



Condensed Consolidated Interim Financial Statements [unaudited]
For the three and nine months ended September 30, 2025 and 2024

Condensed Consolidated Interim Statements of Financial Position

*In thousands of Canadian dollars,
[unaudited]*

	Note	September 30, 2025	December 31, 2024
ASSETS			
Non-current assets			
Investment properties	[4]	\$5,588,112	\$5,384,720
Property and equipment		9,172	9,647
Other non-current assets	[6]	11,714	14,608
		\$5,608,998	\$5,408,975
Current assets			
Cash and cash equivalents	[6]	\$9,416	\$13,211
Rent and other receivables		8,010	7,291
Residential inventory		1,350	464
Other current assets	[6]	24,178	10,409
		42,954	31,375
TOTAL ASSETS		\$5,651,952	\$5,440,350
EQUITY AND LIABILITIES			
Unitholders' equity	[12]	\$3,229,790	\$3,089,952
Total equity		\$3,229,790	\$3,089,952
Non-current liabilities			
Mortgages and loans payable	[7]	\$1,849,333	\$1,757,914
Lease liabilities		11,031	11,522
Deferred unit-based compensation	[14]	7,245	5,894
		\$1,867,609	\$1,775,330
Current liabilities			
Mortgages and loans payable	[7]	\$364,958	\$381,229
Credit facilities	[8]	67,271	54,738
Construction loans	[9]	5,227	—
Accounts payable and accrued liabilities	[10]	56,665	72,445
Exchangeable Units	[11]	60,432	66,656
		554,553	575,068
Total liabilities		\$2,422,162	\$2,350,398
TOTAL EQUITY AND LIABILITIES		\$5,651,952	\$5,440,350
Commitments and contingencies	[23]		
Financial guarantees	[24]		

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

Approved on behalf of the Board of Trustees

(signed) "Karine L. MacIndoe "
Trustee

(signed) "Philip D. Fraser "
Trustee

Condensed Consolidated Interim Statements of Income and Comprehensive Income

*In thousands of Canadian dollars,
[unaudited]*

	Note	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
Property revenue	[15]	\$98,473	\$93,788	\$287,142	\$272,069
Property operating expenses					
Operating expenses		(14,180)	(13,426)	(41,222)	(40,187)
Utility and fuel expenses		(5,384)	(5,564)	(22,298)	(21,838)
Property taxes		(11,124)	(10,382)	(32,766)	(30,683)
		(30,688)	(29,372)	(96,286)	(92,708)
Net operating income		\$67,785	\$64,416	\$190,856	\$179,361
Other income		525	795	1,780	1,800
Financing costs	[16]	(21,680)	(20,326)	(62,121)	(59,169)
Depreciation		(265)	(260)	(802)	(807)
Administration		(5,193)	(4,929)	(16,438)	(14,994)
Fair value adjustment on unit-based compensation	[14]	750	(841)	(59)	(489)
Fair value adjustment on Exchangeable Units	[11]	5,515	(14,812)	(3,204)	(11,226)
Fair value adjustment on investment properties	[4]	(4,793)	51,280	69,205	253,111
Loss on disposition		(784)	(1,319)	(2,310)	(2,232)
Income before income taxes		41,860	74,004	176,907	345,355
Deferred tax expense	[17]	—	(11,272)	—	(40,930)
Net income and comprehensive income		\$41,860	\$62,732	\$176,907	\$304,425

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

Condensed Consolidated Interim Statements of Changes in Equity

*In thousands of Canadian dollars,
[unaudited]*

Nine months ended September 30, 2025	Trust Units	Contributed Surplus	Retained Earnings	Total Equity
As at January 1, 2025	\$1,401,460	\$608	\$1,687,884	\$3,089,952
Units issued on exchange of Exchangeable Units	9,428	—	—	9,428
Distribution reinvestment plan	19,003	—	—	19,003
Deferred unit-based compensation	649	—	—	649
Repurchased through normal course issuer bid	(362)	(139)	—	(501)
Net income and comprehensive income	—	—	176,907	176,907
Distributions declared and paid	—	—	(58,317)	(58,317)
Distributions payable	—	—	(7,331)	(7,331)
As at September 30, 2025	\$1,430,178	\$469	\$1,799,143	\$3,229,790

Nine months ended September 30, 2024	Trust Units	Contributed Surplus	Retained Earnings	Total Equity
As at January 1, 2024	\$1,377,413	\$732	\$1,104,455	\$2,482,600
Distribution reinvestment plan	17,846	—	—	17,846
Deferred unit-based compensation	683	—	—	683
Repurchased through normal course issuer bid	(276)	(124)	—	(400)
Net income and comprehensive income	—	—	304,425	304,425
Distributions declared and paid	—	—	(55,918)	(55,918)
Distributions payable	—	—	(7,018)	(7,018)
As at September 30, 2024	\$1,395,666	\$608	\$1,345,944	\$2,742,218

