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 88.7% of Killam's net operating income ("NOI") for the year ended December 31, 2024. As at December 31, 2024, Killam's apartment portfolio consisted of 18,569 units, including 1,343 units jointly owned with institutional partners. Killam's 217 apartment properties are located in Atlantic Canada's six largest urban centres (Halifax, Moncton, Saint John, Fredericton, Charlottetown and St. John's), Ontario (Ottawa, London, Guelph and the Kitchener-Waterloo-Cambridge-Greater Toronto Area ("KWC-GTA")), Alberta (Edmonton and Calgary), and British Columbia (Greater Victoria and Courtenay). Killam is Atlantic Canada's largest owner of multi-residential apartments and plans to continue increasing its presence outside Atlantic Canada through acquisitions and developments; however, it will continue to invest strategically in Atlantic Canada to maintain its market presence.

In addition, Killam owns 5,975 sites in 40 MHCs, also known as land-lease communities or trailer parks, in Ontario and Atlantic Canada. Killam owns the land and infrastructure supporting these communities and leases sites to tenants who own their own homes and pay Killam site rent. The MHC portfolio accounted for 5.8% of Killam's NOI for the year ended December 31, 2024. Killam also owns 974,509 square feet ("SF") of commercial space that accounted for 5.5% of Killam's NOI for the year ended December 31, 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, 2024 and 2023, which have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These documents, along with Killam's 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 February 12, 2025. This MD&A has been reviewed and approved by Management and the real estate investment trust's ("REIT's") Board of Trustees (the "Board").

Declaration of Trust

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

Investment Guidelines

- The Trust will acquire, hold, develop, maintain, improve, lease or manage income producing real estate properties and related assets;
- 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" as defined within the Tax Act or would result in Killam losing any beneficial status under the Tax Act are prohibited; and
- Killam must maintain property insurance coverage in respect of reasonable potential liabilities of the Trust.

As at December 31, 2024, Killam was in compliance with all investment guidelines and operating policies.

Forward-Looking Statements

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, rent control rates and rental incentives; the effect of government-imposed rental rate restrictions; Killam's strategy and priorities, including increasing earnings from Killam's existing portfolio, expanding Killam's portfolio and diversifying geographically through accretive acquisitions and capital recycling, developing high-quality properties in core markets; strong top-line growth Killam's increased presence outside of, and maintained market presence in, Atlantic Canada through acquisitions and development; Killam's capital expenditures ("capex") reserve; Killam's development pipeline and the qualities thereof; the amount and locations of future acquisitions; Killam’s property developments, including cost and timing of completion thereof; short- and longer-term targets relating to same property NOI growth, capital recycling, geographic diversification and NOI generated outside of Atlantic Canada, development of high-quality properties, strengthening Killam's balance sheet and debt maintenance or reductions, investments in sustainability and energy efficient projects, employee satisfaction scores, and the factors that may affect the achievement of such targets; rental and renewal rates and Killam's ability to capture spreads; increased property tax and assessments; Killam's ability to mitigate cost increases and property taxes; increases in operating costs; the effect of completed developments on Killam's business, including funds from operations ("FFO") per unit; revenue growth and resiliency in Atlantic Canada; the diversity of Killam’s tenant base and its impact on stable occupancy; increasing the percentage of Killam’s apartment mortgages with Canadian Mortgage Housing Corporation ("CMHC")-insured debt; [decreased revenue and the residential expansion of Westmount Place;] the cap rates of new developments; capital required for future retro-fitting; Killam's repositioning program, the units eligible therefore 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, 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; the impact of zoning on Killam's ability to develop properties; seasonal revenue; the impact of efficiency initiatives on Killam's operating costs and NOI growth; credit availability; 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 gross domestic product ("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; 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; reducing Killam's impact on the environment; increasing climate change initiatives and reporting; and the impact of ESG practices on maximizing unitholder value.

Readers should be aware that these forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated or implied, or those suggested by any forward-looking statements, including: the effects and duration of local, international or global events, and any government responses thereto; national and regional economic conditions (including 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 this MD&A, 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.

Market and Industry Data

Certain market and industry data contained in this MD&A are based upon information from government or other independent industry publications and reports, or based on estimates derived from such publications and reports. Government and industry publications and reports do not guarantee the accuracy or completeness of their information. While Management believes this data to be reliable, market and industry data are subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

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 measures should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS Accounting Standards, as indicators of Killam's performance or the sustainability of Killam's distributions. These measures do not have standardized meanings under IFRS Accounting Standards and therefore may not be comparable to similarly titled measures presented by other 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 and payout ratios, are calculated by Killam as net income adjusted for fair value gains (losses), interest expense on Exchangeable Units, gains (losses) on disposition, deferred tax expense (recovery), restructuring costs, unrealized gains (losses) on derivative liability, internal commercial leasing costs, depreciation on an owner-occupied building, change in principal related to lease liabilities, and non-controlling interest. Restructuring costs is a new FFO adjustment related to the internal reorganization that was accomplished by way of a plan of arrangement (the "Arrangement"), as described on page 29. FFO is calculated in accordance with the REALPAC definition, with the exception of the restructuring costs. A reconciliation between net income and FFO is included on page 30.
- Adjusted funds from operations ("AFFO") is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. AFFO, and applicable per unit amounts and payout ratios, are calculated by Killam as FFO less an allowance for maintenance capex (a three-year rolling historical average capital investment to maintain and sustain Killam's properties), internal and external commercial leasing costs and commercial straight-line rents. AFFO is calculated in accordance with the REALPAC definition. Management considers AFFO an earnings metric. A reconciliation from FFO to AFFO is included on page 32.
- Adjusted cash flow from operations ("ACFO") is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. ACFO, and applicable payout ratios, are calculated by Killam as cash flow provided by operating activities with adjustments for changes in non-cash working capital that are not indicative of sustainable cash flows, maintenance capex , external commercial leasing costs, amortization of deferred financing costs, interest expense related to lease liabilities and non-controlling interest. Management considers ACFO a measure of sustainable cash flow. A reconciliation from cash provided by operating activities to ACFO is included on page 33. ACFO is calculated in accordance with the REALPAC definition.
- Adjusted earnings before interest, tax, depreciation and amortization ("adjusted EBITDA") is calculated by Killam as net income before fair value adjustments, gains (losses) on disposition, deferred tax (recovery) expense, financing costs, restructuring costs, depreciation and amortization. A reconciliation is included on page 35.
- Normalized adjusted EBITDA is calculated by Killam as adjusted EBITDA that has been normalized for a full year of stabilized earnings from recently completed acquisitions, dispositions and developments, on a forward-looking basis. Transaction costs associated with the Plan of Arrangement are excluded from EBITDA. A reconciliation is included on page 35.
- Net debt is a non-IFRS measure used by Management in the computation of debt to normalized adjusted EBITDA. Net debt is calculated as the sum of mortgages and loans payable, credit facilities and construction loans (total debt) reduced by the cash balances at the end of the period. The most directly comparable IFRS measure to net debt is debt.

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 35.
- 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 35.
- 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., FFO, 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 35.

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 95.6% of the fair value of Killam's investment property portfolio as at December 31, 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 28 of Killam's Annual Consolidated Financial Statements for the year ended December 31, 2024.

PART II

Key Performance Indicators

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

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

Financial and Operational Highlights

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

For the years ended December 31,	2024	2023	Change (1)
Operating Performance			
Property revenue	**$364,650**	$348,150	4.7%
Net operating income	**$240,481**	$224,043	7.3%
Net income	**$667,844**	$266,333	150.8%
FFO (2)	**$144,914**	$139,755	3.7%
FFO per unit – diluted (2)	**$1.18**	$1.15	2.6%
AFFO (2)	**$121,728**	$117,800	3.3%
AFFO per unit – diluted (2)	**$0.99**	$0.97	2.1%
Weighted average number of units outstanding – diluted (000s)	**123,123**	121,656	1.2%
Distributions paid per unit	**$0.70**	$0.70	—%
Annualized distribution as at December 31 (3)	**$0.72**	$0.70	2.9%
AFFO payout ratio – diluted (2)	**71%**	72%	(100) bps
Portfolio Performance			
Same property NOI (2)	**$230,328**	$212,567	8.4%
Same property NOI margin	**65.9%**	64.4%	150 bps
Same property apartment occupancy	**98.0%**	98.4%	(40) bps
Same property apartment weighted average rental increase (4)	**7.0%**	5.1%	190 bps

As at December 31,	2024	2023	Change (1)
Leverage Ratios and Metrics			
Total debt as a percentage of total assets	**40.4%**	42.9%	(250) 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)	**9.69x**	10.29x	(5.8)%
Debt service coverage (2)	**1.55x**	1.51x	2.6%
Interest coverage (2)	**2.94x**	3.10x	(5.2)%

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

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

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

(4) Year-over-year, as at December 31.

Summary of 2024 Results and Operations

Achieved Same Property NOI Growth of 8.4%

Killam achieved an 8.4% increase in same property NOI during the year, with an 8.5% increase from the apartment portfolio, a 7.5% increase from the MHC portfolio and a 6.3% increase from the commercial portfolio. Same property revenue growth of 6.0% was driven by higher rental rates across all three business segments and increased ancillary revenue, partially offset by a 40 bps decrease in same property apartment occupancy. Killam's turnover levels have stabilized, down 30 bps to 18.3% in 2024, compared to 18.6% in 2023. The average rental rate increase on unit turns in 2024 was 19.8%, resulting in a blended weighted-average increase in rental rates of 7.0%.

Total same property operating expenses increased modestly by 1.7%, below the average rate of inflation of 2.4% in Canada during 2024. This was mainly the result of a 5.0% reduction in same property utility and fuel expenses, driven by lower natural gas pricing in the first half of the year coupled with savings in both electricity and oil costs. These savings were offset by a 5.9% increase in property tax expense, due to higher assessments and mill rates across the portfolio and no property tax subsidies in Prince Edward Island ("PEI"), which had been provided in 2023. Same property general operating expenses increased 2.5% as a result of higher wages, service contract costs, increased repairs and maintenance and general and administrative expenses, partially offset by lower insurance and advertising costs. Killam's strong NOI performance resulted in an operating margin improvement of 150 bps for the same property portfolio compared to 2023.

Delivered FFO per Unit Growth of 2.6% and AFFO per Unit Growth of 2.1%

Killam's FFO per unit was $1.18 in 2024, a 2.6% increase from $1.15 in 2023. AFFO per unit increased 2.1% to $0.99, compared to $0.97 in 2023. The growth in FFO and AFFO was attributable to increased NOI from Killam's same property portfolio, partially offset by higher interest costs, lower capitalized interest and short-term vacancy related to the lease-up of recently completed developments.

Generated Net Income of $667.8 Million

Killam earned net income of $667.8 million in 2024, compared to $266.3 million in 2023. The increase in net income is primarily due to a deferred tax recovery of $279.0 million, the result of an internal reorganization that was accomplished by way of a plan of arrangement, as described on page 29. This reflects the reversal of previously booked deferred taxes that related to Killam's corporate structure prior to the Arrangement. Additionally, Killam recognized $252.4 million in fair value gains on investment properties in 2024, compared to $174.2 million in fair value gains in 2023. The fair value gains in 2024 reflect robust NOI growth in the year.

Strengthened Balance Sheet

During 2024, Killam decreased its debt as a percentage of total assets to 40.4% as at December 31, 2024, down 250 bps from 42.9% as at December 31, 2023. Killam's variable rate debt as a percentage of total debt decreased to 2.5% at the end of 2024, compared to 3.0% as at December 31, 2023. Killam's focus on strengthening its balance sheet and strong NOI growth has resulted in its debt to normalized EBITDA improving to 9.69x as at December 31, 2024, compared to 10.29x as at December 31, 2023.

Completed $59.2 Million in Property Dispositions

During 2024, Killam completed a total of 10 property dispositions for gross proceeds of $59.2 million. Proceeds were used to strengthen our balance sheet and to fund ongoing developments. The sale of these properties aligns with Killam's strategy to optimize value from its portfolio and to increase geographical diversification outside Atlantic Canada (75% of the units sold were located in Atlantic Canada). This has supported Killam's diversification strategy, with the percentage of NOI generated outside of Atlantic Canada totalling 38.9% in 2024, up 150 bps from 37.4% in 2023.

Broke Ground on Two New Developments

Killam continues to advance its development pipeline, investing $40.7 million in 2024 and breaking ground on two new developments: Eventide, a 55-unit property located in Halifax, NS, and Wissler, a 128-unit property located in Waterloo, ON, both expected to be completed in 2026. Killam's third ongoing project, The Carrick, a 139-unit property located in Waterloo, ON, is expected to be completed in Q2-2025. In addition, during the year Killam reached full lease-up on its three developments completed in 2023.

Higher Interest Expense

The maturity dates of Killam's mortgages are staggered to help mitigate interest rate risk. During 2024, Killam refinanced $299.7 million of maturing mortgages with $371.0 million of new debt at a weighted average interest rate of 4.28%, 122 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 2024 to 3.45%, compared to 3.22% at December 31, 2023. The weighted average term to maturity is 4.0 years.

Progress on Killam's ESG Initiatives

To date, Killam has installed PV solar arrays at 26 buildings across its portfolio, with an expected 2,700 megawatt hours ("MWh") of annual energy production. In 2024, Killam also exceeded its goal of certifying 50% of its apartment portfolio with green building health and operating certifications. These certifications provide tenants with confidence that by renting with Killam, they are choosing a housing provider committed to upholding rigorous standards in health and safety, tenant relations, and sustainability. In 2024, Killam invested $6.8 million in energy projects with a focus on reducing operating expenses, including the installation of PV solar panels, window replacements, building and insulation upgrades, and the installation of new boilers and heat pumps in various buildings across the portfolio.

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

2024 Strategic Targets and Performance

Growth in Same Property NOI	
2024 Target	Achieve minimum same property NOI growth greater than 6.0% (increased to over 8.0% in Q1-2024).
2024 Performance	Target exceeded; Killam achieved 8.4% same property NOI growth in 2024.

Capital Recycling	
2024 Target	Sell a minimum of $50 million of non-core assets.
2024 Performance	Target exceeded; Killam completed 10 dispositions totalling 338 units, for a combined sale price of $59.2 million.

Geographic Diversification	
2024 Target	Earn more than 38% of 2024 NOI outside Atlantic Canada.
2024 Performance	Target exceeded; Killam generated 38.9% of 2024 NOI outside Atlantic Canada.

Development of High-Quality Properties	
2024 Target	Break ground on two new developments in 2024.
2024 Performance	Target met; 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, started in December 2024.

Strengthened Balance Sheet	
2024 Target	Maintain debt as a percentage of total assets below 45%.
2024 Performance	Target exceeded; Killam's debt as a percentage of total assets was decreased to 40.4% as at December 31, 2024 (December 31, 2023 – 42.9%).

Sustainability	
2024 Target	Invest a minimum of $6.0 million in energy initiatives in 2024.
2024 Performance	Target exceeded; Killam invested $6.8 million in energy-efficiency initiatives in 2024.

