



May 7, 2025  
Halifax, Nova Scotia

## **KILLAM APARTMENT REIT ANNOUNCES STRONG Q1-2025 OPERATING PERFORMANCE AND FINANCIAL RESULTS**

Killam Apartment REIT (TSX: KMP.UN) ("Killam") today reported its results for the three months ended March 31, 2025.

"We are pleased with our strong financial and operating performance for Killam's first quarter of 2025. Our financial results delivered FFO [funds from operations] growth, generating \$0.28 per unit, an increase of 7.7% compared to Q1-2024," noted Philip Fraser, President and CEO.

"Driving Killam's FFO growth is 7.8% same property NOI [net operating income] growth, supported by a 6.6% increase in same property revenue. Our diversified apartment portfolio has demonstrated resilience in the current rental market, maintaining same property occupancy levels of 97.5%, consistent with Q1-2024. Earnings growth was enhanced by our fully stabilized developments completed in the last two years, which continue to contribute positively to our financial performance.

"Our three developments underway are progressing on schedule and in line with budgets. We are particularly excited about the pre-leasing progress for The Carrick, which is expected to open on June 1. As we enter the summer leasing season, we are pleased to note that the 139-unit building in Waterloo, Ontario is 26% pre-leased.

"Our balance sheet metrics continue to improve, with the debt-to-total assets ratio reaching a record-low of 39.9%, and our debt-to-normalized EBITDA [earnings before interest, tax, depreciation and amortization] improving to 9.66x at March 31, 2025.

"We are working towards meeting our disposition target of \$100-\$150 million in 2025. Year-to-date, we have completed \$18.5 million in non-core asset sales in addition to the sale of a 50% interest in a development site in Calgary to an existing partner. Proceeds from these sales and future sales will be thoughtfully redeployed to create value through our development program, acquisitions, and debt reduction or NCIB [normal course issuer bid] program."

### **Q1-2025 Financial & Operating Highlights**

- Reported 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 in Q1-2025, compared to fair value gains of \$116.3 million in Q1-2024.
- Generated net operating income of \$59.0 million, a 7.2% increase from \$55.0 million in Q1-2024.
- Achieved a 6.6% increase in same property revenue compared to Q1-2024 and generated 7.8% same property NOI growth compared to Q1-2024.<sup>1</sup>
- Earned FFO per unit of \$0.28, a 7.7% increase from the \$0.26 earned in Q1-2024.<sup>2</sup>
- Earned adjusted funds from operations (AFFO) per unit of \$0.23, a 9.5% increase from \$0.21 in Q1-2024<sup>3</sup>, and reduced the rolling 12-month AFFO payout ratio by 300 basis points (bps) to 70%, from 73% in Q1-2024.<sup>2</sup>
- Same property occupancy remained consistent with Q1-2024 at 97.5%.

- Ended the first quarter with debt as a percentage of total assets of 39.9%, and debt to normalized EBITDA of 9.66x, the lowest debt ratio levels in Killam's operating history.<sup>4</sup>

(1) Same property revenue, same property NOI, and same property apartment occupancy are supplementary financial measures. An explanation of the composition of these measures can be found under "Supplementary Financial Measures." Occupancy represents actual residential rental revenue, net of vacancy, as a percentage of gross potential residential rent.

(2) FFO and AFFO, and applicable per unit amounts, are not defined by International Financial Reporting Standards (IFRS) and do not have a standardized meaning according to IFRS; therefore, they may not be comparable to similar measures presented by other companies. For information regarding non-IFRS measures, including reconciliations to the most comparable IFRS measure, if applicable, see "Non-IFRS 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 manufactured home community (MHC) site and \$1.10 per square foot (SF) for commercial properties that were used in the calculation for the 12 months ended December 31, 2024.

(4) Net debt to normalized adjusted earnings before interest, tax, depreciation and amortization (EBITDA) is a non-IFRS ratio. An explanation of the composition of this measure can be found under the heading "Non-IFRS Ratios." Debt as a percentage of total assets is a capital management financial measure. An explanation of the composition of this measure can be found under the heading "Capital Management Financial Measure."

