Q1-2025 Management's Discussion and Analysis

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

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PART I

Business Overview and Strategy

Killam Apartment REIT ("Killam," the "Trust," or the "REIT"), based in Halifax, Nova Scotia ("NS"), is a Canadian multi-residential property owner, owning, operating, managing and developing a $5.5 billion portfolio of apartments, manufactured home communities ("MHCs") and commercial properties across seven provinces. Killam was founded in 2000 to create value through the consolidation of apartments in Atlantic Canada and MHCs across Canada. Killam entered the Ontario ("ON") apartment market in 2010, the Alberta ("AB") apartment market in 2014, and the British Columbia ("BC") apartment market in 2020. Killam broke ground on its first development in 2010 and has completed 18 projects to date, with projects in Waterloo, ON, and Halifax, NS, currently under construction.

Killam's strategy to drive value and profitability focuses on three priorities:

1) Increase earnings from the existing portfolio;

2) Expand the portfolio and diversify geographically through accretive acquisitions which target newer properties and through the disposition of non-core assets; and

3) Develop high-quality properties in its core markets.

The apartment business is Killam's largest segment and accounted for 90.5% of Killam's net operating income ("NOI") for the three months ended March 31, 2025. As at March 31, 2025, Killam's apartment portfolio consisted of 18,569 units, including 1,343 units jointly owned with institutional partners. Killam's 217 apartment properties are located in Atlantic Canada's six largest urban centres (Halifax, Moncton, Saint John, Fredericton, Charlottetown and St. John's), Ontario (Ottawa, London, Guelph and the Kitchener-Waterloo-Cambridge-Greater Toronto Area ("KWC-GTA")), Alberta (Edmonton and Calgary), and British Columbia (Greater Victoria and Courtenay). Killam is Atlantic Canada's largest owner of multi-residential apartments and plans to continue increasing its presence outside Atlantic Canada through acquisitions and developments; however, it will continue to invest strategically in Atlantic Canada to maintain its market presence.

In addition, Killam owns 5,975 sites in 40 MHCs, also known as land-lease communities or trailer parks, in Ontario and Atlantic Canada. Killam owns the land and infrastructure supporting these communities and leases sites to tenants who own their own homes and pay Killam site rent. The MHC portfolio accounted for 4.2% of Killam's NOI for the three months ended March 31, 2025. Killam also owns 974,509 square feet ("SF") of stand-alone commercial space that accounted for 5.3% of Killam's NOI for the three months ended March 31, 2025.

Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") has been prepared by Management and focuses on key statistics from the annual consolidated financial statements, including the notes thereto, and pertains to known risks and uncertainties. This MD&A should be read in conjunction with the Trust's audited consolidated financial statements for the years ended December 31, 2024 and 2023, and in conjunction with the Trust's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2025 and 2024, which have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These documents, along with Killam's 2024 Annual Information Form ("AIF"), are available on SEDAR+ at www.sedarplus.ca.

The discussions in this MD&A are based on information available as at May 7, 2025. This MD&A has been reviewed and approved by Management and the REIT's Board of Trustees.

Declaration of Trust

Killam's investment guidelines and operating policies are set out in its Amended and Restated Declaration of Trust ("DOT") dated November 30, 2024, which is available on SEDAR+ at www.sedarplus.ca. A summary of the guidelines and policies is as follows:

Investment Guidelines
- The Trust will acquire, hold, develop, maintain, improve, lease or manage income-producing real estate properties;
- Investments in joint ventures, partnerships (general or limited) and limited liability companies are permitted;
- Investments in land for development that will be capital property for Killam are permitted; and
- Investments that would disqualify Killam as a "mutual fund trust" or a "unit trust" as defined within the *Income Tax Act* (Canada) (the "Tax Act") are prohibited.

Operating Policies
- Overall indebtedness is not to exceed 70% of Gross Book Value, as defined by the DOT;
- Guarantees of indebtedness that would disqualify Killam as a "mutual fund trust" or a "unit trust" as defined within the Tax Act are prohibited; and
- Killam must maintain property insurance coverage in respect of potential liabilities of the Trust.

As at March 31, 2025, Killam was in compliance with all investment guidelines and operating policies.

Forward-Looking Statements Disclaimer

Certain statements contained in this MD&A may contain forward-looking statements and forward-looking information (collectively, “forward-looking statements”), including within the meaning of applicable securities law.

In some cases, forward-looking statements can be identified by the use of words such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "potential," "continue," "target," "committed," "priority," "remain," "strategy," or the negative of these terms or other comparable terminology, and by discussions of strategies that involve risks and uncertainties.

Such forward-looking statements contained in this MD&A may include, among other things, statements regarding: Killam’s expectations for market demand, rent growth, operating costs and other expenses, occupancy levels, same property revenue, turnover, demand, rent control rates and rental incentives; the effect of government-imposed rental rate restrictions; Killam's strategy and priorities, including increasing earnings from Killam's existing portfolio, expanding Killam's portfolio and diversifying geographically through accretive acquisitions and capital recycling and developing high-quality properties in core markets; healthy top-line growth; Killam's increased presence outside of, and maintained market presence in, Atlantic Canada through acquisitions and development; Killam's capital expenditures ("capex") reserve; Killam's development pipeline and the qualities thereof; the amount and locations of future acquisitions and dispositions; Killam’s property developments, including cost and timing of completion thereof; short- and longer-term targets relating to same property NOI growth, capital recycling, geographic diversification and NOI generated outside of Atlantic Canada, development of high-quality properties, strengthening Killam's balance sheet and debt maintenance or reductions, investments in sustainability and energy efficient projects, employee satisfaction scores, and the factors impacting Killam’s ability to achieve such targets; rental and renewal rates and Killam's ability to capture spreads; increased property tax and assessments; Killam's ability to mitigate cost increases and property taxes; the effect of completed developments on Killam's business, including funds from operations ("FFO"); revenue growth and resiliency in Atlantic Canada; increasing the percentage of Killam’s apartment mortgages with Canadian Mortgage Housing Corporation ("CMHC")-insured debt; the capitalization rates ("cap rates") of new developments; Killam's repositioning program; anticipated interest rates and the effects thereof; Killam’s ability to mitigate interest rate risk; Killam’s risk management program; the impact of zoning on Killam's ability to develop properties; seasonal revenue; the impact of efficiency initiatives on Killam's operating costs and NOI growth; credit availability; financing costs; the pace and scope of future acquisitions, construction, development and renovation, renewals and leasing; the sufficiency of Killam's liquidity and capital resources; refinancing opportunities and the timing thereof; the impact of maintenance capex and value-enhancing upgrades; capital investment and the availability, sources, amount and timing thereof; annual investments in MHC sites; Killam's normal course issuer bid ("NCIB") program and unit purchases thereunder; future distributions to unitholders and the amount and timing thereof; the impact of the elimination of the consumer carbon tax on Killam’s business; Killam's commitment to environmental, social and governance ("ESG"); investment in ESG initiatives and technology and their impact on Killam's energy consumption and costs; the expected annual energy production and emissions reductions from Killam's photovoltaic ("PV") solar arrays; reducing Killam's impact on the environment; increasing climate change initiatives and reporting; and the impact of ESG practices on maximizing unitholder value.

Readers should be aware that these forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated or implied, or those suggested by any forward-looking statements, including: the effects and duration of local, international or global events, and any government responses thereto; national and regional economic conditions (including interest rates and inflation); the availability of capital to fund further investments in Killam's business and the risks, uncertainties and other factors found under the "Risk Management" section of Killam's MD&A for the year ended December 31, 2024, under the "Risk Factors" section of Killam's most recent AIF, and identified in other documents Killam files from time to time with securities regulatory authorities in Canada, available on SEDAR+ at www.sedarplus.ca. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements contained, or incorporated by reference, in this MD&A.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events contained therein may not occur. Although Management believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that future results, levels of activity, performance or achievements will occur as anticipated.

While Killam anticipates that subsequent events and developments may cause this view to change, Killam does not intend to update or revise any forward-looking statement, whether as a result of new information, future events, circumstances, or such other factors that affect this information, except as required by applicable law. The forward-looking statements in this document are provided for the limited purpose of enabling current and potential investors to evaluate an investment in Killam. Readers are cautioned that such statements may not be appropriate and should not be used for any other purpose.

Non-IFRS Financial 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 financial measures should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS Accounting Standards, as indicators of Killam's performance or the sustainability of Killam's distributions. These measures do not have standardized meanings under IFRS Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other issuers.

Non-IFRS Financial Measures

- 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 and payout ratios, are calculated by Killam as net income adjusted for fair value gains (losses), interest expense on Exchangeable Units, gains (losses) on disposition, deferred tax expense (recovery), internal commercial leasing costs, depreciation on an owner-occupied building and change in principal related to lease liabilities. FFO is calculated in accordance with the REALPAC definition. A reconciliation between net income and FFO is included on page 21.
- 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 capex (a three-year rolling historical average capital investment to maintain and sustain Killam's properties), internal and external commercial leasing costs and commercial straight-line rents. AFFO is calculated in accordance with the REALPAC definition. Management considers AFFO an earnings metric. A reconciliation from FFO to AFFO is included on page 22.
- Adjusted cash flow from operations ("ACFO") 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. ACFO, and applicable payout ratios, are calculated by Killam as cash flow provided by operating activities with adjustments for changes in non-cash working capital that are not indicative of sustainable cash flows, maintenance capex, external commercial leasing costs, amortization of deferred financing costs and interest expense related to lease liabilities. Management considers ACFO a measure of sustainable cash flow. ACFO is calculated in accordance with the REALPAC definition. A reconciliation from cash provided by operating activities to ACFO is included on page 23.
- 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, deferred tax (recovery) expense, financing costs, restructuring costs, depreciation and amortization. A reconciliation is included on page 25.
- 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, dispositions and developments, on a forward-looking basis. Transaction costs associated with the Arrangement (as defined herein) are excluded from adjusted EBITDA. A reconciliation is included on page 25.
- 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. A reconciliation is included on page 25.

Non-IFRS Ratios

- Interest coverage is calculated by dividing adjusted EBITDA by mortgage, loan and construction loan interest and interest on credit facilities. The calculation is included on page 25.
- Debt service coverage is calculated by dividing adjusted EBITDA by mortgage loan and construction loan interest, interest on credit facilities and principal mortgage repayments. The calculation is included on page 25.
- Per unit calculations are calculated using the applicable non-IFRS financial measures noted above, i.e., FFO, AFFO and/or ACFO, divided by the 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. The calculation is included on page 25.

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 2025 and 2024. Same property results represent 97.5% of the fair value of Killam's investment property portfolio as at March 31, 2025. Excluded from same property results in 2025 are acquisitions, dispositions and developments completed in 2024 and 2025, and non-stabilized 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 2025 and 2024. 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. This measure is reconciled in note 23 of the unaudited condensed consolidated interim financial statements.

PART II

Key Performance Indicators

To assist Management and investors in monitoring Killam's achievement of its objectives, Killam utilizes a number of key performance indicators to measure the success of its operating and financial performance:

1) FFO per unit – A standard measure of earnings for real estate entities. Management is focused on growing FFO per unit.
2) AFFO per unit – A standard measure of earnings for real estate entities. Management is focused on growing AFFO per unit.
3) Payout Ratio – Killam monitors its FFO, AFFO and ACFO payout ratios and targets lower payout ratios. The ACFO payout ratio is a measure to assess the sustainability of distributions. The FFO and AFFO payout ratios are used as supplementary financial measures. Although Killam expects to sustain and grow distributions, the amount of distributions will depend on debt repayments and refinancings, capital investments, and other factors that may be beyond the control of the REIT.
4) Same Property NOI – This measure considers Killam’s ability to increase its same property NOI, removing the impact of recent acquisitions, dispositions and developments.
5) Occupancy – Management is focused on maximizing occupancy while also managing the impact of higher rental rates. This measure is a percentage based on gross potential residential rent less dollars of lost rent from vacancy, divided by gross potential residential rent.
6) Rental Increases – Management expects to increase average annual rental rates and tracks weighted average annual rate increases.
7) Total Debt as a Percentage of Total Assets – Killam's primary measure of its leverage is total debt as a percentage of total assets. Killam's DOT operating policies stipulate that overall indebtedness is not to exceed 70% of Gross Book Value. Total debt as a percentage of total assets is calculated by dividing total interest-bearing debt by total assets, excluding right-of-use assets.
8) Weighted Average Interest Rate of Mortgage Debt and Total Debt – Killam monitors the weighted average cost of its mortgage and total debt.
9) Weighted Average Years to Debt Maturity – Management monitors the weighted average number of years to maturity on its debt.
10) Debt to Normalized Adjusted EBITDA – A common measure of leverage used by lenders, this measure considers Killam’s financial health and liquidity. In normalizing recently completed acquisitions, dispositions and developments, Killam uses a forward-looking full year of stabilized earnings. Generally, the lower the debt to normalized adjusted EBITDA ratio, the lower the credit risk.
11) Debt Service Coverage – A common measure of credit risk used by lenders, this measure considers Killam’s ability to pay both interest and principal on outstanding debt. Generally, the higher the debt service coverage ratio, the lower the credit risk.
12) Interest Coverage – A common measure of credit risk used by lenders, this measure considers Killam’s ability to pay interest on outstanding debt. Generally, the higher the interest coverage ratio, the lower the credit risk.