2025 Strategic Targets

Growth in Same Property NOI	
2025 Target	Achieve same property NOI growth between 4.0% and 7.0%.

Capital Recycling	
2025 Target	Sell a minimum of $100–$150 million of non-core assets.

Geographic Diversification	
2025 Target	Earn more than 40% of 2025 NOI outside Atlantic Canada.

Development of High-Quality Properties	
2025 Target	Complete construction on one development project and break ground on one additional development in 2025.

Strengthened Balance Sheet	
2025 Target	Maintain debt as a percentage of total assets below 42%.

Sustainability	
2025 Target	Invest a minimum of $6.0 million in energy initiatives in 2025.

Outlook

Revenue Growth Expected to Moderate from Peak
Over the past two years, market rental rates accelerated quickly, resulting in wide mark-to-market spreads. Killam currently estimates an average spread of approximately 15% across its portfolio, which Management expects to capture as units turn. This spread has declined over the past six months as market rents have stabilized, and we are seeing evidence of declines for certain units at the high end of the market. Killam is seeing market rent growth trends vary between regions and product type. There has been an uptick in vacancy at certain properties and an increase use of rental incentives and new supply in select markets. Nevertheless, with market rents averaging approximately 15% above in-place rents across the portfolio, Killam anticipates healthy 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 decrease in renewal rate increases in 2025 due to a marginal decline in allowable renewal increases in British Columbia and PEI, along with the introduction of a rent cap in New Brunswick. Nevertheless, with regulated renewal rates remaining stable at 5.0% 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. Overall, in 2025 Killam expects same property revenue growth in the range of 5%–6%, to be driven primarily by rental rate growth.

Higher Property Taxes and Natural Gas Costs
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. Killam will continue to challenge unreasonable assessments to manage the expense as much as possible. Additionally, Killam anticipates higher natural gas costs in 2025, driven by increases in natural gas commodity prices in Ontario and NS. With a colder start to the year, Management expects consumption levels in Q1-2025 to be higher than during the first quarter last year. Looking forward, Killam expects the majority of its general 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 annual inflationary pressures. Overall, Killam expects expense growth in 2025 to be slightly higher than average due to the items noted above and in the range of 5%–7%.

FFO Growth from Developments
Killam's three developments completed in 2023–Civic 66, The Governor and Nolan Hill Phase II–have achieved full lease-up. These developments positively contributed to FFO per unit growth in the second half of 2024 and will continue to do so throughout the coming year. Management expects approximately $3.5 million in additional FFO growth to be generated from these developments in 2025, compared to 2024.

Development is a key component of Killam's growth strategy. Killam is confident in its ability to create value through its development platform. Management is focused on increasing development yields on new projects and targeting a minimum 5% stabilized return for future developments. The Carrick, Killam's 139-unit development project located in Waterloo, ON, is expected to be completed in Q2-2025 and has already shown strong pre-leasing results. 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.

Atlantic Canada to Outperform in 2025
Management expects Atlantic Canada to outperform in terms of revenue growth throughout 2025. 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 $1,477 per month in the Halifax portfolio and $1,289 per month in New Brunswick, Management expects Killam's portfolio to be fairly resilient against potential softening of demand as new developments enter the rental market.

Reduced Pressure from Interest Rates
After dealing with elevated rates on refinancing for the past two years, the longer-term outlook for interest rates appears favourable for Killam. Although the average interest rate on refinancing is expected to be higher than the weighted-average rate in 2025 based on current market expectations, Killam anticipates refinancings close to its current weighted-average interest rate in 2026 and, based on current rates, below Killam's average interest rate for its maturities in 2027 and 2028.

Killam plans to increase the percentage of its portfolio that is CMHC-insured, also mitigating against higher rates on refinancing. Currently, 77.3% of Killam's total mortgages are CMHC-insured, up from 74.3% a year ago. Properties with CMHC-insured financing provide lenders with a government guarantee, allowing Killam to borrow at more favourable rates. Looking ahead, Killam aims to increase the percentage of its CMHC-insured mortgages to 85% by the end of 2025.

Capital Flexibility with Asset Sales
After two successful years of strategic asset sales, Management plans to review capital recycling opportunities on an annual basis. By reducing exposure to slower-growth markets and selling older non-core assets, Killam aims to reallocate funds to continue to strengthen its balance sheet, progress its development program, allocate funds to its NCIB program and fund future acquisitions. Management remains confident in its ability to successfully execute on its disposition program and is targeting between $100 and $150 million in dispositions in 2025.

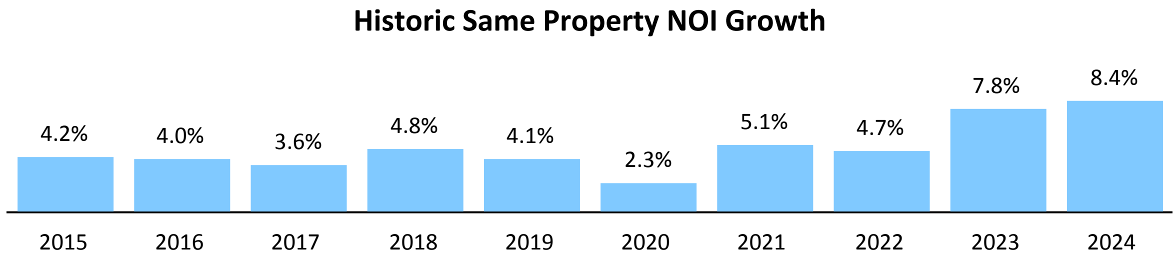
PART III

Business Strategy

Increase Earnings From the Existing Portfolio

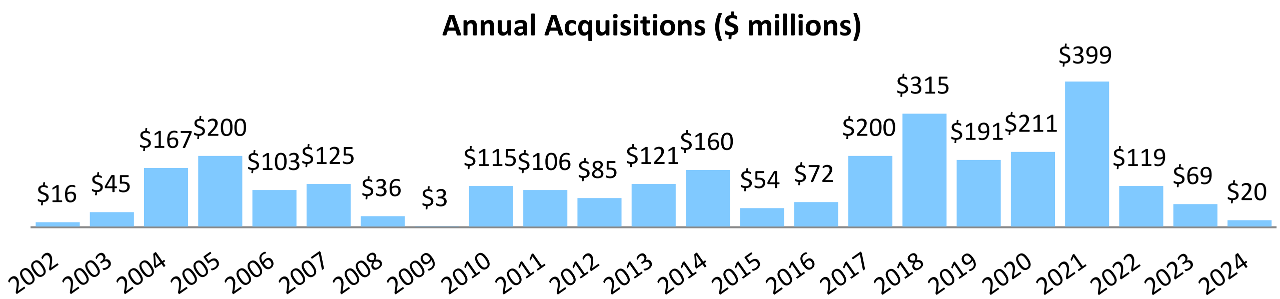
Killam increases the value of its portfolio by increasing revenue and managing expenses. To achieve NOI growth, Killam must manage three critical factors: occupancy, rental rates and operating costs. Killam focuses on providing superior employee training and customer service, using technology and analytics to drive leasing and marketing, and completes unit renovations and repositionings to maximize revenue on unit turnover where the economic return supports the capital investment. Operating cost management is focused on energy efficiencies, technology investments, economies of scale, risk management, and staff and tenant education.

Killam has increased same property NOI by an average of 4.9% per annum over the past decade; in the last five years, Killam has averaged 5.6% growth and it achieved 8.4% growth in 2024.



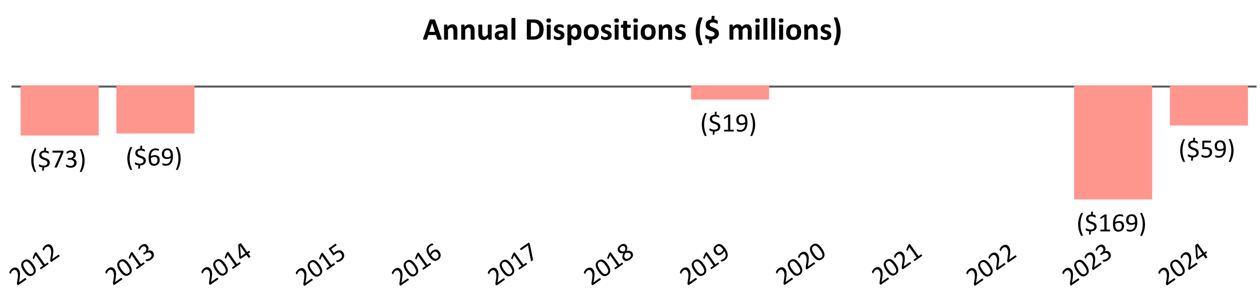
Expand the Portfolio through Acquisitions

Killam owns and operates one of Canada's newest apartment portfolios. Newer properties require less maintenance capital to operate and are generally preferred by tenants. Killam also acquires well-maintained, well-located older properties that offer attractive earnings potential. Killam will continue to expand its portfolio by acquiring well-located assets in Ontario, Alberta and British Columbia, and adding to its established portfolio in Atlantic Canada. Acquisition activity varies by year depending on opportunities and access to capital. During 2024, Killam acquired $20.5 million in assets.



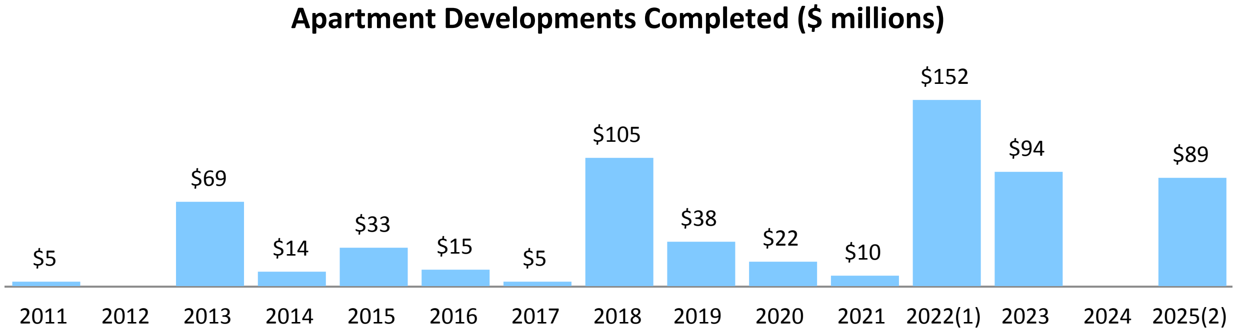
Strategic Disposition Program

Killam completed $59.2 million of property dispositions in 2024, focusing on non-core assets and properties with less long-term growth potential. Management expects to actively recycle a portion of its portfolio on an annual basis.



Develop High-Quality Properties in Core Markets

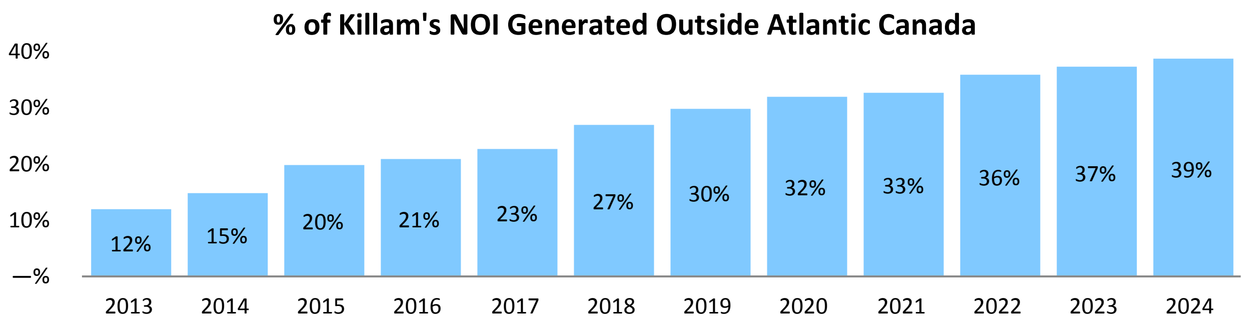
Killam enhances its organic and acquisition growth with development. Killam started developing apartment properties in 2010 and has completed 18 projects to date, investing approximately $560 million to construct 1,987 units (1,685 units, when counting Killam's 50% interest in joint-arrangement developments). Killam has an experienced development team, whose members hold engineering degrees and oversee all projects. New property construction enables Killam to control the quality and features of its buildings. Killam targets building to yield 50–150 bps higher than market cap rates on completion, creating value for its unitholders. Killam currently has an extensive development pipeline of over 8,000 units.



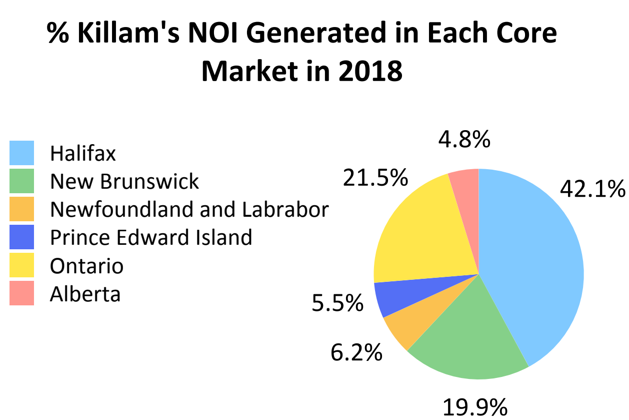
(1) In 2022, there were two completed developments in which Killam has 50% ownership; as such, only Killam's portion of related development costs has been included in this total.
(2) Development expected to be completed in 2025.

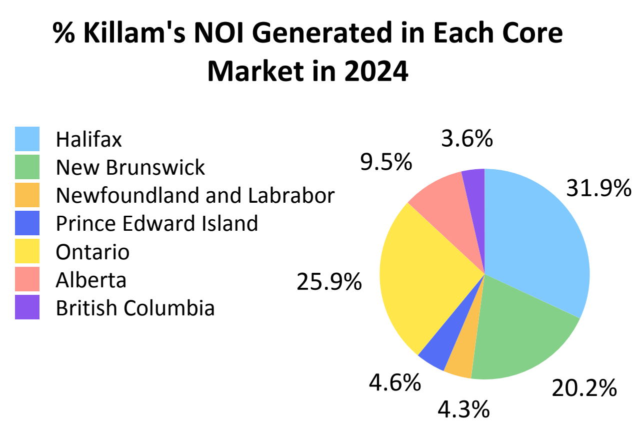
Diversify the Portfolio Geographically Across Canada

Geographic diversification is a priority, and Killam is focused on increasing the amount of its NOI generated outside Atlantic Canada. Killam is targeting expansion in select markets, such as Ottawa, the GTA, Southwestern Ontario, Calgary, Edmonton and Victoria. Killam's strong operating platform can support a larger and more geographically diverse portfolio. Increased investment in Ontario and Western Canada will enhance Killam's diversification and exposure to larger urban centres with high population growth rates. In 2024, 38.9% of Killam's NOI was generated outside Atlantic Canada, 150 bps higher than in 2023. Killam has a longer-term target of achieving a minimum of 50% of its NOI to be generated outside Atlantic Canada.



