Condensed Consolidated Interim Financial Statements [unaudited]

For the three months ended March 31, 2025 and 2024

Condensed Consolidated Interim Statements of Financial Position

In thousands of Canadian dollars,
[unaudited]

	Note	March 31, 2025	December 31, 2024
ASSETS			
Non-current assets			
Investment properties	[4]	**$5,457,029**	$5,384,720
Property and equipment		**9,502**	9,647
Other non-current assets	[7]	**17,298**	14,608
		$5,483,829	$5,408,975
Current assets			
Cash and cash equivalents	[7]	**$11,904**	$13,211
Rent and other receivables		**7,356**	7,291
Residential inventory		**1,107**	464
Other current assets	[7]	**18,290**	10,409
		38,657	31,375
Assets held for sale	[5]	**18,500**	—
TOTAL ASSETS		**$5,540,986**	$5,440,350
EQUITY AND LIABILITIES			
Unitholders' equity	[13]	**$3,176,325**	$3,089,952
Total equity		**$3,176,325**	$3,089,952
Non-current liabilities			
Mortgages and loans payable	[8]	**$1,759,818**	$1,757,914
Lease liabilities		**11,359**	11,522
Deferred unit-based compensation	[15]	**5,503**	5,894
		$1,776,680	$1,775,330
Current liabilities			
Mortgages and loans payable	[8]	**$403,010**	$381,229
Credit facilities	[9]	**46,055**	54,738
Accounts payable and accrued liabilities	[11]	**70,662**	72,445
Exchangeable Units	[12]	**68,254**	66,656
		587,981	575,068
Total liabilities		**$2,364,661**	$2,350,398
TOTAL EQUITY AND LIABILITIES		**$5,540,986**	$5,440,350
Commitments and contingencies	[24]		
Financial guarantees	[25]		

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Approved on behalf of the Board of Trustees

(signed) "Karine L. MacIndoe "
Trustee

(signed) "Philip D. Fraser "
Trustee

Condensed Consolidated Interim Statements of Income and Comprehensive Income

In thousands of Canadian dollars,
[unaudited]

		Three months ended March 31,	
	Note	**2025**	2024
Property revenue	[16]	**$93,024**	$87,505
Property operating expenses			
Operating expenses		**(13,444)**	(13,331)
Utility and fuel expenses		**(9,883)**	(9,299)
Property taxes		**(10,702)**	(9,855)
		(34,029)	(32,485)
Net operating income		**$58,995**	$55,020
Other income		**551**	540
Financing costs	[17]	**(20,186)**	(19,423)
Depreciation		**(270)**	(266)
Administration		**(5,648)**	(5,294)
Fair value adjustment on unit-based compensation	[15]	**(77)**	(54)
Fair value adjustment on Exchangeable Units	[12]	**(1,598)**	(2,417)
Fair value adjustment on investment properties	[4]	**70,212**	116,294
Loss on disposition		**(67)**	(191)
Income before income taxes		**101,912**	144,209
Deferred tax expense	[18]	**—**	(16,969)
Net income and comprehensive income		**$101,912**	$127,240

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Equity

In thousands of Canadian dollars, [unaudited]

Three months ended March 31, 2025	**Trust Units**	**Contributed Surplus**	**Retained Earnings**	**Total Equity**
As at January 1, 2025	**$1,401,460**	**$608**	**$1,687,884**	**$3,089,952**
Distribution reinvestment plan	**6,164**	**—**	**—**	**6,164**
Deferred unit-based compensation	**561**	**—**	**—**	**561**
Repurchased through normal course issuer bid	**(362)**	**(139)**	**—**	**(501)**
Net income and comprehensive income	**—**	**—**	**101,912**	**101,912**
Distributions declared and paid	**—**	**—**	**(14,501)**	**(14,501)**
Distributions payable	**—**	**—**	**(7,262)**	**(7,262)**
As at March 31, 2025	**$1,407,823**	**$469**	**$1,768,033**	**$3,176,325**

Three months ended March 31, 2024	Trust Units	Contributed Surplus	Retained Earnings	Total Equity
As at January 1, 2024	$1,377,413	$732	$1,104,455	$2,482,600
Distribution reinvestment plan	6,156	—	—	6,156
Deferred unit-based compensation	683	—	—	683
Net income and comprehensive income	—	—	127,240	127,240
Distributions declared and paid	—	—	(13,944)	(13,944)
Distributions payable	—	—	(6,979)	(6,979)
As at March 31, 2024	$1,384,252	$732	$1,210,772	$2,595,756

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

In thousands of Canadian dollars, [unaudited]

	Note	Three months ended March 31, 2025	2024
OPERATING ACTIVITIES			
Net income		**$101,912**	$127,240
Add (deduct) items not affecting cash			
Fair value adjustments		**(68,537)**	(113,823)
Depreciation		**270**	266
Amortization of deferred financing		**1,004**	922
Non-cash compensation expense		**970**	832
Deferred income tax expense		**—**	16,969
Amortization of fair value adjustments on assumed mortgages		**56**	57
Interest expense on lease liability		**124**	160
Loss on disposition		**67**	191
Straight-line rent		**(18)**	(31)
Net change in non-cash operating activities	[20]	**(10,837)**	(9,074)
Cash provided by operating activities		**$25,011**	$23,709
FINANCING ACTIVITIES			
Deferred financing costs paid		**(2,301)**	(1,581)
Trust Units repurchased through normal course issuer bid		**(500)**	—
Cash paid on redemption of restricted Units		**(878)**	(1,395)
Cash paid on lease liabilities		**(277)**	(382)
Mortgage financing		**71,733**	21,965
Mortgages repaid		**(35,300)**	(8,240)
Mortgage principal repayments		**(16,928)**	(17,002)
Credit facility (repayments) proceeds		**(8,683)**	20,840
Proceeds from construction loans		**5,422**	7,918
Distributions to Unitholders		**(15,568)**	(14,747)
Cash (used in) provided by financing activities		**($3,280)**	$7,376
INVESTING ACTIVITIES			
Change in restricted cash		**142**	(788)
Acquisition of investment properties, net of debt assumed		**—**	(14,151)
Proceeds on disposition of investment properties and assets held for sale, net of transaction costs		**—**	2,400
Proceeds on disposition of property and equipment		**4**	73
Repayment on loan receivable		**—**	100
Development of investment properties		**(11,376)**	(5,815)
Capital expenditures		**(11,808)**	(16,593)
Cash used in investing activities		**($23,038)**	($34,774)
Net decrease in cash		**(1,307)**	(3,689)
Cash and cash equivalents, beginning of period		**13,211**	14,087
Cash and cash equivalents, end of period		**$11,904**	$10,398

