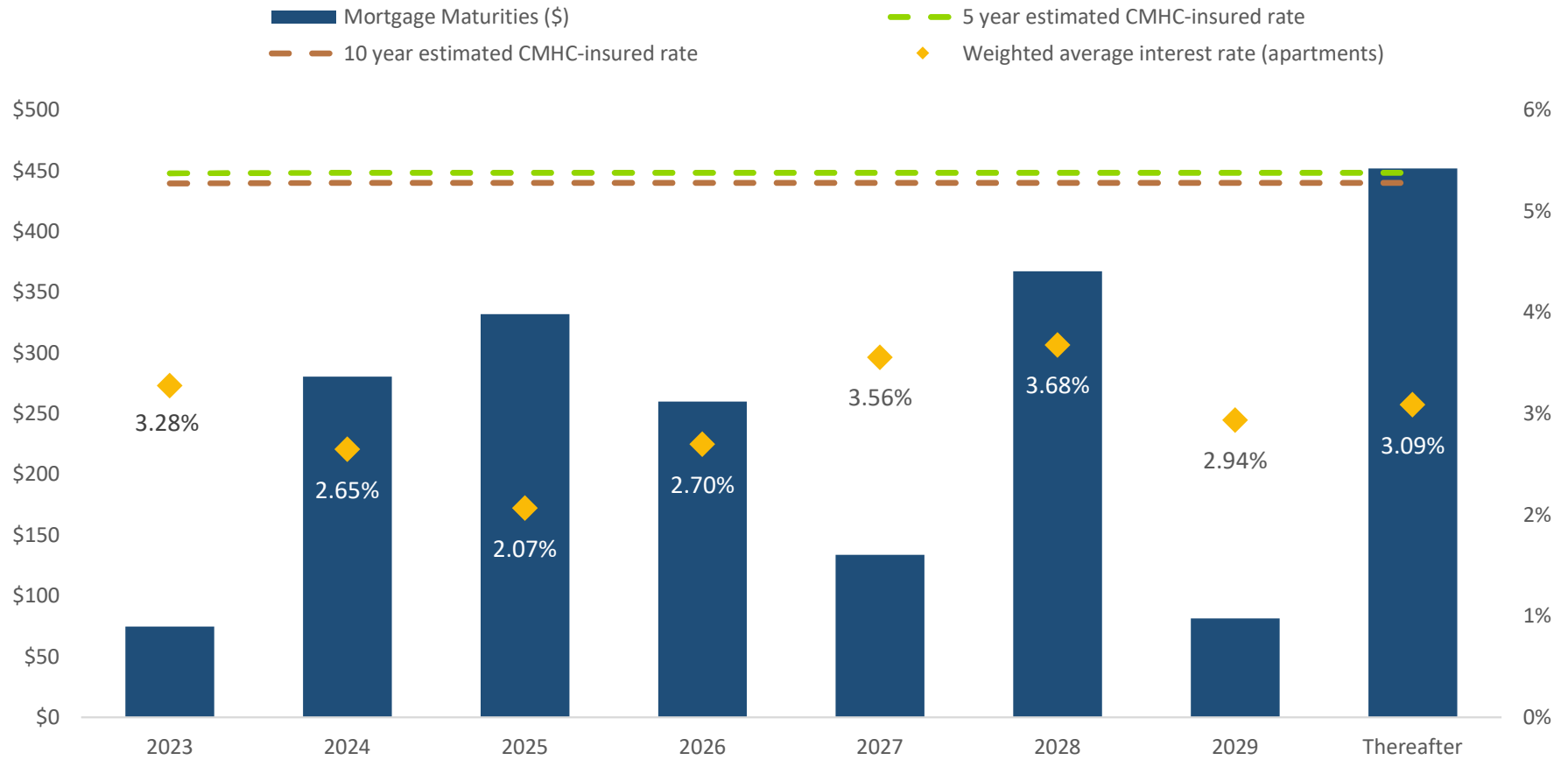
**Debt to Normalized EBITDA<sup>(3)</sup>**



*Governor, Halifax – Amenity Room*

- 1) 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 22.
- 2) Interest coverage ratio is a non-IFRS ratio. For a full description and calculation of the non-IFRS measures, see slide 22 and page 32 of Killam's Management Discussion and Analysis for the period ended September 30, 2023.
- 3) Debt to normalized EBITDA is a non-IFRS ratio. For a full description and calculation of the non-IFRS measures, see slide 22 and page 32 of Killam's Management Discussion and Analysis for the period ended September 30, 2023.