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

Condensed Consolidated Interim Statements of Cash Flows

*In thousands of Canadian dollars,
[unaudited]*

		Three months ended September 30,		Nine months ended September 30,	
	Note	2025	2024	2025	2024
OPERATING ACTIVITIES					
Net income		\$41,860	\$62,732	\$176,907	\$304,425
Add (deduct) items not affecting cash					
Fair value adjustments		(1,472)	(35,627)	(65,942)	(241,396)
Depreciation		265	260	802	807
Amortization of deferred financing		1,065	952	3,114	2,813
Non-cash compensation expense		839	714	2,817	2,360
Deferred income tax expense		—	11,272	—	40,930
Amortization of fair value adjustments on assumed mortgages		(47)	57	66	170
Interest expense on lease liability		126	131	374	404
Loss on disposition		784	1,319	2,310	2,232
Straight-line rent		(9)	(1)	(71)	(81)
Net change in non-cash operating activities	[19]	(5,835)	(2,553)	(26,373)	(13,310)
Cash provided by operating activities		\$37,576	\$39,256	\$94,004	\$99,354
FINANCING ACTIVITIES					
Deferred financing costs paid		(629)	(1,943)	(7,557)	(5,759)
Trust Units repurchased through normal course issuer bid		—	—	(501)	(276)
Cash paid on redemption of restricted Units		(2)	—	(885)	(1,401)
Cash paid on lease liabilities		(275)	(271)	(827)	(957)
Mortgage financing		26,551	140,083	209,772	254,238
Mortgages repaid		(19,515)	(96,803)	(146,752)	(170,440)
Mortgage principal repayments		(16,872)	(16,929)	(50,596)	(50,651)
Credit facility proceeds (repayments)		29,856	(4,567)	12,533	1,891
Proceeds from construction loans		20,923	11,585	33,398	23,946
Construction loan repayments		—	(24,280)	—	(24,280)
Distributions to Unitholders		(15,706)	(15,254)	(46,570)	(45,023)
Cash provided by (used in) financing activities		\$24,331	(\$8,379)	\$2,015	(\$18,712)
INVESTING ACTIVITIES					
Change in restricted cash		(202)	(670)	(62)	52
Acquisition of investment properties, net of debt assumed		(75,580)	—	(75,580)	(17,007)
Proceeds on disposition of investment properties and assets held for sale, net of transaction costs		58,605	11,115	80,843	29,517
Proceeds on disposition of property and equipment		—	51	4	216
Advance on loan receivable		—	—	—	(1,224)
Repayment on loan receivable		500	—	2,293	100
Development of investment properties		(20,430)	(14,515)	(54,470)	(31,282)
Capital expenditures		(26,210)	(25,462)	(52,842)	(63,503)
Cash used in investing activities		(\$63,317)	(\$29,481)	(\$99,814)	(\$83,131)
Net (decrease) increase in cash		(1,410)	1,396	(3,795)	(2,489)
Cash and cash equivalents, beginning of period		10,826	10,202	13,211	14,087
Cash and cash equivalents, end of period		\$9,416	\$11,598	\$9,416	\$11,598

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

Notes to the Condensed Consolidated Interim Financial Statements

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

[unaudited]

1. Organization of the Trust

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

The condensed consolidated interim financial statements comprise the financial statements of Killam and its subsidiaries as at and for the three and nine months ended September 30, 2025. Killam's head office operations are located at 3700 Kempt Road, Halifax, Nova Scotia, B3K 4X8.

2. Material Accounting Policies

(A) Statement of Compliance

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

The condensed consolidated interim financial statements of the Trust for the three and nine months ended September 30, 2025, were authorized for issue in accordance with a resolution of the Board of Trustees of Killam on November 5, 2025.

(B) Basis of Presentation

The condensed consolidated interim financial statements of Killam have been prepared on a historical cost basis, except for investment properties, deferred unit-based compensation and Exchangeable Units, which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The condensed consolidated interim financial statements have been prepared on a going concern basis and are presented in Canadian dollars, which is Killam's functional currency, and all values are rounded to the nearest thousand (\$000), except per unit amounts or as noted. The operating results for the three and nine months ended September 30, 2025, are not necessarily indicative of results that may be expected for the full year ending December 31, 2025, due to seasonal variations in property expenses and other factors.