Financial and Operational Highlights

The following table presents a summary of Killam's key IFRS Accounting Standards and non-IFRS financial and operational performance measures:

	Three months ended March 31,		
Operating Performance	**2025**	2024	Change (1)
Property revenue	**$93,024**	$87,505	6.3%
Net operating income	**$58,995**	$55,020	7.2%
Net income	**$101,912**	$127,240	(19.9)%
FFO (2)	**$34,241**	$31,380	9.1%
FFO per unit – diluted (2)	**$0.28**	$0.26	7.7%
AFFO (2)(3)	**$28,548**	$25,579	11.6%
AFFO per unit – diluted (2)(3)	**$0.23**	$0.21	9.5%
Weighted average number of units outstanding – diluted (000s)	**123,967**	122,610	1.1%
Distributions paid per unit (4)	**$0.18**	$0.18	—%
AFFO payout ratio – diluted (2)(3)	**78%**	84%	(600) bps
AFFO payout ratio – rolling 12 months (2)(3)	**70%**	73%	(300) bps
Portfolio Performance			
Same property NOI (2)	**$57,293**	$53,168	7.8%
Same property NOI margin	**63.3%**	62.6%	70 bps
Same property apartment occupancy	**97.5%**	97.5%	— bps
Same property apartment weighted average rental increase (5)	**6.6%**	5.8%	80 bps

As at	**March 31, 2025**	December 31, 2024	Change (1)
Leverage Ratios and Metrics			
Debt to total assets	**39.9%**	40.4%	(50) bps
Weighted average mortgage interest rate	**3.48%**	3.45%	3 bps
Weighted average years to debt maturity	**3.8**	4.0	(0.2) years
Debt to normalized EBITDA (2)	**9.66x**	9.69x	(0.3)%
Debt service coverage (2)	**1.57x**	1.55x	1.3%
Interest coverage (2)	**2.96x**	2.94x	0.7%

(1) Change expressed as a percentage, basis points ("bps") or years.

(2) FFO, AFFO, AFFO payout ratio, debt to normalized EBITDA ratio, debt service coverage ratio, interest coverage ratio and same property NOI are not defined by IFRS Accounting Standards, do not have standard meanings and may not be comparable with other industries or entities (see "Non-IFRS Financial Measures").

(3) The maintenance capital expenditures used to calculate AFFO and AFFO payout ratio for the three months ended March 31, 2024, were updated to reflect the maintenance capex reserve of $1,100 per apartment unit, $310 per MHC site and $1.10 per SF for commercial properties that were used in the calculation for the 12 months ended December 31, 2024.

(4) Effective November 2024, Killam increased its annual distribution by 2.9%, up from $0.70 per unit to $0.72 per unit.

(5) Year-over-year, as at March 31.

Summary of Q1-2025 Results and Operations

Achieved 7.7% FFO per Unit Growth and 9.5% AFFO per Unit Growth
Killam achieved FFO per unit of $0.28 in Q1-2025, a 7.7% increase from $0.26 in Q1-2024. AFFO per unit increased 9.5% to $0.23, compared to $0.21 in Q1-2024. The growth in FFO and AFFO is attributable to strong same property NOI growth, coupled with contributions from Killam's development programs. This growth was partially offset by higher interest and G&A costs. AFFO per unit growth of 9.5% corresponds with the success of Killam's capital recycling program that focuses on selling older capital-intensive properties and replacing them through acquisitions and development with newer, more efficient buildings.

Delivered Same Property NOI Growth of 7.8%
Killam delivered same property NOI growth of 7.8% during the quarter and a same property operating margin increase of 70 bps. Killam's new developments, Civic 66 and The Governor, which were both completed in 2023, are included in the same property portfolio in 2025. Excluding these two properties, same property NOI was up 6.7% (Nolan Hill Phase II was not completed and available for full lease-up until February 2024 and will be included in Killam's 2026 same property portfolio).

Same property revenue was up 6.6% following a 6.6% increase in apartment rental rates year-over-year. Same property occupancy remained consistent with Q1-2024 at 97.5%. The weighted average rental rate increase on units that renewed and turned in Q1-2025 was 5.1%, down 30 bps compared to Q1-2024.

Total same property operating expenses were up 4.6% in Q1-2025, including a 7.9% increase in utility and fuel expenses. These higher energy costs were primarily attributable to higher natural gas pricing, along with increased consumption due to a colder winter heating season compared to Q1-2024. This was combined with a 4.8% increase in property tax expense due to higher assessments across the portfolio, and a 2.1% increase in general operating expenses.

Following a strong first quarter, Killam is well positioned to meet the middle to upper range of the same property NOI growth target of 4.0%–7.0% for 2025.

Generated Net Income of $101.9 Million
In Q1-2025, Killam achieved net income of $101.9 million, compared to $127.2 million in Q1-2024. Killam recorded fair value gains on investment properties of $70.2 million during the quarter, compared to fair value gains of $116.3 million in the same period in 2024. The fair value gains on investment properties in Q1-2025 were a direct result of NOI growth ($4.0 million quarter-over-quarter) and the elimination of the consumer carbon tax from natural gas pricing, which will reduce operating costs going forward.

Strengthened Balance Sheet
During the quarter, Killam decreased its debt as a percentage of total assets to 39.9% as at March 31, 2025, down 50 bps from 40.4% as at December 31, 2024, the lowest in Killam's operating history. Killam's focus on strengthening its balance sheet and strong NOI growth has resulted in its debt to normalized EBITDA improving to 9.66x as at March 31, 2025, compared to 9.69x as at December 31, 2024.

Refinanced Mortgages at 3.67%
Killam manages interest rate risk through the strategic staggering of mortgage maturities. During Q1-2025, Killam refinanced $51.0 million of maturing mortgages with $97.1 million of new debt at a weighted average interest rate of 3.67%, 95 bps higher than the weighted average interest rate of the maturing debt but below rates on refinancings in 2024. Overall, Killam's weighted average mortgage interest rate increased 3 bps at the end of Q1-2025 to 3.48%, compared to 3.45% as at December 31, 2024. The weighted average term to maturity is 3.8 years.

ESG Update
During the quarter, Killam invested $0.8 million in energy initiatives, including the installation of PV solar panels, new boilers and heat pumps, and building upgrades across the portfolio. To date, Killam has installed PV solar arrays at 26 buildings across its portfolio, with an expected 2,900 megawatt hours of annual energy production. Killam plans to install additional PV solar arrays at 11 properties throughout the remainder of the year. In January, Killam revised its Employee Pregnancy and Parental Leave Policy as part of its ongoing commitment to fostering an inclusive and supportive workplace. The updated policy now includes a new parental leave top-up and enhanced benefits for parental leave.

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

Strategic Targets

Growth in Same Property NOI	
2025 Target	Achieve same property NOI growth between 4.0% and 7.0%.
2025 Performance to Date	Killam achieved same property NOI growth of 7.8% for the three months ended March 31, 2025. In addition, the removal of the consumer carbon tax effective April 1, 2025, is expected to generate savings of approximately \$1.1 million over the remainder of the year, with further savings expected during Q1-2026. Based on performance to date, Killam anticipates same property NOI growth for 2025 to be in the middle to upper end of the range.

Capital Recycling	
2025 Target	Sell a minimum of \$100–\$150 million of non-core assets.
2025 Performance to Date	During the first quarter, Killam completed one disposition of a 50% interest in land for development for a sale price of \$2.6 million. Subsequent to quarter-end, Killam completed the disposition of two apartment properties totaling 148 units located in Grand Falls, NL and two MHC properties totaling 170 sites located in Gander and Corner Brook, NL, for gross proceeds of \$18.5 million. Killam continues to advance its capital recycling strategy and remains on track to achieve its 2025 disposition target of \$100–\$150 million.

Geographic Diversification	
2025 Target	Earn more than 40% of 2025 NOI outside Atlantic Canada.
2025 Performance to Date	Killam is on track to meet this target, with 39.1% of NOI generated outside Atlantic Canada as of March 31, 2025. The lease-up of the Carrick, a 139-unit building located in Waterloo, ON, scheduled to open in June, along with the disposition of properties located in Atlantic Canada will further increase the percentage of NOI generated outside Atlantic Canada in the balance of the year.

Development of High-Quality Properties	
2025 Target	Complete construction on one development project and break ground on one additional development in 2025.
2025 Performance to Date	Killam is on track to meet this target. The Carrick is expected to be completed as originally scheduled in June 2025 and Killam expects to break ground on at least one additional development in the second half of 2025. As well, Killam has continued to advance the development of Eventide, a 55-unit development located in NS, and Brightwood (150 Wissler), a 128-unit development located in ON, both of which are expected to be completed in 2026.

Strengthened Balance Sheet	
2025 Target	Maintain debt as a percentage of total assets below 42%.
2025 Performance to Date	Debt as a percentage of total assets was 39.9% as at March 31, 2025 (December 31, 2024 – 40.4%).

Sustainability Investment	
2025 Target	Invest a minimum of \$6.0 million in energy initiatives in 2025.
2025 Performance to Date	Killam has invested \$0.8 million in energy initiatives in Q1-2025, including the installation of PV solar panels, new boilers and heat pumps, as well as building upgrades such as new cladding and insulation, in various buildings across the portfolio.

Outlook

Revenue Growth Expected to Moderate from Peak

After experiencing significant market rent growth in Canada during 2022 to 2024, market rents have come off their highs over the last six months. Management estimates the current mark-to-market spread on Killam's apartment portfolio is approximately 15%, compared to 28% a year ago. The compression is due to a combination of 7.0% rent growth captured in 2024, and a reduction in market rents at the higher end of the market. Killam's ability to capture this 15% spread will depend on the percentage of units that turn, in addition to which units turn. Management expects same property revenue growth in 2025 will be in the range of 5%–6%, driven primarily by rental rate growth. This top-line growth is anticipated to be above historic rental rate growth in Canada but slightly lower than the levels achieved in 2024.

Overall demand remains strong for Killam's apartment units. After a slight increase in vacancy during the first part of 2025, market adjustments to asking rents led to robust leasing activity. With an active Spring leasing season, Management is seeing evidence of market rent stability in most markets and an acceleration of market rents in certain markets and properties.

Well Positioned in Market of Increased Supply

Canada has seen a rise in apartment construction starts over the last four years in response to the housing shortfall. Following recent population growth that far exceeds Canada's historic norms, a supply-demand imbalance has been a key factor in rising market rents experienced over the last three years. Based on construction activity underway, new apartment completions are expected to be above average in some of Killam's key markets, including Halifax. With a diverse portfolio in Halifax having an average monthly rent of $1,505, Management is confident in its ability to continue to generate revenue growth in the city. Killam's mark-to-market spread in Halifax is approximately 25%, one of the highest among its core markets. Additionally, most of the new units expected to enter the market have monthly rents exceeding $2,500 per month, far above Killam's average in place rent. Across Canada, Killam's average apartment rent of $1,514 per month is affordable, and is expected to remain competitive going forward.

Reduced Pressure on Energy Costs

Following a 7.9% increase in same property utility and fuel costs in Q1-2025, Killam does not expect the same level of energy expense pressure during the remainder of 2025 and into 2026. The removal of consumer carbon tax effective April 1, 2025 is estimated to provide a savings of approximately $2.5 million over the next twelve months. Management expects half of these savings to be realized during Q2–Q4-2025, and the remainder in Q1-2026. Rising property assessments and mill rates are expected to lead to higher than average property tax expense in 2025. Killam will continue to challenge unreasonable assessments to manage the expense as much as possible. As well, Killam will also continue to enhance its energy management and operating platforms in order to maximize operating margins. These investments are expected to help mitigate annual inflationary pressures.

FFO Growth from Developments

Killam's three most recently completed developments contributed meaningfully to Q1-2025 results, with $1.5 million in FFO growth compared to Q1-2024. Management expects approximately $3.5 million in FFO growth to be generated from these developments in 2025 compared to 2024. Development is a key component of Killam's growth strategy. Killam is confident in its ability to create value through its development platform. Management is focused on increasing development yields on new projects and targeting a minimum 5% stabilized return for future developments. The Carrick, Killam's 139-unit development project located in Waterloo, ON, is expected to be completed in June 2025 and is showing strong pre-leasing results (35 units to date). With an extensive development pipeline of over 8,000 units, which includes additional density across various large-acreage properties in its portfolio, Killam has many years of development potential. Killam expects that the majority of the capital required to fund these projects will come from construction financing programs, with limited operating cash flow required to support future portfolio growth from developments.

Capital Recycling Program to Remain Robust

Killam's capital recycling program is expected to be robust in 2025 with a target of $100–$150 million of transactions in the year. Subsequent to Q1-2025, Killam completed the disposition of two apartment buildings totaling 148 units in Grand Falls, NL and two MHC properties totaling 170 sites, located in Gander and Corner Brook, NL, for gross proceeds of $18.5 million. Killam also has three properties under a firm agreement to sell in PEI containing 127 units, for gross proceeds of $15.7 million, which are expected to close the end of May. As well, Killam has four separate conditional agreements to sell an additional 825 units in PEI and NB for approximately $129 million, which are expected to close on or before the end of August 2025. Killam expects to reallocate a portion of the funds from asset sales to its acquisition program, which is expected to be more active in 2025 than in the last three years. In addition, funds raised through the disposition program will be used to strengthen Killam's balance sheet, invest in development projects, or to repurchase units through its NCIB program.

