Q3-2024 Management's Discussion and Analysis

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

TABLE OF CONTENTS

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 $5.4 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, targeting newer properties and dispositions 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 88.3% of Killam's net operating income (NOI) for the nine months ended September 30, 2024. As at September 30, 2024, Killam’s apartment portfolio consisted of 18,663 units, including 1,343 units jointly owned with institutional partners. Killam's 219 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 6.2% of Killam's NOI for the nine months ended September 30, 2024. Killam also owns 973,942 square feet (SF) of stand-alone commercial space that accounted for 5.5% of Killam's NOI for the nine months ended September 30, 2024.

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, 2023 and 2022, and in conjunction with the Trust's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 and 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These documents, along with Killam’s 2023 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 November 6, 2024. 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 27, 2015, 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 September 30, 2024, 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, occupancy levels, demand, 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 through acquisitions and capital recycling, developing high-quality properties in core markets and diversifying geographically through accretive acquisitions; top-line growth driving same property NOI growth; Killam's increased presence outside of, and maintained market presence in, Atlantic Canada through acquisitions and development; Killam's development pipeline and the qualities thereof; the amount and locations of future acquisitions; Killam’s property developments, including cost and timing of completion thereof; short- and longer-term targets relating to same property NOI growth, capital recycling, dispositions, portfolio growth, 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, return on investment (ROI) and affordable housing targets, and the factors that may affect the achievement of such targets; asset dispositions, including of capital and carbon-intensive properties and the use of proceeds therefrom and the timing thereof, including debt reduction and unitholder returns; Killam's ability to mitigate cost increases and property taxes; maintenance and operating costs; the effect of completed developments on Killam's business, including funds from operations (FFO) per unit; the diversity of Killam’s tenant base and its impact on stable occupancy; increasing the percentage of Killam’s apartment mortgages with CMHC-insured debt; the expansion and optimization of Killam's repositioning program, the units eligible therefor and expected revenues generated thereunder; anticipated interest rates and the effects thereof; Killam’s ability to mitigate interest rate risk; reduced debt levels and long-term debt reduction targets, including reducing variable rate debt and the related sources of funds; Killam’s commitment to risk management and evolving its risk management program; the continued monitoring of the acquisition market and identification of capitalization rate (cap rate) changes; commodity prices and the impacts thereof on Killam's operating costs; seasonal revenue; the impact of efficiency initiatives on Killam's operating costs and NOI growth; credit availability; the effect of inflation on financing costs, including increased interest expenses; the pace and scope of future acquisitions, construction, development and renovation, renewals and leasing; the estimated population, migration, demographic, economic and other changes in key markets and the related effects on Killam's business; housing supply in Canada; the GDP growth across the country; the sufficiency of Killam's liquidity and capital resources, including of mortgage refinancing and construction loans to fund value-enhancing capex, principal repayments and developments; refinancing opportunities and the timing thereof; the availability and sources of capital to fund further acquisitions and investments in Killam's business; replacing construction financing with permanent mortgage financing; the impact of maintenance capex and value-enhancing upgrades; capital investment and the amount and timing thereof; annual investments in MHC sites; Killam's normal course issuer bid (NCIB) program and share purchases thereunder; the required expenditures to comply with environmental regulations; expiration of leases and the effect thereof on Killam's business; future distributions to unitholders and the amount and timing thereof; 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 and carbon footprint; the expected annual energy production and emissions reductions from Killam's photovoltaic (PV) solar arrays; augmenting Killam's sustainability programs and policies and Killam's actions thereunder; reducing Killam's impact on the environment; the installation of electric vehicle charging stations and other energy-related projects across Killam's portfolio; 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 rising 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, 2023, and 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, 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, unrealized gains (losses) on derivative liability, internal commercial leasing costs, depreciation on an owner-occupied building, interest expense related to lease liabilities, and non-controlling interest. FFO is calculated in accordance with the REALPAC definition. A reconciliation between net income and FFO is included on page 24.
- Adjusted funds from operations (AFFO) is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. AFFO, and applicable per unit amounts and payout ratios, are calculated by Killam as FFO less an allowance for maintenance capital expenditures (capex) (a three-year rolling historical average capital investment to maintain and sustain Killam's properties), commercial leasing costs and straight-line commercial rents. AFFO is calculated in accordance with the REALPAC definition. Management considers AFFO an earnings metric. A reconciliation from FFO to AFFO is included on page 25.
- 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 is calculated by Killam as cash flow provided by operating activities with adjustments for changes in working capital that are not indicative of sustainable cash available for distribution, maintenance capex, commercial leasing costs, amortization of deferred financing costs, interest expense related to lease liabilities and non-controlling interest. ACFO is calculated in accordance with the REALPAC definition. Management considers ACFO a measure of sustainable cash flow. A reconciliation from cash provided by operating activities to ACFO is included on page 26.
- Adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA) is calculated by Killam as net income before fair value adjustments, gains (losses) on disposition, income taxes, interest, depreciation and amortization. A reconciliation is included on page 28.
- Normalized adjusted EBITDA is calculated by Killam as adjusted EBITDA that has been normalized for a full year of stabilized earnings from recently completed acquisitions and developments, on a forward-looking basis. In addition, adjustments have been made to eliminate earnings associated with properties sold in the last 12 months. A reconciliation is included on page 28.
- 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.

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 28.
- 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 28.
- 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 28.

Supplementary Financial Measures

- Same property NOI is a supplementary financial measure defined as NOI for stabilized properties that Killam has owned for equivalent periods in 2024 and 2023. Same property results represent 95.4% of the fair value of Killam's investment property portfolio as at September 30, 2024. Excluded from same property results in 2024 are acquisitions, dispositions and developments completed in 2023 and 2024.
- Same property average rent is calculated by taking a weighted average of the total residential rent for the last month of the reporting period, divided by the relevant number of the units per region for stabilized properties that Killam has owned for equivalent periods in 2024 and 2023. For total residential rents, rents for occupied units are based on contracted rent, and rents for vacant units are based on estimated market rents if the units were occupied.

Capital Management Financial Measure

- Total debt as a percentage of total assets is a capital management financial measure and is calculated by dividing total debt by total assets, excluding right-of-use assets. This measure is reconciled in note 23 of the 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 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 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. Total debt as a percentage of total assets is calculated by dividing total interest-bearing debt by total assets, excluding right-of-use assets. Killam's DOT operating policies stipulate that overall indebtedness is not to exceed 70% of Gross Book Value.
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 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 and non-IFRS financial and operational performance measures:

	Three months ended September 30,			Nine months ended September 30,		
Operating Performance	**2024**	2023	Change (1)	**2024**	2023	Change (1)
Property revenue	**$93,788**	$89,534	4.8%	**$272,069**	$261,292	4.1%
Net operating income	**$64,416**	$60,515	6.4%	**$179,361**	$167,555	7.0%
Net income	**$62,732**	$68,349	(8.2)%	**$304,425**	$266,345	14.3%
FFO (2)	**$40,468**	$39,234	3.1%	**$108,521**	$105,722	2.6%
FFO per unit – diluted (2)	**$0.33**	$0.32	3.1%	**$0.88**	$0.87	1.1%
AFFO (2)(3)	**$35,103**	$33,787	3.9%	**$92,293**	$89,218	3.4%
AFFO per unit – diluted (2)(3)	**$0.28**	$0.28	—%	**$0.75**	$0.73	2.7%
Weighted average number of units outstanding – diluted (000s)	**123,294**	121,848	1.2%	**122,963**	121,466	1.2%
Distributions paid per unit	**$0.18**	$0.18	—%	**$0.52**	$0.52	—%
AFFO payout ratio – diluted (2)(3)	**61%**	63%	(200) bps	**70%**	71%	(100) bps
AFFO payout ratio – rolling 12 months (2)(3)	**71%**	72%	(100) bps			
Portfolio Performance						
Same property NOI (2)	**$61,846**	$57,562	7.4%	**$172,427**	$158,638	8.7%
Same property NOI margin	**68.7%**	67.7%	100 bps	**65.9%**	64.3%	160 bps
Same property apartment occupancy	**97.9%**	98.4%	(50) bps			
Same property apartment weighted average rental increase (4)	**7.2%**	4.7%	250 bps			

As at	**September 30, 2024**	December 31, 2023	Change (1)
Leverage Ratios and Metrics			
Debt to total assets	**40.7%**	42.9%	(220) bps
Weighted average mortgage interest rate	**3.45%**	3.22%	23 bps
Weighted average years to debt maturity	**4.0**	3.9	0.1 years
Debt to normalized EBITDA (2)	**9.86x**	10.29x	(4.2)%
Debt service coverage (2)	**1.54x**	1.51x	2.0%
Interest coverage (2)	**2.97x**	3.10x	(4.2)%

(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, 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 and nine months ended September 30, 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.

(4) Year-over-year, as at September 30.

Summary of Q3-2024 Results and Operations

Generated Same Property NOI Growth of 7.4%
Killam generated same property NOI growth of 7.4% during Q3-2024, along with a same property operating margin increase of 100 bps. This growth was driven by a 5.9% increase in same property revenue and only a modest 2.6% increase in same property operating expenses. Same property revenue growth is the result of a 7.2% increase in apartment rental rates year-over-year, coupled with increased ancillary revenue and offset slightly by a 50 bps increase in vacancy. Killam's turnover levels remain healthy, and in the third quarter, the average rental rate increase on unit turns exceeded 20% for the second consecutive quarter; with wide mark-to-market spreads, Killam has generated the largest rental gains on unit turns in its operating history. The weighted average rental rate increase on units that renewed and turned in Q3-2024 was 7.7%. Killam is positioned to meet its 8% same property NOI growth target for 2024.

The 2.6% increase in total same property operating expenses is attributable to a 5.2% increase in property tax expenses due to higher assessments across the portfolio, coupled with a 3.6% increase in general operating expenses. This was partially offset by a 4.0% reduction in utility and fuel expenses in Q3-2024, mainly the result of lower electricity costs in Alberta.

Achieved Net Income of $62.7 Million
During the quarter, Killam achieved net income of $62.7 million, compared to $68.3 million in Q3-2023. Killam recorded fair value gains on investment properties of $51.3 million during Q3-2024, compared to fair value gains of $38.5 million in Q3-2023. The fair value gains on investment properties in Q3-2024 were a direct result of strong NOI growth ($3.9 million quarter-over-quarter) and 100 bps operating margin expansion.

Delivered 3.1% FFO per Unit Growth
Killam generated FFO per unit of $0.33 in Q3-2024, a 3.1% increase from $0.32 in Q3-2023. AFFO per unit remained stable at $0.28 per unit, consistent with Q3-2023, though AFFO increased 3.9%, up $1.3 million. The growth in FFO and AFFO is attributable to strong NOI growth from Killam's same property portfolio, partially offset by higher interest costs, lower capitalized interest and the short-term impact of vacancy during the lease-up of recently completed developments. In Q3-2024, these projects contributed to positive earnings growth, and this growth is expected to accelerate during the fourth quarter and throughout 2025.

Positive Progress on Killam's Disposition Strategy
During Q3-2024, Killam completed the disposition of three properties totaling 144 units, for combined gross proceeds of $17.9 million, bringing the total year-to-date dispositions completed to $39.5 million. Killam's capital recycling program is focused on non-core and slower-growth properties, or those that may be more capital or carbon intensive. With a continued focus on geographic diversification, the majority of dispositions completed year-to-date are in Atlantic Canada. Year-to-date, 39% of Killam's NOI was earned outside Atlantic Canada, exceeding its 38% target for 2024. Killam expects to complete a minimum of $50 million of dispositions in 2024, with proceeds used to reduce the balance on Killam's credit facility, fund future development activity, support strategic acquisitions and potentially buy back Trust Units through Killam's NCIB program.

Interest Rates Declining from the Peak
The maturity dates of Killam's mortgages are staggered to mitigate interest rate risk. During Q3-2024, Killam refinanced $102.4 million of maturing mortgages with $128.7 million of new debt at a weighted average interest rate of 4.34%, 176 bps higher than the weighted average interest rate of the maturing debt. Overall, Killam's weighted average mortgage interest rate increased 23 bps at the end of Q3-2024 to 3.45%, compared to 3.22% as at December 31, 2023. Killam's focus on strengthening its balance sheet has resulted in its debt to normalized EBITDA being reduced to 9.86x as at September 30, 2024, from 9.98x as at June 30, 2024. Killam's debt as a percentage of total assets also improved during Q3-2024, achieving a record low level of 40.7% as at September 30, 2024.

