

# Q1-2024 Results Conference Call

May 8, 2024 | 9am EDT

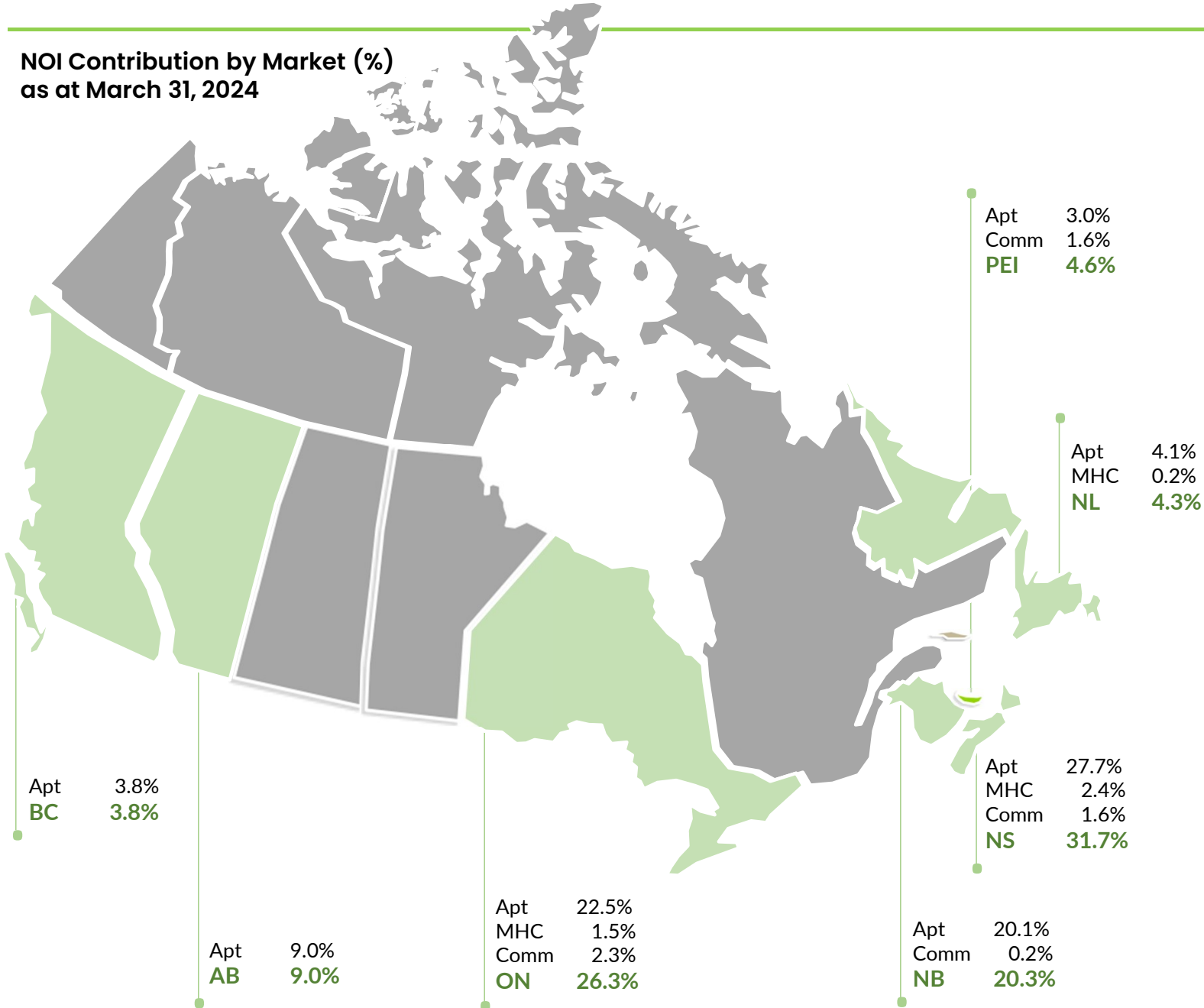


This presentation may contain forward-looking statements with respect to Killam Apartment REIT ("Killam") and its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "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 three months ended March 31, 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.



# Q1-2024 | Total Portfolio Results

**NOI Contribution by Market (%)  
as at March 31, 2024**



**Same Property NOI Growth**

Apartment  
**10.4%**

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MHC  
**9.8%**

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Commercial  
**9.7%**

# Q1-2024 | Performance Against Strategic Targets



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



In Q1, Killam achieved same property NOI growth of **10.3%**. 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**



In Q1, Killam completed one disposition of land for development for a sale price of **\$2.4M** and expects to complete the disposition of an apartment building in Guelph, ON, for **\$19.2M** in early May. Killam has additional dispositions planned for the remainder of 2024 and expects to meet its 2024 capital recycling target of \$50.0 million.



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



**39.1%** of NOI generated outside Atlantic Canada as of March 31, 2024. The lease-up of Civic 66 and Nolan Hill Phase II will further increase NOI generated outside Atlantic Canada during the remainder of the year. Killam is on track to exceed this target.



**Break ground on two new developments**



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



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



Debt as a percentage of total assets was **42.1%** as at March 31, 2024 (December 31, 2023 - 42.9%).



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



Killam has invested **\$1.4 million** in energy initiatives in Q1-2024, 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.

# Q1-2024 | Financial Highlights

**\$127.2M**  
Net Income

Includes \$55.0 million of net operating income, up 8.3% from Q1-2023.

**\$0.26**  
FFO per Unit<sup>(1)</sup>

4.0% increase from \$0.25 per unit in Q1-2023. AFFO per unit increased 5.0% to \$0.21, compared to \$0.20 in Q1-2023.