Atlantic Canada to Outperform in 2025

Management expects Atlantic Canada to outperform in terms of revenue growth throughout 2025. Current performance indicators show market strength in Killam's Atlantic Canadian markets compared to Ontario and Western Canada, and less use of incentives. During Q1-2025, same property occupancy in all regions in Atlantic Canada remained above 98% and increases on turns continue to be robust. Additionally, Killam's diverse range of assets in Atlantic Canada minimizes exposure to any single rent category. If there is downward pressure on rental rates at the top end of the market in Atlantic Canada, Killam's exposure is relatively limited due to its strategic diversification.

Reduced Pressure from Interest Rates

After dealing with elevated rates on refinancing for the past two years, the longer-term outlook for interest rates appears favourable for Killam. Although the average interest rate on refinancing is expected to be higher than the weighted-average rate in 2025 based on current market expectations, Killam anticipates refinancings close to its current weighted-average interest rate in 2026 and, based on current rates, below Killam's average interest rate for its maturities in 2027 and 2028. Killam plans to increase the percentage of its portfolio that is CMHC-insured, which also mitigates against higher rates on refinancing. Currently, 78.1% of Killam's total mortgages are CMHC-insured, up from 74.2% a year ago. Properties with CMHC-insured financing provide lenders with a government guarantee, allowing Killam to borrow at more favourable rates. Looking ahead, Killam aims to increase the percentage of its CMHC-insured mortgages to 85% by the end of 2025.

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

PART III

Portfolio Summary

The following table summarizes Killam's apartment, MHC and commercial portfolios by market as at March 31, 2025:

Apartment Portfolio				
	Units (1)	Number of Properties	NOI ($) (2)	NOI (2) (% of Total)
Nova Scotia				
Halifax	5,600	66	$16,518	28.0%
Ontario				
KWC-GTA	1,926	13	$7,020	11.9%
Ottawa	1,447	9	$3,814	6.5%
London	523	5	$1,680	2.8%
	3,896	27	$12,514	21.2%
New Brunswick				
Moncton	2,246	39	$5,593	9.5%
Fredericton	1,529	23	$4,155	7.0%
Saint John	997	13	$2,181	3.7%
	4,772	75	$11,929	20.2%
Alberta				
Calgary	998	5	$3,529	6.0%
Edmonton	882	6	$2,698	4.6%
	1,880	11	$6,227	10.6%
Newfoundland and Labrador				
St. John's and Grand Falls	1,106	15	$2,556	4.3%
British Columbia				
Victoria	516	5	$2,153	3.6%
Prince Edward Island				
Charlottetown and Summerside	799	18	$1,528	2.6%
Total Apartments	**18,569**	**217**	**$53,425**	**90.5%**
Manufactured Home Community Portfolio				
	Sites	Number of Communities	NOI ($) (2)	NOI (2) (% of Total)
Nova Scotia	2,850	18	$1,480	2.5%
Ontario (3)	2,284	17	$865	1.5%
Newfoundland and Labrador	170	2	$103	0.2%
New Brunswick (3)	671	3	($29)	—%
Total MHCs	**5,975**	**40**	**$2,419**	**4.2%**
Commercial Portfolio (4)				
	Square Footage (5)	Number of Properties	NOI ($) (2)	NOI (2) (% of Total)
Ontario	313,358	2	$1,298	2.2%
Prince Edward Island (5)	410,175	1	$953	1.6%
Nova Scotia (6)	217,761	6	$770	1.3%
New Brunswick	33,215	1	$130	0.2%
Total Commercial	**974,509**	**10**	**$3,151**	**5.3%**
Total Portfolio		**267**	**$58,995**	**100.0%**

(1) Unit count includes the total unit count of properties held through Killam's joint arrangements. Killam has a 50% ownership interest in apartment properties in Ontario, representing a proportionate ownership of 672 units of the 1,343 units in these properties. Killam manages the operations of all the co-owned apartment properties.

(2) For the three months ended March 31, 2025.

(3) Killam's New Brunswick and Ontario MHC communities include seasonal operations, which typically commence in mid-May and run through the end of October.

(4) Killam has 183,834 SF of ancillary commercial space in various residential properties across the portfolio, which is included in apartment results.

(5) Square footage represents 100% of the commercial property located in Prince Edward Island ("PEI").

(6) Square footage includes Killam's 50% ownership interest in two office properties.

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

PART IV

Q1-2025 Operational and Financial Results

Consolidated Results

For the three months ended March 31,

	Total Portfolio			**Same Property** (1)		
	2025	2024	% Change	**2025**	2024	% Change
Property revenue	**$93,024**	$87,505	6.3%	**$90,545**	$84,968	6.6%
Property operating expenses						
General operating expenses	**13,444**	13,331	0.8%	**13,181**	12,915	2.1%
Utility and fuel expenses	**9,883**	9,299	6.3%	**9,603**	8,901	7.9%
Property taxes	**10,702**	9,855	8.6%	**10,468**	9,984	4.8%
Total operating expenses	**$34,029**	$32,485	4.8%	**$33,252**	$31,800	4.6%
NOI	**$58,995**	$55,020	7.2%	**$57,293**	$53,168	7.8%
Operating margin %	**63.4%**	62.9%	50 bps	**63.3%**	62.6%	70 bps

(1) Same property results exclude acquisitions, dispositions and developments completed during 2025 and 2024, which are classified as non-same property. For the three months ended March 31, 2025, NOI contributions from acquisitions, dispositions and developments completed in 2024 and 2025 were $0.1 million. For the three months ended March 31, 2024, the NOI contributions from acquisitions, dispositions and developments completed in 2024 were $0.6 million.

For the three months ended March 31, 2025, Killam achieved strong overall portfolio performance. Revenues grew by 6.3%, despite the completion of $59.4 million in property dispositions in the last 12 months. Total operating expenses increased 4.8% due to higher property taxes and utility and fuel expenses, up 8.6% and 6.3% respectively, quarter-over-quarter. In aggregate, NOI increased by 7.2% for the three months ended March 31, 2025, compared to the same period in 2024.

Same property results include properties owned during comparable 2025 and 2024 periods. Same property results represent 97.5% of the fair value of Killam's investment property portfolio as at March 31, 2025. Non-same property results include acquisitions, dispositions and developments completed in 2024 and 2025, as well as commercial assets acquired for future residential development. Of Killam's recently completed developments, Civic 66 and The Governor are included in the 2025 same property portfolio. Nolan Hill Phase II will move to the same property portfolio in 2026.

Same property revenue grew by 6.6% for the three months ended March 31, 2025, compared to the same period in 2024. This growth was driven by strong rental rate growth and increased ancillary revenue, partially offset by an increase in rental incentives in Q1-2025. Same property occupancy remained flat quarter-over-quarter at 97.5%. Total same property operating expenses increased by 4.6% for the three months ended March 31, 2025. The increase in the quarter was driven by a 7.9% increase in utility and fuel expenses, coupled with a 4.8% increase in property tax expense, and a 2.1% increase in general operating expenses. The rise in utility and fuel costs was primarily attributable to higher natural gas costs driven by an increase in natural gas pricing along with higher consumption due to a colder winter season. The increase in property tax expense in the quarter was the result of higher assessments and mill rates across the portfolio. Overall, same property NOI grew by 7.8% for the three months ended March 31, 2025.

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

Apartment Results

For the three months ended March 31,

	Total			Same Property		
	2025	2024	% Change	**2025**	2024	% Change
Property revenue	**$83,281**	$78,183	6.5%	**$80,823**	$75,801	6.6%
Property operating expenses						
General operating expenses	**11,469**	11,465	—%	**11,159**	11,034	1.1%
Utility and fuel expenses	**8,888**	8,397	5.8%	**8,617**	8,006	7.6%
Property taxes	**9,499**	8,665	9.6%	**9,277**	8,823	5.1%
Total operating expenses	**$29,856**	$28,527	4.7%	**$29,053**	$27,863	4.3%
NOI	**$53,425**	$49,656	7.6%	**$51,770**	$47,938	8.0%
Operating margin %	**64.2%**	63.5%	70 bps	**64.1%**	63.2%	90 bps

Apartment Revenue

Total apartment revenue for the three months ended March 31, 2025, was $83.3 million, an increase of 6.5% over the same period in 2024. Revenue growth reflects contributions from properties acquired and developed over the past two years, as well as rent growth, partially offset by property dispositions completed throughout 2024.

Same property apartment revenue increased 6.6% for the three months ended March 31, 2025, compared to the same period in 2024, mainly driven by a 6.6% increase in year-over-year average rent as at March 31, 2025.

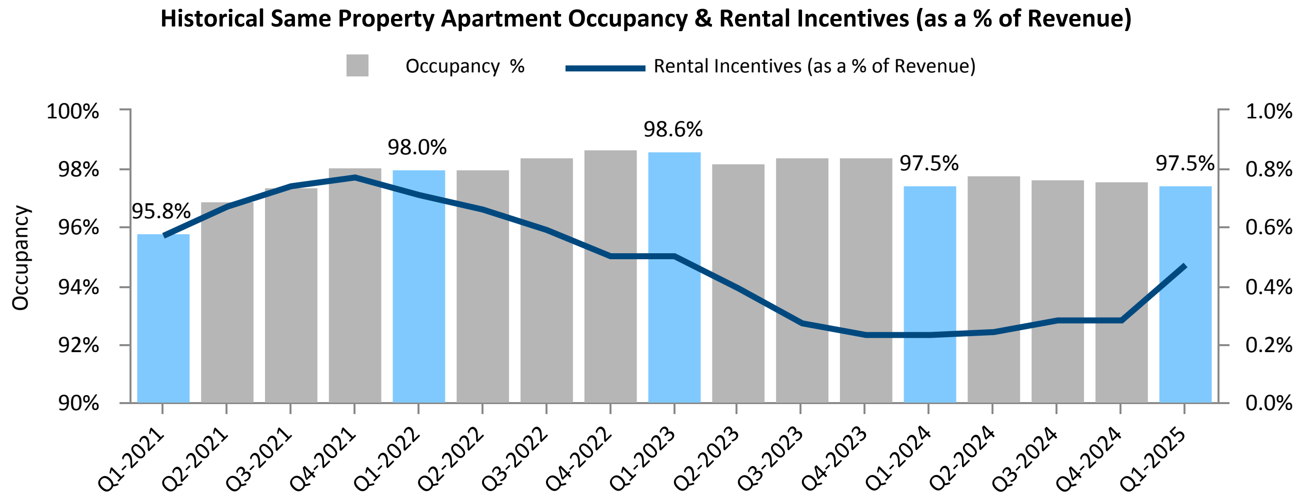
The operating margin on Killam's same property apartment portfolio for the three months ended March 31, 2025, was up 90 bps to 64.1% compared to the three months ended March 31, 2024. This improvement was driven by strong rental rate growth, which more than offset the rise in same property operating expenses.

Apartment Occupancy Analysis by Core Market (% of Residential Rent) (1)

		Total Occupancy			Same Property Occupancy		
For the three months ended March 31,	# of Units	**2025**	2024	Change (bps)	**2025**	2024	Change (bps)
Nova Scotia							
Halifax	5,600	**98.1%**	98.2%	(10)	**98.2%**	98.3%	(10)
Ontario							
KWC-GTA (2)	1,926	**97.2%**	93.7%	350	**97.2%**	93.7%	350
Ottawa	1,447	**95.7%**	96.8%	(110)	**95.7%**	96.8%	(110)
London	523	**97.1%**	97.3%	(20)	**97.1%**	97.3%	(20)
New Brunswick							
Moncton	2,246	**98.8%**	99.1%	(30)	**98.8%**	99.1%	(30)
Fredericton	1,529	**98.3%**	98.6%	(30)	**98.3%**	98.6%	(30)
Saint John	997	**98.3%**	98.4%	(10)	**98.3%**	98.4%	(10)
Alberta							
Calgary (3)(4)	998	**94.6%**	73.3%	2,130	**94.8%**	97.1%	(230)
Edmonton	882	**95.2%**	97.2%	(200)	**95.2%**	97.2%	(200)
Newfoundland and Labrador							
St. John's	1,106	**98.5%**	97.5%	100	**98.5%**	97.5%	100
British Columbia							
Victoria (5)	516	**94.4%**	96.7%	(230)	**94.4%**	96.7%	(230)
Prince Edward Island							
Charlottetown	799	**97.5%**	99.5%	(200)	**99.5%**	99.5%	—
Total Apartments (weighted average)	**18,569**	**97.4%**	96.0%	140	**97.5%**	97.5%	—

(1) Occupancy as a percentage of residential rent is calculated as vacancy (in dollars) divided by gross potential residential rent (in dollars) for the period.
(2) Total 2024 occupancy for KWC-GTA was impacted by Civic 66, a recently completed 169-unit development property that was undergoing initial lease-up.
(3) Total 2024 occupancy for Calgary was impacted by Nolan Hill Phase II, a recently completed 234-unit development undergoing initial lease-up, which is located in the same area of the city as an additional 391 units owned and managed by Killam.
(4) Same property 2025 occupancy for Calgary was impacted by a short-term increase in vacancy at two properties.
(5) Total and same property 2025 occupancy for Victoria was impacted by a short-term increase in vacancy at two properties.