ESG Update
During the quarter, Killam invested $2.0 million in energy initiatives, including the installation of PV solar panels, new boilers and heat pumps, and roofing upgrades across the portfolio. This brings Killam's total investment in energy initiatives to $4.4 million year-to-date. At the end of Q3-2024, Killam had 22 PV solar arrays producing power, with an expected 2,100 MWh of annual energy production. Additionally, during the quarter, Killam achieved certification for Civic 66 through the Certified Rental Building Program and successfully certified 100 and 200 Eagle Street, as well as Saginaw Park and Saginaw Gardens (a total of 611 units), reinforcing its commitment to quality and sustainability. Killam was also recognized as one of Canada's Most Responsible Companies for 2025 by Statista, reflecting its commitment to corporate responsibility and sustainable practices.

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

Strategic Targets

Growth in Same Property NOI	
2024 Target	Achieve minimum same property NOI growth greater than 6.0%.
2024 Performance to Date	Killam achieved same property NOI growth of 8.7% for the nine months ended September 30, 2024, and expects same property NOI growth for the full year to exceed 8.0%.

Capital Recycling	
2024 Target	Sell a minimum of $50 million of non-core assets.
2024 Performance to Date	Year-to-date, Killam has completed five dispositions, totalling 228 units, for a combined sale price of $39.5 million. Subsequent to quarter-end, Killam completed the disposition of a 60-unit building located in Halifax, NS, for gross proceeds of $8.2 million, increasing total year-to-date dispositions to $47.7 million. Killam has additional dispositions planned for Q4-2024 and expects to meet its 2024 capital recycling target of $50.0 million.

Geographic Diversification	
2024 Target	Earn more than 38% of 2024 NOI outside Atlantic Canada.
2024 Performance to Date	Killam is on track to exceed this target, with 39.0% of NOI generated outside Atlantic Canada as of September 30, 2024. The continued lease-up of Nolan Hill Phase II will further increase NOI generated outside Atlantic Canada during the fourth quarter.

Development of High-Quality Properties	
2024 Target	Break ground on two new developments in 2024.
2024 Performance to Date	Killam is on track to meet this target. In Q1-2024, Killam broke ground on Eventide, a 55-unit building located in Halifax, NS. Construction on Wissler, a 128-unit building located in Waterloo, ON, is expected to start in December.

Strengthened Balance Sheet	
2024 Target	Maintain debt as a percentage of total assets below 45%.
2024 Performance to Date	Debt as a percentage of total assets was 40.7% as at September 30, 2024 (December 31, 2023 – 42.9%).

Sustainability Investment	
2024 Target	Invest a minimum of $6.0 million in energy initiatives in 2024.
2024 Performance to Date	Killam has invested $4.4 million in energy initiatives year-to-date, including the installation of PV solar panels, new boilers and heat pumps, as well as window replacements and building upgrades such as new cladding and insulation, in various buildings across the portfolio.

Outlook

Strong Top-Line Growth to Continue

Over the past two years, market rental rates accelerated quickly, resulting in wide mark-to-market spreads. Killam currently estimates an average spread of 20% across its portfolio, which Management expects to capture as units turn. This spread has slightly declined over the past two quarters following 6.8% rent growth on units that turned or renewed over the last nine months and as market rents begin to show signs of stabilizing. Killam is seeing market rent trends vary between regions and ranges within rental rate classes, with overall softness in Western Canada and the higher end of the Ontario market, stability in select assets in Nova Scotia, and continued acceleration across much of Atlantic Canada.

Despite the strong overall demand for apartments, affordability challenges are causing the market to soften for some units. This has led to an increase in vacancy at certain properties and an uptick in rental incentives by property owners in select markets. Nevertheless, with market rents over 20% above in-place rents across the portfolio, Killam anticipates strong top-line growth on unit turns to continue in the coming years.

After achieving record rent gains on lease renewals in 2024, Killam expects a slight decline in renewal rates in 2025 due to a marginal decline in allowable renewal increases in British Columbia and PEI, along with the anticipated introduction of a rent cap in New Brunswick. Nevertheless, with regulated renewal rates remaining stable at 5% in Nova Scotia and 2.5% in Ontario, and flexibility on rents in Alberta and Newfoundland, Management expects renewal rates to exceed Killam's historic norms in the year ahead.

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

The table below summarizes rent control restrictions in place for 2024 and 2025:

Province	2024		2025	
	Apartments	MHCs	Apartments	MHCs
Nova Scotia	5.0%	5.8%	5.0%	5.8%
Ontario	2.5%	2.5%	2.5%	2.5%
Prince Edward Island	3.0%	N/A	2.3%	N/A
British Columbia	3.5%	N/A	3.0%	N/A

Moderate Expense Growth
Looking forward, Killam expects the majority of its operating expenses to increase within 2% to 4% on an annual basis. Killam will continue to enhance its energy management and operating platforms in order to maximize operating margins. These investments are expected to help mitigate inflationary pressures.

The most significant cost pressure in the coming year is anticipated to be property taxes. Increased assessment values and higher mill rates in 2024 have led to higher-than-usual property tax costs. We expect this trend to continue, but we will persist in challenging unreasonable assessments to manage the expense as much as possible.

NOI and Margin Expansion
Killam expects strong same property NOI growth in 2025 due to ongoing revenue growth and diligent cost containment. The 2025 NOI targets will be introduced with our 2024 annual earnings in mid-February. As NOI increases, Killam foresees expanding its operating margin, aided by recycling funds received from the disposition of lower-margin assets to develop highly efficient properties with above-average margins.

Atlantic Canada Could Outperform in 2025
Looking ahead at 2025, Management anticipates that Atlantic Canada could outperform in terms of revenue growth. Current performance indicators show stronger market strength in Killam’s Atlantic Canadian markets compared to Ontario and Western Canada. 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. With an average rent of $1,443 per month across our Halifax portfolio, Management expects Killam’s portfolio to be resilient against potential softening of demand as new developments enter the rental market.

FFO Growth from Developments
Killam has achieved positive leasing progress on the three developments completed in 2023. Civic 66 and The Governor are now initially leased, while Nolan Hill Phase II is currently 88% leased. These developments have positively contributed to FFO per unit growth in Q3-2024 and will continue to do so as tenants move in and as the remaining Nolan Hill Phase II units lease up. Management expects approximately $3.5 million in additional FFO growth to be generated from these developments in 2025 compared to 2024.

Development is a crucial 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. 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. Given the significant value of the land in future developments, Killam expects that the majority of the capital required to fund these projects will come from construction financing programs through CMHC.

Reduced Pressure from Interest Rates
Killam’s outlook for higher interest rates on refinancing has moderated. After dealing with elevated rates on refinancing for the past two years, the longer-term outlook for interest rates appears favorable 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 well 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, also mitigating against higher rates on refinancing. Currently, 76.2% of Killam's total mortgages are CMHC-insured. Properties with CMHC-insured financing provide lenders with a government guarantee, allowing Killam to borrow at more favorable rates. Looking ahead, Killam aims to increase the percentage of its CMHC-insured mortgages to 85% by the end of 2025.

Capital Flexibility with Asset Sales
After two successful years of strategic asset sales, Management plans to make capital recycling an annual practice. By reducing exposure to slower-growth markets and selling lower-yield assets, Killam aims to reallocate funds to strengthen its balance sheet, progress its development program, and fund future acquisitions. Management remains confident in its ability to successfully execute on its disposition program and is targeting between $100 - $150 million in dispositions in 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 September 30, 2024:

Apartment Portfolio				
	Units (1)	Number of Properties	NOI ($) (2)	NOI (2) (% of Total)
Nova Scotia				
Halifax	5,710	69	$49,963	27.9%
Ontario				
KWC-GTA	1,926	13	$21,040	11.7%
Ottawa	1,447	9	$11,349	6.3%
London	523	5	$4,882	2.7%
	3,896	27	$37,271	20.7%
New Brunswick				
Moncton	2,246	39	$16,161	9.0%
Fredericton	1,529	23	$12,356	6.9%
Saint John	997	13	$6,506	3.6%
	4,772	75	$35,023	19.5%
Alberta				
Calgary	998	5	$8,491	4.7%
Edmonton	882	6	$8,254	4.6%
	1,880	11	$16,745	9.3%
Newfoundland and Labrador				
St. John's and Grand Falls	1,106	15	$7,422	4.2%
British Columbia				
Victoria	516	5	$6,473	3.6%
Prince Edward Island				
Charlottetown and Summerside	783	17	$5,520	3.1%
Total Apartments	**18,663**	**219**	**$158,417**	**88.3%**
Manufactured Home Community Portfolio				
	Sites	Communities	NOI ($) (2)	(% of Total)
Nova Scotia	2,850	18	$4,310	2.4%
Ontario (3)	2,284	17	$5,681	3.2%
New Brunswick (3)	671	3	$741	0.4%
Newfoundland and Labrador	170	2	$316	0.2%
Total MHCs	**5,975**	**40**	**$11,048**	**6.2%**
Commercial Portfolio (4)				
	SF (5)	Properties	NOI ($) (2)	(% of Total)
Prince Edward Island (5)	410,792	1	$2,874	1.6%
Ontario	311,106	2	$4,028	2.2%
Nova Scotia (6)	218,829	5	$2,640	1.5%
New Brunswick	33,215	1	$354	0.2%
Total Commercial	**973,942**	**9**	**$9,896**	**5.5%**
Total Portfolio		**268**	**$179,361**	**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 nine months ended September 30, 2024.

(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 187,617 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 PEI.

(6) Square footage includes Killam's 50% ownership interest in two office properties that are third-party managed.

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

PART IV

Q3-2024 Operational and Financial Results

Consolidated Results

For the three months ended September 30,

	Total Portfolio			Same Property (1)		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$93,788**	$89,534	4.8%	**$90,052**	$85,050	5.9%
Property operating expenses						
General operating expenses	**13,426**	13,093	2.5%	**12,843**	12,391	3.6%
Utility and fuel expenses	**5,564**	5,893	(5.6)%	**5,399**	5,623	(4.0)%
Property taxes	**10,382**	10,033	3.5%	**9,964**	9,474	5.2%
Total operating expenses	**$29,372**	$29,019	1.2%	**$28,206**	$27,488	2.6%
NOI	**$64,416**	$60,515	6.4%	**$61,846**	$57,562	7.4%
Operating margin %	**68.7%**	67.6%	110 bps	**68.7%**	67.7%	100 bps

For the nine months ended September 30,

	Total Portfolio			Same Property (1)		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$272,069**	$261,292	4.1%	**$261,524**	$246,764	6.0%
Property operating expenses						
General operating expenses	**40,187**	39,841	0.9%	**38,280**	37,480	2.1%
Utility and fuel expenses	**21,838**	24,216	(9.8)%	**20,969**	22,452	(6.6)%
Property taxes	**30,683**	29,680	3.4%	**29,848**	28,194	5.9%
Total operating expenses	**$92,708**	$93,737	(1.1)%	**$89,097**	$88,126	1.1%
NOI	**$179,361**	$167,555	7.0%	**$172,427**	$158,638	8.7%
Operating margin %	**65.9%**	64.1%	180 bps	**65.9%**	64.3%	160 bps

(1) Same property results exclude acquisitions, dispositions and developments completed during the comparable 2024 and 2023 periods, which are classified as non-same property. For the three and nine months ended September 30, 2024, NOI contributions from acquisitions, dispositions and developments completed in 2023 and 2024 were $1.9 million and $4.5 million. For the three and nine months ended September 30, 2023, the NOI contributions from acquisitions, dispositions and developments completed in 2023 were $1.6 million and $5.7 million.

For the three and nine months ended September 30, 2024, Killam achieved strong total portfolio performance. Revenues increased by 4.8% and 4.1%, despite the completion of $111.2 million in property dispositions in the last 12 months. Total operating expenses have been well managed, growing by only 1.2% and decreasing by 1.1%. This is mainly due to a 5.6% and 9.8% reduction in utility and fuel expenses year-over-year, offset by a 3.5% and 3.4% increase in property tax expense. In aggregate, NOI increased by 6.4% and 7.0% for the three and nine months ended September 30, 2024.

Same property results include properties owned during comparable 2024 and 2023 periods. Same property results represent 95.4% of the fair value of Killam's investment property portfolio as at September 30, 2024. Non-same property results include acquisitions, dispositions and developments completed in 2023 and 2024, as well as commercial assets acquired for future residential development.

Same property revenue grew by 5.9% and 6.0% for the three and nine months ended September 30, 2024, compared to the same periods in 2023. This growth was driven by strong rental rate growth and increased ancillary revenue, partially offset by an increase in rental incentives in Q3-2024, though incentives were down 36% year-to-date.