**10.3%**  
Same Property NOI Growth<sup>(2)</sup>

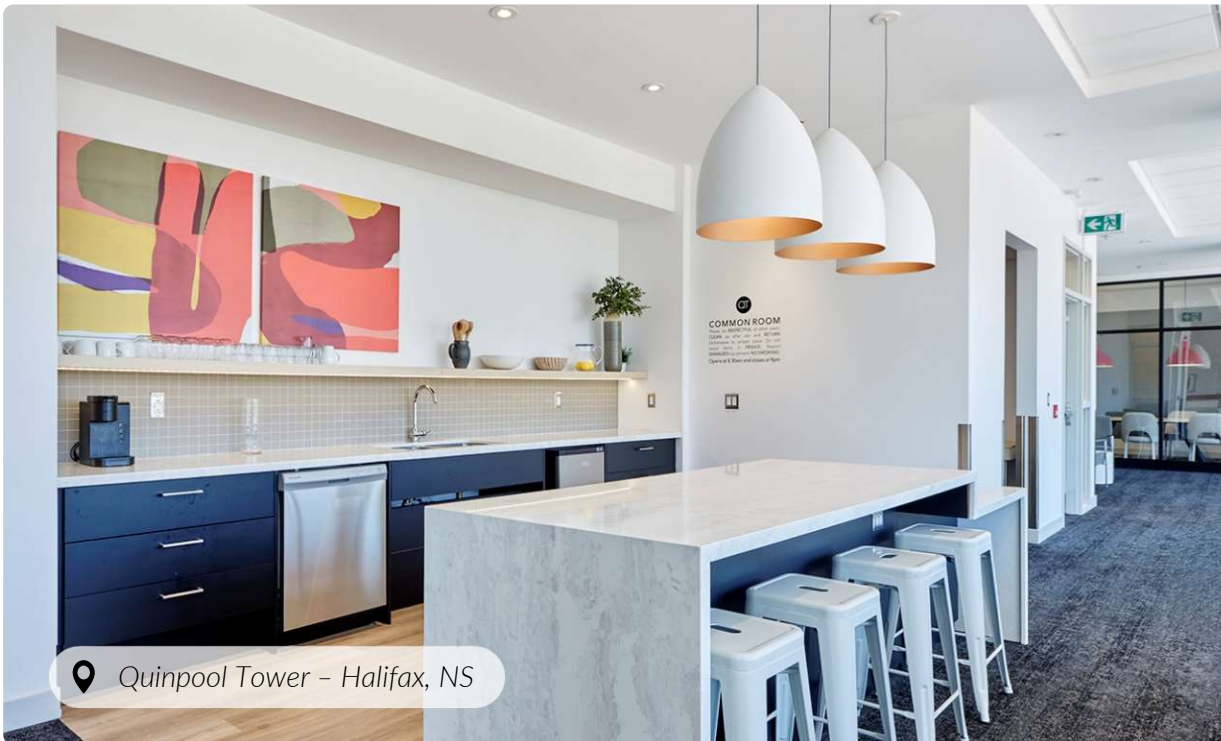
10.3% growth in Q1-2024 includes a 5.9% increase in same property revenue.

**83%**  
AFFO payout ratio<sup>(3)</sup>

A 200-basis point improvement from 85% in Q1-2023.

**42.1%**  
Total Debt as a % of Total Assets<sup>(4)</sup>

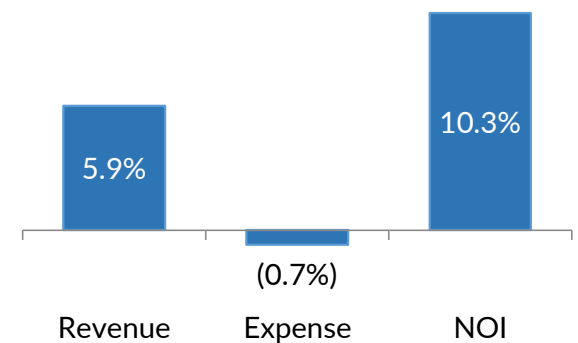
An 80-basis point decrease from 42.9% at December 31, 2023.



Quinpool Tower – Halifax, NS

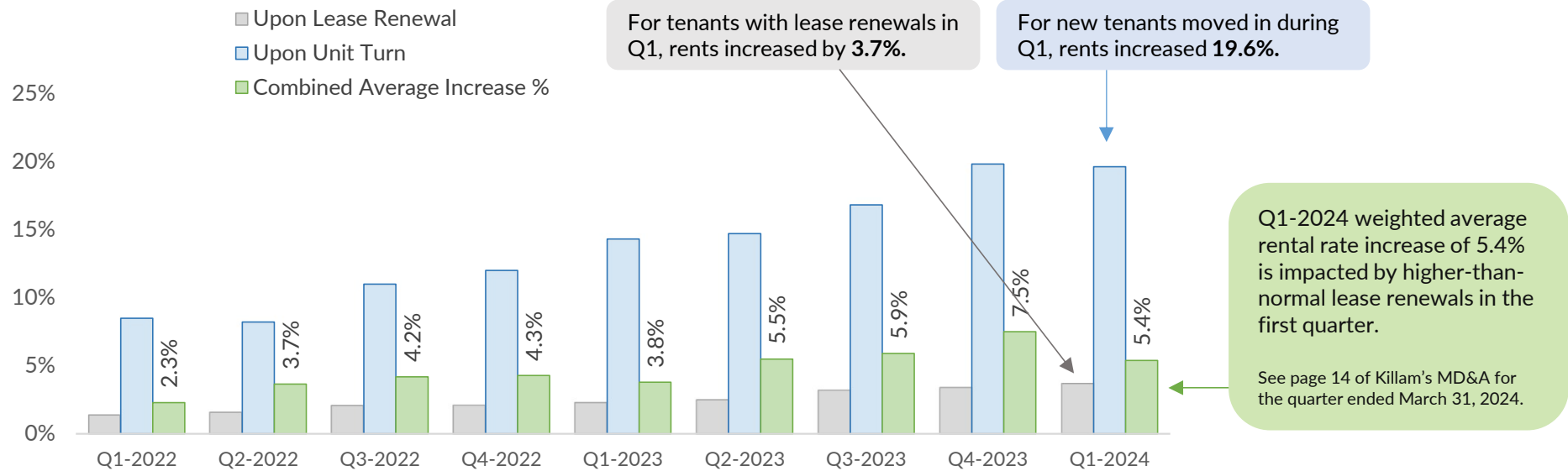
## Same Property Portfolio

For the three months ended Mar 31, 2024



1) FFO per unit is a non-IFRS financial ratio. For a full description and reconciliation of non-IFRS measures, see slide 20 and page 22 of Killam's Management Discussion and Analysis for the period ended March 31, 2024.  
 2) Same property NOI growth is a supplementary financial measure. For a full description of same property metrics, see slide 20.  
 3) AFFO per unit and AFFO payout ratio are non-IFRS ratios. For a full description and reconciliation of non-IFRS measures, see slide 20 and page 23 of Killam's Management Discussion and Analysis for the period ended March 31, 2024.  
 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 20.