See accompanying notes to the unaudited condensed consolidated interim financial statements.

1. Organization of the Trust

Killam Apartment Real Estate Investment Trust ("Killam," or the "Trust") is an unincorporated open-ended mutual fund trust created pursuant to the amended and restated Declaration of Trust ("DOT"), dated November 30, 2024, under the laws of the Province of Ontario. Killam specializes in the acquisition, management and development of multi-residential apartment buildings, manufactured home communities ("MHCs") and commercial properties in Canada. On November 21, 2024, Killam's trust unitholders and special voting unitholders, voting together as a single class, approved an internal reorganization that was accomplished by way of a plan of arrangement (the "Arrangement"). The Arrangement removed Killam Properties Inc. ("KPI"), a wholly-owned subsidiary of the Trust, from Killam's organizational structure, such that the Trust no longer holds any properties partially through KPI, and as a result, the Trust no longer has any corporate subsidiaries that are expected to be taxable.

The condensed consolidated interim financial statements comprise the financial statements of Killam and its subsidiaries as at and for the three months ended March 31, 2025. Killam's head office operations are located at 3700 Kempt Road, Halifax, Nova Scotia, B3K 4X8.

2. Material Accounting Policies

(A) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with IFRS® Accounting Standards as issued by the IASB have been omitted or condensed.

The condensed consolidated interim financial statements of the Trust for the three months ended March 31, 2025, were authorized for issue in accordance with a resolution of the Board of Trustees of Killam on May 7, 2025.

(B) Basis of Presentation

The condensed consolidated interim financial statements of Killam have been prepared on a historical cost basis, except for investment properties, deferred unit-based compensation and Exchangeable Units, which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The condensed consolidated interim financial statements have been prepared on a going concern basis and are presented in Canadian dollars, which is Killam's functional currency, and all values are rounded to the nearest thousand ($000), except per unit amounts or as noted. The operating results for the three months ended March 31, 2025, are not necessarily indicative of results that may be expected for the full year ending December 31, 2025, due to seasonal variations in property expenses and other factors.

The condensed consolidated interim financial statements should be read in conjunction with the most recently issued consolidated financial statements, which include information necessary or useful to understanding the Trust's business and financial statement presentation. In particular, Killam's material accounting policies were presented in note 2 to the consolidated financial statements for the year ended December 31, 2024, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

Judgments and Estimates

The condensed consolidated interim financial statements have been prepared considering the impact of the current economic environment including interest rates and potential for government intervention and how increased uncertainty could impact the valuation of investment properties. Killam has used the best information available as at March 31, 2025, in determining its estimates and the assumptions that affect the carrying amounts of assets and liabilities, and earnings for the period. Actual results could differ from those estimates. Killam considers the estimates that could be most significantly impacted to include those underlying the valuation of investment properties and the estimated credit losses on accounts receivable.

Dollar amounts in thousands of Canadian dollars (except as noted)

3. Future Accounting Policy Changes

The following new or amended accounting standards under IFRS Accounting Standards have been issued or revised by the IASB; however, they are not yet effective and as such have not been applied to the condensed consolidated interim financial statements.

IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18")
In April 2024, the IASB issued IFRS 18. The objective of the new standard is to improve comparability and transparency of communication in financial statements. This standard introduces new requirements on presentation and disclosure within the statement of profit or loss, and also requires disclosure of management-identified performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statements and the notes. The standard is effective for Killam's annual periods beginning after January 1, 2027, with early adoption permitted. To assess the impact of this new standard, Killam has formed an internal working group and continues to progress on its in-depth assessment of IFRS 18 and the impact on its consolidated financial statements. Killam intends to adopt the new standard on the required effective date with restatement of the prior period comparatives.

4. Investment Properties

As at March 31, 2025

	Apartments	**MHCs**	**Commercial**	**IPUC**	**Land for Development**	**Total**
Balance, beginning of period	**$4,819,484**	**$235,132**	**$170,486**	**$91,114**	**$68,504**	**$5,384,720**
Fair value adjustment on investment properties	**72,113**	**1,708**	**(3,031)**	**(578)**	**—**	**70,212**
Dispositions	**—**	**—**	**—**	**—**	**(2,640)**	**(2,640)**
Transfer from investment properties to IPUC	**—**	**—**	**(3,960)**	**3,960**	**—**	**—**
Capital expenditures	**10,897**	**344**	**204**	**9,216**	**1,683**	**22,344**
Transfer to assets held for sale	**(18,500)**	**—**	**—**	**—**	**—**	**(18,500)**
Interest capitalized on IPUC and land for development	**—**	**—**	**—**	**552**	**341**	**893**
Balance, end of period	**$4,883,994**	**$237,184**	**$163,699**	**$104,264**	**$67,888**	**$5,457,029**