Total same property operating expenses increased by 2.6% for the three months ended September 30, 2024. The increase in the quarter was driven by a 5.2% increase in property tax expense, coupled with a 3.6% increase in general operating expenses. The uptick in property taxes was due to higher assessments and mill rates across the portfolio, and no property tax subsidies in PEI, which were provided in Q3-2023 to offset rent control limitations. This was partially offset by a 4.0% decrease in utility and fuel expenses, which was mainly attributable to lower electricity pricing in Alberta in Q3-2024 compared to Q3-2023. Total same property operating expenses grew modestly by 1.1% for the nine months ended September 30, 2024. The increase was the result of higher property taxes, up 5.9% year-over-year, coupled with a 2.1% increase in general operating expenses. This was partially offset by lower natural gas pricing in the first half of the year, which contributed to a 6.6% reduction in utility and fuel expenses.

Overall, same property NOI increased by 7.4% and 8.7% for the three and nine months ended September 30, 2024.

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

Apartment Results

For the three months ended September 30,

	Total			Same Property		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$81,143**	$77,225	5.1%	**$77,530**	$72,961	6.3%
Property operating expenses						
General operating expenses	**11,233**	11,016	2.0%	**10,613**	10,242	3.6%
Utility and fuel expenses	**4,754**	5,025	(5.4)%	**4,577**	4,748	(3.6)%
Property taxes	**9,196**	8,902	3.3%	**8,806**	8,364	5.3%
Total operating expenses	**$25,183**	$24,943	1.0%	**$23,996**	$23,354	2.7%
NOI	**$55,960**	$52,282	7.0%	**$53,534**	$49,607	7.9%
Operating margin %	**69.0%**	67.7%	130 bps	**69.0%**	68.0%	100 bps

For the nine months ended September 30,

	Total			Same Property		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$238,943**	$229,414	4.2%	**$228,975**	$215,467	6.3%
Property operating expenses						
General operating expenses	**34,074**	33,972	0.3%	**32,236**	31,468	2.4%
Utility and fuel expenses	**19,329**	21,505	(10.1)%	**18,466**	19,772	(6.6)%
Property taxes	**27,123**	26,301	3.1%	**26,383**	24,875	6.1%
Total operating expenses	**$80,526**	$81,778	(1.5)%	**$77,085**	$76,115	1.3%
NOI	**$158,417**	$147,636	7.3%	**$151,890**	$139,352	9.0%
Operating margin %	**66.3%**	64.4%	190 bps	**66.3%**	64.7%	160 bps

Apartment Revenue

Total apartment revenue for the three and nine months ended September 30, 2024, was $81.1 million and $238.9 million, an increase of 5.1% and 4.2% over the same periods in 2023. Revenue growth reflects contributions from properties acquired and developed over the past two years, as well as accelerating rent growth; however, it was mitigated by property dispositions completed throughout 2023 and the first nine months of 2024.

Same property apartment revenue increased 6.3% for both the three and nine months ended September 30, 2024, driven by a 7.2% increase in year-over-year average rent as at September 30, 2024. Year-to-date, rental incentives are down compared to the first nine months of 2023, contributing to the top-line growth, and partially offset by a 50 bps decrease in occupancy during the quarter.

The operating margin on Killam's same property apartment portfolio for the three and nine months ended September 30, 2024, was up 100 bps and 160 bps to 69.0% and 66.3%, respectively. This was primarily due to strong rental rate growth and a decrease in utility and fuel expenses.

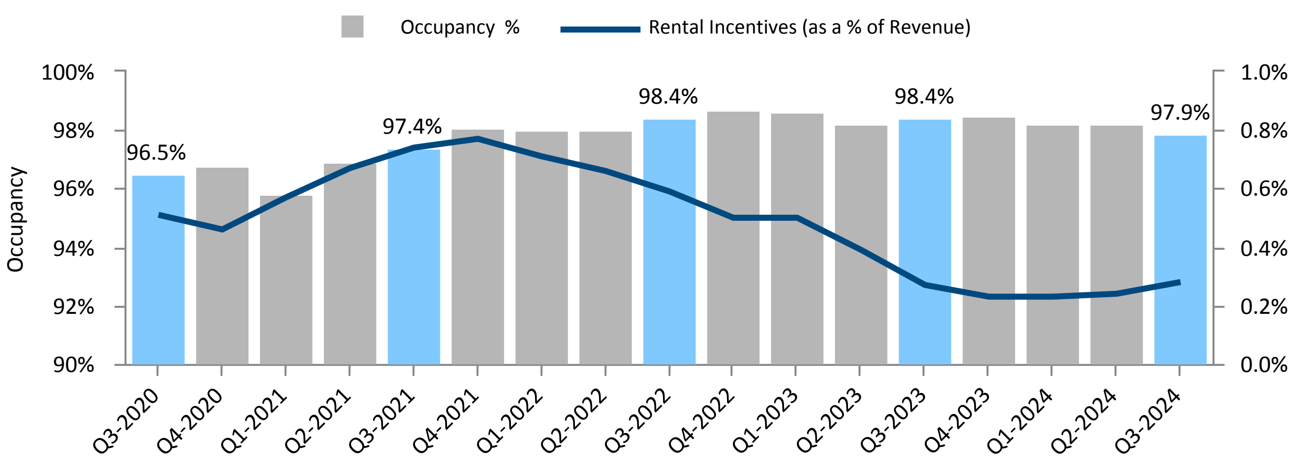
Dollar amounts in thousands of Canadian dollars (except as noted)

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

For the three months ended September 30,	# of Units	Total Occupancy 2024	Total Occupancy 2023	Total Occupancy Change (bps)	Same Property Occupancy 2024	Same Property Occupancy 2023	Same Property Occupancy Change (bps)
Nova Scotia							
Halifax	5,710	**98.6%**	98.3%	30	**98.8%**	99.1%	(30)
Ontario							
KWC-GTA (2)	1,926	**97.0%**	90.1%	690	**98.0%**	98.4%	(40)
Ottawa	1,447	**96.3%**	97.1%	(80)	**96.3%**	97.1%	(80)
London (3)	523	**96.3%**	98.9%	(260)	**96.3%**	98.9%	(260)
New Brunswick							
Moncton	2,246	**98.8%**	98.6%	20	**98.8%**	98.6%	20
Fredericton	1,529	**99.1%**	98.2%	90	**99.1%**	98.2%	90
Saint John	997	**98.0%**	97.7%	30	**98.0%**	97.6%	40
Alberta							
Calgary (4)(5)	998	**85.2%**	99.2%	(1,400)	**91.7%**	99.2%	(750)
Edmonton	882	**97.3%**	96.4%	90	**97.3%**	96.4%	90
Newfoundland and Labrador							
St. John's	1,106	**98.3%**	98.3%	—	**98.3%**	98.3%	—
British Columbia							
Victoria (6)	516	**95.7%**	98.3%	(260)	**95.7%**	98.3%	(260)
Prince Edward Island							
Charlottetown	783	**99.4%**	99.4%	—	**99.3%**	99.3%	—
Total Apartments (weighted average)	**18,663**	**97.2%**	97.1%	10	**97.9%**	98.4%	(50)

(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 2023 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 London was impacted by a short-term uptick in vacancy at one property. Occupancy improved at this property by the end of Q3-2024.
(4) 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.
(5) Same property 2024 occupancy for Calgary was impacted by short-term vacancy of Killam's recently completed buildings located in the same vicinity as Nolan Hill Phase II, which is undergoing initial lease-up.
(6) Total 2024 occupancy for Victoria was impacted by a short-term uptick in vacancy at two properties.

Historical Same Property Apartment Occupancy & Rental Incentives (as a % of Revenue)



Killam saw a modest uptick in rental incentives as a percentage of total revenue in Q3-2024 compared to Q3-2023, despite being down year-to-date 2024. Ontario, which made up 43% of total incentives in the quarter, saw a 47% increase, while Alberta, which made up 42% of total incentives, saw a 28% reduction during the quarter. Additionally, rental incentives were newly offered in British Columbia at one property in Q3-2024. 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.

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

Year-Over-Year Average Rent Analysis by Core Market

As at September 30,

		Average Rent			Same Property Average Rent		
	# of Units	**2024**	2023	% Change	**2024**	2023	% Change
Nova Scotia							
Halifax	5,710	**$1,451**	$1,324	9.6%	**$1,443**	$1,331	8.4%
Ontario							
KWC-GTA	1,926	**$1,751**	$1,660	5.5%	**$1,698**	$1,606	5.7%
Ottawa	1,447	**$2,224**	$2,119	5.0%	**$2,224**	$2,119	5.0%
London	523	**$1,620**	$1,524	6.3%	**$1,620**	$1,524	6.3%
New Brunswick							
Moncton	2,246	**$1,256**	$1,167	7.6%	**$1,256**	$1,178	6.6%
Fredericton	1,529	**$1,344**	$1,251	7.4%	**$1,344**	$1,251	7.4%
Saint John	997	**$1,180**	$1,073	10.0%	**$1,180**	$1,073	10.0%
Alberta							
Calgary (1)	998	**$1,674**	$1,365	22.6%	**$1,560**	$1,365	14.3%
Edmonton (2)	882	**$1,613**	$1,544	4.5%	**$1,613**	$1,544	4.5%
Newfoundland and Labrador							
St. John's	1,106	**$1,078**	$1,029	4.8%	**$1,078**	$1,026	5.1%
British Columbia							
Victoria	516	**$1,933**	$1,807	7.0%	**$1,933**	$1,807	7.0%
Prince Edward Island							
Charlottetown	783	**$1,210**	$1,102	9.8%	**$1,216**	$1,184	2.7%
Total Apartments (weighted average)	**18,663**	**$1,474**	$1,355	8.8%	**$1,457**	$1,359	7.2%

(1) Average rent in Calgary as at September 30, 2024, was impacted by Nolan Hill Phase II, a recently completed 234-unit development.
(2) Including the reduction in rental incentives, year-over-year same property average rent increased 5.4% in Edmonton as at September 30, 2024.

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 and nine months ended September 30, 2024, whereas rental increases in the previous section reflect the year-over-year change in average rent by region as at September 30, 2024, compared to September 30, 2023.

Killam historically turned 30%–32% of its units each year; however, this percentage has declined over the past four years. Due to the tightening of the housing and rental markets across Canada, turnover levels in 2023 were 19%, down from 22% in 2022. 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 of a minimum of 10% on capital invested.

In Q3-2024, Killam generated a 180 bps increase to 7.7% in its same property weighted average rental increase quarter-over-quarter, up from 5.9% in Q3-2023. This growth was the result of strong market fundamentals continuing to drive higher rental increases on unit turns, which were up from 16.8% in Q3-2023 to 20.4% in the current quarter, 20 bps higher than the increase on unit turns in Q2-2024. This was coupled with higher rental increases on renewals, up 150 bps to 4.7% from 3.2%.

Year-to-date, the weighted average rental rate increased 6.9% for the units that turned or renewed during the first nine months of the year. This growth was primarily driven by higher rental increases on unit turns, which were 20.1%, up from 15.5% for the nine months ended September 30, 2023. Rental increases on renewals were also up 160 bps to 4.3% for the nine months ended September 30, 2024, compared to 2.7% for the same period in 2023.