## Apartments Same Property Rental Rate Growth by Quarter



Target for 2024 increased to **>8%** SP NOI growth

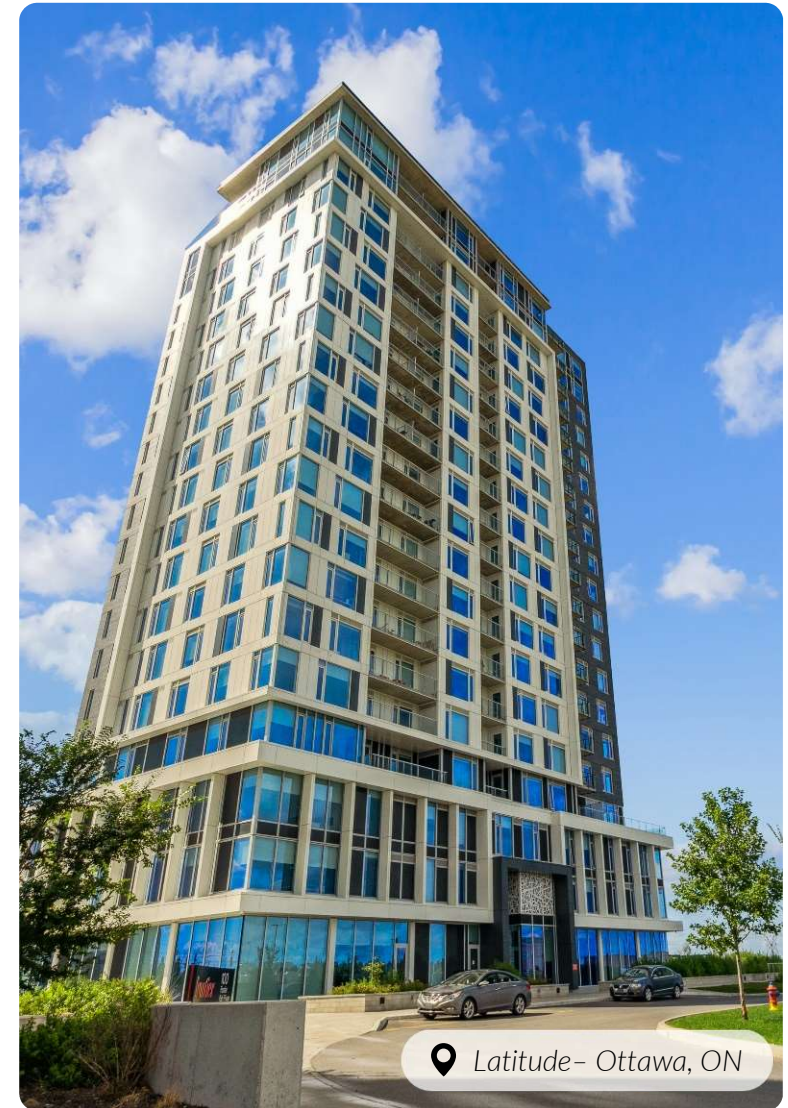
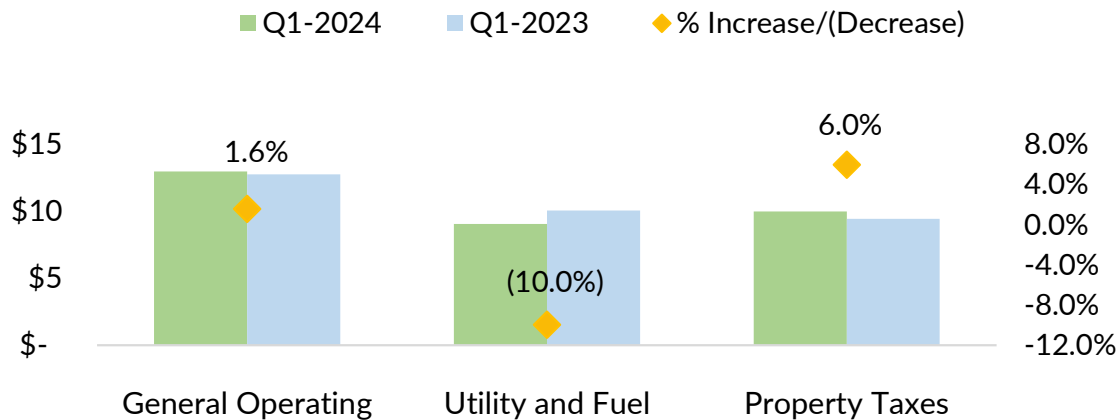
## Apartment Same Property Operating Margin Expansion



## Total same property operating expenses reduced by 0.7% in Q1-2024

- Utility and fuel decreased due to commodity price decrease and reduction in natural gas consumption from a mild winter and energy efficiency investments.
- Property tax increase due to higher regional mill rates in NB and no property tax subsidies in PEI.

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



Latitude - Ottawa, ON



# Q1-2024 | Accretive Runway for New Developments

OCCUPANCY<sup>(1)</sup>

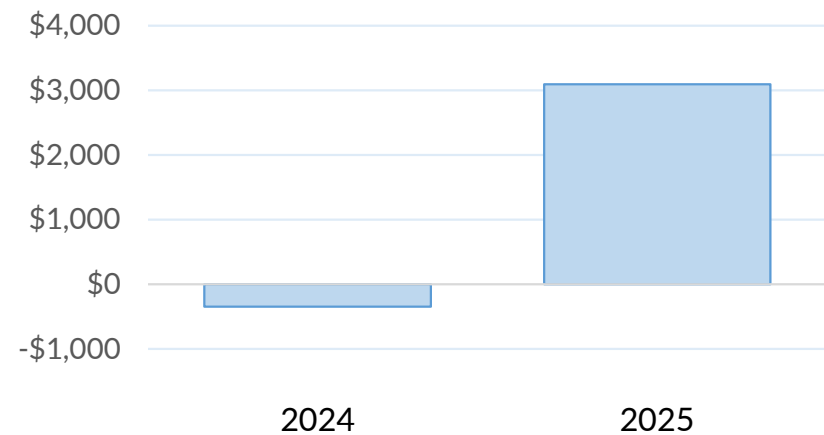


**Q1 FFO & AFFO Per Unit**

■ Q1-2024    □ Q1-2023



**Estimated Annual FFO Contribution<sup>(2)</sup> from New Developments in Lease up**  
(000's)



(1) Occupancy as of May 6, 2024.