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

Judgments and Estimates

The condensed consolidated interim financial statements have been prepared considering the impact of the current economic environment including interest rates and potential for government intervention and how increased uncertainty could impact the valuation of investment properties. Killam has used the best information available as at September 30, 2025, in determining its estimates and the assumptions that affect the carrying amounts of assets and liabilities, and earnings for the period. Actual results could differ from those estimates. Killam considers the estimates that could be most significantly impacted to include those underlying the valuation of investment properties and the estimated credit losses on accounts receivable.

Notes to the Condensed Consolidated Interim Financial Statements

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

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3. Future Accounting Policy Changes

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

IFRS 18, *Presentation and Disclosure in Financial Statements* (IFRS 18)

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

4. Investment Properties

As at September 30, 2025

	Apartments	MHCs	Commercial	IPUC	Land for Development	Total
Balance, beginning of period	\$4,819,484	\$235,132	\$170,486	\$91,114	\$68,504	\$5,384,720
Fair value adjustment on investment properties	84,003	2,784	(11,246)	(6,336)	—	69,205
Acquisitions	168,967	—	1,424	—	2,745	173,136
Dispositions	(137,650)	(4,801)	—	—	(5,325)	(147,776)
Capital expenditures	47,423	2,292	3,887	45,669	6,938	106,209
Transfer from IPUC to investment properties ⁽¹⁾	87,525	—	—	(87,525)	—	—
Transfer from investment properties to IPUC	—	—	(3,960)	3,960	—	—
Interest capitalized on IPUC and land for development	—	—	—	1,772	846	2,618
Balance, end of period	\$5,069,752	\$235,407	\$160,591	\$48,654	\$73,708	\$5,588,112

As at December 31, 2024

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

(1) The Carrick, a 139-unit development substantially completed in July 2025, was transferred from investment property under construction (IPUC) to investment properties.

Notes to the Condensed Consolidated Interim Financial Statements

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

[unaudited]

4. Investment Properties (continued)

During the nine months ended September 30, 2025, Killam acquired the following properties:

Property	Location	Acquisition Date	Ownership Interest	Property Type	Units	Purchase Price ⁽¹⁾	Mortgages Assumed
Ashley Apartments ⁽²⁾	Fredericton, NB	22-Jul-25	100%	Apartment	114	\$28,700	\$15,810
Gloucester City Centre Block 8	Ottawa, ON	28-Jul-25	50%	Commercial	N/A	1,400	—
Gloucester City Centre Block 3 & 7	Ottawa, ON	30-Jul-25	50%	Land for development	N/A	2,680	—
Frontier ⁽³⁾	Ottawa, ON	30-Jul-25	50%	Apartment	114	48,100	24,980
Latitude ⁽³⁾	Ottawa, ON	30-Jul-25	50%	Apartment	104	47,700	30,020
Luma ⁽³⁾⁽⁴⁾	Ottawa, ON	30-Jul-25	50%	Apartment	84	40,200	23,750
Total Acquisitions					416	\$168,780	\$94,560

(1) Purchase price does not include transaction costs.

(2) Ashley Apartments comprises three separate buildings.

(3) Killam acquired the remaining 50% ownership interest in these three apartment properties located in Ottawa, ON, previously held through a joint operation. The units noted above reflect 50% of the total units at each property.

(4) The purchase of the remaining 50% interest in Luma included an additional 4,960 square feet of ancillary commercial space.

During the nine months ended September 30, 2025, Killam completed the following dispositions:

Property	Location	Disposition Date	Ownership Interest	Property Type	Units/Sites	Sale Price	Net Cash Proceeds ⁽¹⁾
425 5 St SW ⁽²⁾	Calgary, AB	07-Jan-25	50%	Land for development	N/A	\$2,640	\$—
Lakeview Court	Gander, NL	02-May-25	100%	MHC	86	2,930	1,830
Sunset Parkway	Corner Brook, NL	02-May-25	100%	MHC	84	1,870	1,100
Ridgeview Terrace Apartments	Grand Falls, NL	05-May-25	100%	Apartment	59	5,070	2,850
Terrace Apartments	Grand Falls, NL	05-May-25	100%	Apartment	89	8,630	8,630
Brighton House	Charlottetown, PE	26-May-25	100%	Apartment	47	7,300	4,660
Charlotte Court	Charlottetown, PE	26-May-25	100%	Apartment	49	3,900	2,850
Spring Park Apartments	Charlottetown, PE	26-May-25	100%	Apartment	32	4,680	1,720
Burns Avenue	Charlottetown, PE	3-Jul-25	100%	Apartment	60	9,000	9,000
Gloucester City Centre Block 2	Ottawa, ON	30-Jul-25	50%	Land for development	N/A	2,680	2,680
PEI Apartment Portfolio ⁽³⁾	Charlottetown and Summerside, PE	7-Aug-25	100%	Apartment	526	81,940	41,580
Woodward Gardens ⁽⁴⁾	Saint John, NB	8-Sep-25	100%	Apartment	99	17,000	10,270
Total Dispositions					1,131	\$147,640	\$87,170

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

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

(3) On August 7, 2025, Killam sold a portfolio of 11 properties located in Charlottetown and Summerside, PE, for \$81.9 million, generating net cash proceeds of \$41.6 million.