As at December 31, 2024

	Apartments	MHCs	Commercial	IPUC	Land for Development	Total
Balance, beginning of year	$4,538,075	$215,396	$168,421	$44,621	$61,293	$5,027,806
Fair value adjustment on investment properties	244,499	10,799	(6,052)	(2,922)	6,037	252,361
Acquisitions	15,025	—	—	—	5,887	20,912
Dispositions	(54,263)	—	—	—	(5,099)	(59,362)
Transfer from land for development to IPUC	—	—	—	7,127	(7,127)	—
Capital expenditures	73,053	8,937	8,117	40,679	4,966	135,752
Transfer from investment properties to land for development	(860)	—	—	—	860	—
Transfer from residential inventory	3,955	—	—	—	—	3,955
Interest capitalized on IPUC and land for development	—	—	—	1,609	1,687	3,296
Balance, end of year	$4,819,484	$235,132	$170,486	$91,114	$68,504	$5,384,720

During the three months ended March 31, 2025, Killam completed the following disposition:

Property	**Location**	**Disposition Date**	**Ownership Interest**	**Property Type**	**Units**	**Sale Price**	**Net Cash Proceeds [(1)]**
425 5 St SW [(2)]	Calgary, AB	07-Jan-25	50%	Land for development	N/A	**$2,640**	**$—**
Total Dispositions						**$2,640**	**$—**

(1) Net cash proceeds do not include transaction costs.

(2) Excluded from net cash proceeds is a $2.6 million vendor take-back ("VTB") mortgage. Full repayment is due within 48 months of the closing date in January 2025.

Dollar amounts in thousands of Canadian dollars (except as noted)

4. Investment Properties (continued)

During the three months ended March 31, 2025, Killam capitalized salaries of $2.0 million (three months ended March 31, 2024 – $1.9 million), as part of its project improvement, suite renovation and development programs. For the three months ended March 31, 2025, interest costs associated with the general corporate borrowings used to fund development were capitalized to the respective development projects using Killam's weighted average borrowing rate of 3.51% (March 31, 2024 – 3.38%). Interest costs associated with development specific loans were capitalized to the respective developments using the actual borrowing rate associated with the loan.

Investment properties with a fair value of $5.2 billion as at March 31, 2025 (December 31, 2024 – $5.1 billion), have been pledged as collateral against Killam's mortgages, construction loans and credit facilities.

Valuation Basis
Using the direct income capitalization method, the apartment properties were valued using cap rates in the range of 4.00% to 6.50%, applied to a stabilized net operating income ("SNOI") of $228.5 million (December 31, 2024 – 4.00% to 6.50% and $222.2 million), resulting in an overall weighted average effective cap rate of 4.65% (December 31, 2024 – 4.62%). The stabilized occupancy rates used in the calculation of SNOI were in the range of 95.5% to 100.0% (December 31, 2024 – 95.5% to 100.0%). Using the direct income capitalization method, the MHC properties were valued using cap rates in the range of 5.50% to 6.75%, applied to a SNOI of $14.1 million (December 31, 2024 – 5.50% to 6.75% and $14.0 million), resulting in an overall weighted average effective cap rate of 6.02% (December 31, 2024 – 6.02%). The stabilized occupancy rate used in the calculation of SNOI was 98.4% (December 31, 2024 – 98.4%). The commercial properties were valued using the discounted cash flow ("DCF") method. Fair value is estimated using assumptions regarding benefits and liabilities of ownership over the asset's life, including a terminal value. This method involves the projection of stabilized cash flows on each individual property, with market-derived discount rates and terminal capitalization rates applied to the stabilized cash flow to establish the present value of the income stream associated with the asset. Using a DCF model, the stabilized commercial properties were valued using key inputs determined by management based on a review of asset performance and comparable assets in relevant markets. The weighted average discount rate applied in the period was 7.47% (December 31, 2024 – 7.44%).

Investment property valuations are most sensitive to changes in the cap rate. The cap rate assumptions for the investment properties are included in the following table by segment:

	March 31, 2025			December 31, 2024		
	Low	**High**	**Effective Weighted Average**	Low	High	Effective Weighted Average
Apartments	**4.00%**	**6.50%**	**4.65%**	4.00%	6.50%	4.62%
MHCs	**5.50%**	**6.75%**	**6.02%**	5.50%	6.75%	6.02%

Fair Value Sensitivity
The following table summarizes the impact of changes in capitalization rates and SNOI on the fair value of Killam's investment properties:

		Change in Stabilized NOI (1)				
		(2.00)%	**(1.00)%**	**—%**	**1.00%**	**2.00%**
Change in Capitalization Rate	**(0.50)%**	$509,686	$569,375	$629,064	$688,753	$748,442
	(0.25)%	184,211	240,579	296,946	353,314	409,682
	—%	(106,796)	(53,398)	—	53,398	106,796
	0.25%	(368,553)	(317,826)	(267,098)	(216,371)	(165,644)
	0.50%	(605,270)	(556,959)	(508,647)	(460,335)	(412,023)

(1) Includes Killam's apartment and MHC portfolios, which are valued using the direct income capitalization method, and Killam's commercial portfolio, which is valued using the DCF approach. The sensitivity for commercial assets is calculated using an implied capitalization rate based on the SNOI of the properties.

Dollar amounts in thousands of Canadian dollars (except as noted)

5. Assets Held for Sale

As at March 31, 2025, Killam determined that four investment properties met the criteria for classification as assets held for sale totalling $18.5 million, as Management had committed to sell the properties. The properties were sold in May 2025, and disclosed as subsequent events.