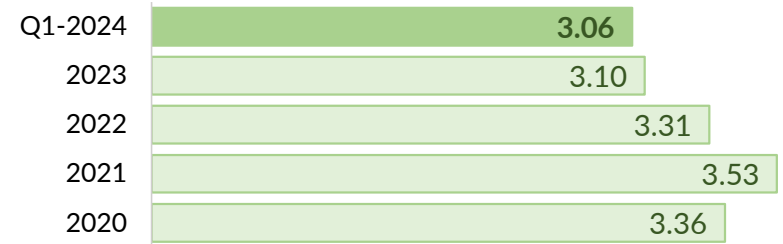
(2) Impact from developments listed above. Does not include the change in capitalized interest associated with developments or the additional impact from refinancing opportunities in 2025.



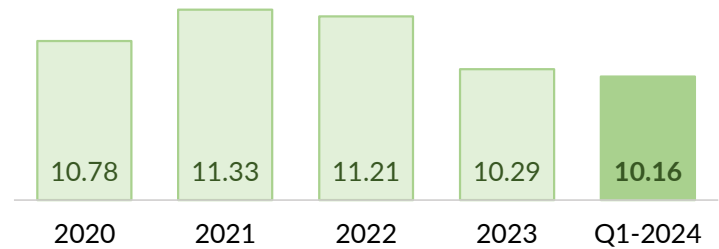


The Alexander & The Governor – Halifax, NS

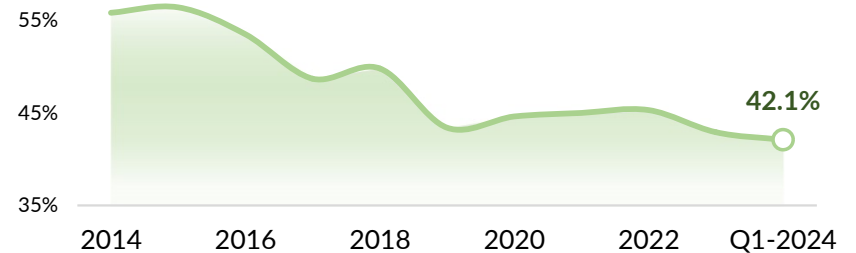
## Interest Coverage Ratio<sup>(1)</sup>



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



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



1) Interest coverage ratio is a non-IFRS ratio. For a full description and calculation of the non-IFRS measures, see slide 20 and page 26 of Killam’s Management Discussion and Analysis for the period ended March 31, 2024.  
 2) Debt to normalized EBITDA is a non-IFRS ratio. For a full description and calculation of the non-IFRS measures, see slide 20 and page 26 of Killam’s Management Discussion and Analysis for the period ended March 31, 2024.  
 3) 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 20.



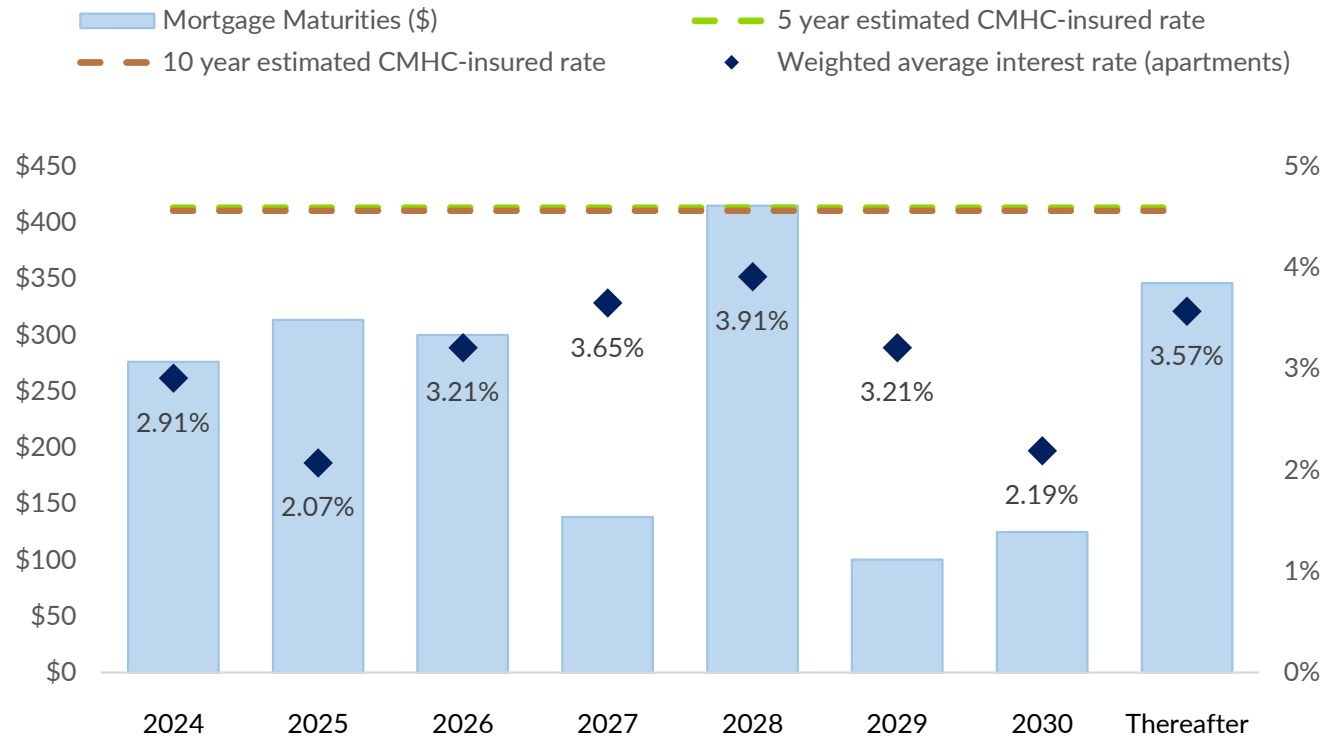
Weighted Avg Apartment Mortgage Interest Rate **3.16%**