(4) Excluded from net cash proceeds is a \$1.7 million VTB mortgage. Full repayment is due within 36 months of the closing date in September 2025.

During the three and nine months ended September 30, 2025, Killam capitalized salaries of \$2.0 million and \$6.1 million (three and nine months ended September 30, 2024 – \$1.9 million and \$5.8 million), as part of its project improvement, suite renovation and development programs. For the three and nine months ended September 30, 2025, interest costs associated with the general corporate borrowings used to fund development were capitalized to the respective development projects using Killam's weighted average borrowing rate of 3.60% (September 30, 2024 – 3.47%). Interest costs associated with development-specific loans were capitalized to the respective developments using the actual borrowing rate associated with the loan.

Notes to the Condensed Consolidated Interim Financial Statements

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

[unaudited]

4. Investment Properties (continued)

Investment properties with a fair value of \$5.3 billion as at September 30, 2025 (December 31, 2024 – \$5.1 billion), have been pledged as collateral against Killam's mortgages, construction loans and credit facilities.

Valuation Basis

Using the direct income capitalization method, the apartment properties were valued using cap rates in the range of 4.00% to 6.20%, applied to a stabilized net operating income (SNOI) of \$231.4 million (December 31, 2024 – 4.00% to 6.50% and \$222.2 million), resulting in an overall weighted average effective cap rate of 4.61% (December 31, 2024 – 4.62%). The stabilized occupancy rates used in the calculation of SNOI were in the range of 95.0% to 100.0% (December 31, 2024 – 95.5% to 100.0%). Using the direct income capitalization method, the MHC properties were valued using cap rates in the range of 5.50% to 6.75%, applied to a SNOI of \$13.8 million (December 31, 2024 – 5.50% to 6.75% and \$14.0 million), resulting in an overall weighted average effective cap rate of 6.00% (December 31, 2024 – 6.02%). The stabilized occupancy rate used in the calculation of SNOI was 98.4% (December 31, 2024 – 98.4%). The commercial properties were valued using the discounted cash flow (DCF) method. Fair value is estimated using assumptions regarding benefits and liabilities of ownership over the asset's life, including a terminal value. This method involves the projection of stabilized cash flows on each individual property, with market-derived discount rates and terminal capitalization rates applied to the stabilized cash flow to establish the present value of the income stream associated with the asset. Using a DCF model, the stabilized commercial properties were valued using key inputs determined by management based on a review of asset performance and comparable assets in relevant markets. The weighted average discount rate applied in the period was 7.48% (December 31, 2024 – 7.44%).

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

	September 30, 2025			December 31, 2024		
	Low	High	Effective Weighted Average	Low	High	Effective Weighted Average
Apartments	4.00%	6.20%	4.61%	4.00%	6.50%	4.62%
MHCs	5.50%	6.75%	6.00%	5.50%	6.75%	6.02%

Fair Value Sensitivity

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

	Change in Stabilized NOI ⁽¹⁾				
	(2.00)%	(1.00)%	—%	1.00%	2.00%
(0.50)%	\$527,813	\$588,907	\$650,002	\$711,096	\$772,191
(0.25)%	191,324	248,984	306,645	364,306	421,967
Change in Capitalization Rate	—%	(109,189)	(54,594)	—	54,594
0.25%	(379,219)	(327,380)	(275,541)	(223,702)	(171,863)
0.50%	(623,195)	(573,846)	(524,497)	(475,147)	(425,798)

(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.

5. Joint Operations

Killam has interests in properties and land for future development that are subject to joint control and are joint operations. Accordingly, the condensed consolidated interim statements of financial position and condensed consolidated interim statements of income and comprehensive income include Killam's rights to and obligations for the related assets, liabilities, revenue and expenses. As at September 30, 2025, the fair value of the investment properties subject to joint control was \$247.5 million (December 31, 2024 – \$396.8 million). The decrease reflects Killam's acquisition of the remaining 50% interest in three properties that were previously accounted for as joint operations.