6. Joint Operations and Investments in Joint Venture

Killam has interests in properties and land for future development that are subject to joint control and are joint operations. Accordingly, the condensed consolidated interim statements of financial position and condensed consolidated interim statements of income and comprehensive income include Killam's rights to and obligations for the related assets, liabilities, revenue and expenses. As at March 31, 2025, the fair value of the investment properties subject to joint control was $398.5 million (December 31, 2024 – $396.8 million).

7. Cash and Cash Equivalents and Other Current and Non-current Assets

Cash and Cash Equivalents

As at March 31, 2025, Killam had $11.9 million (December 31, 2024 – $13.2 million) in cash and cash equivalents, consisting of $4.5 million in operating cash and $7.4 million in security deposits (December 31, 2024 – $5.9 million and $7.3 million).

Other Current Assets

As at	**March 31, 2025**	December 31, 2024
Restricted cash	**$324**	$466
Deposits	**3,149**	1,581
Prepaid expenses	**14,817**	8,362
	$18,290	$10,409

Restricted cash consists of property tax reserves. Deposits may include funds held in trust for future acquisitions. Prepaid expenses consist primarily of prepaid property taxes and insurance.

Other Non-current Assets

As at March 31, 2025, other non-current assets included nine VTB mortgages receivable totalling $17.3 million (December 31, 2024 – $14.6 million) related to property acquisitions and dispositions. The VTB mortgages receivable bear interest at 3.0%–7.0%, and the weighted average interest rate is 5.0%. Full repayment of the loans is due within 36–60 months from the initial advances.

Dollar amounts in thousands of Canadian dollars (except as noted)

8. Mortgages and Loans Payable

As at	March 31, 2025		December 31, 2024	
	Weighted Average Interest	**Debt Balance**	Weighted Average Interest	Debt Balance
Mortgages and loans payable				
Fixed rate	**3.48%**	**$2,149,871**	3.46%	$2,139,143
Variable rate	**4.95%**	**12,957**	—%	—
Total		**$2,162,828**		$2,139,143
Current		**403,010**		381,229
Non-current		**1,759,818**		1,757,914
		$2,162,828		$2,139,143

Mortgages have a first or second charge on the properties of Killam. As at March 31, 2025, unamortized deferred financing costs of $49.2 million (December 31, 2024 – $47.9 million) and mark-to-market adjustments on mortgages assumed on acquisitions of $0.7 million (December 31, 2024 – $0.8 million) are netted against mortgages and loans payable.

Estimated future principal payments and maturities required to meet mortgage obligations by the 12-month period ending March 31 are as follows:

	Principal Amount	**% of Total Principal**
2026	$403,010	18.2%
2027	294,528	13.3%
2028	295,017	13.3%
2029	374,040	16.9%
2030	313,370	14.2%
Subsequent to 2030	532,732	24.1%
	$2,212,697	100.0%
Unamortized deferred financing costs	(49,157)	
Unamortized mark-to-market adjustments	(712)	
	$2,162,828	

Dollar amounts in thousands of Canadian dollars (except as noted)

9. Credit Facilities

Killam has access to two credit facilities with credit limits of $155.0 million ($175.0 million with the accordion feature) and $25.0 million (December 31, 2024 – $155.0 million [$175.0 million with the accordion feature] and $25.0 million) that can be used for acquisition and general business purposes.

The $155.0 million facility bears interest at 155 basis points ("bps") over the Canadian Overnight Repo Rate Average ("CORRA"). The facility includes a $30.0 million demand revolver and a $125.0 million committed revolver, as well as an accordion option to increase the $155.0 million facility by an additional $20.0 million. The agreement includes certain covenants and undertakings with which Killam was in compliance as at March 31, 2025. This facility matures December 19, 2025.

The $25.0 million demand facility bears interest at prime plus 75 bps on advances and 135 bps on issuance of letters of credit, in addition to 50 bps per annum. The agreement includes certain covenants and undertakings with which Killam was in compliance as at March 31, 2025.

As at March 31, 2025	**Maximum Loan Amount (1)**	**Amount Drawn**	**Letters of Credit**	**Amount Available**
$155.0 million facility	**$175,000**	**$35,000**	**$—**	**$140,000**
$25.0 million facility	**25,000**	**11,055**	**1,729**	**12,216**
Total	**$200,000**	**$46,055**	**$1,729**	**$152,216**

As at December 31, 2024	Maximum Loan Amount (1)	Amount Drawn	Letters of Credit	Amount Available
$155.0 million facility	$175,000	$35,000	$—	$140,000
$25.0 million facility	25,000	19,738	1,215	4,047
Total	$200,000	$54,738	$1,215	$144,047

(1) Maximum loan includes a $20.0 million accordion option.

10. Construction Loans

As at March 31, 2025, Killam had access to one fixed-rate construction loan totalling $62.4 million for the purpose of financing The Carrick development (December 31, 2024 – $62.4 million) and no variable rate construction loans. As at March 31, 2025, $38.9 million was drawn on the construction loan (December 31, 2024 – $33.4 million) included in non-current mortgages and loans payable. Payments are made monthly on an interest-only basis. Following completion of the development, the loan will amortize over a 50-year term. The weighted average contractual interest rate on amounts outstanding at March 31, 2025, was 3.10% (December 31, 2024 – 3.10%).