Weighted Average Term to Maturity **3.7 years**

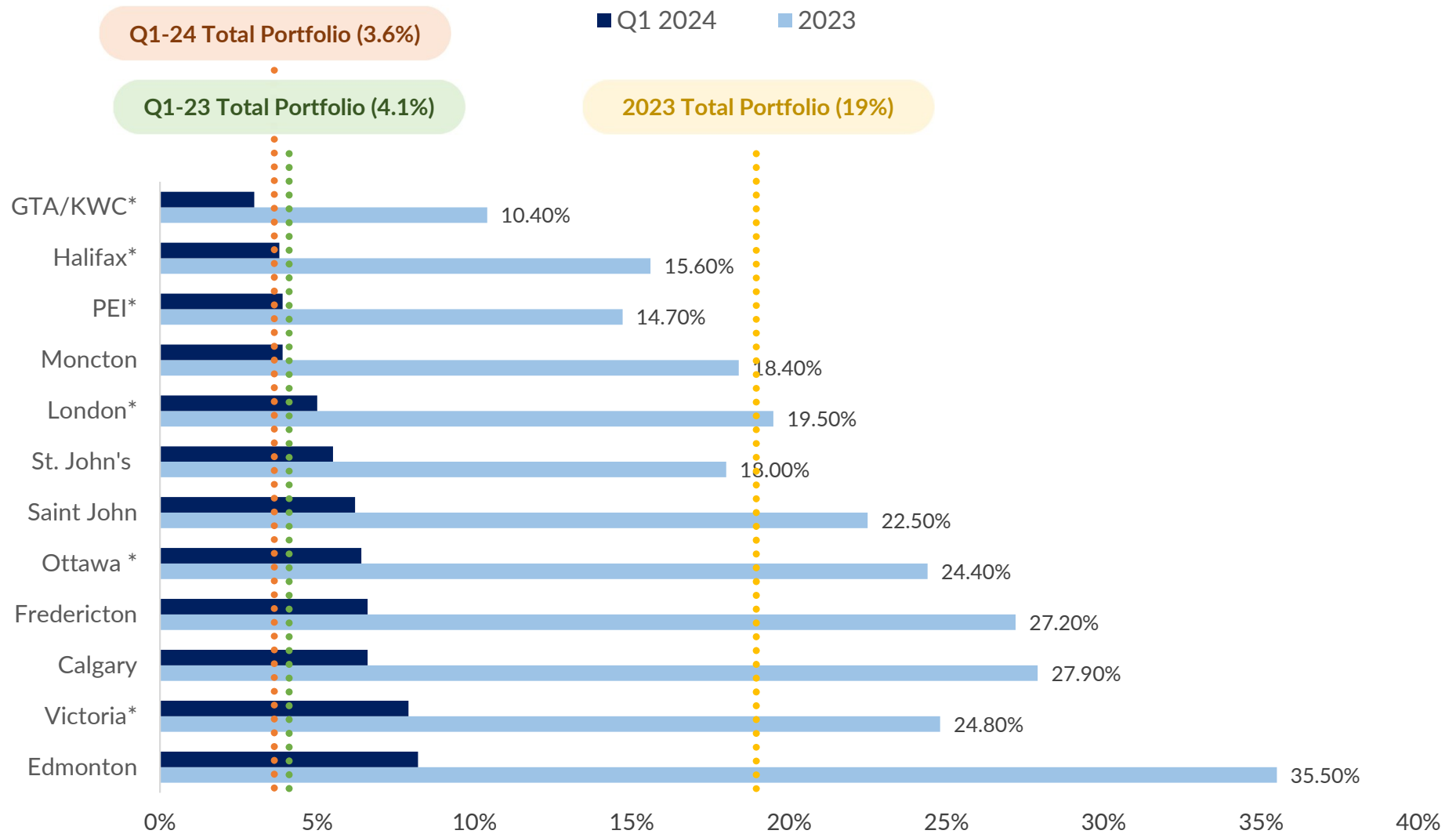
CMHC Insured Apartment Mortgages **79.0%**