Notes to the Condensed Consolidated Interim Financial Statements

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

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

Cash and Cash Equivalents

As at September 30, 2025, Killam had \$9.4 million (December 31, 2024 – \$13.2 million) in cash and cash equivalents, consisting of \$2.3 million in operating cash and \$7.1 million in security deposits (December 31, 2024 – \$5.9 million and \$7.3 million).

Other Current Assets

As at	September 30, 2025	December 31, 2024
Restricted cash	\$528	\$466
Deposits	3,529	1,581
Prepaid expenses	15,042	8,362
Loans receivable	5,079	—
	\$24,178	\$10,409

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

Other Current and Non-current Assets

As at September 30, 2025, other current assets included two VTB mortgages receivable totalling \$5.1 million (December 31, 2024 – \$nil), and other non-current assets included six VTB mortgages receivable totalling \$11.7 million (December 31, 2024 – \$14.6 million) related to property acquisitions and dispositions. The VTB mortgages receivable bear interest at 4.0%–7.0%, and the weighted average interest rate is 5.1%. Full repayment of the loans is due within 36–60 months from the initial advances.

7. Mortgages and Loans Payable

As at	September 30, 2025		December 31, 2024	
	Weighted Average Interest	Debt Balance	Weighted Average Interest	Debt Balance
Mortgages and loans payable				
Fixed rate	3.56%	\$2,214,291	3.46%	\$2,139,143
Total		\$2,214,291		\$2,139,143
Current		364,958		381,229
Non-current		1,849,333		1,757,914
		\$2,214,291		\$2,139,143

Mortgages have a first or second charge on the properties of Killam. As at September 30, 2025, unamortized deferred financing costs of \$52.3 million (December 31, 2024 – \$47.9 million) and mark-to-market adjustments on mortgages assumed on acquisitions of \$0.2 million (December 31, 2024 – \$0.8 million) are netted against mortgages and loans payable.

As at September 30, 2025, Killam had access to one fixed-rate construction loan totalling \$62.4 million (December 31, 2024 – \$62.4 million), of which \$61.6 million was drawn (December 31, 2024 – \$33.4 million) and classified within non-current mortgages and loans payable. The loan bears interest-only payments until the property reaches defined revenue thresholds, after which principal payments become due.

Estimated future principal payments and maturities required to meet mortgage obligations by the 12-month period ending September 30 are as follows:

	Principal Amount	% of Total Principal
2026	\$364,958	16.1%
2027	252,131	11.1%
2028	392,487	17.3%
2029	335,658	14.8%
2030	367,683	16.2%
Subsequent to 2030	553,872	24.5%
	\$2,266,789	100.0%
Unamortized deferred financing costs	(52,302)	
Unamortized mark-to-market adjustments	(196)	
	\$2,214,291	

Notes to the Condensed Consolidated Interim Financial Statements

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

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8. Credit Facilities

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

The \$155.0 million facility bears interest at 155 basis points (bps) over the Canadian Overnight Repo Rate Average (CORRA). The facility includes a \$30.0 million demand revolver and a \$125.0 million committed revolver, as well as an accordion option to increase the \$155.0 million facility by an additional \$20.0 million. The agreement includes certain covenants and undertakings with which Killam was in compliance as at September 30, 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 September 30, 2025.

As at September 30, 2025	Maximum Loan Amount ⁽¹⁾	Amount Drawn	Letters of Credit	Amount Available
\$155.0 million facility	\$175,000	\$50,000	\$—	\$125,000
\$25.0 million facility	25,000	17,271	1,683	6,046
Total	\$200,000	\$67,271	\$1,683	\$131,046

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.

9. Construction Loans

As at September 30, 2025, Killam had access to one variable-rate construction loan totalling \$26.2 million (December 31, 2024 – \$nil). As at September 30, 2025, \$5.2 million (December 31, 2024 – \$nil) was drawn on this facility. Payments are made monthly on an interest-only basis during the construction period. The weighted average contractual interest rate on amounts outstanding as at September 30, 2025, was 4.54% (December 31, 2024 – nil). Once construction is complete and rental targets are achieved, the loan is expected to be repaid in full and replaced with a conventional mortgage.