The following chart summarizes Killam's NOI generated in each of its core markets for 2018 and 2024:





Committed to ESG

Killam has a long history of investing in energy-efficiency projects aimed at reducing greenhouse gas emissions, improving operational efficiencies, and lowering operating costs. These initiatives have included the installation of heat pumps, LED lighting, building envelope improvements, and the implementation of Building Automation Systems to enable remote troubleshooting of energy conservation issues. As part of its sustainability efforts, Killam has set a long-term target of investing $50.0 million in energy-efficiency projects by 2030. Recent investments in solar energy as described further demonstrate Killam's commitment to sustainability, with a goal of generating 10% of its operationally controlled electricity from renewable sources by the end of 2025. These initiatives aim to ensure cost stability, and reduce greenhouse gas emissions.

As one of Canada's largest housing providers, Killam acknowledges its responsibility to give back to the communities in which it operates. The Trust's community impact strategy is centered around supporting initiatives related to family and shelter, with a focus on both financial contributions and leveraging its housing expertise. Killam has set a long-term goal of donating $3.0 million to its communities between 2023–2030. In addition to financial support, Killam is dedicated to addressing the national need for affordable housing by maintaining strategic partnerships with non-profit housing organizations, collaborating with all levels of government, and utilizing innovative financing solutions.

Killam recognizes that the key to ensuring a positive tenant experience lies in having happy, motivated employees who work diligently each day to create a welcoming environment at its buildings. The Trust is committed to maintaining an employee satisfaction score of 80% annually by fostering a strong culture where employees feel valued and supported. Killam believes that a motivated and engaged workforce directly enhances tenant satisfaction, and has a goal to maintain a tenant satisfaction score of 85% each year. By fostering a strong sense of community within both its properties and the workplace, Killam supports a positive environment for both tenants and employees.

Killam firmly believes that effective corporate governance is essential to ensuring the long-term success of the organization while maximizing value for its unitholders. The Board carries out its responsibilities with the support of several board committees, including the Governance and ESG Committee. The Governance and ESG Committee oversees Killam's ESG strategy. The REIT's Corporate Sustainability Committee—a multidisciplinary group of executives and key employees—is responsible for the implementation of that strategy. Killam's governance practices are guided by established policies, which are available on Killam's website: https://killamreit.com/corporate-governance.

Killam's 2024 ESG Progress

Killam made progress towards its ESG targets in 2024, investing $6.8 million in energy-efficiency projects, which included the installation of PV solar panels at five additional buildings. Killam has now installed PV solar panels in a total of 26 buildings across its portfolio, with an expected annual energy production of 2,700 MWh. The Trust also exceeded its goal of certifying 50% of its apartment portfolio with green building health and operating certifications, achieving certification of 32 additional properties through the Certified Rental Building Program ("CRBP") and partnering with CRBP for its launch in New Brunswick. These certifications provide tenants with confidence that by renting with Killam, they are choosing a housing provider committed to upholding rigorous standards in health and safety, tenant relations, and sustainability.

Recognizing the affordability challenges facing Canadians in 2024, Killam made contributions to addressing this crisis by providing $3.6 million in affordability assistance and donating $0.4 million to support non-profit organizations in its communities.

In addition to these efforts, Killam is proud to report improvements in its global real estate sustainability benchmark ("GRESB") scores across all areas – Standing Investment, Development, and Public Disclosure – compared to 2023. The Trust ranked #1 in GRESB's North American Residential Public Disclosure Report, underscoring its commitment to transparency. Furthermore, Killam's ESG program was recognized by Newsweek and Statista, naming Killam one of Canada's Most Responsible Companies.

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

Portfolio Summary

The following table summarizes Killam's apartment, MHC and commercial portfolios by market as at December 31, 2024:

Apartment Portfolio				
	Units (1)	Number of Properties	NOI ($) (2)	NOI (2) (% of Total)
Nova Scotia				
Halifax	5,600	66	$67,321	28.0%
Ontario				
KWC-GTA	1,926	13	$28,315	11.8%
Ottawa	1,447	9	$15,089	6.3%
London	523	5	$6,583	2.7%
	3,896	27	$49,987	20.8%
New Brunswick				
Moncton	2,246	39	$21,823	9.1%
Fredericton	1,529	23	$16,707	6.9%
Saint John	997	13	$8,828	3.7%
	4,772	75	$47,358	19.7%
Alberta				
Calgary	998	5	$11,887	4.9%
Edmonton	882	6	$11,091	4.6%
	1,880	11	$22,978	9.5%
Newfoundland and Labrador				
St. John's and Grand Falls	1,106	15	$9,961	4.1%
British Columbia				
Victoria	516	5	$8,555	3.6%
Prince Edward Island				
Charlottetown and Summerside	799	18	$7,107	3.0%
Total Apartments	**18,569**	**217**	**$213,267**	**88.7%**
Manufactured Home Community Portfolio				
	Sites	Number of Communities	NOI ($) (2)	NOI (2) (% of Total)
Ontario	2,284	17	$6,934	2.9%
Nova Scotia	2,850	18	$5,777	2.4%
New Brunswick (3)	671	3	$770	0.3%
Newfoundland and Labrador	170	2	$424	0.2%
Total MHCs	**5,975**	**40**	**$13,905**	**5.8%**
Commercial Portfolio (4)				
	Square Footage (5)	Number of Properties	NOI ($) (2)	NOI (2) (% of Total)
Ontario	313,358	2	$5,338	2.2%
Prince Edward Island (5)	410,175	1	$3,879	1.6%
Nova Scotia (6)	217,761	6	$3,620	1.5%
New Brunswick	33,215	1	$472	0.2%
Total Commercial	**974,509**	**10**	**$13,309**	**5.5%**
Total Portfolio		**267**	**$240,481**	**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 certain apartment properties in Ontario, representing a proportionate ownership of 672 units of the 1,343 units in these co-owned properties. Killam manages the operations of all the co-owned apartment properties.
(2) For the year ended December 31, 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 also has 183,834 SF of ancillary commercial space in various residential properties across the portfolio, which is included in apartment results.
(5) Square footage represents 100% of the commercial property located in 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)

Unique Portfolio Features

Diversified Exposure to Rent Control

Approximately 26% of Killam's portfolio is not under rent control restrictions in 2025, which provides Killam the opportunity to move rents to market rates at these properties. There is no rent control in Newfoundland and Labrador ("NL") and Alberta. Additionally, rent control does not apply to new construction in Ontario completed after November 25, 2018. Killam is also not restricted on rental increases for its commercial or seasonal resort properties.

Nova Scotia

Killam's Nova Scotia portfolio accounts for 31.6% of apartment NOI. In November 2020, the province announced a temporary rent restriction measure, limiting rental increases on apartment lease renewals to 2.0% until the end of 2022. The rent cap has been extended to December 31, 2027. From 2024 to 2027 the allowable increase on renewals is 5.0%. The temporary rent restriction does not apply to turnovers. Nova Scotia also has rent control for MHCs, limiting increases to 5.8% in 2024 and 2025. Rent control on MHCs does not apply to site turnovers.

Ontario

Killam's Ontario portfolio, accounting for 23.4% of apartment NOI, is subject to rent control. Rental rate increases are capped at 2.5% for 2025. However, property owners can move rents to market on a unit-by-unit basis as they become vacant. Rent control also does not apply to new construction in Ontario completed after November 25, 2018. Of Killam's 3,896 apartment units in Ontario, 903 units (23%) were built after 2018 and therefore do not have rent control restrictions. Ontario also has rent control for MHCs of 2.5% in 2025.

New Brunswick

New Brunswick, representing 22.2% of Killam's apartment NOI, is newly subject to rent caps effective February 1, 2025. The allowable increase for 2025 is 3.0%. The rent cap program will be evaluated annually.

British Columbia

British Columbia, making up 4.0% of Killam's apartment NOI, also has rent control in place. Rental rate increases were capped at 3.5% in 2024 and are capped at 3.0% in 2025.

Prince Edward Island

Prince Edward Island, representing 3.3% of Killam's apartment NOI, is subject to rent control at the unit level. The allowable increase for 2025 is 2.3%, compared to 3.0% in 2024.

In all of the regions impacted by permanent rent control, owners may apply for above-guideline increases to offset significant capex. Killam analyzes each property on a regular basis, considering its location, tenant base and vacancy, to evaluate the ability to optimize rents on renewals and on turns.

The table below summarizes apartment rent restrictions in place from 2018 to 2025:

Province	2018	2019	2020	2021	2022	2023	2024	2025
Nova Scotia	N/A	N/A	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%
Ontario	1.8%	1.8%	2.2%	0.0%	1.2%	2.5%	2.5%	2.5%
New Brunswick	N/A	N/A	N/A	N/A	3.8%	N/A	N/A	3.0%
Prince Edward Island	1.8%	2.0%	1.3%	1.0%	1.0%	0.0%	3.0%	2.3%
British Columbia	4.0%	2.5%	2.6%	0.0%	1.5%	2.0%	3.5%	3.0%

CMHC-Insured Debt Available for Killam's Apartment Portfolio

Apartment owners are eligible for CMHC mortgage loan insurance. These policies eliminate default risk for lenders, resulting in lower interest rates than those available for conventional mortgages. Approximately 83.0% of Killam's apartment debt is currently CMHC-insured. As mortgages are renewed and new properties are financed, Killam expects to increase the percentage of apartment mortgages with CMHC-insured debt. CMHC insurance is not available for commercial properties or the owners of MHCs; however, CMHC financing is available to manufactured home owners, increasing the affordability of these manufactured homes.

A Focus on Affordable Housing

Killam supports affordable housing by providing a long-term affordability commitment to more than 900 of its apartment units. Realized through community and government partnerships, this represents approximately 5% of its apartment portfolio. In addition, 63.5% of Killam's apartment portfolio meets or exceeds CMHC's affordability threshold, with units renting for less than 30% of their region's median before-tax household income, based on Statistics Canada's most recent Canadian Income Survey (2022). Killam's MHC portfolio also provides an affordable living alternative for a single-family home, with the average monthly land rent being $314 per site.

Providing High-Quality Customer Service

Annually, Management engages an independent market research firm to measure tenants' satisfaction through an online survey (4,455 respondents in 2024). Killam's 2024 survey results support its focus on service, with tenants giving Killam an impressive 84% overall satisfaction rating. Killam takes pride in offering tenants well-maintained properties, responding to service requests in a timely manner and providing an attractive housing value proposition. In-house educational programs and the adoption of new technology enhance employees' skills to better provide exemplary service to current and prospective tenants.

Geographic Diversification

Killam is focused on increasing its geographic diversification through the acquisition and development of properties in its core markets in Ontario, Alberta and British Columbia. Killam's Ontario apartment portfolio consists of 3,896 apartment units, up from 225 units in 2010 when Killam first entered the market. In addition, Killam has properties and future development sites in KWC-GTA, Ottawa, Guelph and Calgary. Killam also owns a portfolio of 1,880 units in Calgary and Edmonton. In January 2020, Killam acquired its first apartment property in Greater Victoria and now owns 516 units in BC. In addition to apartments, 38% of Killam's MHC sites and 32% of Killam's commercial square footage is located in Ontario.

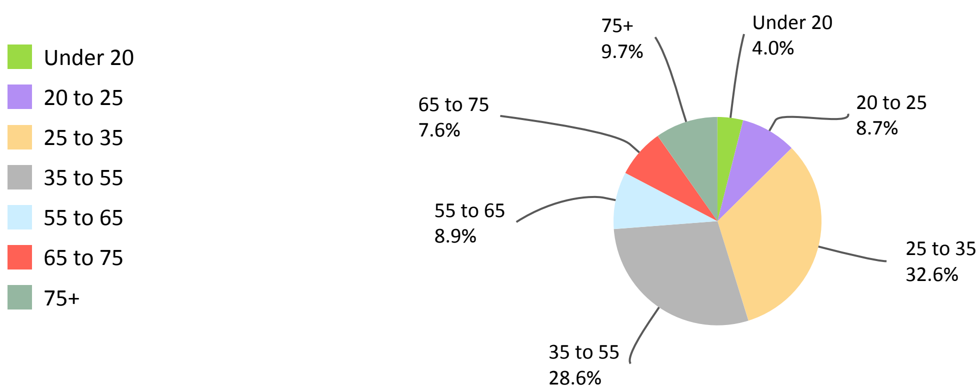
Mark-to-Market Rent Opportunity

Management estimates market rental rates are approximately 15% higher than Killam's total apartment weighted average rent. The differential between market and in-place rents reflects Killam's relative affordability within its markets, as well as opportunities for rental increases when turnover arises.

Diverse Tenant Demographics Contribute to Stable Occupancy

Killam's tenant base includes a diverse mix of tenants, including young professionals, seniors, empty nesters, families, and students. The diversity of Killam's tenant base is expected to contribute to continued stable occupancy. The following chart illustrates Killam's 2024 tenant demographic by age.

2024 Tenant Demographic by Age



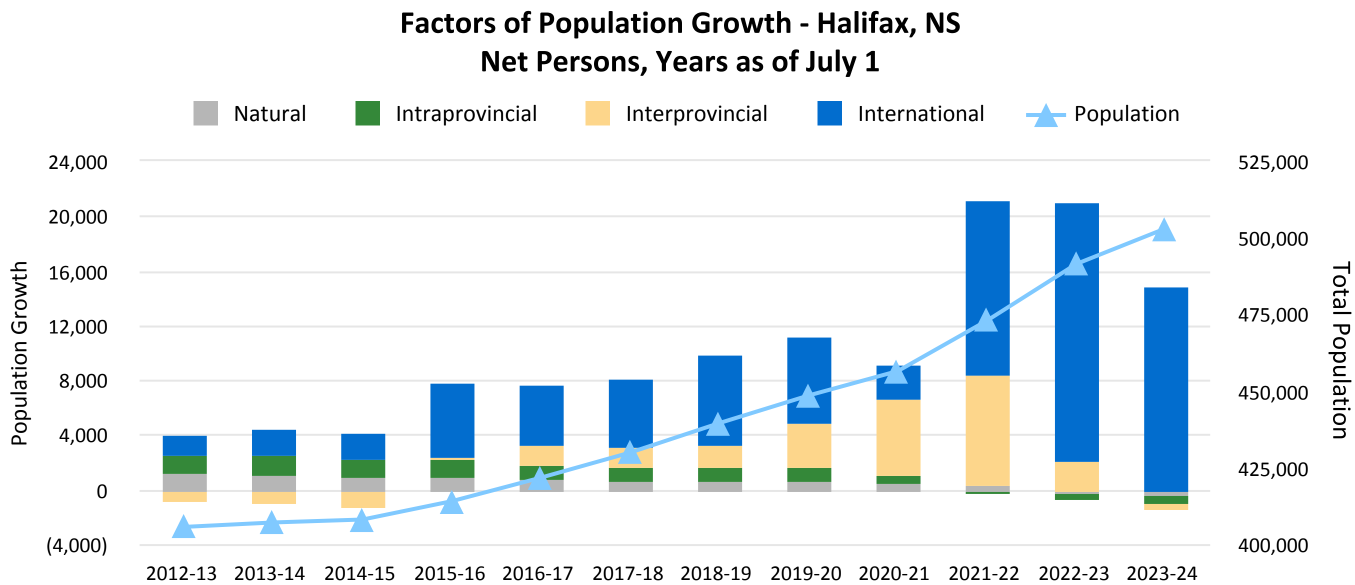
Core Market Update

Halifax

Twenty-eight percent of Killam's NOI was generated by its Halifax apartment portfolio for the year ended December 31, 2024. Halifax is the largest city in Atlantic Canada and is home to 19% of Atlantic Canadians. Halifax's diverse economy generates 58% of Nova Scotia's GDP and houses 46% of the province's population. With six degree-granting universities and three large college campuses, Halifax has approximately 36,800 full-time students, including 7,300 international students. Halifax's employment base is diversified, with the largest sectors focused on public service, health care, education, retail and wholesale trade. Halifax is home to the largest Canadian Forces Base by number of personnel, and the Department of National Defence is the city's single largest employer.