## Apartment Mortgage Maturities by Year

As at March 31, 2024



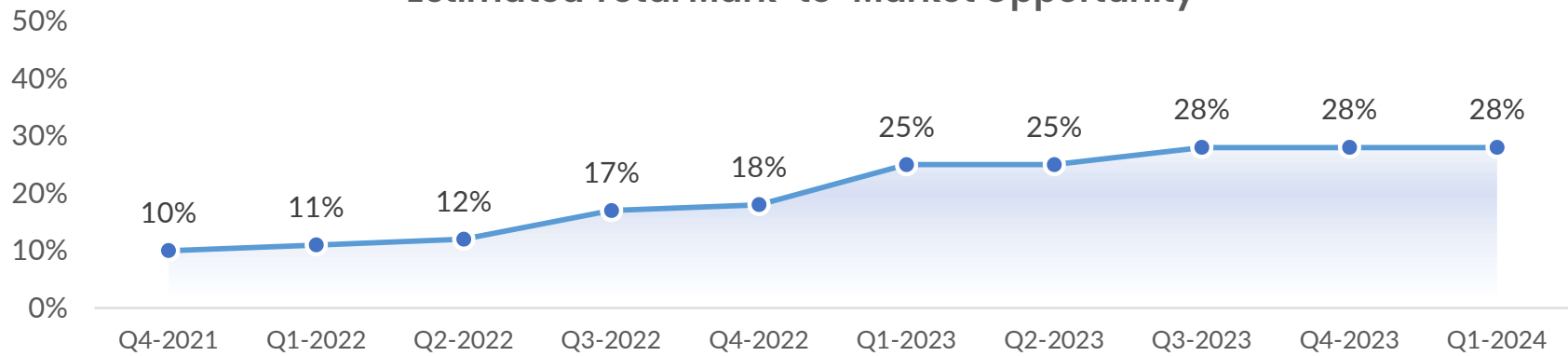
## Turnover by Region



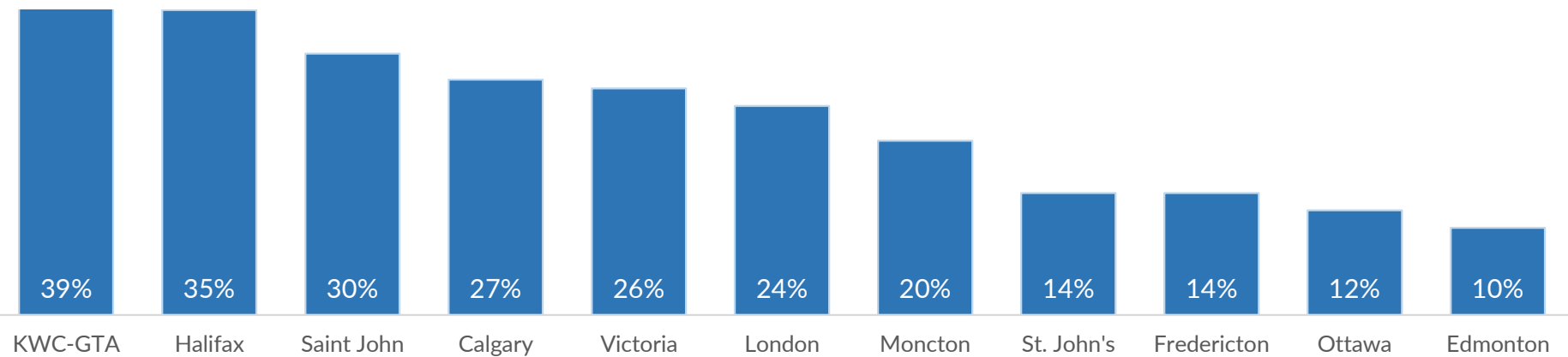
\*Regions with provincial rent control in place.



### Estimated Total Mark-to-Market Opportunity



### Estimated Mark-to-Market Spread by Region



# Q1-2024 | Investing in Our Existing Portfolio



Return on Investment ~20%

Average Investment per Suite \$35,535

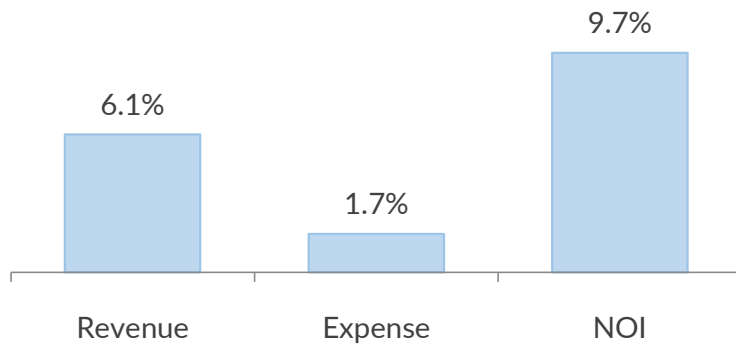
Suites Repositioned in Q1-2024 70 units

Targeting  
**300**  
suites in 2024



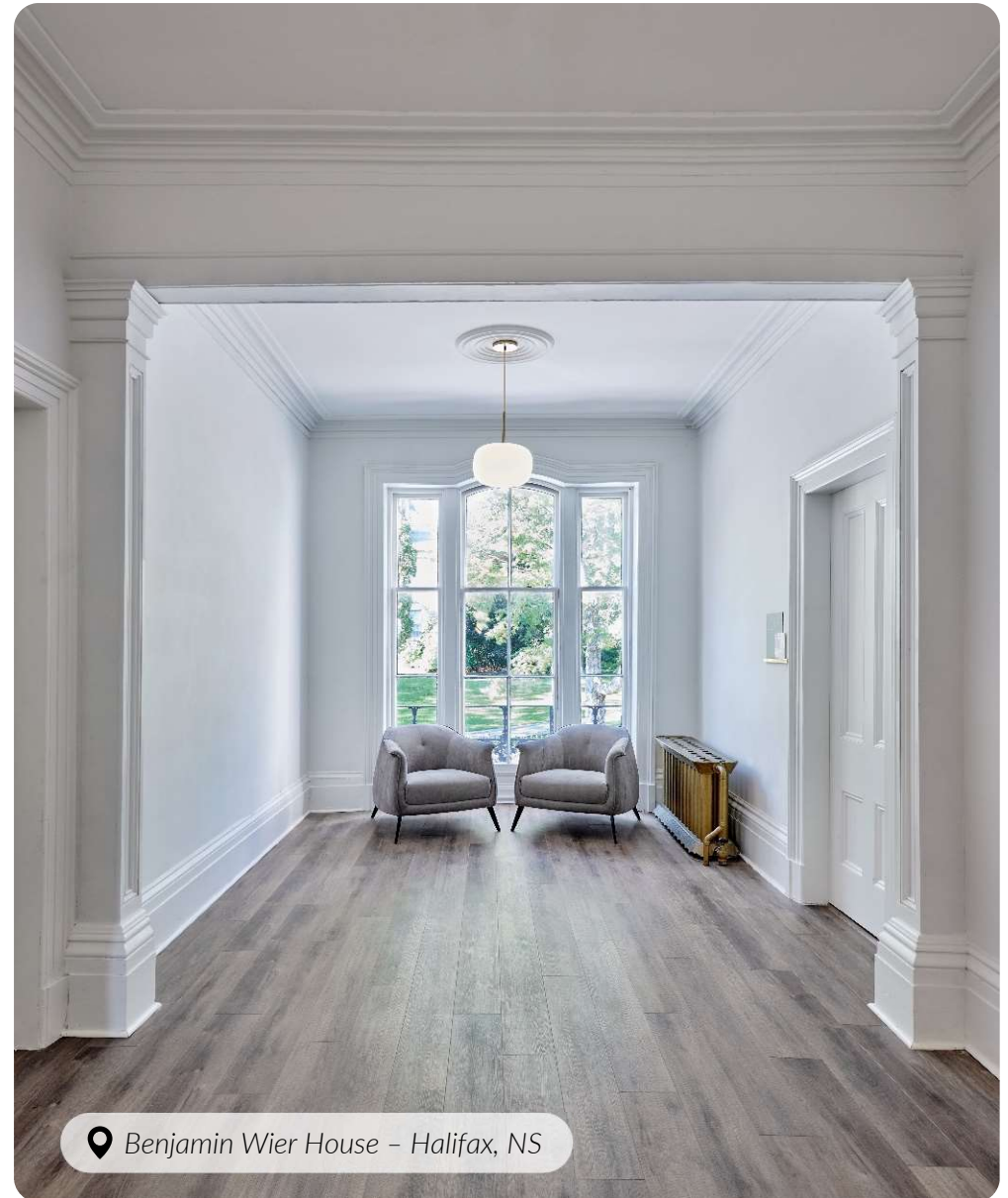
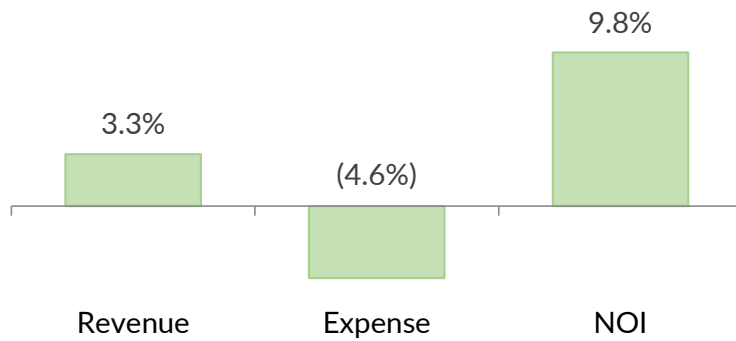
## Commercial Same Property