11. Accounts Payable and Accrued Liabilities

As at	**March 31, 2025**	December 31, 2024
Accounts payable and other accrued liabilities	**$42,955**	$45,131
Distributions payable	**7,495**	7,465
Mortgage interest payable	**5,927**	5,827
Security deposits	**14,285**	14,022
	$70,662	$72,445

Dollar amounts in thousands of Canadian dollars (except as noted)

12. Exchangeable Units

	Number of Exchangeable Units	Value
Balance, December 31, 2024	3,898,020	$66,656
Fair value adjustment	—	1,598
Balance, March 31, 2025	**3,898,020**	**$68,254**

The Exchangeable Units are non-transferable, but are exchangeable, on a one-for-one basis, into Killam Trust Units at any time at the option of the holder. Prior to such exchange, distributions will be made on these Exchangeable Units in an amount equivalent to the distributions that would have been made had the Units been exchanged for Killam Trust Units.

13. Unitholders' Equity

By virtue of Killam being an open-ended mutual fund trust, unitholders of Trust Units are entitled to redeem their Trust Units at any time at prices determined and payable in accordance with the conditions specified in Killam's DOT. As a result, under IFRS Accounting Standards, Trust Units are defined as financial liabilities; however, for the purposes of financial statement classification and presentation, the Trust Units may be presented as equity instruments as they meet the puttable instrument exemption under IAS 32, *Financial Instruments: Presentation* ("IAS 32").

All Trust Units outstanding are fully paid, have no par value and are voting Trust Units. The DOT authorizes the issuance of an unlimited number of Trust Units. Trust Units represent a unitholder's proportionate undivided beneficial interest in Killam. No Trust Unit has any preference or priority over another. No unitholder has or is deemed to have any right of ownership in any of the assets of Killam. Each Unit confers the right to one vote at any meeting of unitholders and to participate pro rata in any distributions and, on liquidation, to a pro rata share of the residual net assets remaining after preferential claims thereon of debtholders.

Unitholders have the right to redeem their Units at the lesser of (i) 90% of the market price of the Trust Unit (market price is defined as the weighted average trading price of the previous 10 trading days) and (ii) the most recent closing market price (closing market price is defined as the weighted average trading price on the specified date) at the time of the redemption. The redemption price will be satisfied by cash, up to a limit of $50 thousand for all redemptions in a calendar month, or a note payable. For the three months ended March 31, 2025, no unitholders redeemed Units.

The Units issued and outstanding are as follows:

	Number of Trust Units	Value
Balance, December 31, 2024	119,620,831	$1,401,460
Distribution reinvestment plan	371,028	6,164
Restricted Trust Units redeemed	47,095	561
Repurchase through normal course issuer bid	(30,848)	(362)
Balance, March 31, 2025	**120,008,106**	**$1,407,823**

Distribution Reinvestment Plan ("DRIP")

Killam's DRIP allows unitholders to acquire additional Units of the Trust through the reinvestment of distributions on their Units. Unitholders who participate in the DRIP receive additional Units equal to 3% of the Units reinvested. Units issued with the DRIP are issued directly from the Trust at a price based on the 10-day volume weighted average closing price of the Toronto Stock Exchange ("TSX") preceding the relevant distribution date, which typically is on or about the 15^{th} day of the month following the distribution declaration.

Normal Course Issuer Bid ("NCIB")

In June 2024, Killam received the TSX's acceptance of its notice of intention to proceed with an NCIB for its Trust Units, following expiry of the previous NCIB on June 21, 2024. Pursuant to the notice, Killam is permitted to acquire up to 3,000,000 Trust Units commencing on June 24, 2024, and ending on June 23, 2025. All purchases of Trust Units are made through the facilities of the TSX at the market price of the Trust Units at the time of acquisition. Daily repurchases by Killam are limited to 64,648 Trust Units, other than block purchase exemptions. Any Trust Units acquired will be cancelled.

During the three months ended March 31, 2025, 30,848 Trust Units were purchased and cancelled at a weighted average purchase price of $16.21 per unit.

Dollar amounts in thousands of Canadian dollars (except as noted)

14. Distributions

Killam pays distributions to its unitholders in accordance with its DOT. Distributions declared by the Board of Trustees are paid monthly, on or about the 15th day of each month.

For the three months ended March 31, 2025, the distributions declared related to the Trust Units were $21.8 million (three months ended March 31, 2024 – $20.9 million). For the three months ended March 31, 2025, distributions declared related to the Exchangeable Units were $0.7 million (three months ended March 31, 2024 – $0.7 million). The distributions on the Exchangeable Units are recorded in financing costs.

15. Deferred Unit-based Compensation

Restricted Trust Units ("RTUs") are awarded to members of the senior executive team and director-level employees as a percentage of their compensation. The Trust also grants RTUs subject to performance conditions under the RTU Plan for certain senior executives. Non-executive members of the Board of Trustees have the right to receive a percentage of their annual retainer in the form of RTUs.

The number of RTUs awarded is based on the volume weighted average price of all Trust Units traded on the TSX for the five trading days immediately preceding the date on which the compensation is awarded. The RTUs earn distributions based on the same distributions paid on the Trust Units, and such distributions translate into additional RTUs. The initial RTUs, and RTUs acquired through distribution reinvestment, are credited to each person's account and are not issued to the employee or Board member until they redeem such RTUs. For employees, the RTUs will be redeemed and paid out in Trust Units by December 31 of the year in which the RTUs have vested. RTUs issued to Trustees will be redeemed and paid, in the issuance of Trust Units, upon retirement from the Board.

The RTUs subject to performance conditions will be subject to both internal and external measures consisting of both absolute and relative performance over a three-year period. Killam accounts for the RTUs subject to performance conditions under the fair value method of accounting, and uses the Monte Carlo simulation pricing model to determine the fair value, which allows for the incorporation of the market-based performance hurdles that must be met before the RTUs subject to performance conditions vest.