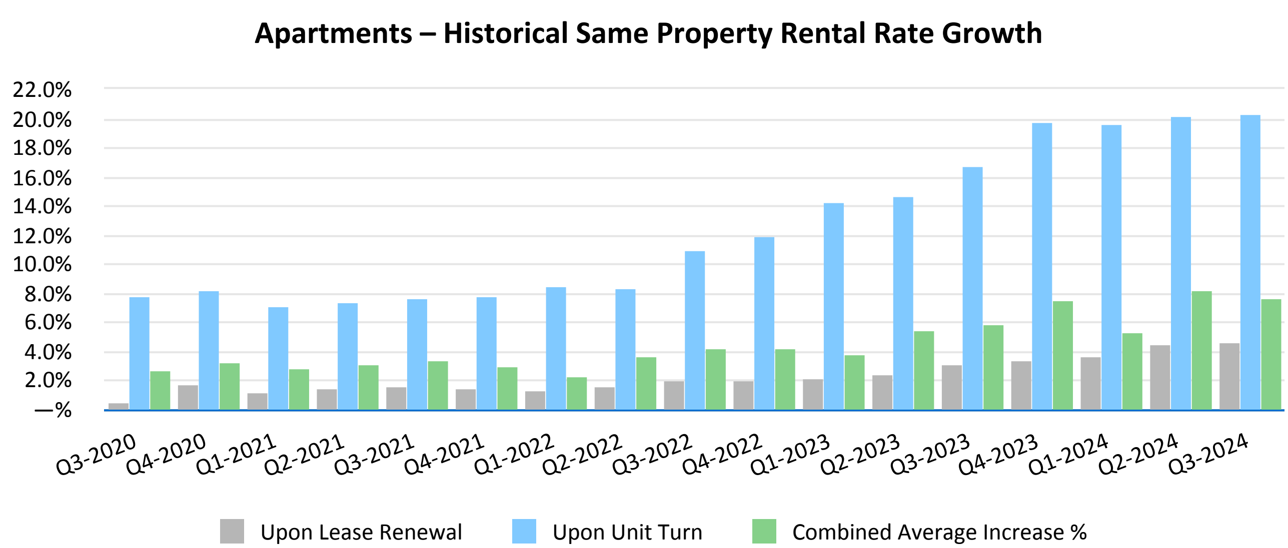
The weighted average rental increase is typically lower in the first half of the year due to the large number of lease renewals on January 1 each year, which are subject to rent control. The chart below summarizes the rental increases earned during the three and nine months ended September 30, 2024 and 2023.

The mark-to-market opportunity on unit turns is estimated to average 22% across the portfolio.

	For the three months ended September 30,				**For the nine months ended September 30,**			
	2024		2023		**2024**		2023	
	Rental Increases	Turnovers & Renewals (1)	Rental Increases	Turnovers & Renewals (1)	Rental Increases	Turnovers & Renewals (1)	Rental Increases	Turnovers & Renewals (1)
Lease renewal (2)	**4.7%**	**26.4%**	3.2%	26.7%	**4.3%**	**75.7%**	2.7%	69.2%
Unit turn	**20.4%**	**5.8%**	16.8%	6.3%	**20.1%**	**14.1%**	15.5%	14.8%
Rental increase (Weighted average)	**7.7%**		5.9%		**6.9%**		5.0%	

(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 nine months ended September 30, 2024 and 2023, 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.



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

Apartment Expenses

Total operating expenses for the three and nine months ended September 30, 2024, were $25.2 million and $80.5 million, a modest 1.0% increase and a 1.5% reduction compared to the same periods in 2023. This is due to dispositions completed in 2023 and the first nine months of 2024 and lower natural gas pricing in the first half of the year.

Total same property operating expenses increased by 2.7% and 1.3% for the three and nine months ended September 30, 2024. This includes a 5.3% and 6.1% increase in property tax expense, partially offset by a 3.6% and 6.6% reduction in utility and fuel expenses, driven primarily by lower natural gas costs in the first half of the year and lower electricity costs in AB. Natural gas commodity pricing decreased modestly across most of Killam's markets during Q3-2024 compared to Q3-2023, which was partially offset by higher carbon taxes and delivery charges during the quarter.

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 increase in same property general operating expenses of 3.6% and 2.4% for the three and nine months ended September 30, 2024, was due to increased wage costs, higher contract service costs, and increased repairs and maintenance and general and administrative expenses. These increases were partially offset by savings in insurance premiums, lower advertising costs and a decline in bad debt expense.

Same Property Utility and Fuel Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	**2024**	2023	% Change
Natural gas	**$749**	$745	0.5%	**$6,007**	$7,220	(16.8)%
Electricity	**1,755**	1,947	(9.9)%	**6,125**	6,353	(3.6)%
Water	**1,988**	1,948	2.1%	**5,766**	5,580	3.3%
Oil & propane	**65**	88	(26.1)%	**510**	559	(8.8)%
Other	**20**	20	—%	**58**	60	(3.3)%
Total utility and fuel expenses	**$4,577**	$4,748	(3.6)%	**$18,466**	$19,772	(6.6)%

Killam's apartment portfolio is heated with natural gas (59%), electricity (32%), geothermal (4%), oil (2%), district heat (2%) 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 6,000 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 19% and 24% of Killam's total apartment same property operating expenses for the three and nine months ended September 30, 2024. Total same property utility and fuel expenses decreased 3.6% and 6.6% for the three and nine months ended September 30, 2024, compared to the same periods in 2023.

Same property natural gas expenses increased 0.5% and decreased 16.8% for the three and nine months ended September 30, 2024, primarily due to lower natural gas pricing in the first half of the year. During Q3-2024, total natural gas variable costs decreased by 14% in Nova Scotia, 13% in Alberta, 12% in Ontario and 7% in British Columbia compared to Q3-2023; however, this has been offset by the increase in carbon taxes, adjustments to rate classes and delivery charges in NS.

Electricity costs decreased 9.9% and 3.6% for the three and nine months ended September 30, 2024. This reduction reflects a 67% decrease in electricity pricing in Alberta during the quarter, coupled with a 6.0% decrease in consumption across Killam's portfolio and a reduction of unit electricity being included as part of a tenant's monthly rent in certain regions, given strong market fundamentals. Additionally, Killam has experienced a reduction in consumption from the installation of solar panels.

Water expenses increased by 2.1% and 3.3% for the three and nine months ended September 30, 2024. This is the result of an increase in water rates during Q3-2024, up 5.0%, but partially offset by a modest decrease in water consumption.

Oil and propane costs decreased by 26.1% and 8.8% for the three and nine months ended September 30, 2024, compared to the same periods in 2023. The decrease in Q3-2024 is the result of lower oil prices, which were down 10.4% in Prince Edward Island, where the majority of Killam's heating oil and propane costs are located.

Property Taxes

Same property tax expenses for the three and nine months ended September 30, 2024, were $8.8 million and $26.4 million, up 5.3% and 6.1% from the same periods in 2023 due to increased assessments across the portfolio and higher mill rates. In addition, while property tax subsidies were offered in Prince Edward Island in 2023 to offset rent control restrictions limiting any rental rate increases, no such compensation was offered in 2024 as rent control restrictions were increased to 3.0%, resulting in a 27.3% increase year-over-year. 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 September 30,

	Property Revenue			Property Expenses			Net Operating Income		
	2024	2023	% Change	**2024**	2023	% Change	**2024**	2023	% Change
Nova Scotia									
Halifax	**$24,457**	$22,846	7.1%	**($7,154)**	($6,915)	3.5%	**$17,303**	$15,931	8.6%
	24,457	22,846	7.1%	**(7,154)**	(6,915)	3.5%	**17,303**	15,931	8.6%
Ontario									
KWC-GTA	**9,467**	8,975	5.5%	**(3,007)**	(3,044)	(1.2)%	**6,460**	5,931	8.9%
Ottawa	**5,250**	5,035	4.3%	**(1,523)**	(1,569)	(2.9)%	**3,727**	3,466	7.5%
London (1)	**2,475**	2,412	2.6%	**(806)**	(765)	5.4%	**1,669**	1,647	1.3%
	17,192	16,422	4.7%	**(5,336)**	(5,378)	(0.8)%	**11,856**	11,044	7.4%
New Brunswick									
Moncton	**8,910**	8,326	7.0%	**(3,179)**	(3,013)	5.5%	**5,731**	5,313	7.9%
Fredericton	**6,309**	5,826	8.3%	**(1,989)**	(1,853)	7.3%	**4,320**	3,973	8.7%
Saint John	**3,572**	3,253	9.8%	**(1,220)**	(1,150)	6.1%	**2,352**	2,103	11.8%
	18,791	17,405	8.0%	**(6,388)**	(6,016)	6.2%	**12,403**	11,389	8.9%
Alberta									
Calgary	**3,565**	3,371	5.8%	**(1,027)**	(1,086)	(5.4)%	**2,538**	2,285	11.1%
Edmonton	**4,354**	4,086	6.6%	**(1,463)**	(1,453)	0.7%	**2,891**	2,633	9.8%
	7,919	7,457	6.2%	**(2,490)**	(2,539)	(1.9)%	**5,429**	4,918	10.4%
Newfoundland and Labrador									
St. John's	**3,613**	3,448	4.8%	**(965)**	(962)	0.3%	**2,648**	2,486	6.5%
	3,613	3,448	4.8%	**(965)**	(962)	0.3%	**2,648**	2,486	6.5%
British Columbia									
Victoria	**2,914**	2,809	3.7%	**(703)**	(664)	5.9%	**2,211**	2,145	3.1%
	2,914	2,809	3.7%	**(703)**	(664)	5.9%	**2,211**	2,145	3.1%
Prince Edward Island									
Charlottetown	**2,644**	2,574	2.7%	**(960)**	(880)	9.1%	**1,684**	1,694	(0.6)%
	2,644	2,574	2.7%	**(960)**	(880)	9.1%	**1,684**	1,694	(0.6)%
	$77,530	$72,961	6.3%	**($23,996)**	($23,354)	2.7%	**$53,534**	$49,607	7.9%

(1) During Q3-2024, property expenses increased by 5.4% in London due to a 7.9% increase in property tax expense coupled with higher landscaping costs.

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

For the nine months ended September 30,

	Property Revenue			Property Expenses			Net Operating Income		
	2024	2023	% Change	**2024**	2023	% Change	**2024**	2023	% Change
Nova Scotia									
Halifax	**$71,879**	$67,533	6.4%	**($23,906)**	($23,907)	—%	**$47,973**	$43,626	10.0%
	71,879	67,533	6.4%	**(23,906)**	(23,907)	—%	**47,973**	43,626	10.0%
Ontario									
KWC-GTA	**28,065**	26,600	5.5%	**(9,450)**	(9,524)	(0.8)%	**18,615**	17,076	9.0%
Ottawa	**15,725**	14,613	7.6%	**(4,581)**	(4,728)	(3.1)%	**11,144**	9,885	12.7%
London	**7,331**	7,083	3.5%	**(2,447)**	(2,405)	1.7%	**4,884**	4,678	4.4%
	51,121	48,296	5.8%	**(16,478)**	(16,657)	(1.1)%	**34,643**	31,639	9.5%
New Brunswick									
Moncton	**26,249**	24,705	6.2%	**(10,136)**	(9,530)	6.4%	**16,113**	15,175	6.2%
Fredericton	**18,530**	17,175	7.9%	**(6,181)**	(5,908)	4.6%	**12,349**	11,267	9.6%
Saint John	**10,448**	9,585	9.0%	**(3,950)**	(3,782)	4.4%	**6,498**	5,803	12.0%
	55,227	51,465	7.3%	**(20,267)**	(19,220)	5.4%	**34,960**	32,245	8.4%
Alberta									
Calgary	**10,604**	9,860	7.5%	**(3,236)**	(3,508)	(7.8)%	**7,368**	6,352	16.0%
Edmonton	**12,855**	12,114	6.1%	**(4,586)**	(4,526)	1.3%	**8,269**	7,588	9.0%
	23,459	21,974	6.8%	**(7,822)**	(8,034)	(2.6)%	**15,637**	13,940	12.2%
Newfoundland and Labrador									
St. John's	**10,665**	10,276	3.8%	**(3,173)**	(3,092)	2.6%	**7,492**	7,184	4.3%
	10,665	10,276	3.8%	**(3,173)**	(3,092)	2.6%	**7,492**	7,184	4.3%
British Columbia									
Victoria	**8,683**	8,232	5.5%	**(2,179)**	(2,149)	1.4%	**6,504**	6,083	6.9%
	8,683	8,232	5.5%	**(2,179)**	(2,149)	1.4%	**6,504**	6,083	6.9%
Prince Edward Island									
Charlottetown	**7,941**	7,691	3.3%	**(3,260)**	(3,056)	6.7%	**4,681**	4,635	1.0%
	7,941	7,691	3.3%	**(3,260)**	(3,056)	6.7%	**4,681**	4,635	1.0%
	$228,975	$215,467	6.3%	**($77,085)**	($76,115)	1.3%	**$151,890**	$139,352	9.0%

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

MHC Results

For the three months ended September 30,

	Total Portfolio			Same Property		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$7,191**	$6,997	2.8%	**$7,087**	$6,891	2.8%
Property operating expenses	**2,155**	2,164	(0.4)%	**2,168**	2,165	0.1%
NOI	**$5,036**	$4,833	4.2%	**$4,919**	$4,726	4.1%
Operating margin %	**70.0%**	69.1%	90 bps	**69.4%**	68.6%	80 bps

For the nine months ended September 30,

	Total Portfolio			Same Property		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$16,607**	$16,088	3.2%	**$16,397**	$15,873	3.3%
Property operating expenses	**5,559**	5,736	(3.1)%	**5,538**	5,683	(2.6)%
NOI	**$11,048**	$10,352	6.7%	**$10,859**	$10,190	6.6%
Operating margin %	**66.5%**	64.3%	220 bps	**66.2%**	64.2%	200 bps

Killam's MHC portfolio generated $5.0 million and $11.0 million, or 7.8% and 6.2%, of Killam's total NOI for the three and nine months ended September 30, 2024. 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 increased by 4.1% and 6.6% for the three and nine months ended September 30, 2024. This growth is attributable to a 2.8% and 3.3% increase in revenue for the three and nine months ended September 30, 2024, coupled with a modest 0.1% increase and 2.6% decrease in property operating expenses compared to the same periods in 2023. This is mainly due to a reduction in water consumption and lower repairs and maintenance costs.