According to CMHC's 2024 *Rental Market Report*, the city's rental market totals 61,050 units, with an additional 9,290 rental units currently under construction. Halifax's vacancy rate increased 110 bps to 2.1% in 2024, up from a record low of 1.0% in the previous three years. This increase is the result of rental apartment completions and a recent slowdown in the record high population growth in the region, including a reduction in temporary foreign workers and students as well as residents from other provinces. CMHC reported that the average monthly rent increased 3.8% in 2024, significantly lower than 11.9% in 2023. However, CMHC reported the average rent of apartments that turned over to new tenants increased by roughly 28% in 2024.

The following chart summarizes Halifax's population growth by source from 2012 to 2024:



Source: Statistics Canada

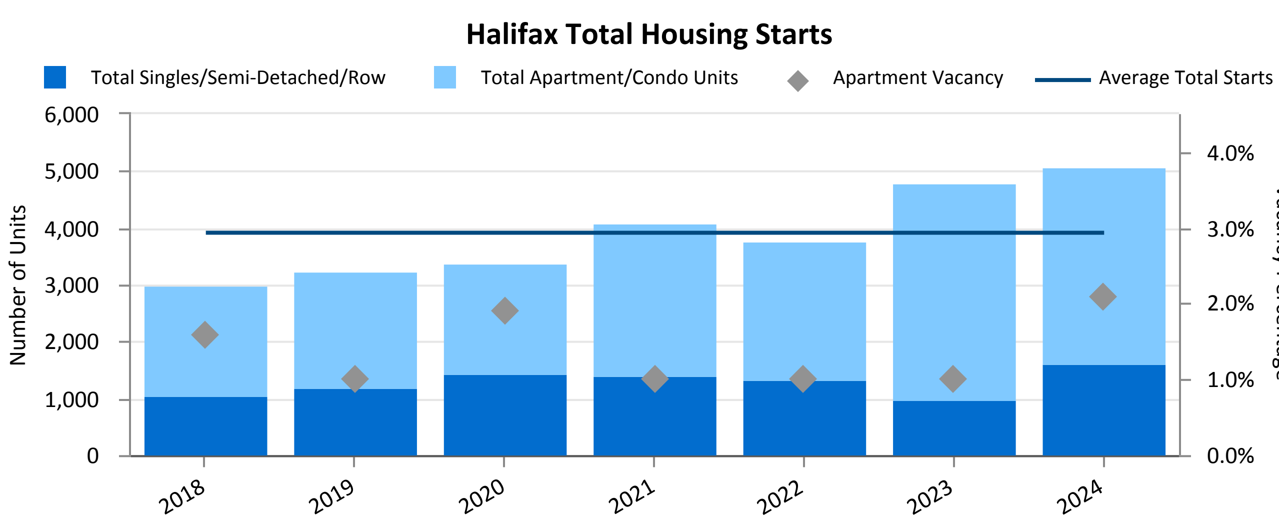
Between July 1, 2023, and June 30, 2024, Halifax's population grew by 2.4%, surpassing 500,000 residents; however, this was down from 3.9% in the previous year. The population growth during this period was primarily driven by international migration, representing over 90% of the total. Net interprovincial migration slowed compared to the previous two years, reducing Halifax's population growth rate.

For the year ended December 31, 2024, Statistics Canada estimated total net population growth in Nova Scotia exceeded 15,000, and the total population is now estimated at 1,079,680.

The arrival of younger migrants has helped rejuvenate the population, with the median age in Nova Scotia dropping from 45.1 years in 2018 to 43.5 years in 2024, and the median age in Halifax dropping to 39.0 years, the lowest recorded since 2009. The increase in working-age migrants has helped the province meet the demands of employers and is expected to support employment growth and a steady rebound in the housing market through 2024.

RBC's December 2024 *Provincial Outlook* report details that while Nova Scotia's rapid population growth is easing from record highs, strength in construction, government and private sector capital investments will continue to support economic momentum. The increase in construction projects has had a positive impact on the labour market, boosting construction jobs and limiting the broader rise in unemployment. Nova Scotia's unemployment rate has been below Ontario's throughout most of 2024—which has not been seen in decades. Additionally, RBC notes that Nova Scotia's real wage growth is increasing the fastest in Canada—which will bolster household purchasing power. This, alongside lower interest rates, should provide a cushion against slower population growth, sustaining consumer spending. RBC forecasts GDP growth of 1.5% in 2025, slightly lower than 1.6% in 2024, but above the national average.

The following chart summarizes Halifax's housing start activity from 2018 to 2024:



Source: CMHC

Ontario

Killam's Ontario apartment portfolio generated 20.8% of its NOI for the year ended December 31, 2024. RBC's December 2024 *Provincial Outlook* notes that decreasing interest rates are projected to ease financial pressures for some Ontarians, supporting a modest acceleration in consumer spending after a prolonged period of restraint. Ontario's housing market has also seen renewed activity and stabilizing prices as borrowing costs come down. However, RBC notes that international destinations have historically accounted for the majority of demand for Ontario exports—with roughly 80% destined for the U.S. As such, weakening economic activity in the U.S. and threats of new tariffs could weigh on exports in 2025. RBC forecasts Ontario's GDP growth at 1.2% in 2025, up from 0.7% in 2024. In 2024, Ontario led the country in population growth, welcoming over 350,000 newcomers, up 2.2%, as reported by Statistics Canada. According to CMHC's 2024 *Rental Market Report*, Ontario's vacancy rate was 2.7% in 2024, up from 1.7% in 2023, while average rent increased by 3.6%.

New Brunswick

Approximately 19.7% of Killam's NOI was generated by apartments in New Brunswick's three major urban centres – Fredericton, Moncton and Saint John – for the year ended December 31, 2024. Fredericton is the provincial capital and home to the province's largest university and a significant public-sector workforce. Moncton is the province's largest city and is a transportation and distribution hub for Atlantic Canada. Given the relatively affordable cost of living, New Brunswick has become a destination for both Canadians and newcomers; however, population growth has slowed recently in the region, down from 2.8% in 2023 to 2.0% for the year ended December 31, 2024, as measured by Statistics Canada. CMHC notes that vacancy has increased in the region, up 50 bps to 2.0% in 2024, compared to 1.5% in 2023. According to RBC's December 2024 *Provincial Outlook* report, New Brunswick's slowing population growth coupled with the province's heavy reliance on U.S. demand, its largest and most important international export market, are expected to contribute to a modest 1.0% forecasted GDP growth rate in 2025, down slightly from 1.1% in 2024.

Alberta

Killam earned 9.5% of its NOI in the Alberta region for the year ended December 31, 2024. According to RBC's December 2024 *Provincial Outlook* report, Alberta's economy continues to be the strongest in Canada post pandemic. High commodity prices and strong population growth helped maintain strong demand and output in the province. The energy sector is expected to continue powering growth after the expanded Trans Mountain pipeline surpassed expectations, reaching near-full capacity at the end of 2024. RBC notes that utilization of new infrastructure and lower interest rates are likely to offset downward pressure from moderating population growth and heightened trade uncertainty. Statistics Canada reported that Alberta's population has grown by 3.9% for the year ended December 31, 2024, the highest growth rate of all provinces, and only slightly down from 4.0% growth in 2023. RBC forecasts GDP growth in 2025 at 2.8%, a modest 10 bps higher than 2.7% in 2024. According to CMHC's 2024 *Rental Market Report*, Alberta's vacancy rate increased to 3.4% in 2024, up from 2.1% in 2023, while average rent increased by 10.8%.

Newfoundland and Labrador

Approximately 4.1% of Killam's NOI was generated by apartments in St. John's, Newfoundland and Labrador, for the year ended December 31, 2024. RBC's December 2024 *Provincial Outlook* report notes that the return of operations from offshore oil platforms has boosted oil production in 2024, with production on track to expand modestly in 2025 as the Terra Nova offshore oil platform continues to ramp up production. Additionally, Killam anticipates increased growth in NL in the coming years due to economic activity stemming from the Churchill Falls Memorandum of Understanding with Hydro-Quebec. The agreement is projected to create employment opportunities and stimulate growth for NL, generating $1 billion annually for the province, compared to the $20 million received now. It's expected that the total value of the deal for NL will be $225 billion over the life of the new agreement. RBC forecasts GDP growth in the province at 1.7% in 2025, down from 2.2% in 2024. Statistics Canada reported that the province's population grew 0.9% in 2024, down from 1.4% in 2023. Improved demographics are expected to further sustain stronger demand for goods and services as well as housing in the region. According to CMHC's 2024 *Rental Market Report*, Newfoundland and Labrador's average rent increased 2.9% in 2024, while the province's vacancy rate increased slightly to 1.8%, up 20 bps from 1.6% in 2023.

British Columbia

Killam earned 3.6% of its NOI in the British Columbia market for the year ended December 31, 2024. RBC's December 2024 *Provincial Outlook* reported that lowering interest rates are having a positive impact on consumer confidence, as seen in reviving housing market activity. Exports are expected to generate growth in 2025, with the utilization of new infrastructure—such as the newly expanded Trans Mountain pipeline and the soon-to-be-completed liquefied natural gas export facility, which will boost energy exports and natural gas production. GDP growth is forecasted at 1.5% for 2025, up 60 bps from 0.9% in 2024. Statistics Canada estimates that British Columbia's population grew by 2.2% for the year ended December 31, 2024, helping sustain demand for goods and services. CMHC reported that vacancy increased to 1.9% in 2024, up from 1.2% in 2023, while average rent increased 5.7% in the region for the year ended December 31, 2024.

Prince Edward Island

Three percent of Killam's NOI was generated by apartments in Prince Edward Island for the year ended December 31, 2024. According to RBC's December 2024 *Provincial Outlook* report, PEI has thrived on high population growth in recent years and relatively low sensitivity to interest rate changes, sustaining economic demand from housing to infrastructure projects. RBC expects these factors to support the economy in 2025, but momentum is expected to ease. According to Statistics Canada, the province's population grew 2.0% in 2024, down from 4.0% in 2023. With lower population growth, household spending is expected to ease. RBC forecasts GDP growth to be 1.7% in 2025, down modestly from 1.8% in 2024. CMHC reported that vacancy remained low at 0.7% in 2024, down from 1.0% in 2023, while average rent increased 5.6% in 2024 due to new housing supply.

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

PART IV

2024 Operational and Financial Results

Consolidated Results

For the years ended December 31,

	Total Portfolio			Same Property [1]		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$364,650**	$348,150	4.7%	**$349,763**	$329,952	6.0%
Property operating expenses						
General operating expenses	**54,786**	54,070	1.3%	**52,338**	51,068	2.5%
Utility and fuel expenses	**28,456**	30,807	(7.6)%	**27,341**	28,772	(5.0)%
Property taxes	**40,927**	39,230	4.3%	**39,756**	37,545	5.9%
Total operating expenses	**$124,169**	$124,107	—%	**$119,435**	$117,385	1.7%
NOI	**$240,481**	$224,043	7.3%	**$230,328**	$212,567	8.4%
Operating margin %	**65.9%**	64.4%	150 bps	**65.9%**	64.4%	150 bps

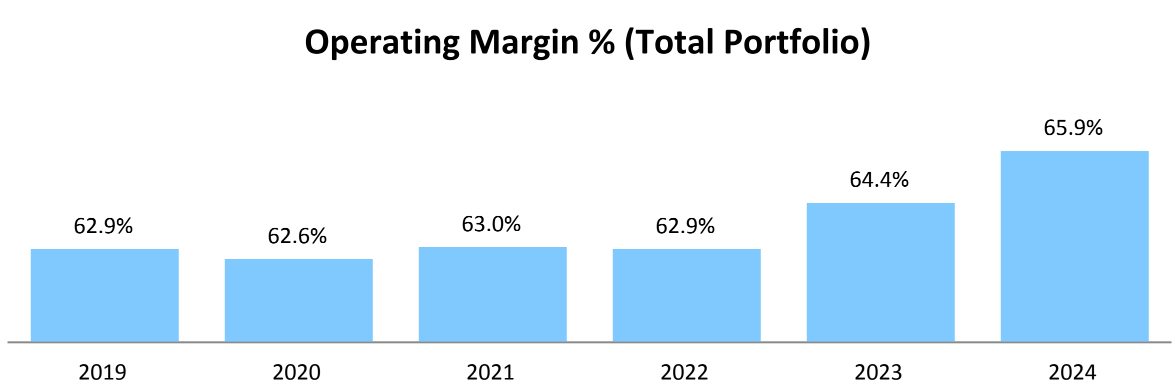
(1) Same property results exclude acquisitions, dispositions and developments completed during the comparable 2024 and 2023 periods, which are classified as non-same property. For the year ended December 31, 2024, NOI contributions from acquisitions, dispositions and developments completed in 2024 and 2023 were $7.4 million. For the year ended December 31, 2023, NOI contributions from acquisitions, dispositions and developments completed in 2023 were $6.8 million.

Killam achieved strong overall portfolio performance for the year ended December 31, 2024. Revenues grew by 4.7%, despite $59.2 million in property dispositions in 2024 and $168.7 million in 2023, due to strong same property performance along with contributions from developments. Total operating expenses remained flat year-over-year, driven by a 7.6% decrease in utility and fuel expenses, offset by a 4.3% increase in property taxes and a modest 1.3% increase in general operating expenses. Overall, NOI grew by 7.3% for the year.

Same property results include properties owned during comparable 2024 and 2023 periods. Same property results represent 95.6% of the fair value of Killam's investment property portfolio as at December 31, 2024. Non-same property results include acquisitions, dispositions and developments completed in 2023 and 2024 and commercial assets acquired for future residential development.