### Apartment Mortgage Maturities by Year As at September 30, 2023

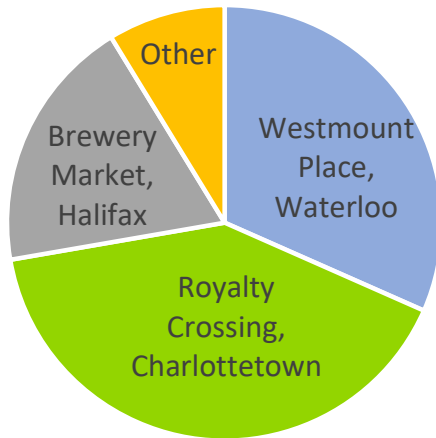


APT Weighted Average Mortgage Interest Rate  
2.95%

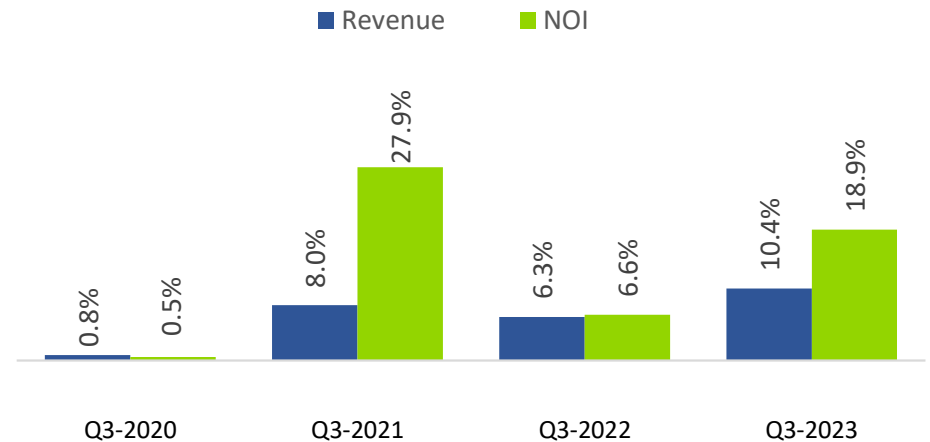
Weighted Average Term to Maturity  
4.0 years

Apartment Mortgages CMHC Insured  
80.5%

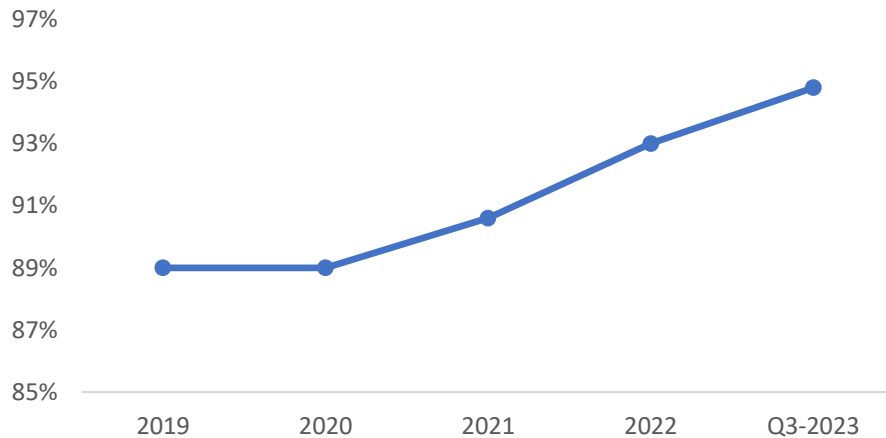
**Commercial Portfolio**  
949,879 SF



**Commercial Same Property NOI Growth**



**Total Commercial Occupancy <sup>(1)</sup>**



(1) Occupancy based on total square footage

**58 transactions comprising 129,748 SF leased YTD**

**29**

**New Commercial Leases:**

- Weighted average net rent of \$22.45/SF
- Weighted average lease term of 7.6-year