The RTUs are considered a financial liability because there is a contractual obligation for the Trust to deliver Trust Units (which are accounted for as liabilities, but presented as equity instruments under IAS 32) upon conversion of the RTUs. The RTUs are measured at fair value with changes flowing through the condensed consolidated interim statements of income and comprehensive income. The fair value of the vested RTUs as at March 31, 2025, is $5.5 million, which includes $1.7 million related to RTUs subject to performance conditions (December 31, 2024 – $5.9 million and $1.7 million). For the three months ended March 31, 2025, compensation expense of $1.0 million (three months ended March 31, 2024 – $0.8 million) has been recognized in respect of the RTUs.

The details of the RTUs issued are shown below:

	Three months ended March 31, 2025		Year ended December 31, 2024	
	Number of RTUs	**Weighted Average Issue Price**	Number of RTUs	Weighted Average Issue Price
Outstanding, beginning of period	**524,707**	**$19.11**	441,666	$19.24
Granted	**226,533**	**16.70**	198,331	19.23
Redeemed	**(100,029)**	**16.55**	(134,553)	19.61
Forfeited	**(19,118)**	**16.96**	—	N/A
Additional Restricted Trust Unit distributions	**6,861**	**16.61**	19,263	18.44
Outstanding, end of period	**638,954**	**$18.70**	524,707	$19.11

Dollar amounts in thousands of Canadian dollars (except as noted)

16. Revenue

In accordance with IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), Management has evaluated the lease and non-lease components of its revenue and has determined the following allocation:

	Three months ended March 31,	
	2025	2024
Rental revenue (1)	**$69,601**	$64,754
Property expense recoveries	**19,442**	19,251
Ancillary revenue (2)	**3,981**	3,500
	$93,024	$87,505

(1) Includes base rent, realty taxes, insurance recoveries, and straight-line rent for commercial properties that are outside the scope of IFRS 15.
(2) Includes parking, laundry, storage, commission revenue and management fees.

17. Financing Costs

	Three months ended March 31,	
	2025	2024
Mortgage, loan and construction loan interest	**$18,477**	$17,251
Interest on credit facilities	**716**	1,104
Interest on Exchangeable Units	**702**	682
Amortization of deferred financing costs	**1,004**	922
Amortization of fair value adjustments on assumed debt	**56**	57
Interest on lease liabilities	**124**	160
Capitalized interest	**(893)**	(753)
	$20,186	$19,423

18. Deferred Income Taxes

Trusts that satisfy the real estate investment trust exemption (the "REIT Exemption") are excluded from the specified investment flow-through ("SIFT") definition and therefore will not be subject to taxation under the SIFT Rules. Effective December 31, 2024, Killam qualified for the REIT Exemption and continues to meet the REIT Exemption as at March 31, 2025, and is therefore not subject to taxation to the extent that income is distributed to unitholders.

On November 21, 2024, Killam's trust unitholders and special voting unitholders, voting together as a single class, approved the Arrangement. The Arrangement removed KPI from Killam's organizational structure, such that the Trust no longer holds any properties partially through KPI. The Arrangement became effective on November 30, 2024, and as a result, the Trust no longer has any corporate subsidiaries that are expected to be taxable, and the reversal of the deferred tax liabilities was recognized in the consolidated statement of income and comprehensive income in the year ended December 31, 2024. The REIT received an advance tax ruling from the Canada Revenue Agency in connection with the Arrangement.

Dollar amounts in thousands of Canadian dollars (except as noted)

19. Segmented Information

For investment properties, discrete financial information is provided on a property-by-property basis to members of executive management, which collectively comprise the chief operating decision-maker ("CODM"). The individual properties are aggregated into segments with similar economic characteristics such as the nature of the property, vacancy rates, long-term growth rates and other characteristics. Management considers that this is best achieved by aggregating into apartments, MHCs and commercial segments. Consequently, Killam is considered to have three reportable segments, as follows:

- Apartment segment - acquires, operates, manages and develops multi-family residential properties across Canada;
- MHC segment - acquires and operates MHC communities in Ontario and Eastern Canada; and
- Commercial segment - acquires and operates stand-alone commercial properties in Ontario, Nova Scotia and Prince Edward Island.

Killam’s administration costs, other income, financing costs, depreciation, fair value adjustments, loss on disposition and deferred tax expense are not reported to the CODM on a segment basis.

The accounting policies of these reportable segments are the same as those described in the summary of significant accounting policies described in note 2 to the consolidated financial statements for the year ended December 31, 2024. Reportable segment performance is analyzed based on net operating income. The operating results, and selected assets and liabilities, of the reportable segments are as follows:

Three months ended March 31, 2025	**Apartments**	**MHCs**	**Commercial**	**Total**
Property revenue	**$83,281**	**$4,082**	**$5,661**	**$93,024**
Property operating expenses	**(29,856)**	**(1,663)**	**(2,510)**	**(34,029)**
Net operating income	**$53,425**	**$2,419**	**$3,151**	**$58,995**

Three months ended March 31, 2024	Apartments	MHCs	Commercial	Total
Property revenue	$78,183	$3,818	$5,504	$87,505
Property operating expenses	(28,527)	(1,596)	(2,362)	(32,485)
Net operating income	$49,656	$2,222	$3,142	$55,020

Selected statement of financial position items (1)

As at March 31, 2025	**Apartments**	**MHCs**	**Commercial**	**Total**
Total investment properties	**$5,056,146**	**$237,184**	**$163,699**	**$5,457,029**
Mortgages and loans payable/construction loans	**$2,034,559**	**$88,397**	**$39,872**	**$2,162,828**

As at December 31, 2024	Apartments	MHCs	Commercial	Total
Investment properties	$4,979,102	$235,132	$170,486	$5,384,720
Mortgages and loans payable/construction loans	$2,000,310	$98,635	$40,198	$2,139,143

(1) Total investment properties for the Apartments segment includes IPUC and land held for development.