Same property revenue increased by 6.0% for the year ended December 31, 2024, compared to the same period in 2023. This growth was driven by strong rental rate growth, increased ancillary revenue and increases in both MHC and commercial revenues, and was partially offset by a 40 bps decrease in apartment occupancy. Total same property operating expenses increased modestly by 1.7% for the year ended December 31, 2024, below the average rate of inflation of 2.4% in Canada during 2024. This expense growth was driven by a 5.9% increase in property taxes, coupled with a 2.5% 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 2023 to offset rent control limitations. This was partially offset by lower natural gas pricing in the first half of the year, which contributed to a 5.0% reduction in utility and fuel expenses.

Overall, same property NOI grew by 8.4% for the year ended December 31, 2024, and Killam's same property operating margin increased by 150 bps to 65.9%.



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

Apartment Results

For the years ended December 31,

	Total Portfolio			Same Property		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$321,094**	$306,535	4.7%	**$306,901**	$288,893	6.2%
Property operating expenses						
General operating expenses	**46,455**	46,206	0.5%	**44,018**	42,838	2.8%
Utility and fuel expenses	**25,193**	27,335	(7.8)%	**24,089**	25,340	(4.9)%
Property taxes	**36,179**	34,717	4.2%	**35,142**	33,102	6.2%
Total operating expenses	**$107,827**	$108,258	(0.4)%	**$103,249**	$101,280	1.9%
NOI	**$213,267**	$198,277	7.6%	**$203,652**	$187,613	8.5%
Operating margin %	**66.4%**	64.7%	170 bps	**66.4%**	64.9%	150 bps

Apartment Revenue

Total apartment revenue for the year ended December 31, 2024, was $321.1 million, an increase of 4.7% over the same period in 2023. Revenue growth was augmented by accelerating rent growth as well as contributions from properties acquired and developed over the past two years, and offset by property dispositions completed throughout 2024 and 2023.

Same property apartment revenue grew 6.2% for the year ended December 31, 2024, driven by a 7.0% increase in year-over-year average rent, and partially offset with a 40 bps decrease in occupancy. The operating margin on Killam's same property apartment portfolio for the year ended December 31, 2024, grew by 150 bps to 66.4%.

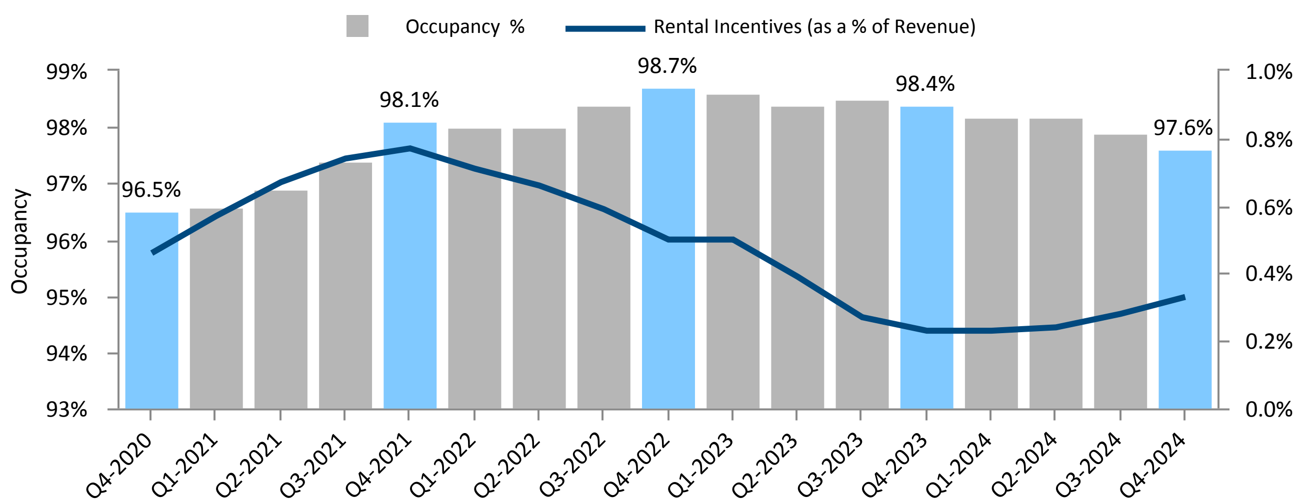
Dollar amounts in thousands of Canadian dollars (except as noted)

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

For the years ended December 31,	# 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	5,600	**98.4%**	98.5%	(10)	**98.8%**	99.0%	(20)
Ontario							
KWC-GTA (2)	1,926	**95.9%**	92.0%	390	**97.9%**	98.4%	(50)
Ottawa	1,447	**96.5%**	95.6%	90	**96.5%**	95.6%	90
London (3)	523	**96.5%**	98.6%	(210)	**96.5%**	98.6%	(210)
New Brunswick							
Moncton	2,246	**98.9%**	99.0%	(10)	**98.9%**	98.9%	—
Fredericton	1,529	**98.8%**	98.3%	50	**98.8%**	98.3%	50
Saint John	997	**98.2%**	98.1%	10	**98.2%**	97.9%	30
Alberta							
Calgary (4)(5)	998	**81.8%**	98.7%	(1,690)	**93.9%**	98.7%	(480)
Edmonton	882	**97.1%**	97.5%	(40)	**97.1%**	97.5%	(40)
Newfoundland and Labrador							
St. John's and Grand Falls	1,106	**98.1%**	98.1%	—	**98.1%**	98.1%	—
British Columbia							
Victoria (6)	516	**95.9%**	97.1%	(120)	**95.9%**	97.1%	(120)
Prince Edward Island							
Charlottetown and Summerside	799	**99.3%**	99.4%	(10)	**99.5%**	99.3%	20
Total Apartments (weighted average)	**18,569**	**96.8%**	97.4%	(60)	**98.0%**	98.4%	(40)

(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 two properties, which are now stabilized.
(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 the 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 three properties.

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



Killam has seen a recent uptick in rental incentives as a percentage of total revenue. Ontario, which made up 41% of total incentives in 2024, saw a 36% increase compared to 2023. Alberta, which made up 43% of total incentives, realized a reduction in incentives in 2024 compared to 2023; however, incentives increased during the fourth quarter and are expected to be higher in 2025. 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. Overall, the use of rental incentives increased during the end of 2024 and they are expected to be used in the year ahead.

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

Year-Over-Year Average Rent Analysis by Core Market

As at December 31,

		Average Rent			Same Property Average Rent		
	# of Units	**2024**	2023	% Change	**2024**	2023	% Change
Nova Scotia							
Halifax	5,600	**$1,477**	$1,356	8.9%	**$1,470**	$1,356	8.4%
Ontario							
KWC-GTA	1,926	**$1,763**	$1,674	5.3%	**$1,712**	$1,624	5.4%
Ottawa	1,447	**$2,238**	$2,135	4.8%	**$2,238**	$2,135	4.8%
London	523	**$1,636**	$1,538	6.4%	**$1,636**	$1,538	6.4%
New Brunswick							
Moncton	2,246	**$1,275**	$1,198	6.4%	**$1,275**	$1,198	6.4%
Fredericton	1,529	**$1,364**	$1,274	7.1%	**$1,364**	$1,274	7.1%
Saint John	997	**$1,205**	$1,097	9.8%	**$1,205**	$1,097	9.8%
Alberta							
Calgary (1)	998	**$1,672**	$1,401	19.3%	**$1,574**	$1,401	12.3%
Edmonton	882	**$1,635**	$1,555	5.1%	**$1,635**	$1,555	5.1%
Newfoundland and Labrador							
St. John's and Grand Falls	1,106	**$1,088**	$1,037	4.9%	**$1,088**	$1,037	4.9%
British Columbia							
Victoria	516	**$1,945**	$1,832	6.2%	**$1,945**	$1,832	6.2%
Prince Edward Island							
Charlottetown and Summerside	799	**$1,236**	$1,140	8.4%	**$1,217**	$1,183	2.9%
Total Apartments (weighted average)	**18,569**	**$1,493**	$1,384	7.9%	**$1,476**	$1,380	7.0%

(1) Average rent in Calgary as at December 31, 2024, was impacted by Nolan Hill Phase II, a recently completed 234-unit development.

Same Property Rental Increases – Tenant Renewals Versus Unit Turns

The rental increases in the table below reflect rental increases achieved on units renewed or turned (released) for the year ended December 31, 2024, whereas rental increases in the previous section reflect the year-over-year change in average rent by region as at December 31, 2024, compared to December 31, 2023.

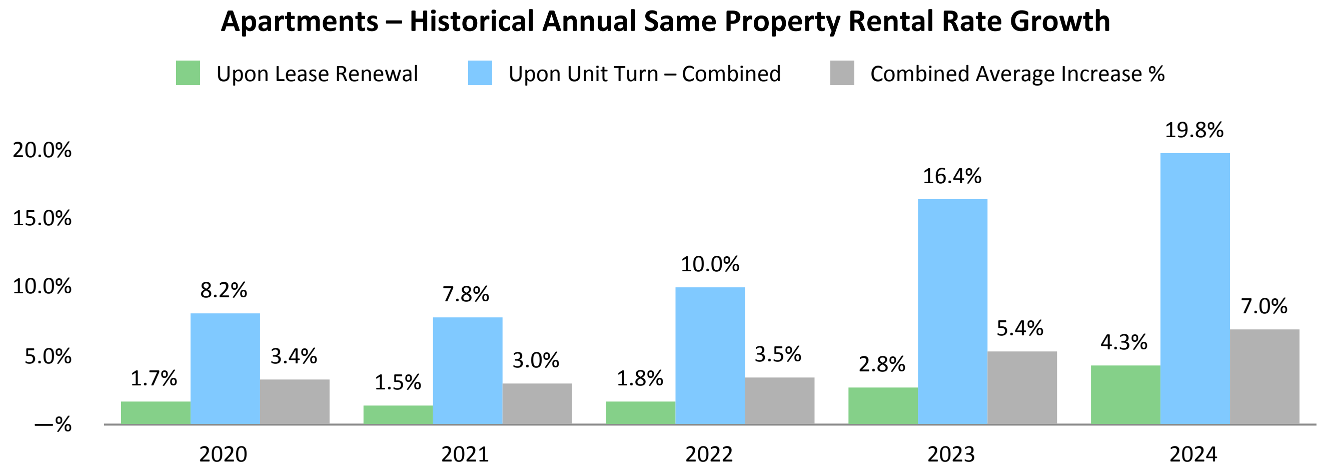
Killam historically turned approximately 30%–32% of its units each year; however, this percentage has declined over the past five years. Due to the tightening of the housing and rental markets across Canada, turnover levels in 2024 were 18.3%, down from 18.6% in 2023. Upon turn, Killam will typically 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.

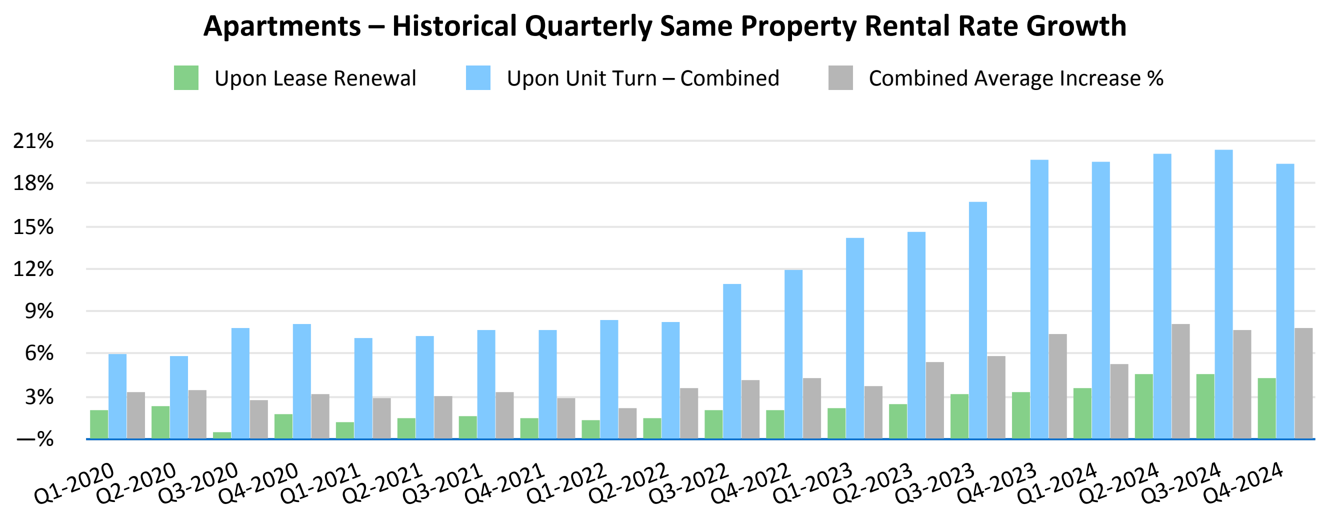
During 2024, Killam's same property weighted average rental rate increased 7.0% for the units that turned or renewed, a 160 bps increase year-over-year, up from 5.4% in 2023. This growth was primarily due to higher rental increases on renewals, up 150 bps to 4.3% in 2024, compared to 2.8% in 2023. This was coupled with higher rental increases on unit turns, which were 19.8%, up from 16.4% in 2023. The chart below summarizes the rental increases earned during the years ended December 31, 2024 and 2023.

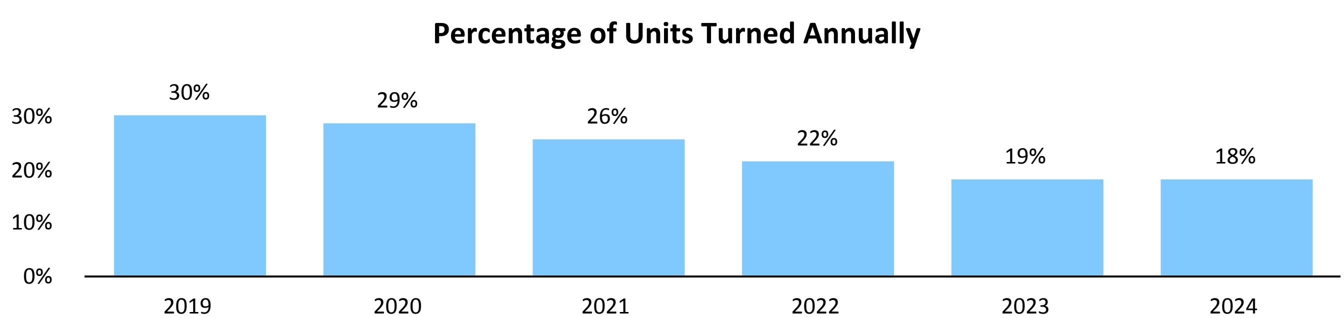
For the years ended December 31,	**2024**		2023	
	Rental Increases	Turnovers & Renewals (1)	Rental Increases	Turnovers & Renewals (1)
Lease renewal	**4.3%**	**81.7%**	2.8%	81.4%
Unit turn	**19.8%**	**18.3%**	16.4%	18.6%
Rental increase (weighted average)	**7.0%**		5.4%	

(1) Percentage of suites turned over or renewed during the years, based on the total weighted average number of units held during the years, adjusted for Killam's 50% ownership in jointly held properties.