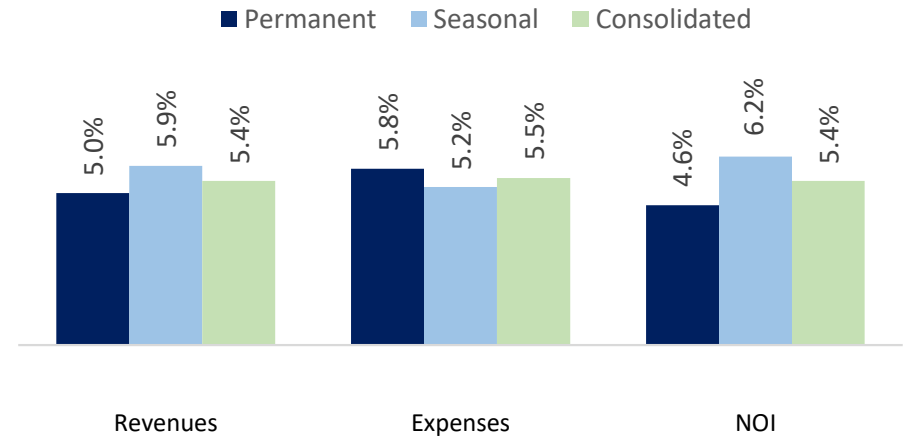
**29**

**Lease Renewals:**

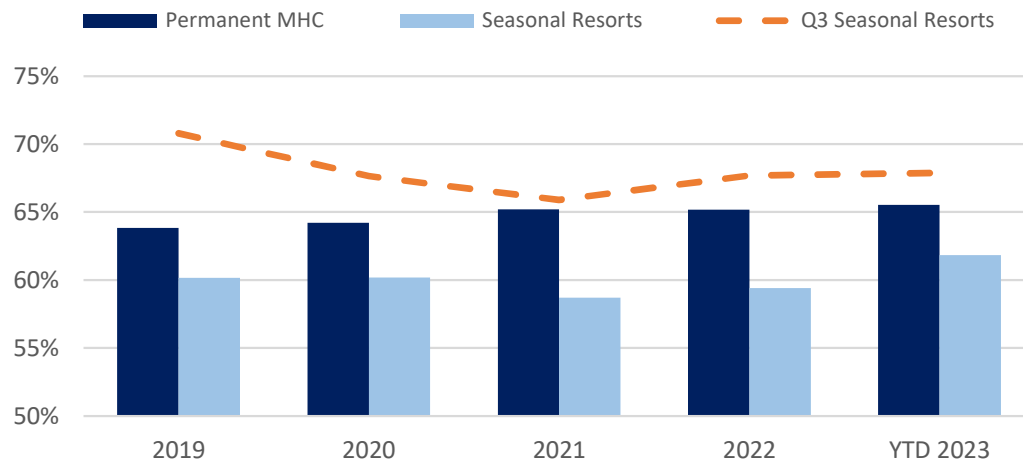
- Weighted average rent increase of 29%
- Weighted average lease extension of 6.7-year



**MHC Same Property Portfolio**  
For the three months ended Sept 30, 2023



**MHC Operating Margins**





Killam successfully completed its 5<sup>th</sup> annual GRESB submission



**85%** of employees are satisfied with their role

**90%** of employees feel positively about Killam's diversity efforts

**87%** of employees report excellent relationships with their supervisors

**92%** of employees like the people that they work with



*Killam's PV solar project in Kitchener, ON*

Killam is focused on identifying dispositions that will maximize value for our Unitholders and strengthen our balance sheet. Our strategic target of recycling **\$100 million** of non-core assets in 2023 is accretive to NAV and FFO.

Property	Location	Disposition Date	Property Type	Units	Sale Price (\$ 000's)
266 Bronson Ave	Ottawa, ON	March 17, 2023	Apartment	43	\$9,800
The James	Halifax, NS	April 21, 2023	Apartment	108	\$33,000
Browns & University	Charlottetown, PEI	May 12, 2023	Apartment	122	\$21,320
Kristin Way	Ottawa, NS	May 16, 2023	Apartment	102	\$17,850
Parkwood Apartments	Saint John, NB	September 13, 2023	Apartment	205	\$15,000
Edward Court	Miramichi, NB	October 5, 2023	Apartment	96	\$10,950
Cabot House	Sydney, NS	November 2, 2023	Apartment	88	\$13,950
Moxham Court	Sydney, NS	November 2, 2023	Apartment	51	\$8,550
<b>Total to-date</b>				<b>815</b>	<b>\$130,420</b>