MHC Same Property

For the three months ended September 30,

	Property Revenue			Property Expenses			Net Operating Income		
	2024	2023	% Change	**2024**	2023	% Change	**2024**	2023	% Change
Permanent MHCs	**$3,529**	$3,424	3.1%	**($1,061)**	($1,059)	0.2%	**$2,468**	$2,365	4.4%
Seasonal resorts	**3,558**	3,467	2.6%	**(1,107)**	(1,106)	0.1%	**2,451**	2,361	3.8%
	$7,087	$6,891	2.8%	**($2,168)**	($2,165)	0.1%	**$4,919**	$4,726	4.1%

For the nine months ended September 30,

	Property Revenue			Property Expenses			Net Operating Income		
	2024	2023	% Change	**2024**	2023	% Change	**2024**	2023	% Change
Permanent MHCs	**$10,512**	$10,186	3.2%	**($3,372)**	($3,494)	(3.5)%	**$7,140**	$6,692	6.7%
Seasonal resorts	**5,885**	5,687	3.5%	**(2,166)**	(2,189)	(1.1)%	**3,719**	3,498	6.3%
	$16,397	$15,873	3.3%	**($5,538)**	($5,683)	(2.6)%	**$10,859**	$10,190	6.6%

For the three and nine months ended September 30, 2024, same property permanent MHCs generated a 4.4% and 6.7% increase in NOI, with average rent increasing 4.1% in Q3-2024 to $306 per site, compared to $294 per site in Q3-2023. Occupancy remained high at 98.5% in the quarter, a 20 bps increase compared to Q3-2023. Revenue and NOI growth is further augmented through MHC site expansions and continued home sales at many of Killam's permanent MHC parks.

Killam's seasonal resort portfolio achieved same property revenue growth of 2.6% and 3.5% for the three and nine months ended September 30, 2024, compared to the same periods in 2023. Same property seasonal MHCs had a 3.8% and 6.3% increase in NOI, as property expenses increased only modestly by 0.1% and decreased by 1.1% in the periods due to lower general and administrative expenses, higher utility recoveries and lower water costs.

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

Commercial Results

For the three months ended September 30,

	Total Portfolio			Same Property		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$5,454**	$5,312	2.7%	**$5,435**	$5,198	4.6%
Property operating expenses	**2,034**	1,912	6.4%	**2,042**	1,969	3.7%
NOI	**$3,420**	$3,400	0.6%	**$3,393**	$3,229	5.1%

For the nine months ended September 30,

	Total Portfolio			Same Property		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$16,519**	$15,790	4.6%	**$16,152**	$15,424	4.7%
Property operating expenses	**6,623**	6,223	6.4%	**6,474**	6,328	2.3%
NOI	**$9,896**	$9,567	3.4%	**$9,678**	$9,096	6.4%

Killam's commercial property portfolio contributed $3.4 million and $9.9 million, or 5.3% and 5.5%, of Killam's total NOI for the three and nine months ended September 30, 2024.

Killam's commercial property portfolio totals 973,942 SF and is 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 410,800 SF shopping mall in PEI for which 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 decreased to 94.4% in Q3-2024, compared to 94.8% in Q3-2023. Commercial same property results represent approximately 98.0% of Killam's commercial square footage. Same property results do not include properties that were recently acquired or those that are slated for redevelopment and are not operating as stabilized properties.

The increase in NOI during the three and nine months ended September 30, 2024, relates to strong commercial leasing activity, coupled with higher rental rates on renewals and an increase in percentage rent. In Q3-2024, Killam successfully leased a net new 10,305 SF of commercial space and renewed 37,970 SF, with a weighted average net rate increase of 24.5%.

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 September 30,			Nine months ended September 30,		
	2024	2023	% Change	**2024**	2023	% Change
Net operating income	**$64,416**	$60,515	6.4%	**$179,361**	$167,555	7.0%
Other income	**795**	612	29.9%	**1,800**	1,400	28.6%
Financing costs	**(20,326)**	(17,771)	14.4%	**(59,169)**	(50,906)	16.2%
Depreciation	**(260)**	(151)	72.2%	**(807)**	(420)	92.1%
Administration	**(4,929)**	(4,771)	3.3%	**(14,994)**	(14,374)	4.3%
Fair value adjustment on unit-based compensation	**(841)**	(74)	N/A	**(489)**	(214)	128.5%
Fair value adjustment on Exchangeable Units	**(14,812)**	936	N/A	**(11,226)**	(4,717)	138.0%
Fair value adjustment on investment properties	**51,280**	38,530	33.1%	**253,111**	201,535	25.6%
Loss on disposition	**(1,319)**	(301)	338.2%	**(2,232)**	(1,380)	61.7%
Income before income taxes	**74,004**	77,525	(4.5)%	**345,355**	298,479	15.7%
Deferred tax expense	**(11,272)**	(9,176)	22.8%	**(40,930)**	(32,134)	27.4%
Net income and comprehensive income	**$62,732**	$68,349	(8.2)%	**$304,425**	$266,345	14.3%

Net income and comprehensive income decreased by $5.6 million and increased by $38.1 million for the three and nine months ended September 30, 2024, as a result of $51.3 million and $253.1 million of fair value gains on Killam's investment properties, compared to $38.5 million and $201.5 million of fair value gains for the same periods in 2023. This was coupled with a $3.9 million and $11.8 million increase in NOI driven by contributions from completed developments and same property NOI growth for the three and nine months ended September 30, 2024. Net income in Q3-2024 was also impacted by an unrealized fair value loss on remeasurement of Exchangeable Units of $14.8 million, compared to an unrealized fair value gain of $0.9 million in Q3-2023. Additionally, there was a $2.1 million and $8.8 million increase in deferred tax expense for the three and nine months ended September 30, 2024, compared to the same periods in 2023.

Financing Costs

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	**2024**	2023	% Change
Mortgage, loan and construction loan interest	**$18,625**	$16,098	15.7%	**$53,590**	$45,887	16.8%
Interest on credit facilities	**754**	818	(7.8)%	**2,602**	3,222	(19.2)%
Interest on Exchangeable Units	**682**	682	—%	**2,046**	2,046	—%
Amortization of deferred financing costs	**952**	951	0.1%	**2,813**	2,734	2.9%
Amortization of fair value adjustments on assumed debt	**57**	57	—%	**170**	166	2.4%
Unrealized loss on derivative liability	**—**	—	N/A	**—**	68	(100.0)%
Interest on lease liabilities	**131**	123	6.5%	**404**	319	26.6%
Capitalized interest	**(875)**	(958)	(8.7)%	**(2,456)**	(3,536)	(30.5)%
	$20,326	$17,771	14.4%	**$59,169**	$50,906	16.2%

Total financing costs increased $2.6 million, or 14.4%, for the three months ended September 30, 2024, compared to Q3-2023. For the nine months ended September 30, 2024, financing costs increased $8.3 million, or 16.2%, compared to the same period in 2023, primarily as a result of placing mortgages on recently completed developments and higher interest rates on refinancings.

Mortgage, loan and construction loan interest expense was $18.6 million and $53.6 million for the three and nine months ended September 30, 2024, an increase of $2.5 million and $7.7 million, or 15.7% and 16.8%, compared to the same periods in 2023. Killam's mortgage, loan and construction loan liability balance increased by $43.5 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 a recently completed development (Nolan Hill Phase II). These increases were partially offset by the repayment of mortgages associated with properties sold during 2023. The average interest rate on refinancings for the nine months ended September 30, 2024, was 4.45%, 158 bps higher than the average interest rate on expiring debt.

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

Interest on credit facilities decreased $0.1 million and $0.6 million, or 7.8% and 19.2%, for the three and nine months ended September 30, 2024, compared to the same periods in 2023. The decrease is due to a lower balance on Killam's credit facilities throughout the nine months ended September 30, 2024, compared to the same period in 2023. Interest expense is expected to decrease further in the fourth quarter, as funds from dispositions are used to further reduce the balance on Killam's credit facilities.

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 decreased 8.7% and 30.5% for the three and nine months ended September 30, 2024, compared to the same periods in 2023. The decrease is due to the completion of three late-stage development projects throughout 2023 that no longer have associated capitalized interest in 2024. 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 September 30,			Nine months ended September 30,		
	2024	2023	% Change	**2024**	2023	% Change
Administration	**$4,929**	$4,771	3.3%	**$14,994**	$14,374	4.3%
As a percentage of total revenue	**5.2%**	5.3%	(10) bps	**5.5%**	5.5%	– 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 and nine months ended September 30, 2024, total administration expenses increased by $0.2 million and $0.6 million, or 3.3% and 4.3%, compared to the same periods in 2023. This was due to higher compensation costs, increased professional and consulting fees, as well as higher training and information technology costs. Administration expenses as a percentage of total revenue were 5.2% for Q3-2024, down slightly from Q3-2023.

Fair Value Adjustments

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	**2024**	2023	% Change
Investment properties	**$51,280**	$38,530	33.1%	**$253,111**	$201,535	25.6%
Deferred unit-based compensation	**(841)**	(74)	N/A	**(489)**	(214)	128.5%
Exchangeable Units	**(14,812)**	936	N/A	**(11,226)**	(4,717)	138.0%
	$35,627	$39,392	(9.6)%	**$241,396**	$196,604	22.8%

Killam recognized fair value gains of $51.3 million and $253.1 million related to its investment properties for the three and nine months ended September 30, 2024, compared to fair value gains of $38.5 million and $201.5 million for the three and nine months ended September 30, 2023. The fair value gains recognized in Q3-2024 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 the three and nine months ended September 30, 2024, there was an unrealized fair value loss of $0.8 million and $0.5 million, compared to a $0.1 million and $0.2 million loss for the same periods in 2023, due to changes in the market price of the underlying Killam Trust Units.

Distributions paid on Exchangeable Units are consistent with distributions paid to Killam's unitholders. The Exchangeable Units are redeemable on a one-for-one basis into Trust Units at the option of the holder. The fair value of the Exchangeable Units is based on the trading price of Killam's Trust Units. For the three and nine months ended September 30, 2024, there was an unrealized loss on remeasurement of $14.8 million and $11.2 million, compared to an unrealized gain of $0.9 million and unrealized loss of $4.7 million for three and nine months ended September 30, 2023. The unrealized loss in the quarter reflects an increase in Killam's unit price as at September 30, 2024, compared to June 30, 2024.

Deferred Tax Expense

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	**2024**	2023	% Change
	$11,272	$9,176	22.8%	**$40,930**	$32,134	27.4%

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. Killam is classified as a flow-through vehicle; therefore, only deferred taxes of Killam’s corporate subsidiaries are recorded. 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; therefore, it is entitled to deduct such distributions for income tax purposes.

Killam's deferred tax expense increased by $2.1 million and $8.8 million for the three and nine months ended September 30, 2024, compared to the same periods in 2023. This is due to higher fair value gains recorded on investment properties in Q3-2024 and year-to-date, compared to the same periods in 2023.