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



Killam saw a recent increase in rental incentives as a percentage of total revenue. Ontario, which made up 53% of total incentives in Q1-2025, saw a 177% increase compared to Q1-2024, mainly attributable to the lease up the Civic 66 development. Alberta, which made up 31% of total incentives, saw a 25% increase quarter-over-quarter, with the largest increase attributable to the lease up at the Nolan Hill Phase II development. Killam aims to strategically maintain occupancy levels by offering targeted incentives in select regions, with the overall goal of minimizing incentives on new leases and decreasing incentives altogether. The use of rental incentives are expected to continue throughout 2025.

Year-Over-Year Average Rent Analysis by Core Market

As at March 31,

		Average Rent			Same Property Average Rent		
	# of Units	**2025**	2024	% Change	**2025**	2024	% Change
Nova Scotia							
Halifax	5,600	**$1,505**	$1,381	9.0%	**$1,512**	$1,398	8.2%
Ontario							
KWC-GTA	1,926	**$1,799**	$1,704	5.6%	**$1,799**	$1,715	4.9%
Ottawa	1,447	**$2,260**	$2,170	4.1%	**$2,260**	$2,170	4.1%
London	523	**$1,665**	$1,565	6.4%	**$1,665**	$1,565	6.4%
New Brunswick							
Moncton	2,246	**$1,287**	$1,209	6.5%	**$1,287**	$1,209	6.5%
Fredericton	1,529	**$1,378**	$1,289	6.9%	**$1,378**	$1,289	6.9%
Saint John	997	**$1,224**	$1,116	9.7%	**$1,224**	$1,116	9.7%
Alberta							
Calgary	998	**$1,679**	$1,597	5.1%	**$1,590**	$1,441	10.3%
Edmonton	882	**$1,643**	$1,566	4.9%	**$1,643**	$1,566	4.9%
Newfoundland and Labrador							
St. John's	1,106	**$1,103**	$1,048	5.2%	**$1,103**	$1,048	5.2%
British Columbia							
Victoria	516	**$1,967**	$1,871	5.1%	**$1,967**	$1,871	5.1%
Prince Edward Island							
Charlottetown	799	**$1,258**	$1,169	7.6%	**$1,233**	$1,208	2.1%
Total Apartments (weighted average)	**18,569**	**$1,514**	$1,416	6.9%	**$1,509**	$1,416	6.6%

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

Same Property Rental Increases – Tenant Renewals versus Unit Turns

The table below reflects rental increases achieved on units renewed or turned (released) for the three months ended March 31, 2025, whereas rental increases in the previous section reflect the year-over-year change in average rent by region as at March 31, 2025, compared to March 31, 2024.

Killam historically turned approximately 30%–32% of its units each year; however, this percentage has declined over the past five years. Due to the tightening of the housing and rental markets across Canada, Killam's turnover levels in 2024 were 18.3%, down from 18.6% in 2023. Killam expects a slight increase in turnover in 2025, as noted in the first quarter in the chart below. The increase to date in 2025 has been concentrated in units with tenure of one year or less and those at the higher end of the market. Upon turn, Killam will typically generate rental increases by moving rental rates to market and, where market demand exists, by upgrading units for unlevered returns greater than 10% on capital invested.

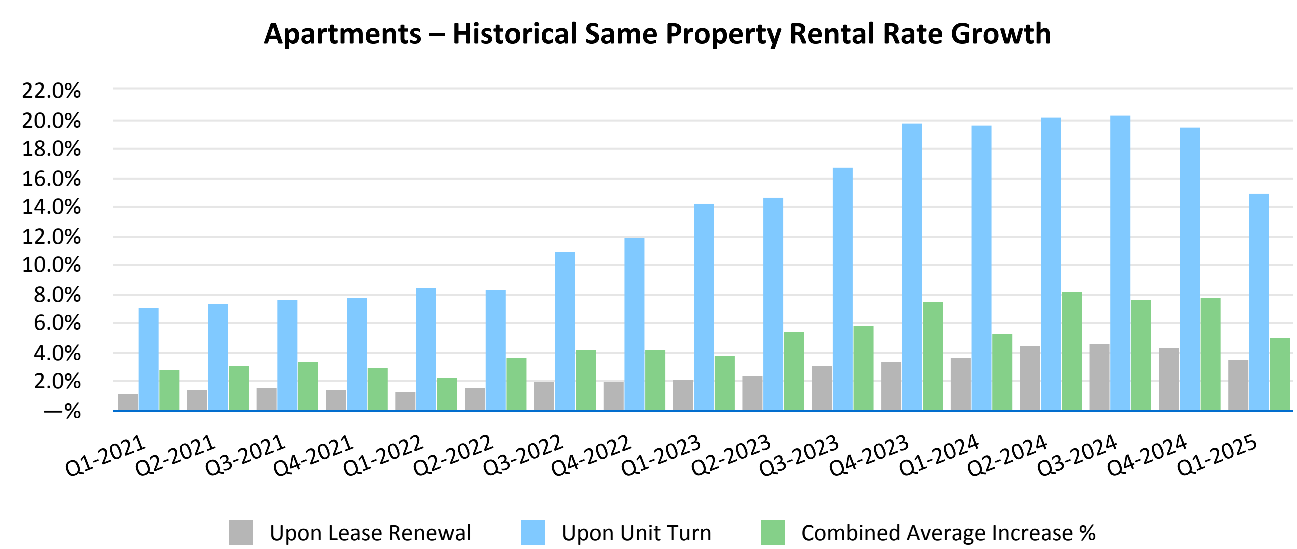
In Q1-2025, Killam's same property weighted average rental rate increased 5.1% for units that turned or renewed, a modest 30 bps decrease from 5.4% in Q1-2024. This decrease was primarily due to lower rental increases on unit turns, which were 15.0% in the quarter, down from 19.6% in Q1-2024. Additionally, rental increases on renewals were 3.6%, a 10 bps decrease from 3.7%.

The weighted average rental increase is typically lower in the first half of the year due to the large number of lease renewals on January 1, which are subject to rent control. The chart below summarizes the rental increases earned during the three months ended March 31, 2025 and 2024.

	For the three months ended March 31,			
	2025		2024	
	Rental Increases	Turnovers & Renewals [1]	Rental Increases	Turnovers & Renewals [1]
Lease renewal [2]	**3.6%**	**30.9%**	3.7%	32.7%
Unit turn	**15.0%**	**4.2%**	19.6%	3.8%
Rental increase (Weighted average)	**5.1%**		5.4%	

(1) Percentage of suites turned over or renewed during the periods, based on the total weighted average number of units held during the periods, adjusted for Killam's 50% ownership in jointly held properties.
(2) The large weighting of renewals during the three months ended March 31, 2025 and 2024, is due to many leases across the portfolio renewing on January 1.

The following chart summarizes the weighted average rental rate increases achieved by quarter on lease turns and renewals.



The weighted average rental rate increase of 5.1% in Q1-2025 is below the 7.9% achieved in Q4-2024. The decrease reflects a higher percentage of leases renewing in the first quarter every year compared to other quarters, coupled with lower rental rate increases achieved on unit turns.

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

Apartment Expenses

Total operating expenses for the three months ended March 31, 2025, was $29.9 million, a 4.7% increase compared to the same period in 2024. This is due to higher natural gas pricing and an increase in natural gas consumption in the first quarter. Additionally, in Q1-2024, Killam received $0.4 million in property tax recoveries relating to previous years, reducing overall property tax expense. Excluding these recoveries, total operating expenses increased 3.1% compared to Q1-2024.

Total same property operating expenses increased by 4.3% for the three months ended March 31, 2025. This includes a 7.6% increase in utility and fuel expenses, driven primarily by higher natural gas costs and increased consumption in the quarter. Additionally, property tax expense increased 5.1% due to higher property tax assessments and mill rates across the portfolio.

General Operating Expenses
General operating expenses for the apartment portfolio include repairs and maintenance, contract services, insurance, property management and property management wages and benefits, uncollectible accounts, marketing, advertising and leasing costs. The modest increase in same property general operating expenses of 1.1% for the three months ended March 31, 2025, was due to increased wage costs and higher advertising expenses. These increases were partially offset by lower repairs and maintenance costs. General and administrative expenses, contract service costs, insurance premiums and bad debt expense remained relatively flat quarter-over-quarter.

Same Property Utility and Fuel Expenses

	Three months ended March 31,		
	2025	2024	% Change
Natural gas	**$3,951**	$3,341	18.3%
Electricity	**2,406**	2,447	(1.7)%
Water	**1,953**	1,914	2.0%
Oil & propane	**285**	284	0.4%
Other	**22**	20	10.0%
Total utility and fuel expenses	**$8,617**	$8,006	7.6%

Killam’s apartment portfolio is heated with natural gas (58%), electricity (33%), geothermal (5%), oil (2%), district heat (1%) and propane (less than 1%). Electricity costs relate primarily to common areas, as unit electricity costs are typically paid by tenants, reducing Killam’s exposure to the majority of Killam's 5,980 apartments heated with electricity. Fuel costs associated with central natural gas or oil-fired heating plants are paid by Killam.

Utility and fuel expenses accounted for approximately 30% of Killam’s total apartment same property operating expenses for the three months ended March 31, 2025. Total same property utility and fuel expenses increased 7.6% for the three months ended March 31, 2025, compared to the same period in 2024.

Same property natural gas expenses increased 18.3% for the three months ended March 31, 2025, primarily due to higher natural gas pricing in the first quarter. This included total natural gas variable cost increases of 16% in Alberta, 12% in Nova Scotia, 16% in British Columbia, 3% in Ontario and 2% in New Brunswick during Q1-2025, compared to Q1-2024. Natural gas consumption also increased 22% compared to the three months ended March 31, 2024, due to a colder winter season. A reduction in natural gas costs is expected in future quarters with the removal of consumer carbon tax pricing effective April 1, 2025.

Electricity costs decreased 1.7% for the three months ended March 31, 2025. This reduction reflects a 50% decrease in electricity pricing in Alberta during the quarter, partially offset by a 6.1% increase in consumption across Killam's portfolio due to colder winter temperatures in Ontario and Atlantic Canada. Offsetting a portion of these increases was consumption savings from the installation of solar panels at many properties across the portfolio.

Water expenses increased by 2.0% for the three months ended March 31, 2025, due to increases in water rates during Q1-2025, up 1.9%, coupled with a small increase in water consumption. Oil and propane costs were relatively flat when compared to the same period in 2024.

Property Taxes
Same property tax expenses for the three months ended March 31, 2025, were $9.3 million, up 5.1% from the same period in 2024 due to increased assessments across the portfolio and higher mill rates. Killam actively reviews its property tax assessments and appeals tax assessment increases wherever possible.