For the three months ended Mar 31, 2024



## MHC Same Property

For the three months ended Mar 31, 2024

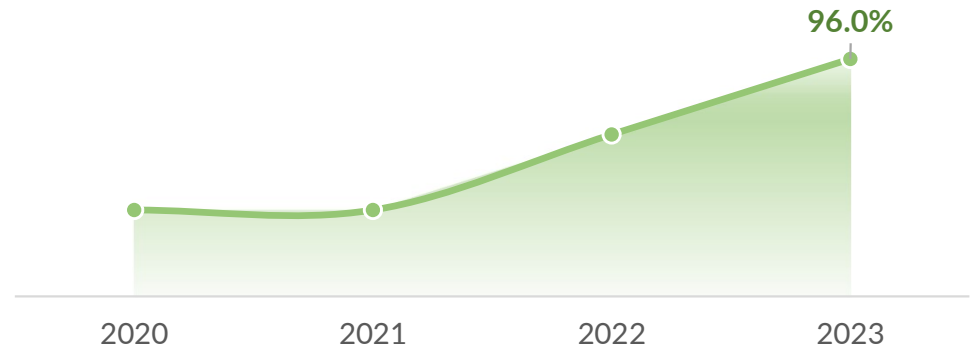




# Q1-2024 | Commercial Highlight: Royalty Crossing

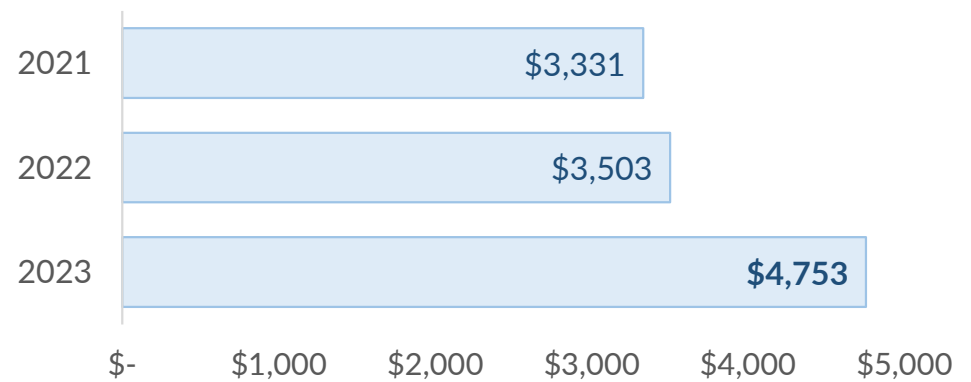


## Royalty Crossing Occupancy Gains <sup>(1)</sup>



(1) Occupancy based on leasable square footage.

## Royalty Crossing NOI Growth (000's)



# Capital Allocation

Killam’s capital recycling program focuses on reinvesting proceeds from dispositions towards the most accretive and best use of funds to grow FFO and NAV.

## Strengthen Balance Sheet

Focused on reducing variable rate debt to maximize capital flexibility



## Fund Development Pipeline

Reallocate proceeds from dispositions towards ongoing developments to reduce exposure to construction debt



## Operational Investments

Elevate operational platform through implementation of data analytics systems and energy efficiency investments