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. 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)						Outstanding Number of Units (000s)
	Three months ended September 30,			Nine months ended September 30,			as at September 30,
	2024	2023	% Change	**2024**	2023	% Change	**2024**
Trust Units	**119,163**	117,753	1.2%	**118,839**	117,379	1.2%	**119,313**
Exchangeable Units	**3,898**	3,898	—%	**3,898**	3,898	—%	**3,898**
Basic number of units	**123,061**	121,651	1.2%	**122,737**	121,277	1.2%	**123,211**
Plus:							
Units under RTU Plan (1)	**233**	197	18.3%	**226**	189	19.6%	—
Diluted number of units	**123,294**	121,848	1.2%	**122,963**	121,466	1.2%	**123,211**

(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. Killam calculates FFO in accordance with the REALPAC definition. Notwithstanding the foregoing, FFO does not have a standardized meaning under IFRS 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 and nine months ended September 30, 2024 and 2023, are calculated as follows:

	Three months ended September 30,			**Nine months ended September 30,**		
	2024	2023	% Change	**2024**	2023	% Change
Net income	**$62,732**	$68,349	(8.2)%	**$304,425**	$266,345	14.3%
Fair value adjustments	**(35,627)**	(39,392)	(9.6)%	**(241,396)**	(196,604)	22.8%
Non-controlling interest	**—**	(3)	(100.0)%	**—**	(10)	(100.0)%
Internal commercial leasing costs	**60**	90	(33.3)%	**195**	270	(27.8)%
Deferred tax expense	**11,272**	9,176	22.8%	**40,930**	32,134	27.4%
Interest expense on Exchangeable Units	**682**	682	—%	**2,046**	2,046	—%
Loss on disposition	**1,319**	301	338.2%	**2,232**	1,380	61.7%
Unrealized loss on derivative liability	**—**	—	—%	**—**	68	(100.0)%
Depreciation on owner-occupied building	**24**	25	(4.0)%	**72**	76	(5.3)%
Change in principal related to lease liabilities	**6**	6	—%	**17**	17	—%
FFO	**$40,468**	$39,234	3.1%	**$108,521**	$105,722	2.6%
FFO per unit – diluted	**$0.33**	$0.32	3.1%	**$0.88**	$0.87	1.1%
FFO payout ratio – diluted	**53%**	55%	(200) bps	**60%**	60%	– bps
Weighted average number of units – diluted (000s)	**123,294**	121,848	1.2%	**122,963**	121,466	1.2%

Killam earned FFO of $40.5 million, or $0.33 per unit (diluted), for the three months ended September 30, 2024, compared to $39.2 million, or $0.32 per unit (diluted), for the three months ended September 30, 2023. Strong NOI growth from Killam's same property portfolio was partially offset by property dispositions, short-term vacancy related to recently completed developments, higher interest expense, a reduction in capitalized interest, and other minor variances. A 1.2% increase in the weighted average number of units outstanding also impacted the per unit earnings.

Killam earned FFO of $108.5 million, or $0.88 per unit (diluted), for the nine months ended September 30, 2024, compared to $105.7 million, or $0.87 per unit (diluted), for the nine months ended September 30, 2023. Year-to-date FFO growth is primarily attributable to same property NOI growth. This was partially offset by property dispositions, vacancy related to the lease-up of recently completed developments, a reduction in capitalized interest, higher interest expense, higher administration costs, and a 1.2% 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 2023, this included a maintenance capex reserve of $1,025 per apartment unit, $300 per MHC site and $1.00 per SF for commercial properties. Details regarding the maintenance capex calculations are included in Killam's MD&A for the year ended December 31, 2023. The same reserves as 2023 have been used in the calculations for 2024.

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 September 30,			**Nine months ended September 30,**		
	2024	2023 (1)	% Change	**2024**	2023 (1)	% Change
FFO	**$40,468**	$39,234	3.1%	**$108,521**	$105,722	2.6%
Maintenance capital expenditures	**(5,290)**	(5,387)	(1.8)%	**(15,928)**	(16,309)	(2.3)%
Commercial straight-line rent adjustment	**(21)**	31	(167.7)%	**(72)**	83	(186.7)%
Internal and external commercial leasing costs	**(54)**	(91)	(40.7)%	**(228)**	(278)	(18.0)%
AFFO	**$35,103**	$33,787	3.9%	**$92,293**	$89,218	3.4%
AFFO per unit – diluted	**$0.28**	$0.28	—%	**$0.75**	$0.73	2.7%
AFFO payout ratio – diluted	**61%**	63%	(200) bps	**70%**	71%	(100) bps
AFFO payout ratio – rolling 12 months (2)	**71%**	72%	(100) bps			
Weighted average number of units – diluted (000s)	**123,294**	121,848	1.2%	**122,963**	121,466	1.2%

(1) The maintenance capital expenditures for the three and nine months ended September 30, 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.
(2) Based on Killam's annual distribution of $0.69996 for both the 12-month period ended September 30, 2024, and the 12-month period ended September 30, 2023.

The payout ratio of 61% in Q3-2024, compared to the rolling 12-month payout ratio of 71%, 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.

The improvement in the AFFO payout ratio for the three and nine months ended September 30, 2024, is attributable to higher year-to-date AFFO per unit growth of 2.7%, driven by earnings generated from strong same property results. AFFO per unit was $0.28 for Q3-2024, consistent with Q3-2023, and $0.75 year-to-date, an increase of 2.7% over $0.73 for the nine months ended September 30, 2023. Killam’s Board of Trustees evaluates the Trust’s payout ratio quarterly, but has not established an AFFO payout target.

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.

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 and nine months ended September 30, 2024 and 2023) to ACFO is as follows:

	Three months ended September 30,			**Nine months ended September 30,**		
	2024	2023 [1]	% Change	**2024**	2023 [1]	% Change
Cash provided by operating activities	**$39,256**	$33,155	18.4%	**$99,354**	$92,344	7.6%
Adjustments:						
Changes in non-cash working capital not indicative of sustainable cash flows	**2,217**	7,864	(71.8)%	**14,041**	17,737	(20.8)%
Maintenance capital expenditures	**(5,290)**	(5,387)	(1.8)%	**(15,928)**	(16,309)	(2.3)%
External commercial leasing costs	**(15)**	(28)	(46.4)%	**(97)**	(91)	6.6%
Amortization of deferred financing costs	**(952)**	(951)	0.1%	**(2,813)**	(2,734)	2.9%
Interest expense related to lease liability	**(38)**	(31)	22.6%	**(116)**	(42)	176.2%
Non-controlling interest	**—**	(3)	(100.0)%	**—**	(10)	(100.0)%
ACFO	**$35,178**	$34,619	1.6%	**$94,441**	$90,895	3.9%
Distributions declared [2]	**21,805**	21,558	1.1%	**65,245**	64,492	1.2%
Excess of ACFO over cash distributions	**$13,373**	$13,061	2.4%	**$29,196**	$26,403	10.6%
ACFO payout ratio – diluted [3]	**62%**	62%	– bps	**69%**	71%	(200) bps

(1) The maintenance capital expenditures for the three and nine months ended September 30, 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.
(2) Includes distributions on Trust Units, Exchangeable Units and restricted Trust Units, as summarized on page 38.
(3) Based on Killam's monthly distribution of $0.05833 per unit.

Killam's ACFO payout ratio is 62% and 69% for the three and nine months ended September 30, 2024, consistent with and lower than the payout ratio for the three and nine months ended September 30, 2023. 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 September 30,		**Nine months ended September 30,**	
	2024	2023	**2024**	2023
Net income	**$62,732**	$68,349	**$304,425**	$266,345
Cash provided by operating activities	**$39,256**	$33,155	**$99,354**	$92,344
Total distributions declared	**$21,805**	$21,558	**$65,245**	$64,492
Excess of net income over total distributions declared	**$40,927**	$46,791	**$239,180**	$201,853
Excess of net income over net distributions paid [1]	**$46,962**	$53,229	**$257,251**	$221,709
Excess of cash provided by operating activities over total distributions declared	**$17,451**	$11,597	**$34,109**	$27,852

(1) Killam has a distribution reinvestment plan 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 $167.4 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 $411.4 million of mortgage debt scheduled for refinancing in the remainder of 2024 and 2025, expected to lead to upfinancing opportunities of $100.0—$125.0 million.

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

(v) Killam has unencumbered assets of approximately $127.0 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 September 30, 2024, was 40.7%.

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 November 6, 2024, Killam was in compliance with said covenants.

The table below outlines Killam's key debt metrics:

As at	September 30, 2024	December 31, 2023	Change
Weighted average years to debt maturity	**4.0**	3.9	0.1 years
Total debt as a percentage of total assets	**40.7%**	42.9%	(220) bps
Interest coverage	**2.97x**	3.10x	(4.2)%
Debt service coverage	**1.54x**	1.51x	2.0%
Debt to normalized EBITDA (1)	**9.86x**	10.29x	(4.2)%
Weighted average mortgage interest rate	**3.45%**	3.22%	23 bps
Weighted average interest rate of total debt	**3.47%**	3.34%	13 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	September 30, 2024	December 31, 2023
Mortgages and loans payable	**$2,155,692**	$2,104,443
Credit facilities	**$42,768**	$40,877
Construction loans	**$2,694**	$29,675
Total interest-bearing debt	**$2,201,154**	$2,174,995
Total assets (1)	**$5,403,511**	$5,073,248
Total debt as a percentage of total assets	**40.7%**	42.9%

(1) Excludes right-of-use asset of $11.8 million as at September 30, 2024 (December 31, 2023 — $11.9 million).

Total debt as a percentage of total assets was 40.7% as at September 30, 2024, down from 42.9% as at December 31, 2023. 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)%	$5,995,568	$6,052,931	36.4%	(430)
(0.25)%	$5,667,333	$5,724,696	38.5%	(220)
—%	$5,346,148	$5,403,511	40.7%	—
0.25%	$5,110,701	$5,168,065	42.6%	190
0.50%	$4,872,642	$4,930,005	44.6%	390

(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 method.

Normalized Adjusted EBITDA

The following table reconciles Killam's net income to normalized adjusted EBITDA for the 12 months ended September 30, 2024, and December 31, 2023:

12 months ended,	**September 30, 2024**	December 31, 2023	% Change
Net income	**$304,412**	$266,333	14.3%
Deferred tax expense	**41,955**	33,158	26.5%
Financing costs	**77,662**	69,398	11.9%
Depreciation	**1,056**	669	57.8%
Loss on dispositions	**4,872**	4,021	21.2%
Fair value adjustment on unit-based compensation	**605**	330	83.3%
Fair value adjustment on Exchangeable Units	**13,331**	6,821	95.4%
Fair value adjustment on investment properties	**(225,755)**	(174,179)	29.6%
Adjusted EBITDA	**218,138**	206,551	5.6%
Normalizing adjustment (1)	**3,825**	3,480	9.9%
Normalized adjusted EBITDA	**$221,963**	210,031	5.7%
Total interest-bearing debt	**$2,201,154**	$2,174,995	
Cash and cash equivalents	**(11,598)**	(14,087)	
Net debt	**$2,189,556**	$2,160,908	1.3%
Debt to normalized adjusted EBITDA	**9.86x**	10.29x	(4.2)%

(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,	**September 30, 2024**	December 31, 2023	% Change
NOI	**$235,848**	$224,043	5.3%
Other income	**2,210**	1,810	22.1%
Administration	**(19,920)**	(19,302)	3.2%
Adjusted EBITDA	**218,138**	206,551	5.6%
Interest expense (1)	**73,528**	66,597	10.4%
Interest coverage ratio	**2.97x**	3.10x	(4.2)%
Principal repayments	**67,904**	69,833	(2.8)%
Interest expense	**73,528**	66,597	10.4%
Debt service coverage ratio	**1.54x**	1.51x	2.0%

(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 September 30, 2024, was 3.45%, a 23 bps increase compared to the rate as at December 31, 2023.