10. Accounts Payable and Accrued Liabilities

As at	September 30, 2025	December 31, 2024
Accounts payable and other accrued liabilities	\$28,156	\$45,131
Distributions payable	7,533	7,465
Mortgage interest payable	6,227	5,827
Security deposits	14,749	14,022
	\$56,665	\$72,445

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

[unaudited]

11. Exchangeable Units

	Number of Exchangeable Units	Value
Balance, December 31, 2024	3,898,020	\$66,656
Exchangeable Units exchanged for Trust Units	(535,062)	(9,428)
Fair value adjustment	—	3,204
Balance, September 30, 2025	3,362,958	\$60,432

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

12. Unitholders' Equity

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

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

Unitholders have the right to redeem their Units at the lesser of (i) 90% of the market price of the Trust Unit (market price is defined as the weighted average trading price of the previous 10 trading days) and (ii) the most recent closing market price (closing market price is defined as the weighted average trading price on the specified date) at the time of the redemption. The redemption price will be satisfied by cash, up to a limit of \$50 thousand for all redemptions in a calendar month, or a note payable. For the nine months ended September 30, 2025, no unitholders redeemed Units.

The Units issued and outstanding are as follows:

	Number of Trust Units	Value
Balance, December 31, 2024	119,620,831	\$1,401,460
Units issued on exchange of Exchangeable Units	535,062	9,428
Distribution reinvestment plan	1,080,427	19,003
Restricted Trust Units redeemed	52,151	649
Repurchased through normal course issuer bid	(30,848)	(362)
Balance, September 30, 2025	121,257,623	\$1,430,178

Distribution Reinvestment Plan (DRIP)

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

Normal Course Issuer Bid (NCIB)

In June 2025, 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 23, 2025. Pursuant to the notice, Killam is permitted to acquire up to 6,045,826 Trust Units commencing on July 3, 2025, and ending on July 2, 2026. All purchases of Trust Units are made through the facilities of the TSX or alternative Canadian trading systems at the market price of the Trust Units at the time of acquisition. Daily repurchases by Killam are limited to 91,632 Trust Units, other than block purchase exemptions. Any Trust Units acquired under the NCIB will be cancelled.

On July 3, 2025, Killam also established an automatic unit purchase plan in connection with the NCIB, permitting purchases during internal trading blackout periods, subject to predetermined purchasing parameters set by Killam in accordance with the rules of the TSX. Outside predetermined blackout periods, Trust Units may be purchased under the NCIB based on Management's discretion, in compliance with TSX rules and applicable securities laws.

Notes to the Condensed Consolidated Interim Financial Statements

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

[unaudited]

12. Unitholders' Equity (continued)

During the nine months ended September 30, 2025, 30,848 Trust Units were purchased for cancellation under Killam's previous NCIB at a weighted average purchase price of \$16.21 per unit.

13. Distributions

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

For the three and nine months ended September 30, 2025, the distributions declared related to the Trust Units were \$22.0 million and \$65.6 million (three and nine months ended September 30, 2024 – \$21.0 million and \$62.9 million). For the three and nine months ended September 30, 2025, distributions declared related to the Exchangeable Units were \$0.6 million and \$1.9 million (three and nine months ended September 30, 2024 – \$0.7 million and \$2.0 million). The distributions on the Exchangeable Units are recorded in financing costs.

14. Deferred Unit-based Compensation

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

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

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

The RTUs are considered a financial liability because there is a contractual obligation for the Trust to deliver Trust Units (which are accounted for as liabilities, but presented as equity instruments under IAS 32) upon conversion of the RTUs. The RTUs are measured at fair value with changes flowing through the condensed consolidated interim statements of income and comprehensive income. The fair value of the vested RTUs as at September 30, 2025, is \$7.2 million, which includes \$2.3 million related to RTUs subject to performance conditions (December 31, 2024 – \$5.9 million and \$1.7 million). For the three and nine months ended September 30, 2025, compensation expense of \$0.8 million and \$2.8 million (three and nine months ended September 30, 2024 – \$0.7 million and \$2.4 million) has been recognized in respect of the RTUs.

The details of the RTUs issued are shown below:

	Nine months ended September 30, 2025		Year ended December 31, 2024	
	Number of RTUs	Weighted Average Issue Price	Number of RTUs	Weighted Average Issue Price
Outstanding, beginning of period	524,707	\$19.11	441,666	\$19.24
Granted	239,625	16.82	198,331	19.23
Redeemed	(105,084)	16.59	(134,553)	19.61
Forfeited	(21,058)	16.88	—	N/A
Additional Restricted Trust Unit distributions	19,615	17.58	19,263	18.44
Outstanding, end of period	657,805	\$18.70	524,707	\$19.11

Notes to the Condensed Consolidated Interim Financial Statements

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

[unaudited]

15. Revenue

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

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Rental revenue ⁽¹⁾	\$73,677	\$69,403	\$214,839	\$201,331
Property expense recoveries	20,581	20,633	60,013	59,855
Ancillary revenue ⁽²⁾	4,215	3,752	12,290	10,883
	\$98,473	\$93,788	\$287,142	\$272,069

(1) Includes base rent, realty taxes, insurance recoveries, and straight-line rent for commercial properties that are outside the scope of IFRS 15.