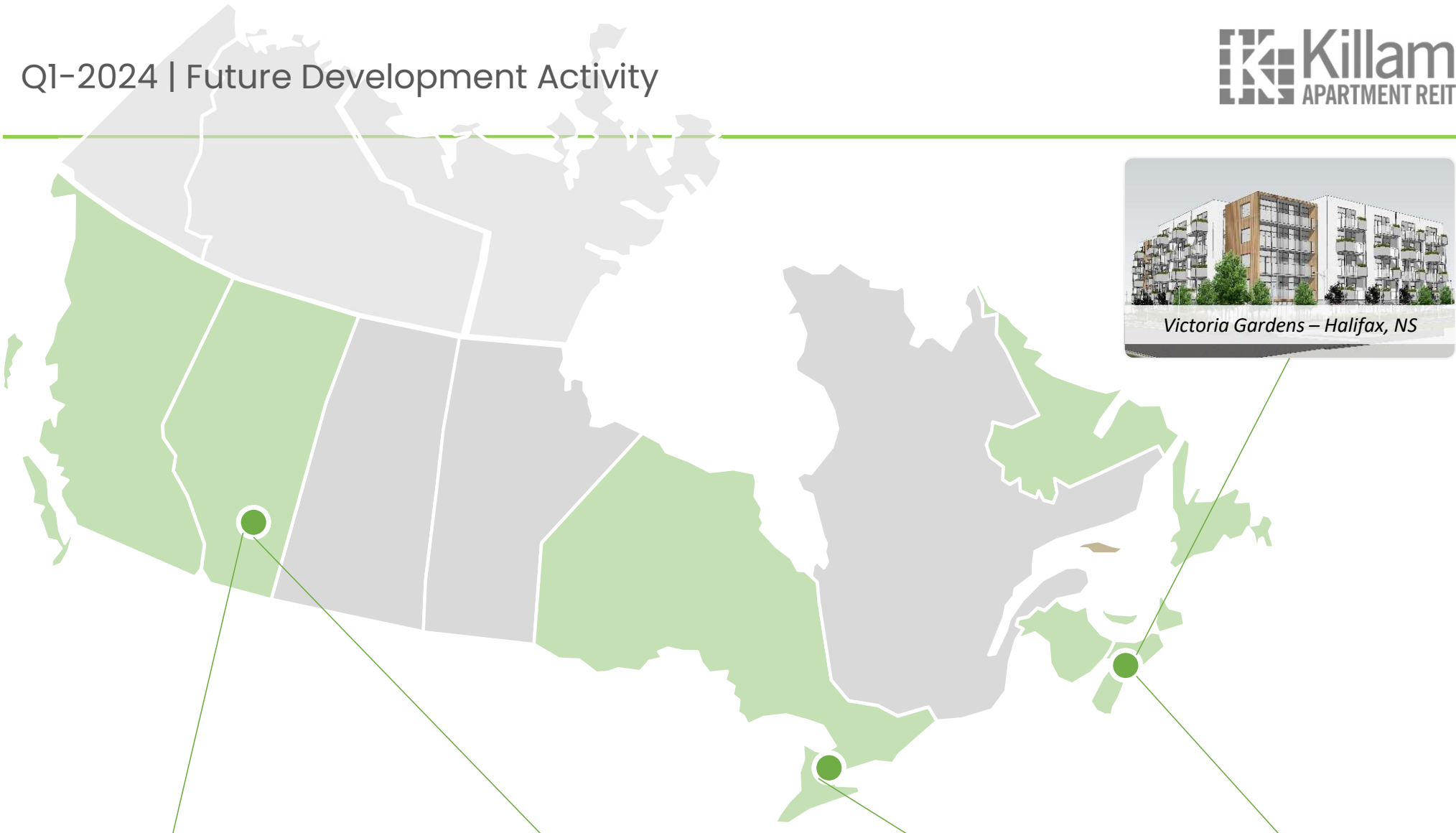


## Strategic Portfolio Growth

Continue to invest in our existing portfolio while remaining vigilant of acquisition opportunities that create additional synergies



# Q1-2024 | Future Development Activity

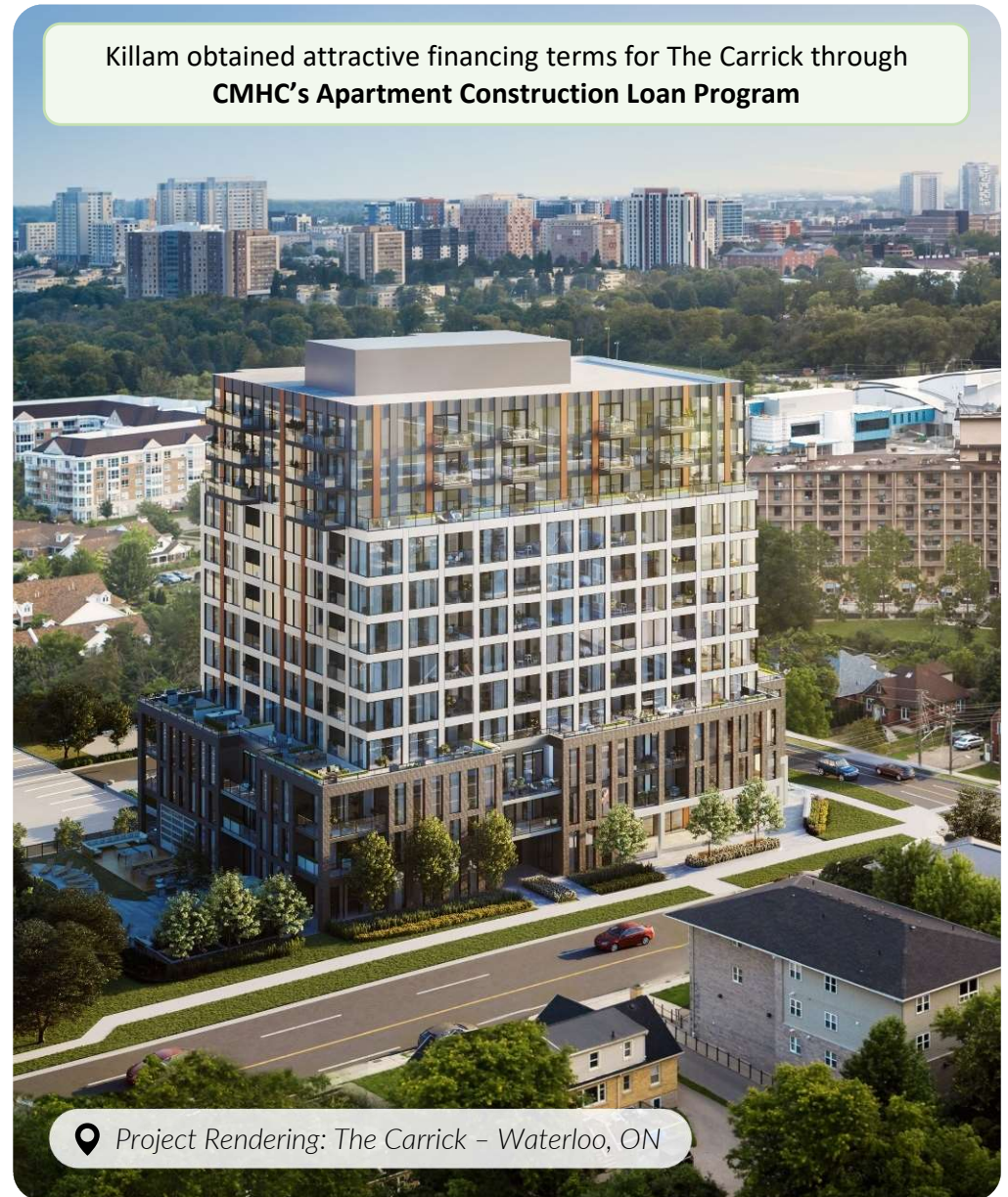






📍 Progress Shot – April 2024

Number of units	139
Start date	Q2-2022
Est. completion date	Q2-2025
Project budget	\$83.5M
Cost per unit	\$601,000
Expected yield	4.00%-4.25%
Avg rent	\$2.75-\$3.00 per SF
Avg unit size	840 SF



Killam obtained attractive financing terms for The Carrick through CMHC's Apartment Construction Loan Program

📍 Project Rendering: The Carrick – Waterloo, ON





Number of units	55
Start date	Q1-2024
Est. completion date	2026
Project budget	\$33.6M
Cost per unit	\$611,000
Expected yield	4.50%-5.00%
Avg rent	\$3.50-\$3.75 per SF
Avg unit size	765 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 2024 and 2023. Same property results represent 95.7% of the fair value of Killam's investment property portfolio as at March 31, 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 Q1-2024 Management's Discussion and Analysis for further details on these non-IFRS measures and, where applicable, reconciliations to the most directly comparable IFRS measure.



# Q1-2024 Results Conference Call