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

Apartment Same Property NOI by Region

For the three months ended March 31,

	Property Revenue			Property Expenses			Net Operating Income		
	2025	2024	% Change	**2025**	2024	% Change	**2025**	2024	% Change
Nova Scotia									
Halifax	**$25,223**	$23,311	8.2%	**($9,214)**	($8,732)	5.5%	**$16,009**	$14,579	9.8%
	25,223	23,311	8.2%	**(9,214)**	(8,732)	5.5%	**16,009**	14,579	9.8%
Ontario									
KWC-GTA	**10,852**	10,006	8.5%	**(3,822)**	(3,670)	4.1%	**7,030**	6,336	11.0%
Ottawa	**5,398**	5,252	2.8%	**(1,618)**	(1,562)	3.6%	**3,780**	3,690	2.4%
London	**2,592**	2,443	6.1%	**(905)**	(822)	10.1%	**1,687**	1,621	4.1%
	18,842	17,701	6.4%	**(6,345)**	(6,054)	4.8%	**12,497**	11,647	7.3%
New Brunswick									
Moncton	**9,145**	8,623	6.1%	**(3,580)**	(3,558)	0.6%	**5,565**	5,065	9.9%
Fredericton	**6,454**	6,070	6.3%	**(2,285)**	(2,161)	5.7%	**4,169**	3,909	6.7%
Saint John	**3,724**	3,411	9.2%	**(1,547)**	(1,458)	6.1%	**2,177**	1,953	11.5%
	19,323	18,104	6.7%	**(7,412)**	(7,177)	3.3%	**11,911**	10,927	9.0%
Alberta									
Calgary	**3,732**	3,486	7.1%	**(1,217)**	(1,163)	4.6%	**2,515**	2,323	8.3%
Edmonton	**4,368**	4,213	3.7%	**(1,670)**	(1,598)	4.5%	**2,698**	2,615	3.2%
	8,100	7,699	5.2%	**(2,887)**	(2,761)	4.6%	**5,213**	4,938	5.6%
Newfoundland and Labrador									
St. John's	**3,725**	3,484	6.9%	**(1,157)**	(1,149)	0.7%	**2,568**	2,335	10.0%
	3,725	3,484	6.9%	**(1,157)**	(1,149)	0.7%	**2,568**	2,335	10.0%
British Columbia									
Victoria	**2,908**	2,856	1.8%	**(776)**	(746)	4.0%	**2,132**	2,110	1.0%
	2,908	2,856	1.8%	**(776)**	(746)	4.0%	**2,132**	2,110	1.0%
Prince Edward Island									
Charlottetown	**2,702**	2,646	2.1%	**(1,262)**	(1,244)	1.4%	**1,440**	1,402	2.7%
	2,702	2,646	2.1%	**(1,262)**	(1,244)	1.4%	**1,440**	1,402	2.7%
	$80,823	$75,801	6.6%	**($29,053)**	($27,863)	4.3%	**$51,770**	$47,938	8.0%

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

MHC Results

For the three months ended March 31,

	Total Portfolio			Same Property		
	2025	2024	% Change	**2025**	2024	% Change
Property revenue	**$4,082**	$3,818	6.9%	**$4,035**	$3,775	6.9%
Property operating expenses	**1,663**	1,596	4.2%	**1,680**	1,585	6.0%
NOI	**$2,419**	$2,222	8.9%	**$2,355**	$2,190	7.5%
Operating margin %	**59.3%**	58.2%	110 bps	**58.4%**	58.0%	40 bps

Killam's MHC portfolio generated $2.4 million, or 4.2% of Killam's total NOI, for the three months ended March 31, 2025. The MHC business generates its highest revenue and NOI during the second and third quarters of each year due to the contribution from its nine seasonal resorts that earn approximately 60% of their NOI between July and October. In aggregate, same property NOI from the MHC portfolio grew by 7.5% for the three months ended March 31, 2025. This growth is attributable to a 6.9% increase in revenue for the three months ended March 31, 2025, partially offset by a 6.0% increase in property operating expenses compared to the same period in 2024. This is mainly due to an increase in water consumption and higher salary costs.

Commercial Results

For the three months ended March 31,

	Total Portfolio			Same Property		
	2025	2024	% Change	**2025**	2024	% Change
Property revenue	**$5,661**	$5,504	2.9%	**$5,687**	$5,392	5.5%
Property operating expenses	**2,510**	2,362	6.3%	**2,519**	2,352	7.1%
NOI	**$3,151**	$3,142	0.3%	**$3,168**	$3,040	4.2%

Killam's commercial property portfolio contributed $3.2 million, or 5.3% of Killam's total NOI, for the three months ended March 31, 2025.

Killam's commercial property portfolio totals 974,509 SF, located in four of Killam's core markets. The commercial portfolio includes Westmount Place, a 300,000 SF retail and office complex located in Waterloo; Royalty Crossing, a 410,175 SF shopping mall in PEI where Killam has a 75% interest and is the property manager; the Brewery Market, a 180,000 SF retail and office property in downtown Halifax; as well as other smaller properties located in Halifax and Moncton. Total commercial occupancy was 94.3% in Q1-2025, a 50 bps improvement compared to 93.8% in Q1-2024. Same property results do not include properties that were recently acquired or disposed or those that are slated for redevelopment and are not operating as stabilized properties.

The increase in NOI during the three months ended March 31, 2025, relates to increased occupancy, coupled with higher rental rates on renewals. In Q1-2025, Killam successfully leased 10,970 SF of commercial space and renewed 25,550 SF, with a weighted average net rate increase of 6.4%.

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

PART V

Other Income and Expenses and Net Income

Net Income and Other Comprehensive Income

	Three months ended March 31,		
	2025	2024	% Change
Net operating income	**$58,995**	$55,020	7.2%
Other income	**551**	540	2.0%
Financing costs	**(20,186)**	(19,423)	3.9%
Depreciation	**(270)**	(266)	1.5%
Administration	**(5,648)**	(5,294)	6.7%
Fair value adjustment on unit-based compensation	**(77)**	(54)	42.6%
Fair value adjustment on Exchangeable Units	**(1,598)**	(2,417)	(33.9)%
Fair value adjustment on investment properties	**70,212**	116,294	(39.6)%
Loss on disposition	**(67)**	(191)	(64.9)%
Income before income taxes	**101,912**	144,209	(29.3)%
Deferred tax expense	**—**	(16,969)	(100.0)%
Net income and comprehensive income	**$101,912**	$127,240	(19.9)%

Net income and comprehensive income decreased by $25.3 million for the three months ended March 31, 2025, as a result of $70.2 million of fair value gains recognized on Killam's investment properties, compared to $116.3 million of fair value gains recognized for the same period in 2024. This was partially offset by a $17.0 million decrease in deferred tax expense in the quarter, compared to Q1-2024. Killam did not recognize deferred tax expense in Q1-2025 due to "the Arrangement" completed in November 2024, as described on page 20, which resulted in the full reversal of Killam's deferred tax liability. The reduction in fair value gains were further offset by a $4.0 million increase in NOI in the quarter, driven by same property NOI growth for the three months ended March 31, 2025 and contributions from completed developments. Net income in Q1-2025 was also impacted by $1.7 million in unrealized fair value losses on the mark-to-market adjustments on Killam's unit-based compensation and Exchangeable Units, compared to fair value losses of $2.5 million in Q1-2024.

Financing Costs

	Three months ended March 31,		
	2025	2024	% Change
Mortgage, loan and construction loan interest	**$18,477**	$17,251	7.1%
Interest on credit facilities	**716**	1,104	(35.1)%
Interest on Exchangeable Units	**702**	682	2.9%
Amortization of deferred financing costs	**1,004**	922	8.9%
Amortization of fair value adjustments on assumed debt	**56**	57	(1.8)%
Interest on lease liabilities	**124**	160	(22.5)%
Capitalized interest	**(893)**	(753)	18.6%
	$20,186	$19,423	3.9%

Total financing costs increased $0.8 million, or 3.9%, for the three months ended March 31, 2025, compared to Q1-2024. Mortgage, loan and construction loan interest expense was $18.5 million for the three months ended March 31, 2025, an increase of $1.2 million, or 7.1%, compared to the same period in 2024. Killam's mortgage, loan and construction loan liability balance increased by $24.7 million over the past 12 months as Killam upfinanced maturing mortgages within its existing portfolio, advanced its development projects with construction financing, and obtained financing for recently completed developments. These increases were partially offset by the repayment of mortgages associated with properties sold during 2024. The average interest rate on refinancings for the three months ended March 31, 2025, was 3.67%, 95 bps higher than the average interest rate on expiring debt.

Interest on credit facilities decreased $0.4 million, or 35.1%, for the three months ended March 31, 2025, compared to the three months ended March 31, 2024. The decrease is due to a lower balance on the credit facility throughout Q1-2025 compared to Q1-2024. Interest expense related to credit facilities is expected to decrease further in 2025, as funds from dispositions are used to further reduce the balance on Killam's credit facilities.

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

Deferred financing costs include mortgage assumption and application fees, as well as legal costs related to financings and refinancings. These costs are amortized over the term of the respective mortgage, and CMHC insurance fees are amortized over the amortization period of the mortgage. This expense may fluctuate annually with refinancings.

Capitalized interest increased 18.6% for the three months ended March 31, 2025, compared to the same period in 2024. This was primarily driven by a greater number of ongoing development projects during the first quarter of 2025. Capitalized interest will vary depending on the number of development projects underway and their stages in the development cycle. Interest costs associated with development projects are capitalized to the respective development property until substantial completion.

Administration Expenses

	Three months ended March 31,		
	2025	2024	% Change
Administration	**$5,648**	$5,294	6.7%
As a percentage of total revenue	**6.0%**	6.0%	— bps

Administration expenses include expenses that are not specific to individual properties, including Toronto Stock Exchange ("TSX")-related costs, Management and head office salaries and benefits, marketing costs, office equipment leases, professional fees, and other head office and regional office expenses.

For the three months ended March 31, 2025, total administration expenses increased by $0.4 million, or 6.7%, compared to the three months ended March 31, 2024 primarily due to higher compensation related costs. Administration expenses as a percentage of total revenue were 6.0% for Q1-2025, consistent with Q1-2024.

Fair Value Adjustments

	Three months ended March 31,		
	2025	2024	% Change
Investment properties	**$70,212**	$116,294	(39.6)%
Deferred unit-based compensation	**(77)**	(54)	42.6%
Exchangeable Units	**(1,598)**	(2,417)	(33.9)%
	$68,537	$113,823	(39.8)%

Killam recognized fair value gains of $70.2 million related to its investment properties for the three months ended March 31, 2025, compared to fair value gains of $116.3 million for the same period in 2024. The fair value gains recognized in Q1-2025 relate to robust revenue and NOI growth driven by strong apartment fundamentals.

Restricted Trust Units ("RTUs") governed by Killam's RTU Plan are awarded to certain members of Management as a portion of their compensation. Non-executive members of the Board of Trustees have the right to receive a percentage of their annual retainer in the form of RTUs. This aligns the interests of Management and the Trustees with those of unitholders. For both the three months ended March 31, 2025, and for the same period in 2024, there was an unrealized fair value loss of $0.1 million, attributable to fluctuations in the market price of the underlying Killam Trust units ("Trust Units").

Distributions paid on Exchangeable Units are consistent with distributions paid to Killam’s unitholders. The "Exchangeable Units" are Class B limited partnership units of Killam Apartment Limited Partnership. Exchangeable Units are intended to be economically equivalent to and are redeemable on a one-for-one basis for Trust Units at the option of the holder and are accompanied by Special Voting Units of the Trust ("Special Voting Units") that provide their holders with equivalent voting rights to holders of Trust Units. The fair value of the Exchangeable Units is based on the trading price of Killam’s Trust Units. For the three months ended March 31, 2025, there was an unrealized loss on remeasurement of $1.6 million, compared to an unrealized loss of $2.4 million for three months ended March 31, 2024. The unrealized loss in the quarter reflects an increase in Killam's unit price as at March 31, 2025, compared to December 31, 2024.

Deferred Tax Expense

	Three months ended March 31,		
	2025	2024	% Change
	$—	$16,969	(100.0)%

Killam converted to a real estate investment trust ("REIT") effective January 1, 2016, and as such qualifies as a REIT pursuant to the Tax Act. The Tax Act contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Legislation") and the criteria for qualifying for the real estate investment trust exemption (the "REIT Exemption"), which would exempt Killam from income tax under the SIFT Legislation. If Killam fails to distribute the required amount of income to unitholders or if Killam fails to qualify as a REIT under the Tax Act, substantial adverse tax consequences may occur. Management operates Killam in a manner that enables Killam to continually qualify as a REIT and expects to distribute all of its taxable income to unitholders, and therefore is entitled to deduct such distributions for income tax purposes.

On November 21, 2024, holders of Killam's Trust Units and Special Voting Units, voting together as a single class, approved an internal reorganization that was accomplished by way of a plan of arrangement (the "Arrangement"). The Arrangement became effective on November 30, 2024, and 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. As a result, the Trust no longer has any corporate subsidiaries that are subject to income taxes, and the full 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.

PART VI

Per Unit Calculations

As Killam is an open-ended mutual fund trust, unitholders may redeem their Trust Units, subject to certain restrictions. As a result, Killam's Trust Units are classified as financial liabilities under IFRS Accounting Standards. Consequently, all per unit calculations are considered non-IFRS financial measures. The following table reconciles the number of units used in the calculation of non-IFRS financial measures on a per unit basis:

	Weighted Average Number of Units (000s) Three months ended March 31,			Outstanding Number of Units (000s) as at March 31,
	2025	2024	% Change	**2025**
Trust Units	**119,803**	118,497	1.1%	**120,008**
Exchangeable Units	**3,898**	3,898	—%	**3,898**
Basic number of units	**123,701**	122,395	1.1%	**123,906**
Plus:				
Units under RTU Plan [(1)]	**266**	215	23.7%	**—**
Diluted number of units	**123,967**	122,610	1.1%	**123,906**

(1) Units are shown on an after-tax basis. RTUs are net of attributable personal taxes when converted to REIT Units.