(2) Includes parking, laundry, storage, commission revenue and management fees.

16. Financing Costs

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Mortgage, loan and construction loan interest	\$19,873	\$18,625	\$57,167	\$53,590
Interest on credit facilities	826	754	2,073	2,602
Interest on Exchangeable Units	605	682	1,945	2,046
Amortization of deferred financing costs	1,065	952	3,114	2,813
Amortization of fair value adjustments on assumed debt	(47)	57	66	170
Interest on lease liabilities	126	131	374	404
Capitalized interest	(768)	(875)	(2,618)	(2,456)
	\$21,680	\$20,326	\$62,121	\$59,169

17. Deferred Income Taxes

Trusts that satisfy the real estate investment trust exemption (the "REIT Exemption") are excluded from the specified investment flow-through (SIFT) definition and therefore will not be subject to taxation under the SIFT Rules. Effective December 31, 2024, Killam qualified for the REIT Exemption and continues to meet the REIT Exemption as at September 30, 2025, and is therefore not subject to taxation to the extent that income is distributed to unitholders.

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

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[unaudited]

18. Segmented Information

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

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

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

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

Three months ended September 30, 2025	Apartments	MHCs	Commercial	Total
Property revenue	\$84,980	\$7,780	\$5,713	\$98,473
Property operating expenses	(26,124)	(2,359)	(2,205)	(30,688)
Net operating income	\$58,856	\$5,421	\$3,508	\$67,785

Three months ended September 30, 2024	Apartments	MHCs	Commercial	Total
Property revenue	\$81,143	\$7,191	\$5,454	\$93,788
Property operating expenses	(25,183)	(2,155)	(2,034)	(29,372)
Net operating income	\$55,960	\$5,036	\$3,420	\$64,416

Nine months ended September 30, 2025	Apartments	MHCs	Commercial	Total
Property revenue	\$252,265	\$17,773	\$17,104	\$287,142
Property operating expenses	(83,429)	(5,893)	(6,964)	(96,286)
Net operating income	\$168,836	\$11,880	\$10,140	\$190,856

Nine months ended September 30, 2024	Apartments	MHCs	Commercial	Total
Property revenue	\$238,943	\$16,607	\$16,519	\$272,069
Property operating expenses	(80,526)	(5,559)	(6,623)	(92,708)
Net operating income	\$158,417	\$11,048	\$9,896	\$179,361

Selected statement of financial position items ⁽¹⁾

As at September 30, 2025	Apartments	MHCs	Commercial	Total
Total investment properties	\$5,192,114	\$235,407	\$160,591	\$5,588,112
Mortgages and loans payable/construction loans	\$2,100,151	\$80,152	\$39,215	\$2,219,518

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

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

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

[unaudited]

19. Supplemental Cash Flow Information

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Interest paid (financing activities)				
Interest paid on mortgages payable and other	\$20,195	\$18,860	\$57,633	\$54,141
Interest paid on credit facilities	826	754	2,073	2,602
	\$21,021	\$19,614	\$59,706	\$56,743
Net change in non-cash operating assets and liabilities				
Rent and other receivables	(\$17)	(\$131)	(\$719)	\$296
Residential inventory	14	635	(886)	686
Other current assets	3,235	2,358	(8,989)	(5,960)
Accounts payable and other liabilities	(9,067)	(5,415)	(15,779)	(8,332)
	(\$5,835)	(\$2,553)	(\$26,373)	(\$13,310)

20. Financial Instruments and Fair Value Measurement

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

Fair Value of Financial Instruments

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

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

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

The significant financial instruments and their carrying values as at September 30, 2025, and December 31, 2024, are as follows:

As at	September 30, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Classification				
Financial liabilities carried at amortized cost:				
Mortgages and loans payable ⁽¹⁾	\$2,214,291	\$2,268,397	\$2,139,143	\$2,130,924
Financial liabilities carried at fair value through profit or loss:				
Exchangeable Units	\$60,432	\$60,432	\$66,656	\$66,656
Deferred unit-based compensation	\$7,245	\$7,245	\$5,894	\$5,894

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

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

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20. Financial Instruments and Fair Value Measurement (continued)

The interest rates used to discount the estimated cash flows, when applicable, are based on a blended rate using the three-year and five-year government yield curve as at the reporting date, which is in line with Killam's weighted average years to maturity of 3.6 years, plus an adequate credit spread, and were as follows:

As at	September 30, 2025	December 31, 2024
Mortgages - Apartments	3.51%	3.92%
Mortgages - MHCs	4.31%	4.92%

Assets and Liabilities Measured at Fair Value

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

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.