# Q3-2023 | Leasing of Developments Continues

Fully leased



Latitude, Ottawa



The Kay, Mississauga



Luma, Ottawa

42% leased



Governor, Halifax

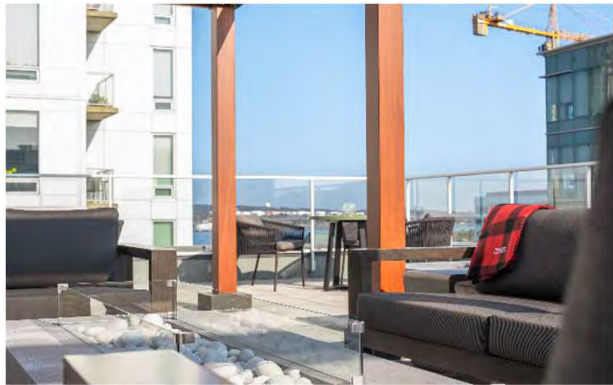
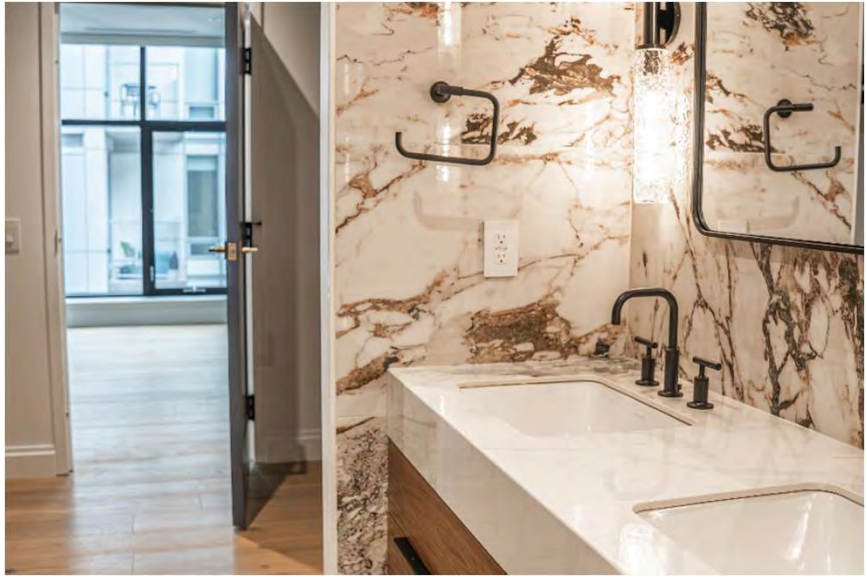
54% leased