Funds from Operations

FFO is recognized as an industry-wide standard measure of a real estate entity's operating performance, and Management considers FFO per unit to be a key measure of operating performance. REALPAC, Canada's senior national industry association for owners and managers of investment real estate, has recommended guidelines for a standard industry calculation of FFO based on IFRS Accounting Standards. Killam calculates FFO in accordance with the REALPAC definition. Notwithstanding the foregoing, FFO does not have a standardized meaning under IFRS Accounting Standards and is considered a non-IFRS financial measure; therefore, it may not be comparable to similarly titled measures presented by other publicly traded companies. FFO for the three months ended March 31, 2025 and 2024, are calculated as follows:

	Three months ended March 31,		
	2025	2024	% Change
Net income	**$101,912**	$127,240	(19.9)%
Fair value adjustments	**(68,537)**	(113,823)	(39.8)%
Internal commercial leasing costs	**75**	90	(16.7)%
Deferred tax expense	**—**	16,969	(100.0)%
Interest expense on Exchangeable Units	**702**	682	2.9%
Loss on disposition	**67**	191	(64.9)%
Depreciation on owner-occupied building	**24**	25	(4.0)%
Change in principal related to lease liabilities	**(2)**	6	(133.3)%
FFO	**$34,241**	$31,380	9.1%
FFO per unit – diluted	**$0.28**	$0.26	7.7%
FFO payout ratio – diluted	**64%**	67%	(300) bps
Weighted average number of units – diluted (000s)	**123,967**	122,610	1.1%

Killam earned FFO of $34.2 million, or $0.28 per unit (diluted), for the three months ended March 31, 2025, compared to $31.4 million, or $0.26 per unit (diluted), for the three months ended March 31, 2024. FFO growth is primarily attributable to same property NOI growth, coupled with the lease-up of recently completed developments. This was partially offset by higher interest expense, higher administration costs, and a 1.1% increase in the weighted average number of units outstanding.

Adjusted Funds from Operations

AFFO is a non-IFRS financial measure used by real estate analysts and investors to assess FFO after taking into consideration capital invested to maintain the earning capacity of a portfolio. AFFO may not be comparable to similar measures presented by other real estate trusts or companies. Management believes that significant judgment is required to determine the annual capital expenditures that relate to maintaining the earning capacity of an asset, compared to the capital expenditures that generate higher rents or more efficient operations.

Killam uses a rolling three-year historical average of actual maintenance capex for its apartment and MHC portfolios to calculate AFFO. For 2024, this included a maintenance capex reserve of $1,100 per apartment unit, $310 per MHC site and $1.10 per SF for commercial properties. Details regarding the maintenance capex calculations are included in Killam's MD&A for the year ended December 31, 2024. The same reserves as 2024 have been used in the calculations for 2025.

The weighted average number of units, MHC sites and square footage owned during the quarter were used to determine the capital adjustment applied to FFO to calculate AFFO:

	Three months ended March 31,		
	2025	2024 (1)	% Change
FFO	**$34,241**	$31,380	9.1%
Maintenance capital expenditures	**(5,625)**	(5,706)	(1.4)%
Commercial straight-line rent adjustment	**(19)**	(31)	(38.7)%
Internal and external commercial leasing costs	**(49)**	(64)	(23.4)%
AFFO	**$28,548**	$25,579	11.6%
AFFO per unit – diluted	**$0.23**	$0.21	9.5%
AFFO payout ratio – diluted	**78%**	84%	(600) bps
AFFO payout ratio – rolling 12 months (2)	**70%**	73%	(300) bps
Weighted average number of units – diluted (000s)	**123,967**	122,610	1.1%

(1) The maintenance capital expenditures for the three months ended March 31, 2024, were updated to reflect the maintenance capex reserve of $1,100 per apartment unit, $310 per MHC site and $1.10 per SF for commercial properties that were used in the calculation for the 12 months ended December 31, 2024.
(2) Based on Killam's annual distribution of $0.70831 for the 12-month period ended March 31, 2025, and $0.69996 for the 12-month period ended March 31, 2024.

The payout ratio of 78% in Q1-2025, compared to the rolling 12-month payout ratio of 70%, corresponds with the seasonality of Killam's business. Killam's first quarter typically has the highest payout ratio due to the lower operating margin from higher heating costs in the winter months. In addition, the MHC portfolio typically generates its highest revenue and NOI during the second and third quarters of the year due to the contribution from its seasonal resorts that generate approximately 60% of their NOI between July and October each year.

Killam recognized AFFO per unit growth of 9.5% in Q1-2025, driven by same property NOI growth and contributions from completed developments. The 600 bps improvement in the AFFO payout ratio for the three months ended March 31, 2025, compared to the same period in 2024, is attributable to a 11.6% increase in AFFO, partially offset by the 2.9% increase in Killam's monthly distribution, up from $0.05833 per unit to $0.06000 per unit, which was applied to the November 2024 distribution.

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

Adjusted Cash Flow from Operations

ACFO is a non-IFRS financial measure and was introduced in REALPAC's February 2017 *White Paper on Adjusted Cash Flow from Operations (ACFO) for IFRS* as a sustainable, economic cash flow metric. Upon review of REALPAC's white paper, Management incorporated ACFO as a useful measure to evaluate Killam's ability to fund distributions to unitholders. ACFO should not be construed as an alternative to cash flows provided by or used in operating activities determined in accordance with IFRS Accounting Standards.

Killam calculates ACFO in accordance with the REALPAC definition, but this may differ from other REITs' methods and, accordingly, may not be comparable to ACFO reported by other issuers. ACFO is adjusted each quarter for fluctuations in non-cash working capital not indicative of sustainable cash flows, including prepaid property taxes, prepaid insurance and construction holdbacks related to developments. ACFO is also adjusted quarterly for capital expenditure accruals, which are not related to sustainable operating activities.

A reconciliation from cash provided by operating activities (refer to the condensed consolidated interim statements of cash flows for the three months ended March 31, 2025 and 2024) to ACFO is as follows:

	Three months ended March 31,		
	2025	2024 [(1)]	% Change
Cash provided by operating activities	**$25,011**	$23,709	5.5%
Adjustments:			
Changes in non-cash working capital not indicative of sustainable cash flows	**9,040**	8,422	7.3%
Maintenance capital expenditures	**(5,625)**	(5,706)	(1.4)%
External commercial leasing costs	**—**	(8)	(100.0)%
Amortization of deferred financing costs	**(1,004)**	(922)	8.9%
Interest expense related to lease liability	**(124)**	(160)	(22.5)%
ACFO	**$27,298**	$25,335	7.7%
Distributions declared [(2)]	**22,579**	21,694	4.1%
Excess of ACFO over cash distributions	**$4,719**	$3,641	29.6%
ACFO payout ratio – diluted [(3)]	**83%**	86%	(300) bps

(1) The maintenance capital expenditures for the three months ended March 31, 2024, were updated to reflect the maintenance capex reserve of $1,100 per apartment unit, $310 per MHC site and $1.10 per SF for commercial properties that were used in the calculation for the 12 months ended December 31, 2024.
(2) Includes distributions on Trust Units, Exchangeable Units and RTUs, as summarized on page 35.
(3) Based on Killam's annual distribution of $0.70831 for the 12-month period ended March 31, 2025, and $0.69996 for the 12-month period ended March 31, 2024.

Killam's ACFO payout ratio is 83% for the three months ended March 31, 2025, 300 bps lower than the payout ratio for the three months ended March 31, 2024. Similar to the AFFO payout ratio, Killam's first quarter typically has the highest ACFO payout ratio due to the lower operating margin in the period. This is attributable to higher heating costs in the winter and the fact that the MHC portfolio typically generates its highest revenue and NOI during the second and third quarters of the year.

Cash Provided by Operating Activities and Distributions Declared

In accordance with the guidelines set out in National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the differences between cash provided by operating activities and total distributions declared, as well as the differences between net income and total distributions.

	Three months ended March 31,	
	2025	2024
Net income	**$101,912**	$127,240
Cash provided by operating activities	**$25,011**	$23,709
Total distributions declared	**$22,579**	$21,694
Excess of net income over total distributions declared	**$79,333**	$105,546
Excess of net income over net distributions paid [(1)]	**$85,851**	$111,670
Excess of cash provided by operating activities over total distributions declared	**$2,432**	$2,015

(1) Killam has a distribution reinvestment plan ("DRIP") that allows unitholders to elect to have all cash distributions from the Trust reinvested in additional units.

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

PART VII

Liquidity and Capital Resources

Management oversees Killam's liquidity to fund major property maintenance and improvements, debt principal and interest payments, distributions to unitholders, and property acquisitions and developments. Killam's sources of capital include: (i) cash flows generated from operating activities; (ii) cash inflows from mortgage refinancings; (iii) mortgage debt secured by investment properties; (iv) credit facilities with two Canadian chartered banks; and (v) equity and debt issuances.

Management expects to have sufficient liquidity for the foreseeable future, based on its evaluation of the following capital resources:

(i) Cash flows from operating activities are expected to be sufficient to fund the current level of distributions and maintenance capex.

(ii) Killam currently has capacity of approximately $164.0 million of capital under its credit facilities and cash on hand.

(iii) Mortgage refinancings and construction loans are expected to be sufficient to fund value-enhancing capex, principal repayments and developments. Killam has $258.0 million of mortgage debt scheduled for refinancing in the remainder of 2025, which is expected to lead to upfinancing opportunities of $80.0—$90.0 million.

(iv) Upcoming mortgage maturities are expected to be renewed through Killam's mortgage program.

(v) Killam has unencumbered assets of approximately $223.0 million, on which debt could be placed.

Killam is in compliance with all financial covenants contained in the DOT and through its credit facilities. Under the DOT, total indebtedness of Killam is limited to 70% of Gross Book Value, determined as the greater of (i) the value of Killam's assets as shown on the most recent condensed consolidated interim statement of financial position, and (ii) the historical cost of Killam's assets. Total debt as a percentage of assets as at March 31, 2025, was 39.9%.

Killam has financial covenants on its credit facilities. The covenants require Killam to maintain a leverage limit of not more than 70% of debt to total assets, debt to service coverage of not less than 1.3 times and unitholders' equity of not less than $900.0 million. As at May 7, 2025, Killam was in compliance with said covenants.

The table below outlines Killam's key debt metrics:

As at	March 31, 2025	December 31, 2024	Change
Weighted average years to debt maturity	**3.8**	4.0	(0.2) years
Total debt as a percentage of total assets	**39.9%**	40.4%	(50) bps
Interest coverage	**2.96x**	2.94x	0.7%
Debt service coverage	**1.57x**	1.55x	1.3%
Debt to normalized EBITDA [(1)]	**9.66x**	9.69x	(0.3)%
Weighted average mortgage interest rate	**3.48%**	3.45%	3 bps
Weighted average interest rate of total debt	**3.51%**	3.51%	— bps

(1) Ratio calculated net of cash.

Killam's primary measure of capital management is the total debt as a percentage of total assets ratio. The calculation of the 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 asset of $11.5 million as at March 31, 2025 (December 31, 2024 — $11.6 million).

Total debt as a percentage of total assets was 39.9% as at March 31, 2025, down from 40.4% as at December 31, 2024. Management is focused on maintaining conservative debt levels. Total debt to total assets is sensitive to changes in the fair value of investment properties, in particular cap rate changes.

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

The quantitative sensitivity analysis shown below illustrates the value increase or decrease in Killam's debt to total assets ratio given the change in the noted input (cap rate sensitivity). This analysis excludes the impact of any change in NOI growth.

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 discounted cash flow ("DCF") method. The sensitivity for commercial assets is calculated using an implied capitalization rate based on the stabilized net operating income ("SNOI") of the properties.

Normalized Adjusted EBITDA

The following table reconciles Killam's net income to normalized adjusted EBITDA for the 12 months ended March 31, 2025, and December 31, 2024:

12 months ended,	March 31, 2025	December 31, 2024	% Change
Net income	**$642,513**	$667,844	(3.8)%
Deferred tax recovery	**(295,943)**	(278,975)	6.1%
Financing costs	**80,476**	79,712	1.0%
Depreciation	**1,069**	1,065	0.4%
Loss on dispositions	**3,554**	3,678	(3.4)%
Restructuring costs	**5,904**	5,904	—%
Fair value adjustment on unit-based compensation	**(909)**	(931)	(2.4)%
Fair value adjustment on Exchangeable Units	**(4,171)**	(3,352)	24.4%
Fair value adjustment on investment properties	**(206,279)**	(252,361)	(18.3)%
Adjusted EBITDA	**226,214**	222,584	1.6%
Normalizing adjustment (1)	**1,203**	2,352	(48.9)%
Normalized adjusted EBITDA	**$227,417**	$224,936	1.1%
Total interest-bearing debt	**$2,208,883**	$2,193,881	
Cash and cash equivalents	**(11,904)**	(13,211)	
Net debt	**$2,196,979**	$2,180,670	0.7%
Debt to normalized adjusted EBITDA	**9.66x**	9.69x	(0.3)%

(1) Killam's normalizing adjustment includes NOI adjustments for recently completed acquisitions, dispositions and developments to account for the difference between NOI booked in the period and stabilized NOI over the next 12 months.

Interest and Debt Service Coverage

Rolling 12 months ending,	March 31, 2025	December 31, 2024	% Change
NOI	**$243,693**	$240,481	1.3%
Other income	**3,157**	2,385	32.4%
Administration	**(20,636)**	(20,282)	1.7%
Adjusted EBITDA	**226,214**	222,584	1.6%
Interest expense (1)	**76,443**	75,605	1.1%
Interest coverage ratio	**2.96x**	2.94x	0.7%
Principal repayments	**67,557**	67,578	—%
Interest expense	**76,443**	75,605	1.1%
Debt service coverage ratio	**1.57x**	1.55x	1.3%

(1) Interest expense includes mortgage, loan and construction loan interest and interest on credit facilities, as presented in note 17 to the condensed consolidated interim financial statements.