(000s)	<i>Three months ended March 31,</i>		
	2025	2024	Change
Property revenue	<b>\$93,024</b>	\$87,505	6.3%
Net operating income	<b>\$58,995</b>	\$55,020	7.2%
Net income	<b>\$101,912</b>	\$127,240	(19.9)%
FFO <sup>(1)</sup>	<b>\$34,241</b>	\$31,380	9.1%
FFO per unit (diluted) <sup>(1)</sup>	<b>\$0.28</b>	\$0.26	7.7%
AFFO <sup>(1)(2)</sup>	<b>\$28,548</b>	\$25,579	11.6%
AFFO per unit (diluted) <sup>(1)(2)</sup>	<b>\$0.23</b>	\$0.21	9.5%
AFFO payout ratio – diluted <sup>(1)(2)</sup>	<b>78%</b>	84%	(600) bps
AFFO payout ratio – rolling 12 months <sup>(1)(2)</sup>	<b>70%</b>	73%	(300) bps
Same property apartment occupancy <sup>(3)</sup>	<b>97.5%</b>	97.5%	— bps
Same property revenue growth <sup>(3)</sup>	<b>6.6%</b>		
Same property NOI growth <sup>(3)</sup>	<b>7.8%</b>		

(1) FFO, FFO per unit, AFFO, AFFO per unit, and AFFO payout ratio are non-IFRS measures. A reconciliation from net income to FFO and a reconciliation from FFO to AFFO can be found under the heading "Non-IFRS Reconciliation."

(2) 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.

(3) Same property apartment occupancy, same property revenue, and same property NOI are supplementary financial measures. An explanation of the composition of these measures can be found under the heading "Supplementary Financial Measures."

<i>Debt Metrics as at</i>	<b>March 31, 2025</b>	December 31, 2024	Change
Debt to total assets	<b>39.9%</b>	40.4%	(50) bps
Weighted average mortgage interest rate	<b>3.48%</b>	3.45%	3 bps
Weighted average years to debt maturity	<b>3.8</b>	4.0	(0.2) years
Interest coverage ratio <sup>(1)</sup>	<b>2.96x</b>	2.94x	0.7%
Debt to normalized EBITDA <sup>(1)</sup>	<b>9.66x</b>	9.69x	(0.3)%

(1) Interest coverage ratio and debt to normalized EBITDA are non-IFRS ratios. An explanation of the composition of these measures can be found under the heading "Non-IFRS Ratios."

## 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.

## **Additional Dispositions Subsequent to Quarter End**

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.

## **Financial Statements**

Killam's condensed consolidated interim Financial Statements and Management's Discussion and Analysis (MD&A) for the three months ended March 31, 2025, are posted under Financial Reports in the Investor Relations section of Killam's website at [www.killamreit.com](http://www.killamreit.com), and are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Readers are directed to these documents for financial details and a discussion of Killam's results.

## **Results Conference Call**

Management will host a webcast and conference call to discuss these results and current business initiatives on Thursday, May 8, 2025, at 9:00 AM Eastern Time. The webcast will be accessible on Killam's website at the following link: <http://www.killamreit.com/investor-relations/events-and-presentations>. A replay of the webcast will be available at the same link for one year after the event.

The dial-in numbers for the conference call are as follows:

North America (toll free): 1-888-699-1199

Overseas or local (Toronto): 1-416-945-7677

## **Profile**

Killam Apartment REIT, based in Halifax, Nova Scotia, is one of Canada's largest residential real estate investment trusts, owning, operating, managing and developing a \$5.5 billion portfolio of apartments and manufactured home communities. Killam's strategy to enhance value and profitability focuses on three priorities: 1) increase earnings from its 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.

## **Non-IFRS Measures**

Management believes the following non-IFRS financial measures, ratios and supplementary information are relevant measures of the ability of Killam to earn revenue and to evaluate Killam's financial performance. Non-IFRS measures should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS, as indicators of Killam's performance or the sustainability of Killam's

distributions. These measures do not have standardized meanings under IFRS and, therefore, may not be comparable to similarly titled measures presented by other publicly traded organizations.

## **Non-IFRS Financial Measures**

- FFO is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. FFO, and applicable per unit amounts, are calculated by Killam as net income adjusted for fair value gains (losses), interest expense related to Exchangeable Units, gains (losses) on disposition, deferred tax expense (recovery), 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 below.
- AFFO is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. AFFO, and applicable per unit amounts and payout ratios, are calculated by Killam as FFO less an allowance for maintenance capital expenditures ("capex") (a three-year rolling historical average capital investment to maintain and sustain Killam's properties), 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 below.
- Adjusted earnings before interest, tax, depreciation and amortization ("adjusted EBITDA") is a non-IFRS financial measure calculated by Killam as net income before fair value adjustments, gains (losses) on disposition, deferred tax (recovery) expenses, financing costs, restructuring costs, depreciation and amortization. A reconciliation between net income and adjusted EBITDA is included below.
- Normalized adjusted EBITDA is a non-IFRS financial measure 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 Plan of Arrangement are excluded from adjusted EBITDA. In addition, adjustments have been made to eliminate earnings associated with properties sold in the last twelve months. A reconciliation between adjusted EBITDA and normalized adjusted EBITDA is included below.
- Net debt is a non-IFRS financial 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 between debt and net debt is included below.