The following charts illustrate Killam's same property rental rate growth over the past five years.







Apartment Expenses

Total operating expenses for the year ended December 31, 2024, were $107.8 million, a 0.4% decrease over the same period in 2023. The decrease was primarily due to dispositions completed in 2023 and 2024, and lower natural gas pricing in the first half of the year.

Total apartment same property operating expenses for the year ended December 31, 2024, were 1.9% higher compared to 2023. This includes a 6.2% increase in property taxes due to higher assessments and mill rates across the portfolio, and no property tax subsidies in PEI, which were provided in 2023 to offset rent control limitations. This was partially offset by a 4.9% 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 Alberta.

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

Property Operating Expenses

Property 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. These costs account for approximately 42% of Killam's total apartment same property operating costs for the year ended December 31, 2024. The increase in same property general operating costs of 2.8% for the year ended December 31, 2024, was largely 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

For the years ended December 31,	**2024**	2023	% Change
Natural gas	**$7,800**	$9,011	(13.4)%
Electricity	**7,892**	8,081	(2.3)%
Water	**7,626**	7,413	2.9%
Oil & propane	**696**	756	(7.9)%
Other	**75**	79	(5.1)%
Total utility and fuel expenses	**$24,089**	$25,340	(4.9)%

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

Utility and fuel expenses accounted for approximately 25% of Killam’s total apartment same property operating expenses for the year ended December 31, 2024, and decreased 4.9% year-over-year.

Same property natural gas costs decreased by 13.4% for the year ended December 31, 2024, due to lower natural gas pricing, primarily experienced in the first half of the year. The decrease in pricing was offset by an increase in carbon tax and adjustments to rate classes and delivery charges in Nova Scotia. Consumption of natural gas was down by 6.6% year-over-year due to warmer winter weather at the beginning of 2024 and boiler efficiency upgrades.

Electricity costs decreased by 2.3% for the year ended December 31, 2024. This reduction reflects a 30% decrease in electricity pricing in Alberta during the year, coupled with a 1.0% decrease in consumption across Killam's portfolio, mainly due to the installation of solar panels.

Water expenses increased by 2.9% for the year ended December 31, 2024, due to a blended 1.7% increase in water rates coupled with a 2.3% increase in water consumption during the year.

Heating oil and propane costs decreased by 7.9% for the year ended December 31, 2024, compared to 2023. This is the result of a decrease in oil prices in 2024, which were down by 6.6% in Prince Edward Island, where the majority of Killam's heating oil and propane consumption is located.

Property Taxes

Property taxes accounted for approximately 33% of Killam's total apartment same property operating expenses for the year ended December 31, 2024, and increased 6.2% from the same period in 2023. The increase was due to higher assessments and mill rates across the portfolio. 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 26.6% property tax expense increase year-over-year in this region. 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 years ended December 31,

	Property Revenue			Property Expenses			Net Operating Income		
	2024	2023	% Change	**2024**	2023	% Change	**2024**	2023	% Change
Nova Scotia									
Halifax	**$96,055**	$90,037	6.7%	**($31,797)**	($31,474)	1.0%	**$64,258**	$58,563	9.7%
	96,055	90,037	6.7%	**(31,797)**	(31,474)	1.0%	**64,258**	58,563	9.7%
Ontario									
KWC-GTA	**37,625**	35,705	5.4%	**(12,722)**	(12,795)	(0.6)%	**24,903**	22,910	8.7%
Ottawa	**21,034**	19,780	6.3%	**(6,178)**	(6,235)	(0.9)%	**14,856**	13,545	9.7%
London	**9,887**	9,540	3.6%	**(3,301)**	(3,200)	3.2%	**6,586**	6,340	3.9%
	68,546	65,025	5.4%	**(22,201)**	(22,230)	(0.1)%	**46,345**	42,795	8.3%
New Brunswick									
Moncton	**35,288**	33,201	6.3%	**(13,554)**	(12,903)	5.0%	**21,734**	20,298	7.1%
Fredericton	**24,942**	23,127	7.8%	**(8,273)**	(7,934)	4.3%	**16,669**	15,193	9.7%
Saint John	**14,107**	12,913	9.2%	**(5,311)**	(5,045)	5.3%	**8,796**	7,868	11.8%
	74,337	69,241	7.4%	**(27,138)**	(25,882)	4.9%	**47,199**	43,359	8.9%
Alberta									
Calgary	**14,252**	13,298	7.2%	**(4,332)**	(4,573)	(5.3)%	**9,920**	8,725	13.7%
Edmonton	**17,245**	16,292	5.8%	**(6,139)**	(5,978)	2.7%	**11,106**	10,314	7.7%
	31,497	29,590	6.4%	**(10,471)**	(10,551)	(0.8)%	**21,026**	19,039	10.4%
Newfoundland and Labrador									
St. John's and Grand Falls	**14,331**	13,718	4.5%	**(4,283)**	(4,150)	3.2%	**10,048**	9,568	5.0%
	14,331	13,718	4.5%	**(4,283)**	(4,150)	3.2%	**10,048**	9,568	5.0%
British Columbia									
Victoria	**11,554**	11,018	4.9%	**(2,958)**	(2,862)	3.4%	**8,596**	8,156	5.4%
	11,554	11,018	4.9%	**(2,958)**	(2,862)	3.4%	**8,596**	8,156	5.4%
Prince Edward Island									
Charlottetown and Summerside	**10,581**	10,264	3.1%	**(4,401)**	(4,131)	6.5%	**6,180**	6,133	0.8%
	10,581	10,264	3.1%	**(4,401)**	(4,131)	6.5%	**6,180**	6,133	0.8%
	$306,901	$288,893	6.2%	**($103,249)**	($101,280)	1.9%	**$203,652**	$187,613	8.5%

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

MHC Results

For the years ended December 31,

	Total Portfolio			Same Property		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$21,410**	$20,591	4.0%	**$21,168**	$20,355	4.0%
Property operating expenses	**7,505**	7,652	(1.9)%	**7,467**	7,605	(1.8)%
NOI	**$13,905**	$12,939	7.5%	**$13,701**	$12,750	7.5%
Operating margin %	**64.9%**	62.8%	210 bps	**64.7%**	62.6%	210 bps

Killam's MHC business segment generated 5.8% of Killam's NOI for the year ended December 31, 2024. The MHC portfolio generates its highest revenues 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 annual NOI between July and October. Overall, the MHC portfolio generated same property NOI growth of 7.5% for the year ended December 31, 2024. This growth is primarily attributable to increases on renewals at Killam's permanent MHC sites, increased seasonal revenue achieved through annual rent increases and higher transient revenue, which resulted in a 4.0% increase in revenue compared to 2023. Expenses decreased 1.8% year-over-year as a result of a reduction in water consumption and related costs.

MHC Same Property by Segment

For the years ended December 31,

	Property Revenue			Property Expenses			Net Operating Income		
	2024	2023	% Change	**2024**	2023	% Change	**2024**	2023	% Change
Permanent MHCs	**$14,177**	$13,609	4.2%	**($4,688)**	($4,831)	(3.0)%	**$9,489**	$8,778	8.1%
Seasonal Resorts	**6,991**	6,746	3.6%	**(2,779)**	(2,774)	0.2%	**4,212**	3,972	6.0%
	$21,168	$20,355	4.0%	**($7,467)**	($7,605)	(1.8)%	**$13,701**	$12,750	7.5%

For the year ended December 31, 2024, same property permanent MHCs generated an 8.1% increase in NOI. Average rent increased 6.4%, to $314 per site at December 31, 2024, compared to $295 per site at December 31, 2023, while occupancy for the year increased by 20 bps to 98.5%, compared to 98.3% in 2023. This was coupled with lower property operating expenses, down 3.0% due to a reduction in water consumption and lower repairs and maintenance costs. Revenue and NOI growth was further augmented through MHC site expansions at some of Killam's communities.

Killam's seasonal resort portfolio achieved same property revenue growth of 3.6% in 2024, compared to 2023. Partially offsetting this growth was a modest 0.2% increase in property operating expenses, driven by higher property tax expenses, salary costs and contract service costs, offset by lower repairs and maintenance and general and administrative costs. Overall, same property seasonal MHCs achieved a 6.0% increase in NOI for the year ended December 31, 2024.

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

Commercial Results

For the years ended December 31,	Total Portfolio			Same Property		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$22,146**	$21,024	5.3%	**$21,694**	$20,704	4.8%
Property operating expenses	**8,837**	8,197	7.8%	**8,719**	8,500	2.6%
NOI	**$13,309**	$12,827	3.8%	**$12,975**	$12,204	6.3%

Killam's commercial business segment contributed $13.3 million, or 5.5%, to Killam's total NOI for the year ended December 31, 2024.

Killam's commercial portfolio contains 974,509 SF, located in four of Killam's core markets. The commercial portfolio includes Westmount Place, a 300,000 SF retail and office complex located in Waterloo; Royalty Crossing, a 410,200 SF shopping mall in PEI for in 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 was down by 80 bps in 2024 to 94.3%, compared to 95.1% in 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 significant capital investment at Royalty Crossing has led to the addition of 26,950 SF of new gross leasable area to the property. In 2024, Killam leased a new net 13,730 SF at the property, at a weighted average net rate of $32.94 per SF.

The increase in NOI during the year ended December 31, 2024, relates to higher rental rates on renewals and an increase in percentage rents, partially offset by a decrease in occupancy. In 2024, Killam successfully leased a new net 32,800 SF of commercial space across the portfolio. Killam has also renewed over 96,350 SF of commercial space during 2024, with a weighted average net rate increase of 16.5%.

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

PART V

Other Income and Expenses and Net Income

Net Income and Comprehensive Income

For the years ended December 31,	**2024**	2023	% Change
Net operating income	**$240,481**	$224,043	7.3%
Other income	**2,385**	1,810	31.8%
Financing costs	**(79,712)**	(69,398)	14.9%
Depreciation	**(1,065)**	(669)	59.2%
Administration	**(20,282)**	(19,302)	5.1%
Restructuring costs	**(5,904)**	—	N/A
Fair value adjustment on unit-based compensation	**931**	(330)	(382.1)%
Fair value adjustment on Exchangeable Units	**3,352**	(6,821)	(149.1)%
Fair value adjustment on investment properties	**252,361**	174,179	44.9%
Loss on dispositions	**(3,678)**	(4,021)	(8.5)%
Income before income taxes	**388,869**	299,491	29.8%
Deferred tax recovery (expense)	**278,975**	(33,158)	(941.4)%
Net income and comprehensive income	**$667,844**	$266,333	150.8%

Net income and comprehensive income increased by $401.5 million for the year ended December 31, 2024, primarily due to a deferred tax recovery of $279.0 million, compared to deferred tax expense of $33.2 million for the year ended December 31, 2023. The deferred tax recovery is the result of the Arrangement, as described on page 29. Additionally, Killam recognized $252.4 million in fair value gains on investment properties for the year ended December 31, 2024, compared to $174.2 million in fair value gains for the same period in 2023. This was coupled with a $16.4 million increase in NOI driven by contributions from developments and same property NOI growth. Another contributor was $4.3 million in fair value gains on the mark-to-market adjustments on Killam's unit-based compensation and Exchangeable Units in 2024, compared to fair value losses of $7.2 million for the year ended December 31, 2023.

Financing Costs

For the years ended December 31,	**2024**	2023	% Change
Mortgage, loan and construction loan interest	**$72,333**	$62,480	15.8%
Interest on credit facilities	**3,272**	4,117	(20.5)%
Interest on Exchangeable Units	**2,742**	2,729	0.5%
Amortization of deferred financing costs	**3,915**	3,638	7.6%
Amortization of fair value adjustments on assumed debt	**226**	223	1.3%
Unrealized loss on derivative liability	**—**	68	(100.0)%
Interest on lease liabilities	**520**	440	18.2%
Capitalized interest	**(3,296)**	(4,297)	(23.3)%
	$79,712	$69,398	14.9%

Total financing costs were $79.7 million for the year ended December 31, 2024, an increase of $10.3 million, or 14.9%, year-over-year. Mortgage, loan and construction loan interest expense increased $9.9 million, or 15.8%, for the year ended December 31, 2024, compared to the same period in 2023, mainly due to refinancing mortgages at higher interest rates in both 2023 and 2024.

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

Killam's mortgage, loan and construction loan liability balance increased by only a net $5.0 million over the past year as Killam upfinanced maturing mortgages within its existing portfolio, advanced its development projects with construction financing, and obtained financing for recently completed developments. These increases were then partially offset by the repayment of mortgages associated with properties sold during 2024 and the repayment of other debt. The average interest rate on refinancings for the year ended December 31, 2024, was 4.28%, 122 bps higher than the weighted average interest rate on maturing debt.

Interest on Killam's credit facilities decreased $0.8 million for the year ended December 31, 2024, compared to the same period in 2023. This is due to a lower average balance on Killam's credit facilities throughout 2024, compared to the same period in 2023. Throughout 2024, net proceeds obtained through Killam's capital recycling program were used to reduce the balance on Killam's credit facility. There was a slight uptick in the balance at the end of 2024 due to the timing of other debt repayments and refinancings. During the year, Killam also replaced its variable rate construction loans with permanent financing, and was carrying no variable rate construction loans as at December 31, 2024, down from $29.7 million as at December 31, 2023.

Deferred financing costs include mortgage assumption and application fees, and 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 $1.0 million for the year ended December 31, 2024, compared to the same period in 2023. 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

For the years ended December 31,

	2024	2023	% Change
Administration	**$20,282**	$19,302	5.1%
As a percentage of total revenues	**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 year ended December 31, 2024, total administration expenses increased $1.0 million, or 5.1%, compared to the same period in 2023. This was due to higher compensation costs, increased professional and consulting fees, as well as higher training and travel costs. Administration expenses as a percentage of total revenues were 5.5% for 2024, consistent with 2023.

Fair Value Adjustments

For the years ended December 31,

	2024	2023	% Change
Investment properties	**$252,361**	$174,179	44.9%
Deferred unit-based compensation	**931**	(330)	382.1%
Exchangeable Units	**3,352**	(6,821)	149.1%
	$256,644	$167,028	53.7%

Killam recognized fair value gains of $252.4 million related to investment properties for the year ended December 31, 2024, compared to fair value gains of $174.2 million for the year ended December 31, 2023. The fair value gains 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 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 Killam's unitholders. For the year ended December 31, 2024, there was an unrealized fair value gain of $0.9 million, compared to an unrealized fair value loss of $0.3 million for the same period 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 holders of Killam's Trust Units. The Exchangeable Units are Class B limited partnership units of Killam Apartment Limited Partnership. Exchangeable Units are intended to be economically equivalent to and are redeemable on a one-for-one basis into Trust Units at the option of the holder and are accompanied by Special Voting Units of the Trust that provide their holders with equivalent voting rights to holders of Trust Units. The fair value of the Exchangeable Units is based on the trading price of Killam’s Trust Units. For the year ended December 31, 2024, there was an unrealized gain of $3.4 million, compared to an unrealized loss of $6.8 million for the same period in 2023. The unrealized gain in the year reflects a decrease in Killam's unit price as at December 31, 2024, compared to December 31, 2023.