Refinancings

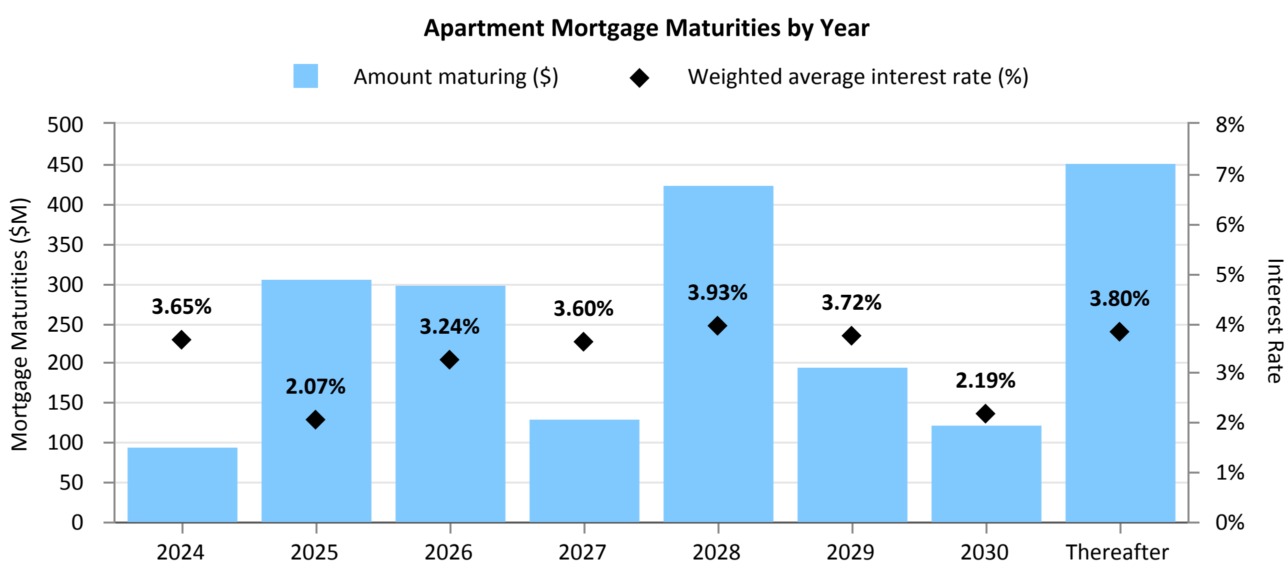
For the nine months ended September 30, 2024, Killam refinanced the following mortgages:

	Mortgage Debt Maturities		Mortgage Debt on Refinancing		Weighted Average Term	Net Proceeds
Apartments	$182,290	2.70%	$233,427	4.37%	7.3 years	$51,137
MHCs and Commercial (1)	28,686	3.99%	38,400	5.00%	5.0 years	9,714
	$210,976	**2.87%**	**$271,827**	**4.45%**	**7.0 years**	**$60,851**

(1) The MHC mortgage debt maturities above includes the variable rate construction loan for Royalty Crossing that was replaced with conventional mortgage debt in Q3-2024.

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 September 30	Weighted Avg Int. Rate %	% CMHC Insured	Balance September 30	Weighted Avg Int. Rate %	Balance September 30	Weighted Avg Int. Rate %
2024	$95,389	3.65%	72.8%	$3,242	3.63%	$98,631	3.65%
2025	306,940	2.07%	49.1%	19,354	2.61%	326,294	2.10%
2026	297,991	3.24%	58.5%	6,984	2.69%	304,975	3.23%
2027	130,162	3.60%	75.6%	42,151	5.13%	172,313	3.98%
2028	424,189	3.93%	95.2%	35,036	5.52%	459,225	4.05%
Thereafter	772,742	3.52%	98.5%	42,079	4.85%	814,821	3.59%
	$2,027,413	**3.36%**	**81.8%**	**$148,846**	**4.67%**	**$2,176,259**	**3.45%**



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 September 30, 2024, approximately 81.8% of Killam's apartment mortgages were CMHC insured (76.2% of total mortgages, as MHC and commercial mortgages are not eligible for CMHC insurance) (December 31, 2023 — 78.7% and 74.3%). The weighted average interest rate on the CMHC-insured mortgages was 3.27% as at September 30, 2024 (December 31, 2023 — 3.07%).

The following tables present the NOI for properties that are available to Killam to refinance at debt maturity in the remainder of 2024 and 2025:

Remaining 2024 Debt Maturities	**Number of Properties**	**Estimated NOI**	**Principal Balance (at maturity)**
Apartments with debt maturing	16	$10,608	$95,129
MHCs and commercial with debt maturing	1	772	3,242
	17	**$11,380**	**$98,371**

2025 Debt Maturities	**Number of Properties**	**Estimated NOI**	**Principal Balance (at maturity)**
Apartments with debt maturing	48	$35,842	$295,962
MHCs and commercial with debt maturing	7	2,142	17,053
	55	**$37,984**	**$313,015**

Future Contractual Debt Obligations

As at September 30, 2024, the timing of Killam's future contractual debt obligations is as follows:

For the 12 months ending September 30,	**Mortgages and Loans Payable**	**Construction Loans**	**Credit Facilities**	**Lease Liabilities**	**Total**
2025	$344,445	$2,694	$42,768	$628	$390,535
2026	363,309	—	—	671	363,980
2027	242,442	—	—	715	243,157
2028	361,529	—	—	673	362,202
2029	348,772	—	—	76	348,848
Thereafter	542,409	—	—	9,974	552,383
	$2,202,906	**$2,694**	**$42,768**	**$12,737**	**$2,261,105**

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, 2023 – $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 bore interest at prime plus 55 bps on prime rate advances until June 28, 2024, when the administrator of the Canadian Dollar Offered Rate (CDOR) ceased publication of CDOR. Effective June 28, 2024, the 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 September 30, 2024. This facility matures December 16, 2024, and includes a one-year extension option.

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, 2024.

As at September 30, 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	7,768	1,410	15,822
Total	**$200,000**	**$42,768**	**$1,410**	**$155,822**

As at December 31, 2023	Maximum Loan Amount (1)	Amount Drawn	Letters of Credit	Amount Available
$155.0 million facility	$175,000	$30,000	$—	$145,000
$25.0 million facility	25,000	10,877	1,735	12,388
Total	$200,000	$40,877	$1,735	$157,388

(1) Maximum loan includes a $20.0 million accordion option, for which collateral is pledged.

Construction Loans

As at September 30, 2024, Killam had one variable rate non-revolving demand construction loan with $2.7 million drawn (December 31, 2023 – $24.7 million) included in construction loans, and one fixed rate construction loan with $26.6 million drawn (December 31, 2023 – $4.9 million) included in non-current mortgages and loans payable for the purpose of financing development and property expansion projects. Payments are made monthly on an interest-only basis. The weighted average contractual interest rate on amounts outstanding for the three months ended September 30, 2024, was 3.38% (December 31, 2023 – 6.31%).

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

Investment Properties

As at

	September 30, 2024	December 31, 2023	% Change
Investment properties	**$5,195,879**	$4,921,892	5.6%
Investment properties under construction (IPUC)	**76,972**	44,621	72.5%
Land for development	**73,297**	61,293	19.6%
	$5,346,148	$5,027,806	6.3%

Continuity of Investment Properties

As at

	September 30, 2024	December 31, 2023	% Change
Balance, beginning of period	**$4,921,892**	$4,637,792	6.1%
Fair value adjustment – Apartments	**247,383**	191,624	29.1%
Fair value adjustment – MHCs	**1,835**	(14,779)	(112.4)%
Fair value adjustment – Commercial	**(2,352)**	(724)	224.9%
Acquisitions	**11,226**	66,539	(83.1)%
Dispositions	**(37,607)**	(168,670)	(77.7)%
Transfer from IPUC	**—**	113,660	(100.0)%
Capital expenditures and development costs (1)	**62,297**	95,397	(34.7)%
Transfer from inventory	**265**	1,053	(74.8)%
Transfer to land for development	**(860)**	—	N/A
Transfer to assets held for sale	**(8,200)**	—	N/A
Balance, end of period	**$5,195,879**	$4,921,892	5.6%

(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 September 30, 2024, 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 driven by strong apartment fundamentals.

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 September 30, 2024 and 2023, and December 31, 2023, is as follows:

Capitalization Rates

	September 30, 2024			December 31, 2023			September 30, 2023		
	Low	**High**	**Effective Weighted Average**	Low	High	Effective Weighted Average	Low	High	Effective Weighted Average
Apartments	**4.00%**	**6.50%**	**4.61%**	4.00%	6.50%	4.62%	3.25%	6.60%	4.49%
Halifax	**4.00%**	**5.70%**	**4.52%**	4.00%	5.70%	4.52%	3.75%	5.60%	4.44%
Ontario	**4.00%**	**5.00%**	**4.10%**	4.00%	5.00%	4.10%	3.25%	4.87%	3.77%
Moncton	**4.25%**	**5.50%**	**5.03%**	4.25%	5.50%	5.02%	4.25%	6.60%	5.05%
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%	5.32%
Alberta	**4.75%**	**5.00%**	**4.80%**	4.75%	5.00%	4.85%	4.75%	5.00%	4.81%
St. John's	**5.25%**	**6.50%**	**5.61%**	5.25%	6.50%	5.61%	5.25%	7.00%	5.63%
British Columbia	**4.00%**	**4.00%**	**4.00%**	4.00%	4.00%	4.00%	3.50%	3.96%	3.71%
Charlottetown	**5.25%**	**5.75%**	**5.57%**	5.25%	5.75%	5.59%	5.00%	5.75%	5.46%
MHCs	**5.50%**	**6.75%**	**6.03%**	5.50%	6.75%	6.04%	5.25%	6.50%	5.78%

Killam's weighted average cap rates for its apartment and MHC portfolios as at September 30, 2024, were 4.61% and 6.03%, in-line with those as at December 31, 2023.

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)%**	504,501	562,954	621,407	679,860	738,313
	(0.25)%	182,831	238,001	293,172	348,343	403,513
	—%	(104,478)	(52,239)	—	52,239	104,478
	0.25%	(362,668)	(313,064)	(263,460)	(213,855)	(164,251)
	0.50%	(595,967)	(548,743)	(501,519)	(454,295)	(407,072)

(1) Includes Killam's apartment and MHC portfolios, which are valued using the direct income capitalization method, and commercial assets, which are valued using a discounted cash flow approach.

2024 Acquisitions

Property	Location	Acquisition Date	Ownership Interest	Property Type	Units	Purchase Price [1]
5 & 35 Harlington Cres	Halifax, NS	31-Jan-24	100%	Apartment	50	**$11,000**
425 5 St SW [2]	Calgary, AB	20-Feb-24	100%	Land for development	N/A	**3,000**
105 Elmira Rd North [3]	Guelph, ON	17-Jun-24	70%	Land for development	N/A	**2,800**
Total Acquisitions					**50**	**$16,800**

(1) Purchase price does not include transaction costs.

(2) Killam owned a 40% interest in this property, and now owns 100% after purchasing the remaining interest.

(3) Killam issued a $1.2 million promissory note to the co-owner of this property as part of this transaction.

5 & 35 Harlington Cres

On January 31, 2024, Killam completed the acquisition of two apartment buildings totalling 50 units in Halifax, NS, for $11.0 million. The buildings are located adjacent to existing Killam assets and allow for future redevelopment opportunities.

425 5 St SW

On February 20, 2024, Killam acquired the 60% remaining interest in land for development located adjacent to an existing Killam asset in Calgary, AB, for $3.0 million.

105 Elmira Rd North

On June 17, 2024, Killam acquired a 70% interest in land for development located in Guelph, ON, for $2.8 million. The site is currently zoned for 127 units.

2024 Dispositions

Property	Location	Disposition Date	Ownership Interest	Property Type	Units	Sale Price	Net Cash Proceeds [1]
Plaza 54	Calgary, AB	20-Feb-24	40%	Land for development	N/A	**$2,400**	**$2,400**
Woolwich [2]	Guelph, ON	09-May-24	100%	Apartment	84	**19,150**	**16,650**
Bridlewood	Charlottetown, PEI	11-Jul-24	100%	Apartment	66	**8,430**	**2,660**
5231 Kent St [3]	Halifax, NS	09-Sep-24	100%	Apartment	27	**5,250**	**4,750**
Belvedere	Charlottetown, PEI	27-Sep-24	100%	Apartment	51	**4,250**	**4,250**
Total Dispositions					228	**$39,480**	**$30,710**

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

(2) Excluded from net cash proceeds is a $2.5 million vendor take-back mortgage. Full repayment is due within 36 months of the initial advance in May 2024.

(3) Excluded from net cash proceeds is a $0.5 million vendor take-back mortgage. Full repayment is due within 36 months of the initial advance in September 2024.

Plaza 54

On February 20, 2024, Killam completed the disposition of its 40% interest in Plaza 54, land for development located in Calgary, AB, for a sale price of $2.4 million.

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

Woolwich
On May 9, 2024, Killam completed the disposition of an 84-unit apartment property located in Guelph, ON, for a sale price of $19.2 million. Killam's cash proceeds from the disposition were $16.7 million, as there was a $2.5 million vendor take-back mortgage included in the sale agreement and no mortgage with the property.

Bridlewood
On July 11, 2024, Killam completed the disposition of a 66-unit apartment property located in Charlottetown, PEI, for a sale price of $8.4 million and cash proceeds of $2.7 million after repayment of the mortgage on the property.

5231 Kent St
On September 9, 2024, Killam completed the disposition of a 26-unit building located in Halifax, NS, for a sale price of $5.3 million. Killam's cash proceeds from the disposition were $4.8 million, as there was a $0.5 million vendor take-back mortgage included in the sale agreement and no mortgage with the property.

Belvedere
On September 27, 2024, Killam completed the disposition of a 51-unit apartment property located in Charlottetown, PEI, for a sale price of $4.3 million.