Dollar amounts in thousands of Canadian dollars (except as noted)

20. Supplemental Cash Flow Information

	Three months ended March 31,	
	2025	2024
Interest paid (financing activities)		
Interest paid on mortgages payable and other	**$18,634**	$17,356
Interest paid on credit facilities	**716**	1,104
	$19,350	$18,460
Net change in non-cash operating assets and liabilities		
Rent and other receivables	**($65)**	$247
Residential inventory	**(643)**	(51)
Other current assets	**(8,346)**	(4,379)
Accounts payable and other liabilities	**(1,783)**	(4,891)
	($10,837)	($9,074)

21. Financial Instruments and Fair Value Measurement

Killam's principal financial liabilities consist of mortgages, credit facilities, construction loans and accounts payable and accrued liabilities. The main purpose of these financial liabilities is to finance investment properties and operations. Killam has various financial assets, such as tenant receivables, which arise directly from its operations.

Fair Value of Financial Instruments

Fair value is the amount that would be received in the sale of an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of interest-bearing financial assets and liabilities is determined by discounting the contractual principal and interest payments at estimated current market interest rates for the instrument. Current market rates are determined by reference to current benchmark rates for similar term and current credit spreads for debt with similar terms and risks. For certain of the Trust's financial instruments, the carrying value represents fair value due to the short-term nature, including VTB mortgages receivable and credit facilities, and as such these items are not included in the table below. The fair values of the Trust's financial instruments were determined as follows:

(i) The fair values of the mortgages payable are estimated based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts Killam might pay or receive in actual market transactions; and

(ii) The fair value of the deferred unit-based compensation and the Exchangeable Units is estimated at the reporting date, based on the closing market price of the Trust Units listed on the TSX. The performance based RTUs are determined using a pricing model. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in estimates could significantly affect fair values.

The significant financial instruments and their carrying values as at March 31, 2025, and December 31, 2024, are as follows:

As at	**March 31, 2025**		December 31, 2024	
Classification	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial liabilities carried at amortized cost:				
Mortgages and loans payable (1)	**$2,162,828**	**$2,215,077**	$2,139,143	$2,130,924
Financial liabilities carried at fair value through profit or loss:				
Exchangeable Units	**$68,254**	**$68,254**	$66,656	$66,656
Deferred unit-based compensation	**$5,503**	**$5,503**	$5,894	$5,894

(1) Mortgages and loans payable do not include credit facilities; the carrying value of this line item represents fair value.

Dollar amounts in thousands of Canadian dollars (except as noted)

21. Financial Instruments and Fair Value Measurement (continued)

The interest rates used to discount the estimated cash flows, when applicable, are based on a blended rate using the three-year and five-year government yield curve as at the reporting date, which is in line with Killam's weighted average years to maturity of 3.8 years, plus an adequate credit spread, and were as follows:

As at	**March 31, 2025**	December 31, 2024
Mortgages - Apartments	**3.39%**	3.92%
Mortgages - MHCs	**4.42%**	4.92%

Assets and Liabilities Measured at Fair Value

Fair value measurements recognized in the condensed consolidated interim statements of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.
Level 3: Valuation techniques for which any significant input is not based on observable market data.

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the condensed consolidated interim statements of financial position is as follows:

As at	**March 31, 2025**			December 31, 2024		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets						
Investment properties	—	—	**$5,457,029**	—	—	$5,384,720
Assets held for sale	—	—	**$18,500**	—	—	—
Liabilities						
Exchangeable Units	—	**$68,254**	—	—	$66,656	—
Deferred unit-based compensation	—	**$4,602**	**$901**	—	$5,224	$670

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 during the three months ended March 31, 2025.

22. Risk Management

Risk Management
Killam may enter into derivative transactions, primarily interest rate swap contracts to manage interest rate risk arising from fluctuations in bond yields, as well as natural gas and oil swap contracts to manage price risk arising from fluctuations in these commodities. It is, and has been, Killam’s policy that no speculative trading in derivatives shall be undertaken. The main risks arising from Killam’s financial instruments are interest rate risk, credit risk and liquidity risk. These risks are managed as follows:

(i) Interest Rate Risk
Killam is exposed to interest rate risk as a result of its mortgages and loans payable; however, this risk is mitigated through Management's strategy to structure the majority of its mortgages in fixed-term arrangements, as well as, at times, entering into cash flow hedges. Killam also structures its financings so as to stagger the maturities of its debt, minimizing the exposure to interest rate volatility in any one year.

As at March 31, 2025, $59.0 million of Killam's debt had variable interest rates (December 31, 2024 – $54.7 million), including mortgages and loans payable totalling $12.9 million and amounts drawn on its credit facilities of $46.1 million. These loans and facilities have interest rates of prime plus 0.55%–0.75% or 155–180 bps above CORRA (December 31, 2024 – prime plus 0.55%–0.75% or 155–180 bps) and consequently, Killam is exposed to short-term interest rate risk on these loans.

Killam’s fixed mortgage debt, which matures in the next 12 months, totals $333.9 million. Assuming these mortgages are refinanced at similar terms, except at a 100 bps increase in interest rates, financing costs would increase by $3.3 million per year.

Dollar amounts in thousands of Canadian dollars (except as noted)

22. Risk Management (continued)

(ii) Liquidity Risk
Management manages Killam’s cash resources based on financial forecasts and anticipated cash flows. Killam structures its financing so as to stagger the maturities of its debt, thereby minimizing Killam’s exposure to liquidity risk in any one year. In addition, Killam's apartments qualify for Canadian Mortgage and Housing Corporation ("CMHC") insured debt, reducing the refinancing risk upon mortgage maturities. Killam’s MHCs and commercial assets do not qualify for CMHC insured debt; however, these assets access to conventional mortgage debt. Management does not anticipate liquidity concerns on the maturity of its mortgages as funds continue to be accessible.