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

Mortgages and Other Loans

Killam's long-term debt consists of fixed-rate, long-term mortgages. Mortgages are secured by a first or second charge against individual properties. Killam's weighted average interest rate on mortgages as at March 31, 2025, was 3.48%, a 3 bps increase compared to the rate as at December 31, 2024.

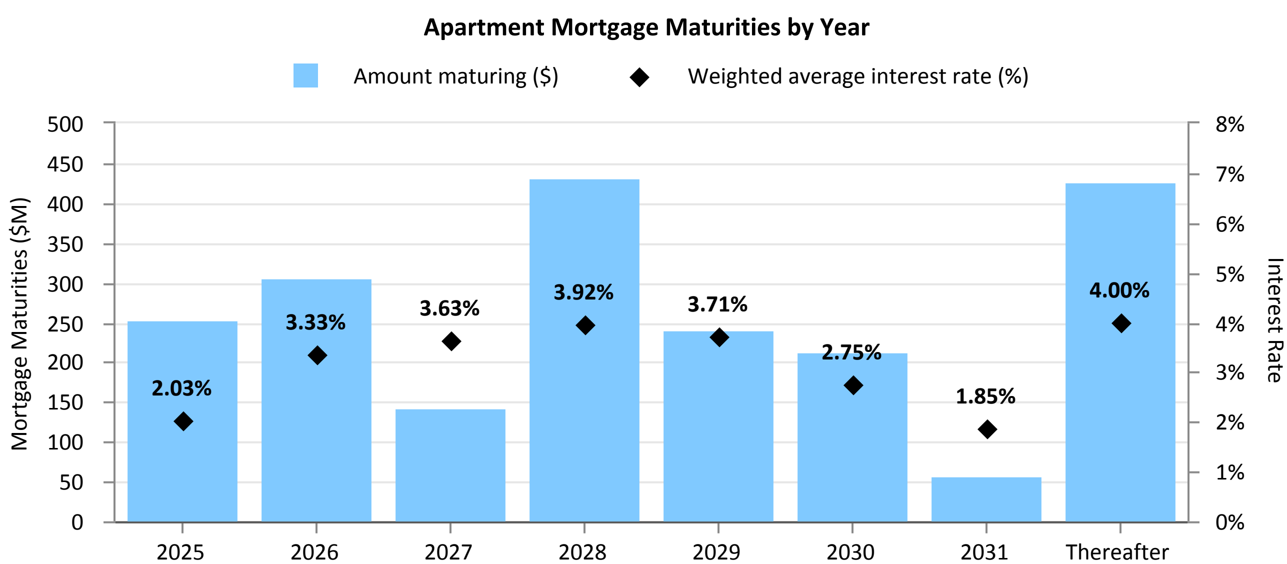
Refinancings

For the three months ended March 31, 2025, Killam refinanced the following mortgages:

	Mortgage Debt Maturities		Mortgage Debt on Refinancing		Weighted Average Term	Net Proceeds
Apartments	$51,019	2.72%	$97,127	3.67%	4.3 years	$46,108
	$51,019	**2.72%**	**$97,127**	**3.67%**	**4.3 years**	**$46,108**

The following table details the maturity dates and average interest rates of mortgage and vendor debt, and the percentage of apartment mortgages that are CMHC insured by year of maturity:

	Apartments			MHCs and Commercial		Total	
Year of Maturity	**Balance March 31**	**Weighted Avg Int. Rate %**	**% CMHC Insured**	**Balance March 31**	**Weighted Avg Int. Rate %**	**Balance March 31**	**Weighted Avg Int. Rate %**
2025	$253,484	2.03%	44.4%	$9,317	2.28%	$262,801	2.04%
2026	305,461	3.33%	55.6%	6,798	2.68%	312,259	3.32%
2027	141,979	3.63%	74.2%	41,566	5.13%	183,545	3.97%
2028	431,092	3.92%	95.4%	34,697	5.52%	465,789	4.04%
2029	240,728	3.71%	95.3%	43,627	4.92%	284,355	3.90%
Thereafter	700,211	3.44%	97.8%	3,737	3.31%	703,948	2.70%
	$2,072,955	**3.40%**	**83.4%**	**$139,742**	**4.80%**	**$2,212,697**	**3.48%**



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

Access to mortgage debt is essential in refinancing maturing debt and financing acquisitions. Management has diversified Killam's mortgages to avoid dependence on any one lending institution and has staggered maturity dates to manage interest rate risk. Management anticipates continued access to mortgage debt for both acquisitions and refinancings. Access to CMHC-insured financing gives apartment owners an advantage over other asset classes, as lenders are provided a government guarantee and, therefore, are able to lend at more favourable rates.

As at March 31, 2025, approximately 83.4% of Killam's apartment mortgages were CMHC insured (78.1% of total mortgages, as MHC and commercial mortgages are not eligible for CMHC insurance) (December 31, 2024 — 83.0% and 77.3%). The weighted average interest rate on the CMHC-insured mortgages was 3.33% as at March 31, 2025 (December 31, 2024 — 3.32%).

The following tables present the NOI for properties that are available to Killam to refinance at debt maturity in the remainder of 2025 and 2026:

Remaining 2025 Debt Maturities	**Number of Properties**	**Estimated NOI**	**Principal Balance (at maturity)**
Apartments with debt maturing	38	$27,011	$248,906
MHCs and commercial with debt maturing	4	954	9,116
	42	**$27,965**	**$258,022**

2026 Debt Maturities	**Number of Properties**	**Estimated NOI**	**Principal Balance (at maturity)**
Apartments with debt maturing	40	$39,439	$302,693
MHCs and commercial with debt maturing	4	1,307	6,349
	44	**$40,746**	**$309,042**

Future Contractual Debt Obligations

As at March 31, 2025, the timing of Killam's future contractual debt obligations is as follows:

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**

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

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 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, for which collateral is pledged.

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%).

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

Investment Properties

As at

	March 31, 2025	December 31, 2024	% Change
Investment properties	**$5,284,877**	$5,225,102	1.1%
Investment properties under construction ("IPUC")	**104,264**	91,114	14.4%
Land for development	**67,888**	68,504	(0.9)%
	$5,457,029	$5,384,720	1.3%

Continuity of Investment Properties

As at

	March 31, 2025	December 31, 2024	% Change
Balance, beginning of period	**$5,225,102**	$4,921,892	6.2%
Fair value adjustment – Apartments	**72,113**	244,499	(70.5)%
Fair value adjustment – MHCs	**1,708**	10,799	(84.2)%
Fair value adjustment – Commercial	**(3,031)**	(6,052)	(49.9)%
Acquisitions	**—**	15,025	(100.0)%
Dispositions	**—**	(54,263)	(100.0)%
Capital expenditures and development costs (1)	**11,445**	90,107	(87.3)%
Transfer to IPUC	**(3,960)**	—	N/A
Transfer to land for development	**—**	(860)	(100.0)%
Transfer from inventory	**—**	3,955	(100.0)%
Transfer to assets held for sale	**(18,500)**	—	N/A
Balance, end of period	**$5,284,877**	$5,225,102	1.1%

(1) Development costs are costs incurred related to development projects subsequent to when they were transferred from IPUC to investment properties.

Killam reviewed its valuation of investment properties as at March 31, 2025, assessing the impact of cap rates, rental rate growth and occupancy assumptions. Each quarter, Killam also obtains external valuations from third-party valuation professionals for select properties within its portfolio across different geographic markets to corroborate internal valuations. Obtaining external valuations provides additional comfort with the reasonableness of Killam's internal valuation methodology and assumptions applied across various regions. It is not possible to forecast with certainty the duration and full scope of economic impacts and other consequential changes on Killam's business and operations, both in the short term and in the long term. The fair value gains on Killam's apartment portfolio recognized during the quarter are supported by robust NOI growth.

The key valuation assumption in the determination of fair market value, using the direct capitalization method, is the cap rate. A summary of the high, low and weighted average cap rates used in the valuation models as at March 31, 2025 and 2024, and December 31, 2024, is as follows:

Capitalization Rates

	March 31, 2025			December 31, 2024			March 31, 2024		
	Low	**High**	**Effective Weighted Average**	Low	High	Effective Weighted Average	Low	High	Effective Weighted Average
Apartments	**4.00%**	**6.50%**	**4.65%**	4.00%	6.50%	4.62%	4.00%	6.50%	4.62%
Halifax	**4.10%**	**6.10%**	**4.56%**	4.00%	5.70%	4.52%	4.00%	5.70%	4.52%
Ontario	**4.00%**	**5.00%**	**4.17%**	4.00%	5.00%	4.13%	4.00%	5.00%	4.10%
Moncton	**4.25%**	**6.20%**	**5.07%**	4.25%	5.65%	5.04%	4.25%	5.50%	5.02%
Fredericton	**5.10%**	**5.35%**	**5.20%**	5.10%	5.35%	5.20%	5.10%	5.35%	5.20%
Saint John	**5.25%**	**5.35%**	**5.33%**	5.25%	5.35%	5.33%	5.25%	5.35%	5.33%
Alberta	**4.75%**	**5.00%**	**4.81%**	4.75%	5.00%	4.80%	4.75%	5.00%	4.85%
St. John's	**5.25%**	**6.50%**	**5.61%**	5.25%	6.50%	5.61%	5.25%	6.50%	5.62%
British Columbia	**4.00%**	**4.00%**	**4.00%**	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Charlottetown	**5.35%**	**5.85%**	**5.67%**	5.35%	5.85%	5.67%	5.25%	5.75%	5.59%
MHCs	**5.50%**	**6.75%**	**6.02%**	5.50%	6.75%	6.04%	5.50%	6.75%	6.04%

Killam's weighted average cap rates for its apartment and MHC portfolios as at March 31, 2025, were 4.65% and 6.02%, relatively in line with the weighted average cap rates as at December 31, 2024.

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

Fair Value Sensitivity

The following table summarizes the impact of changes in capitalization rates and stabilized NOI 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.

2025 Dispositions

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 mortgage. Full repayment is due within 48 months of the closing date in January 2025.

425 St SW

On January 7, 2025, Killam completed the disposition of a 50% interest in land for development located in Calgary, AB, for a sale price of $2.6 million, in exchange for a vendor take-back mortgage.

Investment Properties Under Construction

As at

	March 31, 2025	December 31, 2024	% Change
Balance, beginning of period	**$91,114**	$44,621	104.2%
Fair value adjustment	**(578)**	(2,922)	(80.2)%
Capital expenditures	**9,216**	40,679	(77.3)%
Transfer from investment properties	**3,960**	—	N/A
Transfer from land for development	**—**	7,127	(100.0)%
Interest capitalized	**552**	1,609	(65.7)%
Balance, end of period	**$104,264**	$91,114	14.4%

Land for Development

As at

	March 31, 2025	December 31, 2024	% Change
Balance, beginning of period	**$68,504**	$61,293	11.8%
Fair value adjustment	**—**	6,037	(100.0)%
Acquisitions	**—**	5,887	(100.0)%
Dispositions	**(2,640)**	(5,099)	(48.2)%
Capital expenditures	**1,683**	4,966	(66.1)%
Transfer from investment properties	**—**	860	(100.0)%
Transfer to IPUC	**—**	(7,127)	(100.0)%
Interest capitalized	**341**	1,687	(79.8)%
Balance, end of period	**$67,888**	$68,504	(0.9)%

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

Killam's development projects currently underway include the following:

Property	Location	Ownership	Number of Units	Project Budget (millions)	Start Date	Completion Date	Anticipated All-Cash Yield
The Carrick	Waterloo, ON	100%	139	$89.1	Q2-2022	2025 (1)	4.00%–4.25% (2)
Eventide	Halifax, NS	100%	55	$34.7	Q1-2024	2026	4.50%–5.00%
Brightwood (150 Wissler)	Waterloo, ON	100%	128	$57.0	Q4-2024	2026	5.00%–5.50%
Total			**322**	**$180.8**			

(1) Estimated completion date is June 2025.

(2) Anticipated all-cash yield is inclusive of the affordability criteria per the CMHC loan.

The Carrick

The Carrick, the first phase of a multi-phase project located next to Killam's Westmount Place in Waterloo, ON, broke ground in Q2-2022. This 139-unit project is expected to be completed in the second half of 2025 and has a development budget of $89.1 million. The project is being financed through a loan from CMHC under the Apartment Construction Loan Program, with a below-market fixed interest rate for a period of 10 years.

Eventide

Eventide, an 8-storey, 55-unit building located in Halifax, NS, broke ground in Q1-2024. The project is expected to be completed in 2026 and has a development budget of $34.7 million. The project is being financed through a conventional construction loan with the first draw completed in April 2025.

Brightwood (150 Wissler)

Brightwood (150 Wissler), a 128-unit building located adjacent to Killam's Northfield Gardens in Waterloo, ON, broke ground in December 2024. The project is expected to be completed in June 2026 and has a development budget of $57.0 million.