Investment Properties Under Construction

As at

	September 30, 2024	December 31, 2023	% Change
Balance, beginning of period	**$44,621**	$135,196	(67.0)%
Fair value adjustment	**—**	3,751	(100.0)%
Capital expenditures	**26,904**	39,257	(31.5)%
Interest capitalized	**1,129**	2,731	(58.7)%
Transfer to investment properties (1)	**—**	(113,660)	(100.0)%
Transfer from (to) land for development	**4,318**	(22,654)	(119.1)%
Balance, end of period	**$76,972**	$44,621	72.5%

(1) The transfer from IPUC to investment properties includes the cost of completed developments and fair value gains taken on the developments.

Land for Development

As at

	September 30, 2024	December 31, 2023	% Change
Balance, beginning of period	**$61,293**	$39,813	54.0%
Fair value adjustment	**6,245**	(5,693)	(209.7)%
Acquisitions	**5,887**	—	N/A
Dispositions	**(2,365)**	—	N/A
Capital expenditures	**4,368**	2,953	47.9%
Interest capitalized	**1,327**	1,566	(15.3)%
Transfer from investment properties	**860**	—	N/A
Transfer (to) from IPUC	**(4,318)**	22,654	(119.1)%
Balance, end of period	**$73,297**	$61,293	19.6%

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	$89.0	Q2-2022	2025 (1)	4.00%–4.25% (2)
Eventide	Halifax, NS	100%	55	$34.1	Q1-2024	Q2-2026	4.50%–5.00%
Total (3)			**194**	**$123.1**			

(1) Estimated completion date is June 2025.
(2) Anticipated all-cash yield is inclusive of the affordability criteria per the CMHC loan.
(3) Killam is also in progress of expanding its MHC in Listowel, ON, by 26 sites which is expected to be completed in early 2025.

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

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 $89.0 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 Q2-2026 and has a development budget of $34.1 million.

Future Development Pipeline
Killam has a development pipeline, with over 75% of the future projects located outside of Atlantic Canada. Killam targets yields 50–150 bps higher than the expected market cap rate on completion. Based on current market conditions, Killam is targeting an all-cash yield of at least 5% on new developments. 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 2024–2026					
Wissler	Waterloo, ON	100%	128	Final stages of planning approvals	2026
Victoria Gardens Phase I	Halifax, NS	100%	95	Planning approvals	2026
Harlington Phase I	Halifax, NS	100%	150	Planning approvals	2027
Westmount Place Phase 2	Waterloo, ON	100%	250	Planning approvals	2028
Nolan Hill Phase 3 (2)	Calgary, AB	10%	296	Final stages of planning approvals	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	Future development	TBD
Nolan Hill Phase 4 (2)	Calgary, AB	10%	200	Future development	TBD
Additional future development projects					
4th & 5th Street Calgary	Calgary, AB	100%	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 (Phase 3–5)	Ottawa, ON	50%	600	Future development	TBD
Westmount Place (Phase 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)			**4,126**		

(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 potential 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 also expects positive impacts on the zoning 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 and nine months ended September 30, 2024, Killam invested $25.6 million and $62.3 million in capital improvements. Killam's year-to-date investment is down 4.6% from the same period in 2023, which reflects the timing of larger multi-phase capital projects and a decreased investment in its unit repositioning program as a result of lower unit turnover. Killam expects to invest $85–$90 million in capital improvements during 2024.

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	**2024**	2023	% Change
Apartments	**$19,776**	$19,936	(0.8)%	**$51,157**	$57,915	(11.7)%
MHCs	**3,285**	1,411	132.8%	**5,538**	3,593	54.1%
Commercial	**2,550**	1,167	118.5%	**5,602**	3,815	46.8%
	$25,611	$22,514	13.8%	**$62,297**	$65,323	(4.6)%

Apartments – Capital Investment

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

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	**2024**	2023	% Change
Suite renovations and repositionings	**$6,026**	$6,501	(7.3)%	**$16,790**	$19,696	(14.8)%
Building improvements	**10,122**	8,912	13.6%	**23,976**	25,686	(6.7)%
Appliances	**1,021**	1,015	0.6%	**3,400**	3,351	1.5%
Energy	**2,024**	2,522	(19.7)%	**4,388**	6,540	(32.9)%
Common area	**583**	986	(40.9)%	**2,603**	2,642	(1.5)%
Total capital invested	**$19,776**	$19,936	(0.8)%	**$51,157**	$57,915	(11.7)%
Average number of units outstanding (1)	**18,063**	18,444	(2.1)%	**18,141**	18,635	(2.7)%
Capital invested – $ per unit	**$1,095**	$1,081	1.3%	**$2,820**	$3,108	(9.3)%

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

Killam invested $1,095 and $2,820 per unit for the three and nine months ended September 30, 2024, compared to $1,081 and $3,108 per unit for the same periods in 2023. The decrease year-to-date relates to the timing of larger multi-phase capital projects focused on increasing the resiliency of Killam's buildings, the disposition of capital-intensive properties over the past 12 months, and fewer repositionings in 2024. 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 2024 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 $6.0 million and $16.8 million in suite renovations during the three and nine months ended September 30, 2024, a decrease of 7.3% and 14.8% over the total investment of $6.5 million and $19.7 million for the three and nine months ended September 30, 2023. Killam has continued to focus on renovations in order to maximize occupancy and rental growth; however, the reduction in spending year-over-year can be attributed to the decrease in unit turnover, coupled with the opportunity for market rent growth without the investment in full-suite repositioning.

Killam targets a minimum ROI of 10% for its unit renovations. 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. Year-to-date, Killam has repositioned 227 units, with an average investment of approximately $38,230 per suite. This generated an average ROI of approximately 20.4% compared to the 304 units repositioned in the first nine months of 2023, with an average investment of approximately $35,040 per suite, generating an average ROI of 16.4%.

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

Killam is targeting a minimum of 300 repositionings in 2024. Management estimates that the repositioning opportunity within its portfolio is over 4,000 units. This is expected to have the potential to generate an estimated $25.0 million in annualized revenue, representing an increase of over $300 million in net asset value.

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 and nine months ended September 30, 2024, compared to the same periods in 2023, 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 year-to-date.

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. Energy-related projects during 2024 includes the installation of PV solar panels at select properties, new boilers and heat pumps, window replacements, insulation upgrades, and heat recovery projects. Specifically, during Q3-2024, Killam invested $2.0 million in window replacements and building upgrades, the installation of PV solar panels, as well as the installation of new boilers and heat pumps in various buildings across the portfolio.

MHCs – Capital Investment

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

	Three months ended September 30,			**Nine months ended September 30,**		
	2024	2023	% Change	**2024**	2023	% Change
Water and sewer upgrades	**$490**	$373	31.4%	**$1,005**	$1,028	(2.2)%
Site expansion and land improvements	**2,201**	452	386.9%	**2,857**	921	210.2%
Other	**508**	503	1.0%	**1,438**	1,159	24.1%
Roads and paving	**76**	75	1.3%	**124**	466	(73.4)%
Equipment	**10**	8	25.0%	**114**	19	500.0%
Total capital invested – MHCs	**$3,285**	$1,411	132.8%	**$5,538**	$3,593	54.1%
Average number of sites	**5,975**	5,975	—%	**5,975**	5,975	—%
Capital invested – $ per site	**$550**	$236	133.1%	**$927**	$601	54.2%

Management expects to invest between $850 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 and nine months ended September 30, 2024, was $3.3 million and $5.5 million, compared to $1.4 million and $3.6 million for the same periods in 2023, an increase of 132.8% and 54.1%. This capital investment relates primarily to a 26 site expansion at Killam's MHC in Listowel, Ontario. The project has a budget of $2.0 million and is nearing completion, with final grading underway and asphalt topping expected to be completed in early 2025. Additionally, MHC capital investment includes various community enhancements, primarily building and land improvements and equipment upgrades. 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 and nine months ended September 30, 2024, Killam invested $2.6 million and $5.6 million in its commercial portfolio, compared to $1.2 million and $3.8 million for the three and nine months ended September 30, 2023. 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 significant capital investment at Royalty Crossing has led to the addition of 27,570 SF of new gross leasable area to the property, and ongoing work will add another approximately 15,000 SF of leasable area that should be completed before the end of 2024. The timing of the capital investment will vary based on 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, 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.

Unitholders have the right to redeem their units at the lesser of (i) 90% of the market price of the Trust Unit (market price is defined as the weighted average trading price of the previous 10 trading days), and (ii) the most recent closing market price (closing market price is defined as the weighted average trading price on the specified date) at the time of the redemption. The redemption price will be satisfied by cash, up to a limit of $50 thousand for all redemptions in a calendar month, or a note payable. For the three and nine months ended September 30, 2024, no unitholders redeemed Trust Units.

Killam's Distribution Reinvestment Plan (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 September 30,			**Nine months ended September 30,**		
	2024	2023	% Change	**2024**	2023	% Change
Distributions declared on Trust Units	**$21,034**	$20,802	1.1%	**$62,935**	$62,224	1.1%
Distributions declared on Exchangeable Units	**682**	682	—%	**2,046**	2,046	—%
Distributions declared on awards outstanding under RTU Plan	**89**	74	20.3%	**264**	222	18.9%
Total distributions declared	**$21,805**	$21,558	1.1%	**$65,245**	$64,492	1.2%
Less:						
Distributions on Trust Units reinvested	**(5,946)**	(6,364)	(6.6)%	**(17,807)**	(19,634)	(9.3)%
Distributions on RTUs reinvested	**(89)**	(74)	20.3%	**(264)**	(222)	18.9%
Net distributions paid	**$15,770**	$15,120	4.3%	**$47,174**	$44,636	5.7%
Percentage of distributions reinvested	**27.7%**	29.9%		**27.7%**	30.8%	

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 nine months ended September 30, 2024, 23,620 Trust Units were purchased and cancelled at a weighted average purchase price of $16.94 per unit.

PART VIII

Summary of Selected Consolidated Quarterly Results

	Q3-2024	Q2-2024	Q1-2024	Q4-2023	Q3-2023[1]	Q2-2023[1]	Q1-2023[1]	Q4-2022
Property revenue	**$93,788**	$90,776	$87,505	$86,858	$89,534	$86,863	$84,895	$84,534
NOI	**$64,416**	$59,923	$55,020	$56,488	$60,515	$56,226	$50,815	$53,169
Net income (loss)	**$62,732**	$114,452	$127,240	($11)	$68,349	$114,538	$83,460	($9,810)
FFO	**$40,468**	$36,673	$31,380	$34,034	$39,234	$36,207	$30,283	$32,719
FFO per unit – diluted	**$0.33**	$0.30	$0.26	$0.28	$0.32	$0.30	$0.25	$0.27
AFFO	**$35,103**	$31,197	$25,962	$28,583	$33,787	$30,626	$24,806	$27,417
AFFO per unit – diluted	**$0.28**	$0.25	$0.21	$0.23	$0.28	$0.25	$0.20	$0.23
Weighted average units – diluted (000s)	**123,294**	122,980	122,610	122,217	121,848	121,472	121,072	120,676

(1) The maintenance capital expenditures used to calculate AFFO and AFFO per unit (diluted) for Q1-2023, 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 2023 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, 2023, and any changes in the accounting policies applied have been described in note 2 to the condensed consolidated interim financial statements for the three and nine months ended September 30, 2024.

The preparation of financial statements in conformity with IFRS 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 2023 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 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, 2024, 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.

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 October 10, 2024, Killam completed the disposition of 9 Bruce St., a 60-unit apartment building located in Halifax, NS, for a sale price of $8.2 million and net cash proceeds of $4.5 million.

On October 15, 2024, Killam announced a distribution of $0.05833 per unit, payable on November 15, 2024, to unitholders of record on October 31, 2024.

On October 15, 2024, Killam announced that its Board of Trustees approved a proposed internal reorganization that will be accomplished by way of a plan of arrangement (the "Arrangement"). The Arrangement will be subject to unitholder approval at a special meeting of Killam's unitholders to be held on November 21, 2024. The Arrangement will simplify Killam's organizational structure and is expected to reduce or eliminate potential corporate taxation and to reduce the complexity of accounting, legal reporting and income tax compliance inherent in Killam's existing structure. Killam has received an advance income tax ruling of the Canada Revenue Agency in connection with the Arrangement.

On November 6, 2024, the Board of Trustees approved a 2.9% increase to Killam's annual distribution, to $0.72 per unit from $0.70 per unit. The monthly distribution will be $0.06000 per unit, up from $0.05833 per unit. The increase will apply to the November 2024 distribution, to be paid in December 2024.