During the three months ended March 31, 2025, Killam refinanced $51.0 million of maturing apartment mortgages with new mortgages totalling $97.1 million, generating net proceeds of $46.1 million. The following table presents the principal payments (excluding interest) and maturities of Killam’s liabilities for the next five years and thereafter:

For the 12 months ending March 31,	Mortgages and Loans Payable	Credit Facilities	Lease Liabilities	Total
2026	$403,010	$46,055	$649	$449,714
2027	294,528	—	693	295,221
2028	295,017	—	737	295,754
2029	374,040	—	359	374,399
2030	313,370	—	33	313,403
Thereafter	532,732	—	10,115	542,847
	$2,212,697	$46,055	$12,586	$2,271,338

(iii) Credit Risk
Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease term commitments. Killam mitigates the risk of credit loss through the diversification of its existing portfolio and limiting its exposure to any one tenant.

Credit assessments are conducted for all prospective tenants and Killam also obtains a security deposit to assist in potential recoveries. In addition, receivables balances are monitored on an ongoing basis. Killam's bad debt expense experience has historically been less than 0.3% of revenue. None of Killam’s tenants account for more than 4% of the tenant receivables as at March 31, 2025 or December 31, 2024.

23. Capital Management

The primary objective of Killam’s capital management is to ensure a healthy capital structure to support the business and maximize unitholder value. Killam manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, Killam may adjust the distribution payment to unitholders, issue additional Units, issue debt securities or adjust mortgage financing on properties.

Killam's primary measure of capital management is the total debt as a percentage of total assets ratio. Killam’s strategy, as outlined in the operating policies of its DOT, is for its overall indebtedness not to exceed 70% of total assets. The calculation of total debt as a percentage of total assets is summarized as follows:

As at	March 31, 2025	December 31, 2024
Mortgages and loans payable	**$2,162,828**	$2,139,143
Credit facilities	**$46,055**	$54,738
Total interest-bearing debt	**$2,208,883**	$2,193,881
Total assets (1)	**$5,529,485**	$5,428,715
Total debt as a percentage of total assets	**39.9%**	40.4%

(1) Excludes right-of-use assets of $11.5 million as at March 31, 2025 (December 31, 2024 – $11.6 million).

Dollar amounts in thousands of Canadian dollars (except as noted)

23. Capital Management (continued)

The above calculation is sensitive to changes in the fair value of investment properties, in particular, cap rate changes. The quantitative sensitivity analysis shown below illustrates the value increase or decrease in Killam's debt to asset ratio given the change in the noted input:

Cap Rate Sensitivity Increase (Decrease)	Fair Value of Investment Properties (1)	Total Assets	Total Debt as % of Total Assets	Change (bps)
(0.50)%	$6,141,033	$6,213,489	35.5%	(440)
(0.25)%	$5,808,916	$5,881,372	37.6%	(230)
—%	$5,457,029	$5,529,485	39.9%	—
0.25%	$5,244,871	$5,317,327	41.5%	160
0.50%	$5,003,323	$5,075,778	43.5%	360

(1) The cap rate sensitivity calculates the impact on Killam's apartment and MHC portfolios, which are valued using the direct income capitalization method, and Killam's commercial portfolio, which is valued using the DCF method. The sensitivity for commercial assets is calculated using an implied capitalization rate based on the SNOI of the properties.

24. Commitments and Contingencies

Killam is subject to various legal proceedings and claims that arise in the ordinary course of business. These matters are generally covered by insurance. Management believes that the final outcome of such matters will not have a material adverse effect on the financial position, results of operations or liquidity of Killam. However, actual outcomes may differ from Management's expectations.

Killam entered into supply contracts for gas and electricity to hedge its own usage, which is summarized below:

Area	Utility	Usage Coverage	Term	Cost
Alberta	Gas	25%	November 1, 2024 - October 31, 2025	$2.31/GJ
Alberta	Electricity	50%	January 1, 2025 - December 31, 2026	$67.01/MWh

25. Financial Guarantees

Killam is the guarantor on a joint and several basis for certain mortgage debt held through its joint operations. As at March 31, 2025, the maximum potential obligation resulting from these guarantees is $65.9 million, related to long term mortgage financing (December 31, 2024 – $66.5 million). The loans held through its joint operations are secured by a first ranking mortgage over the associated investment properties. Killam's portion of the total mortgages for these properties are recorded as a mortgage liability on the condensed consolidated interim statements of financial position.

Management has reviewed the contingent liability associated with its financial guarantee contracts and, as at March 31, 2025, determined that a provision is not required to be recognized in the condensed consolidated interim statements of financial position (December 31, 2024 – $nil).

26. Subsequent Events

On April 15, 2025, Killam announced a distribution of $0.06000 per unit, payable on May 15, 2025, to unitholders of record on April 30, 2025.

On May 2, 2025, Killam completed the disposition of two MHC properties located in Gander and Corner Brook, NL, for gross proceeds of $4.8 million and net cash proceeds of $2.9 million.

On May 2, 2025, conditions were waived on the sale of three properties located in Charlottetown, PEI, for gross proceeds of $15.7 million. The sales are expected to be completed in May 2025.

On May 5, 2025, Killam completed the disposition of two apartment buildings located in Grand Falls, NL, for gross proceeds of $13.7 million and net cash proceeds of $11.5 million.

On May 6, 2025, Killam signed a conditional agreement to acquire the remaining 50% interest in three assets located in Ottawa, ON, held through a joint venture partnership. The transaction is expected to close in Q3-2025.