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

Future Development Pipeline

Killam has a development pipeline, with almost 70% of the future projects located outside of Atlantic Canada. Killam targets yields 50–150 bps higher than the expected market cap rate on completion. Below is a listing of land currently available for future development:

Property	Location	Killam's Interest	Development Potential (# of Units) (1)	Status	Estimated Year of Completion
Developments expected to start in 2025–2026					
Victoria Gardens Phase I	Halifax, NS	100%	95	Planning approvals	2027
Harlington Phase I	Halifax, NS	100%	150	Planning approvals	2027
Westmount Place Phase 2	Waterloo, ON	100%	250	Final stages of planning approvals	2028
Nolan Hill Phase 3 (2)	Calgary, AB	10%	296	Pre-construction	2028
Medical Arts	Halifax, NS	100%	198	Concept design	TBD
Hollis Street	Halifax, NS	100%	130	Concept design	TBD
105 Elmira Rd North	Guelph, ON	70%	127	Planning approvals	TBD
Nolan Hill Phase 4 (2)	Calgary, AB	10%	200	Future development	TBD
Additional future development projects					
4th & 5th Street Calgary	Calgary, AB	50%	235	Future development	TBD
Christie Point	Victoria, BC	100%	312	Development agreement in place	TBD
Quiet Place	Waterloo, ON	100%	160	Future development	TBD
Gloucester City Centre (Phases 3–5)	Ottawa, ON	50%	600	Future development	TBD
Westmount Place (Phases 3–5)	Waterloo, ON	100%	800	Future development	TBD
Kanata Lakes	Ottawa, ON	50%	80	Future development	TBD
St. George Street	Moncton, NB	100%	60	Future development	TBD
Topsail Road	St. John's, NL	100%	225	Future development	TBD
Block 4	St. John's, NL	100%	80	Future development	TBD
Total Development Opportunities (3)			**3,998**		

(1) Represents total number of units in the potential development.

(2) Killam has a 10% interest in the remaining two phases of the Nolan Hill development in Calgary, AB, with the option to purchase the remaining 90% interest upon completion of each phase.

(3) Killam has identified opportunities for additional density of over 4,000 units through redevelopment of existing properties in Halifax. Killam is exploring rezoning opportunities, including the incorporation of an affordability component in each of the potential future redevelopments.

In addition to the development opportunities above, Killam has zoning in place for several of its properties in Halifax, including two larger sites – Harlington Crescent and Victoria Gardens. Harlington Crescent is a 16-acre site containing 298 units and Victoria Gardens is a 10-acre site containing 198 units, with infill opportunities at both locations. Both of these sites are well situated for more density and are along transit corridors.

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

Capital Improvements

Capital improvements are a combination of maintenance capex and value-enhancing upgrades. Maintenance capex investments are not expected to increase the NOI or efficiency of a building; however, these expenditures will extend the life of the asset. Examples of maintenance capex include roof, window and building envelope repairs, and are in addition to repairs and maintenance costs that are expensed to NOI. Value-enhancing capital investments are expected to result in higher rents or lower operating costs. These investments include unit and common area upgrades and energy-efficiency projects. Killam's AFFO discussion provides further disclosure on the allocation between maintenance capex and value-enhancing capex investments.

During the three months ended March 31, 2025, Killam invested $11.4 million in capital improvements, a decrease of 23.7% compared to Q1-2024. This decrease in capital investment reflects the timing of larger multi-phase capital projects and its investment in energy initiatives. Killam expects to invest $90–$100 million in capital improvements during 2025.

	Three months ended March 31,		
	2025	2024	% Change
Apartments	**$10,897**	$13,722	(20.6)%
MHCs	**344**	236	45.8%
Commercial	**204**	1,050	(80.6)%
	$11,445	$15,008	(23.7)%

Apartments – Capital Investment

A summary of the capital investment for the apartment segment is included below:

	Three months ended March 31,		
	2025	2024	% Change
Suite renovations and repositionings	**$5,254**	$4,531	16.0%
Building improvements	**3,652**	5,711	(36.1)%
Appliances	**920**	1,274	(27.8)%
Energy	**754**	1,404	(46.3)%
Common area	**317**	802	(60.5)%
Total capital invested	**$10,897**	$13,722	(20.6)%
Average number of units outstanding (1)	**17,897**	18,196	(1.6)%
Capital invested – $ per unit	**$609**	$754	(19.2)%

(1) Weighted average number of units, adjusted for Killam's 50% ownership in jointly held properties.

Killam invested $609 per unit for the three months ended March 31, 2025, compared to $754 per unit for the same period in 2024. The decrease relates to the timing of larger multi-phase capital projects focused on increasing the resiliency of Killam's buildings and the disposition of capital-intensive properties over the past 12 months. Killam's focus on the development and acquisition of newer properties translates into a lower maintenance capex per unit than many other apartment owners in Canada. Thirty-two percent of Killam's apartments, as a percentage of 2025 forecasted NOI, were built in the past 10 years, and the average age of Killam's portfolio is 29 years. This portfolio of newer assets allows Killam to focus on value-enhancing opportunities, as the maintenance capital requirements are lower.

Suite Renovations and Repositionings

Killam invested $5.3 million in suite renovations during the three months ended March 31, 2025, an increase of 16.0% over the total investment of $4.5 million for the three months ended March 31, 2024. Killam has continued to focus on renovations in order to maximize occupancy and rental growth.

Killam targets a minimum return on investment ("ROI") of 10% for its unit renovations, earning rental growth of 10%–40%. The timing of unit renovation investment is influenced by tenant turnover, market conditions and individual property requirements. The length of time that Killam has owned a property and the age of the property also impact capital requirements. In Q1-2025, Killam repositioned 60 units, down from 70 units in Q1-2024. The repositionings had an average investment of $34,800 per unit, generating an average ROI of 19% when compared to in-place rents. Killam is targeting a minimum of 250 repositionings in 2025.

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

Building Improvements
These investments include larger building improvement projects, such as exterior cladding and brick work, balcony refurbishments and roof upgrades, as well as projects such as plumbing improvements, fire safety, security systems and window upgrades. The change in building investments for the three months ended March 31, 2025, compared to the same period in 2024, relates primarily to the timing of multi-phase building envelope projects. The disposition of capital-intensive properties over the past 12 months has contributed to a decrease in spending.

Energy
Killam continues to invest in energy-efficiency initiatives, augmenting its sustainability programs and reducing operating expenses. Killam is committed to continuously lowering and reporting on its greenhouse gas emissions and also completing benchmarking using third-party validation. During Q1-2025, Killam invested $0.8 million in the installation of PV solar panels, building upgrades, and the installation of new boilers and heat pumps in various buildings across the portfolio. For the remainder of 2025, Killam plans to continue focusing on energy-related improvements, including the installation of additional PV solar panels at select properties, the replacement of boilers and heat pumps, as well as window and insulation upgrades.

MHCs – Capital Investment

A summary of the capital investment for the MHC segment is included below:

	Three months ended March 31,		
	2025	2024	% Change
Water and sewer upgrades	**$92**	$—	N/A
Site expansion and land improvements	**57**	96	(40.6)%
Other	**195**	78	150.0%
Roads and paving	**—**	18	(100.0)%
Equipment	**—**	44	(100.0)%
Total capital invested – MHCs	**$344**	$236	45.8%
Average number of sites	**5,975**	5,975	—%
Capital invested – $ per site	**$58**	$39	48.7%

Management expects to invest between $900 and $1,100 per MHC site annually. Consistent with the apartment portfolio, a portion of the MHC capital is considered maintenance capital and a portion is considered value enhancing. Maintenance capital includes costs to support the existing infrastructure, and value-enhancing capital includes improvements to roadways, work to accommodate future expansion, and various community enhancements. A portion of MHC capital may be recovered through above-guideline increases in provinces with rent control, leading to increased NOI from the investments.

Total capital invested during the three months ended March 31, 2025, was $0.3 million, compared to $0.2 million for the same period in 2024, an increase of 45.8%. This capital investment relates primarily to various community enhancements, primarily water and sewer upgrades and building and land improvements. As with the apartment portfolio, the timing of MHC capital investment changes based on the requirements at each community.

Commercial — Capital Investment

During the three months ended March 31, 2025, Killam invested $0.2 million in its commercial portfolio, compared to $1.1 million for the three months ended March 31, 2024. These investments relate to property upgrades and expansion, as well as tenant improvements for new leasing opportunities at Killam's three stand-alone commercial properties: The Brewery, Westmount Place and Royalty Crossing. The decrease in capital investment is primarily attributable to the substantial investment made at Royalty Crossing during 2024, which resulted in the addition of 26,950 SF of new gross leasable area to the property. Capital investment may fluctuate depending on the timing and extent of tenant turnover.

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

Unitholders' Equity

As Killam is 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. Consequently, under IFRS Accounting Standards, Trust Units are defined as financial liabilities; however, for purposes of financial statement classification and presentation, Trust Units may be presented as equity instruments, as they meet the puttable instrument exemption under 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 debt holders.

Holders of Trust Units 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 Trust Units.

Killam's DRIP allows unitholders to elect to have all cash distributions from the Trust reinvested in additional units. Unitholders who participate in the DRIP receive an additional distribution of units equal to 3% of each cash distribution reinvested. The price per unit is calculated by reference to the 10-day volume weighted average price of Killam's units on the TSX preceding the relevant distribution date, which typically is on or about the 15th day of the month following the distribution declaration.

The following chart highlights Killam's distributions paid and Trust Units reinvested.

Distribution Reinvestment Plan and Net Distributions Paid

	Three months ended March 31,		
	2025	2024	% Change
Distributions declared on Trust Units	**$21,763**	$20,923	4.0%
Distributions declared on Exchangeable Units	**702**	682	2.9%
Distributions declared on awards outstanding under RTU Plan	**114**	89	28.1%
Total distributions declared	**$22,579**	$21,694	4.1%
Less:			
Distributions on Trust Units reinvested	**(6,404)**	(6,035)	6.1%
Distributions on RTUs reinvested	**(114)**	(89)	28.1%
Net distributions paid	**$16,061**	$15,570	3.2%
Percentage of distributions reinvested	**28.9%**	28.2%	

Normal Course Issuer Bid

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.

PART VIII

Summary of Selected Consolidated Quarterly Results

	Q1-2025	Q4-2024	Q3-2024(1)	Q2-2024(1)	Q1-2024(1)	Q4-2023	Q3-2023(2)	Q2-2023(2)
Property revenue	**$93,024**	$92,581	$93,788	$90,776	$87,505	$86,858	$89,534	$86,863
NOI	**$58,995**	$61,119	$64,416	$59,923	$55,020	$56,488	$60,515	$56,226
Net income (loss)	**$101,912**	$363,419	$62,732	$114,452	$127,240	($11)	$68,349	$114,538
FFO	**$34,241**	$36,393	$40,468	$36,673	$31,380	$34,034	$39,234	$36,207
FFO per unit – diluted	**$0.28**	$0.29	$0.33	$0.30	$0.26	$0.28	$0.32	$0.30
AFFO	**$28,548**	$30,579	$34,724	$30,846	$25,579	$28,583	$33,786	$30,625
AFFO per unit – diluted	**$0.23**	$0.25	$0.28	$0.25	$0.21	$0.23	$0.28	$0.25
Weighted average units – diluted (000s)	**123,967**	123,600	123,294	122,980	122,610	122,217	121,848	121,472

(1) The maintenance capital expenditures used to calculate AFFO and AFFO per unit (diluted) for Q1-2024, Q2-2024 and Q3-2024 were updated to reflect the maintenance capex reserve of $1,100 per apartment unit, $310 per MHC site and $1.10 per SF for commercial properties that were used in the calculation for the 12 months ended December 31, 2024.

(2) The maintenance capital expenditures used to calculate AFFO and AFFO per unit (diluted) for Q2-2023 and Q3-2023 were updated to reflect the maintenance capex reserve of $1,025 per apartment unit, $300 per MHC site and $1.00 per SF for commercial properties that were used in the calculation for the 12 months ended December 31, 2023.

Risks and Uncertainties

Killam faces a variety of risks, the majority of which are common to real estate entities. These are described in detail in the MD&A of Killam's 2024 Annual Report and in Killam's AIF, both filed on SEDAR+ at www.sedarplus.ca. These factors continue to exist and remain relatively unchanged.

Critical Accounting Policies and Significant Accounting Judgments, Estimates and Assumptions

The condensed consolidated interim financial statements should be read in conjunction with Killam's most recently issued Annual Report, which includes information necessary or useful to understanding Killam's business and financial statement presentation. In particular, Killam's material accounting policies were presented in note 2 to the audited consolidated financial statements for the year ended December 31, 2024, and any changes in the accounting policies applied have been described in note 2 to the condensed consolidated interim financial statements for the three months ended March 31, 2025.

The preparation of financial statements in conformity with IFRS Accounting Standards requires Management to make estimates and assumptions. Significant areas of judgment, estimates and assumptions are set out in note 3 to the audited consolidated financial statements found in Killam's 2024 Annual Report. The most significant estimates relate to the fair value of investment properties and deferred income taxes.

The condensed consolidated interim financial statements have been prepared considering the impact of the current economic environment, including interest rates, the 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, 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.

Disclosure Controls, Procedures and Internal Controls

Management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that Killam’s disclosure controls, procedures or internal controls will prevent or detect all error and all fraud. Because of the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within Killam have been detected. During the most recent interim period, there have been no significant changes to Killam's disclosure controls, procedures or internal controls.

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.