## **Non-IFRS Ratios**

- Interest coverage is calculated by dividing adjusted EBITDA by mortgage, loan and construction loan interest and interest on credit facilities.
- Per unit calculations are calculated using the applicable non-IFRS financial measures noted above, i.e. FFO and AFFO, 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 applicable period divided by the applicable per unit amount, i.e. AFFO per unit.
- Debt to normalized adjusted EBITDA is calculated by dividing net debt by normalized adjusted EBITDA.

## **Supplementary Financial Measures**

- Same property NOI is a supplementary financial measure defined as NOI for stabilized properties that Killam has owned for equivalent periods in 2025 and 2024. Same property revenue is a supplementary financial measure defined as revenue 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.

- Same property apartment occupancy is a supplemental financial measure defined as actual residential rental revenue, net of vacancy, as a percentage of gross potential residential rent for stabilized properties that Killam has owned for equivalent periods in 2025 and 2024.

### 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.

### Non-IFRS Reconciliation (in thousands, except per unit amounts)

Reconciliation of Net Income to FFO	Three months ended March 31,	
	2025	2024
Net income	\$101,912	\$127,240
Fair value adjustments	(68,537)	(113,823)
Internal commercial leasing costs	75	90
Deferred tax expense	—	16,969
Interest expense on Exchangeable Units <sup>(1)</sup>	702	682
Loss on disposition	67	191
Depreciation on owner-occupied building	24	25
Change in principal related to lease liabilities	(2)	6
FFO	\$34,241	\$31,380
FFO per unit – diluted	\$0.28	\$0.26

(1) "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 of Killam at the option of the holder and are accompanied by Special Voting Units of Killam that provide their holders with equivalent voting rights to holders of trust units.

Reconciliation of FFO to AFFO	Three months ended March 31,	
	2025	2024 <sup>(1)</sup>
FFO	\$34,241	\$31,380
Maintenance capital expenditures	(5,625)	(5,706)
Commercial straight-line rent adjustment	(19)	(31)
Internal and external commercial leasing costs	(49)	(64)
AFFO	\$28,548	\$25,579
AFFO per unit – diluted	\$0.23	\$0.21
AFFO payout ratio – diluted	78%	84%
AFFO payout ratio – rolling 12 months <sup>(2)</sup>	70%	73%
Weighted average number of units – diluted (000s)	123,967	122,610

(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.

Normalized Adjusted EBITDA	Twelve 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 disposition	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 <sup>(1)</sup>	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.

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*Note: The Toronto Stock Exchange has neither approved nor disapproved of the information contained herein. Certain statements in this press release may constitute forward-looking statements. In some cases, forward-looking statements can be identified by the use of words such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "commit," "estimate," "potential," "continue," "remain," "forecast," "opportunity," "future", "proposed" or the negative of these terms or other comparable terminology, and by discussions of strategies that involve risks and uncertainties. Such forward-looking statements may include, among other things, statements regarding: strengthening Killam's balance sheet; the effects of acquisitions and development projects on Killam's earnings and financial condition; Killam's weighted average mortgage interest rate; the expected amount and use of proceeds from dispositions and the timing thereof; unit repurchases under Killam's normal course issuer bid; the continued expansion of Killam's portfolio, including through developments, and the timing thereof; Killam's capital recycling program and its impact on Killam's portfolio and long-term value creation; achievement of Killam's disposition and NOI growth targets; the impact of the elimination of the consumer carbon tax on Killam's business; the progress, completion, costs, capacity, total investment and timing of development projects; the anticipated energy production from Killam's photovoltaic (PV) solar arrays; Killam's commitment to fostering an inclusive and supportive workplace; and Killam's priorities.*

*Readers should be aware that these 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 and global events, any government responses thereto and the effectiveness of measures intended to mitigate any impacts thereof; competition; government legislation and the interpretation and enforcement thereof; litigation to which Killam may*

*be subject; global, national and regional economic conditions (including interest rates and inflation); the availability of capital to fund further investments in Killam's business; and other factors identified under the "Risk Factors" section of Killam's most recently filed annual information form, under the "Risks and Uncertainties" of Killam's most recently filed MD&A, and in other documents Killam files from time to time with securities regulatory authorities in Canada, each of which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements contained in this press release. 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 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. Further, a forward-looking statement speaks only as of the date on which such statement is made and should not be relied upon as of any other date. While Killam anticipates that subsequent events and developments may cause its views 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 law. The forward-looking statements in this press release 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. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.*