Deferred Tax (Recovery) Expense and Restructuring Costs

For the years ended December 31,			
	2024	2023	% Change
Deferred tax (recovery) expense	**($278,975)**	$33,158	(941.4)%

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

On November 21, 2024, holders of Killam's Trust Units and Special Voting Units, voting together as a single class, approved the Arrangement, which was an internal reorganization that was accomplished by way of a plan of arrangement. The Arrangement became effective on November 30, 2024, and removed Killam Properties Inc. ("KPI"), a wholly-owned subsidiary of the Trust, from Killam's organizational structure, such that the Trust no longer holds any properties partially through KPI. As a result, the Trust no longer has any corporate subsidiaries that are subject to income taxes and the full reversal of the deferred tax liabilities was recognized in the consolidated statement of income and comprehensive income in the year ended December 31, 2024. The REIT received an advance tax ruling from the Canada Revenue Agency in connection with the Arrangement. Killam incurred $5.9 million in restructuring costs related to the Arrangement, which include legal and accounting fees as well as land transfer tax applicable in Ontario.

Killam's deferred tax recovery was $279.0 million for the year ended December 31, 2024, compared to a deferred tax expense of $33.2 million for the same period in 2023. The deferred tax recovery in the current period was the result of the Arrangement simplifying Killam's organizational structure.

PART VI

Per Unit Calculations

As Killam is an open-ended mutual fund trust, unitholders may redeem their Trust Units subject to certain restrictions. As a result, Killam's Trust Units are classified as financial liabilities under IFRS Accounting Standards. Consequently, all per unit calculations are considered non-IFRS 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) as at December 31,**
For the years ended December 31,	**2024**	2023	% Change	**2024**
Trust Units	**118,996**	117,565	1.2%	**119,621**
Exchangeable Units	**3,898**	3,898	—%	**3,898**
Basic number of units	**122,894**	121,463	1.2%	**123,519**
Plus:				
Units under RTU Plan (1)	**229**	193	18.7%	—
Diluted number of units	**123,123**	121,656	1.2%	—

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

Funds from Operations

FFO is recognized as an industry-wide standard measure of a real estate entity's operating performance, and Management considers FFO per unit to be a key measure of operating performance. REALPAC, Canada's senior national industry association for owners and managers of investment real estate, has recommended guidelines for a standard industry calculation of FFO based on IFRS Accounting Standards. Killam calculates FFO in accordance with the REALPAC definition with the exception of the add back of restructuring costs associated with the internal reorganization that was accomplished by way of plan of arrangement and completed effective November 30, 2024, resulting in the reversal of Killam's deferred tax liability. Notwithstanding the foregoing, FFO does not have a standardized meaning under IFRS Accounting Standards and is considered a non-IFRS financial measure; therefore, it may not be comparable to similarly titled measures presented by other publicly traded companies. FFO for the years ended December 31, 2024 and 2023, is calculated as follows:

For the years ended December 31,	**2024**	2023	% Change
Net income	**$667,844**	$266,333	150.8%
Fair value adjustment on unit-based compensation	**(931)**	330	(382.1)%
Fair value adjustment on Exchangeable Units	**(3,352)**	6,821	(149.1)%
Fair value adjustment on investment properties	**(252,361)**	(174,179)	44.9%
Non-controlling interest	**—**	(10)	(100.0)%
Internal commercial leasing costs	**246**	360	(31.7)%
Deferred tax (recovery) expense	**(278,975)**	33,158	(941.4)%
Restructuring costs	**5,904**	—	N/A
Interest expense on Exchangeable Units	**2,742**	2,729	0.5%
Loss on dispositions	**3,678**	4,021	(8.5)%
Unrealized loss on derivative liability	—	68	(100.0)%
Depreciation on owner-occupied building	**96**	102	(5.9)%
Change in principal related to lease liabilities	**23**	22	4.5%
FFO	**$144,914**	$139,755	3.7%
FFO per unit – diluted	**$1.18**	$1.15	2.6%
FFO payout ratio – diluted (1)	**60%**	61%	(100) bps
Weighted average number of units – diluted (000s)	**123,123**	121,656	1.2%

(1) Based on Killam's distribution of $0.70330 for the year ended December 31, 2024, and $0.69996 for the year ended December 31, 2023.

Killam earned FFO of $144.9 million, or $1.18 per unit (diluted), for the year ended December 31, 2024, compared to $139.8 million, or $1.15 per unit (diluted), for the year ended December 31, 2023. FFO growth is primarily attributable to same property NOI growth. This was partially offset by 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. FFO has been adjusted for costs incurred in 2024 to complete the internal reorganization that was completed by way of plan of arrangement and resulted in the reversal of Killam's deferred tax liability. These costs were unique to Killam's corporate structure and therefore have been removed for FFO purposes.

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.

Details of Killam's total actual capital expenditures by category are included in the "Capital Improvements" section on page 43, and Killam's sources of funding are disclosed in the "Liquidity and Capital Resources" section on page 34 of this MD&A.

Calculating Maintenance Capex Reserve for AFFO

In February 2017, REALPAC issued the *White Paper on Funds From Operations & Adjusted Funds From Operations for IFRS*, updating their guidance on maintenance capital expenditures ("maintenance capex") to be used in the calculation of AFFO and ACFO. Killam has elected to adopt a maintenance reserve based on a three-year average of the capital invested to maintain and sustain its properties, an approach endorsed by REALPAC. The following table details Killam's capital investments attributable to value-enhancing and maintenance projects for each of the past three years:

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

Maintenance Capex Reserve – Apartments

		2024	2023	2022
Total capital investments		$73,053	$83,606	$91,388
Value-enhancing capital investment				
	Building	(26,566)	(32,411)	(30,965)
	Unit upgrades	(18,872)	(24,835)	(27,603)
	Equipment & other	(6,890)	(6,199)	(12,873)
		(52,328)	(63,445)	(71,441)
Maintenance capex		**$20,725**	**$20,161**	**$19,947**
Maintenance capex – % of total capital		28%	24%	22%
Number of units (1)		18,100	18,480	18,678
Maintenance capex per unit		$1,145	$1,091	$1,068
Maintenance capex – three-year average			**$1,101**	

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

Value-enhancing capital investment includes building enhancements, unit upgrades and equipment purchases supporting NOI growth. Value-enhancing capital classified as building enhancements includes energy-efficiency projects and an allocation to represent building upgrades, including window replacements and common area and amenity space upgrades. Unit upgrades represent a capital investment on unit turns with an expected minimum 10% return on investment ("ROI").

Maintenance capex includes all building improvements and unit renovation investment required to maintain current revenues. For the year ended December 31, 2024, Killam updated its maintenance capex reserve to reflect the actual capital investment for the most recent three years (2022–2024), which is equivalent to $1,101 per unit. Based on this calculation, Management has selected $1,100 per unit for its maintenance capex reserve for 2024, a 7.3% increase from the 2023 reserve of $1,025 per unit. Management will maintain this reserve in its calculation of AFFO throughout 2025, until the three-year average is updated at year-end with actual results.

The allocations above were the result of a detailed review of Killam's historical capital investment. Significant judgment was required to allocate capital between value-enhancing and maintenance activities. Management believes these allocations are reflective of Killam's capital program. In 2024, approximately 28% of annual capital investment was attributable to maintaining and sustaining properties.

Maintenance Capex Reserve – MHCs and Commercial

The capital investment specific to the MHC portfolio was also reviewed for the three years ended December 31, 2024, and categorized into value-enhancing and maintenance capex. Value-enhancing capital investment includes site expansions, land improvements and NOI-enhancing water and sewer upgrades. Maintenance capex includes capital investment related to roads and paving, as well as the majority of water and sewer capital invested to maintain the infrastructure in each community. On a per site basis, maintenance capex has ranged from $285 to $325 over the past three years. Management selected $310 per MHC site for its maintenance capex reserve for 2024, an increase of 3.3% from the 2023 reserve of $300 per site.

Additionally, Management reviewed Killam's capital investment specific to the commercial portfolio for the three years ended December 31, 2024, categorizing capital investment into value-enhancing and maintenance capex. Value-enhancing capital investment includes NOI-generating property upgrades, commercial tenant improvements, property expansions and building enhancements. Due to an increase in capital investment in its commercial properties, Killam had previously increased its annual capex reserve from $0.95 per SF for 2022 to $1.00 per SF for 2023. For 2024, Killam updated its maintenance capex reserve to reflect the actual capital investment for the most recent three years (2022–2024). Based on this calculation, Management has selected $1.10 per SF for its commercial maintenance capex reserve for 2024, an increase of 10.0% from the 2023 reserve.

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

For the years ended December 31,

	2024	2023	% Change
FFO	**$144,914**	$139,755	3.7%
Maintenance capital expenditures	**(22,722)**	(21,587)	5.3%
Commercial straight-line rents	**(90)**	78	(215.4)%
Internal and external commercial leasing costs	**(374)**	(446)	(16.1)%
AFFO	**$121,728**	$117,800	3.3%
AFFO per unit – diluted	**$0.99**	$0.97	2.1%
AFFO payout ratio – diluted (1)	**71%**	72%	(100) bps
Weighted average number of units – diluted (000s)	**123,123**	121,656	1.2%

(1) Based on Killam's distribution of $0.70330 for the year ended December 31, 2024, and $0.69996 for the year ended December 31, 2023.

The payout ratio of 71% for the year ended December 31, 2024, improved 100 bps compared to the year ended December 31, 2023. The improvement is attributable to a 3.3% increase in AFFO, driven by same property NOI growth and contributions from completed developments, and is partially offset by a 1.2% increase in the weighted average number of units outstanding.

The Board evaluates the Trust’s payout ratio quarterly. The Board 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 February 2017 in REALPAC's *White Paper on Adjusted Cash Flow from Operations (ACFO) for IFRS* as a sustainable, economic cash flow metric. Upon review of REALPAC's white paper, Management incorporated ACFO as a useful measure to evaluate Killam's ability to fund distributions to unitholders. ACFO should not be construed as an alternative to cash flows provided by or used in operating activities determined in accordance with IFRS Accounting Standards.

Killam calculates ACFO in accordance with the REALPAC definition but 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 consolidated statements of cash flows for the years ended December 31, 2024 and 2023) to ACFO is as follows:

For the years ended December 31,	**2024**	2023	% Change
Cash provided by operating activities	**$160,140**	$139,734	14.6%
Adjustments:			
Changes in non-cash working capital not indicative of sustainable cash flows	**(7,785)**	5,041	(254.4)%
Maintenance capital expenditures	**(22,722)**	(21,587)	5.3%
External commercial leasing costs	**(210)**	(228)	(7.9)%
Amortization of deferred financing costs	**(3,915)**	(3,638)	7.6%
Interest expense related to lease liability	**(160)**	(72)	122.2%
Non-controlling interest	**—**	(10)	(100.0)%
ACFO	**$125,348**	$119,240	5.1%
Distributions declared (1)	**87,510**	86,114	1.6%
Excess of ACFO over cash distributions	**$37,838**	$33,126	14.2%
ACFO payout ratio – diluted (2)	**70%**	72%	(200) bps

(1) Includes distributions on Trust Units, Exchangeable Units and restricted Trust Units, as summarized on page 46.

(2) Based on Killam's distribution of $0.70330 for the year ended December 31, 2024, and $0.69996 for the year ended December 31, 2023.

Killam's ACFO payout ratio is 70% for the year ended December 31, 2024. Similar to the AFFO payout ratio, Killam's first quarter typically has the highest ACFO payout ratio due to the lower operating margin in the period attributable to higher heating costs in the winter months, and the fact the MHC portfolio typically generates its highest revenues 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:

For the years ended December 31,	**2024**	2023
Net income	**$667,844**	$266,333
Cash provided by operating activities	**$160,140**	$139,734
Total distributions declared	**$87,510**	$86,114
Excess of net income over total distributions declared	**$580,334**	$180,219
Excess of net income over net distributions paid (1)	**$604,158**	$206,443
Excess of cash provided by operating activities over total distributions declared	**$72,630**	$53,620

(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 $157.0 million of capital under its credit facilities and cash on hand.

(iii) Mortgage refinancings and construction loans are expected to be sufficient to fund value-enhancing capex, principal repayments and developments. Killam has $319.0 million of mortgage debt scheduled for refinancing in 2025, expected to lead to upfinancing opportunities of approximately $80–$90.0 million.

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

(v) Killam currently has unencumbered assets of approximately $174.0 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 consolidated statement of financial position, and (ii) the historical cost of Killam's assets. Total debt as a percentage of assets as at December 31, 2024, was 40.4%.

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 February 12, 2025, Killam was in compliance with these covenants.

The table below outlines Killam's key debt metrics:

As at December 31,	**2024**	2023	Change
Weighted average years to debt maturity	**4.0**	3.9	0.1 years
Total debt as a percentage of total assets	**40.4%**	42.9%	(250) bps
Interest coverage	**2.94x**	3.10x	(5.2)%
Debt service coverage	**1.55x**	1.51x	2.6%
Debt to normalized EBITDA (1)	**9.69x**	10.29x	(5.8)%
Weighted average mortgage interest rate	**3.45%**	3.22%	23 bps
Weighted average interest rate of total debt	**3.51%**	3.34%	17 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	**December 31, 2024**	December 31, 2023
Mortgages and loans payable	**$2,139,143**	$2,104,443
Credit facilities	**54,738**	40,877
Construction loans	**—**	29,675
Total interest-bearing debt	**$2,193,881**	$2,174,995
Total assets (1)	**$5,428,715**	$5,073,248
Total debt as a percentage of total assets	**40.4%**	42.9%

(1) Excludes right-of-use asset of $11.6 million as at December 31, 2024 (December 31, 2023 – $11.9 million).

Total debt as a percentage of total assets was 40.4% at December 31, 2024, compared to 42.9% at December 31, 2023. The 250 bps change is attributable to a decreased total debt balance as at December 31, 2024, compared to December 31, 2023. This is coupled with an increase in the total assets balance as a result of fair value gains on Killam's investment properties and $20.5 million of investment property acquisitions completed in 2024. Management is focused on maintaining conservative debt levels. Total debt to total assets is sensitive to changes in the fair value of investment properties, in particular cap rate changes.

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

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

Cap Rate Sensitivity Increase (Decrease)	**Fair Value of Investment Properties** [1]	**Total Assets**	**Total Debt as % of Total Assets**	**Change (bps)**
(0.50)%	$6,037,869	$6,081,864	36.1%	(430)
(0.25)%	$5,708,809	$5,752,804	38.1%	(230)
—%	$5,384,720	$5,428,715	40.4%	—
0.25%	$5,150,512	$5,194,507	42.2%	180
0.50%	$4,911,636	$4,955,631	44.3%	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. The sensitivity for commercial assets is calculated using an implied capitalization rate based on the stabilized NOI of the properties.