Civic 66, Kitchener



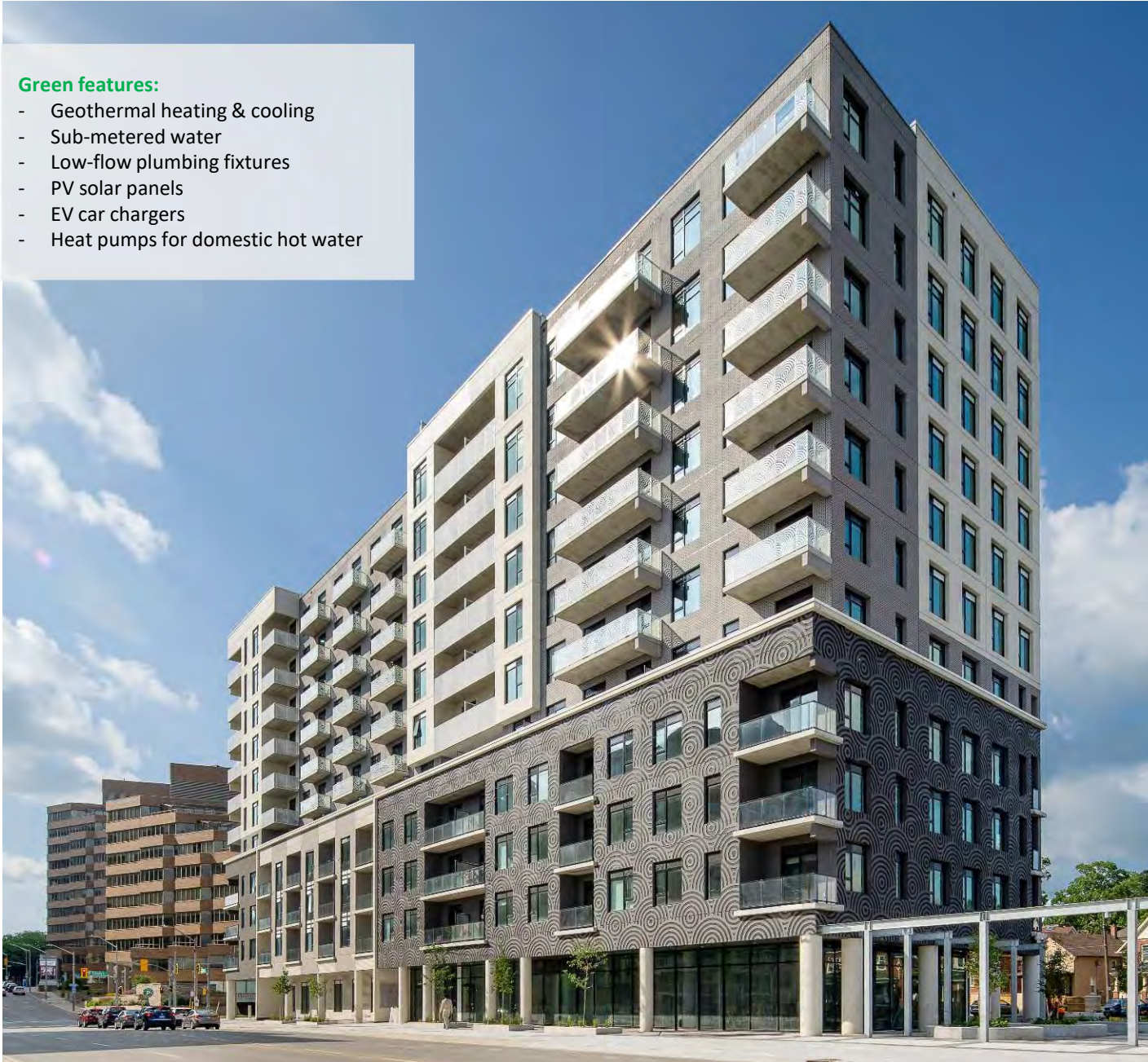
**The Governor** - 12 luxury suites and 3,500 square foot ground floor commercial development in downtown Halifax



## Q2-2023 | Completed Developments – Civic 66, Kitchener

### Green features:

- Geothermal heating & cooling
- Sub-metered water
- Low-flow plumbing fixtures
- PV solar panels
- EV car chargers
- Heat pumps for domestic hot water



Killam currently has two active developments underway, which will add an additional 373 new high-quality suites to Killam’s portfolio in the next two years.



Nolan Hill Phase 2 | 234 units  
Calgary



The Carrick | 139 units  
Waterloo

Cost

\$65M <sup>(1)</sup>

\$84M

Expected Completion Date

Q4-2023

2025 <sup>(2)</sup>

(1) Killam has a 10% interest in the second phase of the Nolan Hill development in Calgary, AB. With a commitment in place to purchase the remaining 90% interest following completion of construction, Killam’s total cost for Nolan Hill Phase 2 will be \$65 million.

(2) Estimated completion date is in the second half of 2025.

Killam has a 10% interest\* in the 234-unit second phase of the Nolan Hill development

Broke ground in Q4-2021 and is expected to be completed in **late 2023**



\*Killam has a \$65.0 million commitment to purchase the property following completion of construction (est. late 2023) and the achievement of certain conditions.

# Q3-2023 | Future Development Activity – The Carrick, Waterloo

## WESTMOUNT PHASE 1 (The Carrick)

Broke ground on the 139-unit development in Waterloo in Q2-2022.



Project rendering



Progress shots as of November 2023

Key Statistics	
Number of units	139
Start date	Q2-2022
Est. completion date	Q1-2025
Project budget (\$M)	\$83.5
Cost per unit	\$601,000
Expected yield	4.00%-4.25%
Avg rent	\$3.00-\$3.25 per SF
Avg unit size	870 SF

# 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 2023 and 2022. Same property results represent 92.0% of the fair value of Killam's investment property portfolio as at September 30, 2023. Excluded from same property results in 2023 are acquisitions, dispositions and developments completed in 2022 and 2023, 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 2023 and 2022. 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 Q3-2023 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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