Level 3: Valuation techniques for which any significant input is not based on observable market data.

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

As at	September 30, 2025			December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investment properties	—	—	\$5,588,112	—	—	\$5,384,720
Liabilities						
Exchangeable Units	—	\$60,432	—	—	\$66,656	—
Deferred unit-based compensation	—	\$6,187	\$1,058	—	\$5,224	\$670

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 during the three and nine months ended September 30, 2025.

21. Risk Management

Risk Management

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

(i) Interest Rate Risk

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

As at September 30, 2025, \$72.5 million of Killam's debt had variable interest rates (December 31, 2024 – \$54.7 million), including construction loans totalling \$5.2 million and amounts drawn on its credit facilities of \$67.3 million. These loans and facilities have interest rates of prime plus 0.55%–0.75% or 155–180 bps above CORRA (December 31, 2024 – prime plus 0.55%–0.75% or 155–180 bps) and, consequently, Killam is exposed to short-term interest rate risk on these loans.

Killam's fixed mortgage debt, which matures in the next 12 months, totals \$308.7 million. Assuming these mortgages are refinanced at similar terms, except at a 100 bps increase in interest rates, financing costs would increase by \$3.1 million per year.

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21. Risk Management (continued)

(ii) Liquidity Risk

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

During the nine months ended September 30, 2025, Killam refinanced \$158.0 million of maturing apartment mortgages with new mortgages totalling \$242.9 million, generating net proceeds of \$84.9 million. The following table presents the principal payments (excluding interest) and maturities of Killam's liabilities for the next five years and thereafter:

For the 12 months ending September 30,	Mortgages and Loans Payable	Construction Loans	Credit Facilities	Lease Liabilities	Total
2026	\$364,958	\$5,227	\$67,271	\$671	\$438,127
2027	252,131	—	—	715	252,846
2028	392,487	—	—	673	393,160
2029	335,658	—	—	76	335,734
2030	367,683	—	—	38	367,721
Thereafter	553,872	—	—	9,508	563,380
	\$2,266,789	\$5,227	\$67,271	\$11,681	\$2,350,968

(iii) Credit Risk

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

Credit assessments are conducted for all prospective tenants, and Killam also obtains a security deposit to assist in potential recoveries. In addition, receivables balances are monitored on an ongoing basis. Killam's bad debt expense experience has historically been less than 0.3% of revenue. None of Killam's tenants account for more than 4% of the tenant receivables as at September 30, 2025, or December 31, 2024.

22. Capital Management

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

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

As at	September 30, 2025	December 31, 2024
Mortgages and loans payable	\$2,214,291	\$2,139,143
Credit facilities	67,271	54,738
Construction loans	5,227	—
Total interest-bearing debt	\$2,286,789	\$2,193,881
Total assets ⁽¹⁾	\$5,640,711	\$5,428,715
Total debt as a percentage of total assets	40.5%	40.4%

(1) Excludes right-of-use assets of \$11.2 million as at September 30, 2025 (December 31, 2024 – \$11.6 million).

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22. Capital Management (continued)

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

Cap Rate Sensitivity Increase (Decrease)	Fair Value of Investment Properties ⁽¹⁾	Total Assets	Total Debt as % of Total Assets	Change (bps)
(0.50)%	\$6,231,802	\$6,284,402	36.4%	(410)
(0.25)%	\$5,888,446	\$5,941,045	38.5%	(200)
—%	\$5,588,112	\$5,640,711	40.5%	—
0.25%	\$5,306,259	\$5,358,859	42.7%	210
0.50%	\$5,057,304	\$5,109,903	44.8%	430

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

23. Commitments and Contingencies

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

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

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

24. Financial Guarantees

Killam is the guarantor on a joint and several basis for certain mortgage debt held through its joint operations. As at September 30, 2025, the maximum potential obligation resulting from these guarantees is \$64.7 million, related to long-term mortgage financing (December 31, 2024 – \$66.5 million). The loans held through its joint operations are secured by a first-ranking mortgage over the associated investment properties. Killam's portion of the total mortgages for these properties is recorded as a mortgage liability on the condensed consolidated interim statements of financial position.

Management has reviewed the contingent liability associated with its financial guarantee contracts and, as at September 30, 2025, determined that a provision is not required to be recognized in the condensed consolidated interim statements of financial position (December 31, 2024 – \$nil).

25. Subsequent Events

On October 16, 2025, Killam announced a distribution of \$0.06000 per unit, payable on November 17, 2025, to unitholders of record on October 31, 2025.