Normalized Adjusted EBITDA

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

12 months ending,	**December 31, 2024**	December 31, 2023	% Change
Net income	**$667,844**	$266,333	150.8%
Deferred tax (recovery) expense	**(278,975)**	33,158	(941.4)%
Financing costs	**79,712**	69,398	14.9%
Depreciation	**1,065**	669	59.2%
Loss on dispositions	**3,678**	4,021	(8.5)%
Restructuring costs	**5,904**	—	N/A
Fair value adjustment on unit-based compensation	**(931)**	330	(382.1)%
Fair value adjustment on Exchangeable Units	**(3,352)**	6,821	(149.1)%
Fair value adjustment on investment properties	**(252,361)**	(174,179)	44.9%
Adjusted EBITDA	**222,584**	206,551	7.8%
Normalizing adjustment [1]	**2,352**	3,480	(32.4)%
Normalized adjusted EBITDA	**$224,936**	$210,031	7.1%
Total interest-bearing debt	**$2,193,881**	$2,174,995	
Cash and cash equivalents	**(13,211)**	(14,087)	
Net debt	**$2,180,670**	$2,160,908	0.9%
Debt to normalized adjusted EBITDA	**9.69x**	10.29x	(5.8)%

(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

12 months ending,	**December 31, 2024**	December 31, 2023	% Change
NOI	**$240,481**	$224,043	7.3%
Other income	**2,385**	1,810	31.8%
Administration	**(20,282)**	(19,302)	5.1%
Adjusted EBITDA	**222,584**	206,551	7.8%
Interest expense [1]	**75,605**	66,597	13.5%
Interest coverage ratio	**2.94x**	3.10x	(5.2)%
Principal repayments	**67,578**	69,833	(3.2)%
Interest expense [1]	**$75,605**	$66,597	13.5%
Debt service coverage ratio	**1.55x**	1.51x	2.6%

(1) Interest expense includes mortgage, loan and construction loan interest and interest on credit facilities, as presented in note 22 to the consolidated financial statements.

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

Mortgages and Other Loans

Killam's long-term debt consists largely 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 December 31, 2024, was 3.45%, 23 bps higher compared to the rate as at December 31, 2023.

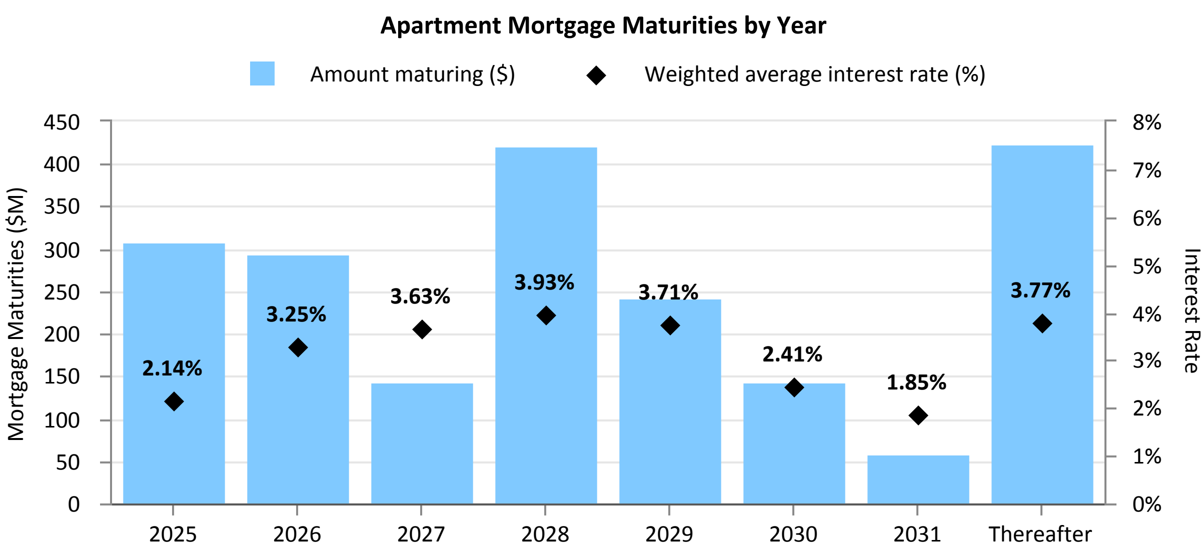
Refinancings

For the year ended December 31, 2024, Killam refinanced the following mortgages:

	Mortgage Debt Maturities		Mortgage Debt on Refinancing		Weighted Average Term	Net Proceeds
Apartments	$267,748	2.95%	$326,805	4.20%	6.4 years	$59,057
MHCs and Commercial	31,928	3.95%	44,200	4.92%	5.0 years	12,272
	$299,676	3.06%	$371,005	4.28%	6.3 years	$71,329

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

	Apartments			MHCs and Commercial		Total	
Year of Maturity	Balance December 31	Weighted Avg Int. Rate %	% CMHC-Insured	Balance December 31	Weighted Avg Int. Rate %	Balance December 31	Weighted Avg Int. Rate %
2025	$307,751	2.14%	49.6%	$19,142	2.61%	$326,893	2.17%
2026	295,260	3.25%	58.3%	6,892	2.69%	302,152	3.24%
2027	143,223	3.63%	74.3%	41,859	5.13%	185,082	3.97%
2028	421,441	3.93%	95.2%	34,875	5.52%	456,316	4.05%
2029	242,970	3.71%	95.3%	43,861	4.92%	286,831	3.90%
Thereafter	626,729	3.44%	100.0%	3,767	3.31%	630,496	3.44%
	$2,037,374	3.36%	83.0%	$150,396	4.68%	$2,187,770	3.45%



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 December 31, 2024, approximately 83.0% of Killam's apartment mortgages were CMHC-insured (77.3% 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 3.32% as at December 31, 2024 (December 31, 2023 – 3.07%).

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

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

2025 Debt Maturities	Number of Properties	Estimated NOI	Principal Balance (at maturity)
Apartments with debt maturing	47	$37,212	$300,155
MHCs and Commercial with debt maturing	7	2,142	18,823
	54	$39,354	$318,978

2026 Debt Maturities	Number of Properties	Estimated NOI	Principal Balance (at maturity)
Apartments with debt maturing	39	$37,858	$289,736
MHCs and Commercial with debt maturing	4	1,307	6,349
	43	$39,165	$296,085

Future Contractual Debt Obligations

As at December 31, 2024, the timing of Killam's future contractual debt obligations is as follows:

For the 12 months ending December 31,	Mortgages and Loans Payable	Credit Facilities	Lease Liabilities	Total
2025	$381,229	$54,738	$638	$436,605
2026	335,175	—	683	335,858
2027	211,867	—	726	212,593
2028	449,479	—	537	450,016
2029	261,342	—	35	261,377
Thereafter	548,678	—	9,960	558,638
	$2,187,770	**$54,738**	**$12,579**	**$2,255,087**

Construction Loans

As at December 31, 2024, Killam had access to one fixed-rate construction loan totalling $62.4 million for the purpose of financing The Carrick development (December 31, 2023 – $62.4 million) and no variable rate construction loans (December 31, 2023 – three construction loans totalling $30.3 million, with $24.7 million drawn). As at December 31, 2024, $33.4 million was drawn on the construction loan (December 31, 2023 – $4.9 million) included in non-current mortgages and loans payable. Payments are made monthly on an interest-only basis. Following completion of the development, the loan will amortize over a 50-year term. The weighted average contractual interest rate on amounts outstanding at December 31, 2024, was 3.10% (December 31, 2023 – 6.31%).

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 basis points ("bps") on prime rate advances or 155 bps over banker's acceptances 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 December 31, 2024. This facility matures December 19, 2025.

The $25.0 million demand facility bears interest at prime plus 75 bps on advances and 135 bps on issuance of letters of credit, in addition to 50 bps per annum. The agreement includes certain covenants and undertakings with which Killam was in compliance as at December 31, 2024.

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

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.

Investment Properties

As at December 31,

	2024	2023	% Change
Investment properties	**$5,225,102**	$4,921,892	6.2%
Investment properties under construction ("IPUC")	**91,114**	44,621	104.2%
Land for development	**68,504**	61,293	11.8%
	$5,384,720	$5,027,806	7.1%

Continuity of Investment Properties

As at December 31,

	2024	2023	% Change
Balance, beginning of year	**$4,921,892**	$4,637,792	6.1%
Fair value adjustment - Apartments	**244,499**	191,624	27.6%
Fair value adjustment - MHCs	**10,799**	(14,779)	(173.1)%
Fair value adjustment - Commercial	**(6,052)**	(724)	735.9 %
Acquisitions	**15,025**	66,539	(77.4)%
Dispositions	**(54,263)**	(168,670)	(67.8)%
Capital expenditures and development costs (1)	**90,107**	95,397	(5.5)%
Transfer to land for development	**(860)**	—	N/A
Transfer from residential inventory	**3,955**	1,053	275.6%
Transfer from IPUC	**—**	113,660	(100.0)%
Balance, end of year	**$5,225,102**	$4,921,892	6.2%

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

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

Killam reviewed its valuation of investment properties as at December 31, 2024, assessing the impact on cap rates, rental rate growth and occupancy assumptions. Each year, 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 year are supported by robust NOI growth.

The key valuation assumption in the determination of fair market value, using the direct capitalization method, is the cap rate. A summary of the high, low and weighted average cap rates used in the valuation models as at December 31, 2024, and December 31, 2023, is as follows:

For the years ended December 31,

	2024			2023		
Capitalization Rates	**Low**	**High**	**Effective Weighted Average**	Low	High	Effective Weighted Average
Apartments	**4.00%**	**6.50%**	**4.62%**	4.00%	6.50%	4.62%
Halifax	**4.00%**	**5.70%**	**4.52%**	4.00%	5.70%	4.52%
Ontario	**4.00%**	**5.00%**	**4.13%**	4.00%	5.00%	4.10%
Moncton	**4.25%**	**5.65%**	**5.04%**	4.25%	5.50%	5.02%
Fredericton	**5.10%**	**5.35%**	**5.20%**	5.10%	5.35%	5.20%
Saint John	**5.25%**	**5.35%**	**5.33%**	5.25%	5.35%	5.33%
Alberta	**4.75%**	**5.00%**	**4.80%**	4.75%	5.00%	4.85%
St. John's	**5.25%**	**6.50%**	**5.61%**	5.25%	6.50%	5.61%
Charlottetown	**5.35%**	**5.85%**	**5.67%**	5.25%	5.75%	5.59%
British Columbia	**4.00%**	**4.00%**	**4.00%**	4.00%	4.00%	4.00%
MHCs	**5.50%**	**6.75%**	**6.02%**	5.50%	6.75%	6.04%

Killam's effective weighted average cap rates for its apartment and MHC portfolios at December 31, 2024, were 4.62% and 6.02%, in-line with the weighted average cap rate for apartments and a decrease of 2 bps for MHCs compared to December 31, 2023. Killam will continue to monitor the acquisition market to identify cap rate changes. The change in the weighted average cap rates compared to December 31, 2023, is also impacted by acquisitions, dispositions and developments.

Fair Value Sensitivity

The following table summarizes the impact of changes in cap 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)%	$505,502	$564,285	$623,067	$681,850	$740,632
	(0.25)%	183,024	238,516	294,007	349,499	404,991
	—%	(105,104)	(52,552)	—	52,552	105,104
	0.25%	(364,108)	(314,199)	(264,290)	(214,381)	(164,472)
	0.50%	(598,206)	(550,686)	(503,166)	(455,646)	(408,125)

(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. The sensitivity for commercial assets is calculated using an implied capitalization rate based on the stabilized NOI of the properties.

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

2024 Acquisitions – Investment Properties

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**
Sherwood Crossing townhouses (4)	Charlottetown, PE	08-Nov-24	100%	Apartment	16	**3,660**
Total Acquisitions					66	**$20,460**

(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.
(4) Killam owned a 50% interest in this property, and now owns 100% after purchasing the remaining interest. Killam also sold land for development as part of this transaction.

2024 Dispositions – Investment Properties

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, PE	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, PE	27-Sep-24	100%	Apartment	51	**4,250**	**4,250**
9 Bruce St (4)	Halifax, NS	10-Oct-24	100%	Apartment	60	**8,200**	**4,530**
Sherwood Crossing land parcel (5)	Charlottetown, PE	09-Nov-24	100%	Land for development	N/A	**390**	**—**
Haviland St (5)	Charlottetown, PE	09-Nov-24	100%	Land for development	N/A	**2,700**	**—**
9 Sybyl Crt	Halifax, NS	16-Dec-24	100%	Apartment	22	**3,800**	**2,560**
2 Linden Lea & 83-87 Pleasant St	Halifax, NS	17-Dec-24	100%	Apartment	28	**4,600**	**3,070**
Total Dispositions					338	**$59,170**	**$40,870**

(1) Net cash proceeds does 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.
(4) Excluded from net cash proceeds is a $0.4 million vendor take-back mortgage. Full repayment is due within 36 months of the initial advance in October 2024.
(5) Excluded from net cash proceeds is a $2.2 million promissory note. Full repayment is due within 30 months of the initial advance in November 2024. Killam also purchased the remaining 50% interest in 16 apartment units as part of this transaction. The net amount due from the land for development sales was applied against the townhouse purchase price.

Investment Properties Under Construction

As at December 31,

	2024	2023	% Change
Balance, beginning of year	**$44,621**	$135,196	(67.0)%
Fair value adjustment	**(2,922)**	3,751	(177.9)%
Capital expenditures	**40,679**	39,257	3.6%
Transfer from (to) land for development	**7,127**	(22,654)	(131.5)%
Transfer to investment properties (1)	**—**	(113,660)	(100.0)%
Interest capitalized	**1,609**	2,731	(41.1)%
Balance, end of year	**$91,114**	$44,621	104.2%

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

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

Land for Development

As at December 31,

	2024	2023	% Change
Balance, beginning of year	**$61,293**	$39,813	54.0%
Fair value adjustment	**6,037**	(5,693)	(206.0)%
Acquisitions	**5,887**	—	N/A
Dispositions	**(5,099)**	—	N/A
Capital expenditures	**4,966**	2,953	68.2%
Transfer from investment properties	**860**	—	N/A
Transfer (to) from IPUC	**(7,127)**	22,654	(131.5)%
Interest capitalized	**1,687**	1,566	7.7%
Balance, end of year	**$68,504**	$61,293	11.8%

Killam's development projects currently underway as at December 31, 2024, include the following projects:

Property	Location	Ownership	Number of Units	Project Budget (millions)	Start Date	Estimated Completion	Anticipated All-Cash Yield
The Carrick	Waterloo, ON	100%	139	$89.1	Q2-2022	2025 (1)	4.00%–4.25% (2)
Eventide	Halifax, NS	100%	55	$34.7	Q1-2024	2026	4.50%–5.00%
Wissler	Waterloo, ON	100%	128	$57.0	Q4-2024	2026	5.00%–5.50%
Total (3)			**322**	**$180.8**			

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

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

Eventide
Eventide, an 8-storey, 55-unit building located in Halifax, NS, broke ground in Q1-2024. The project is expected to be completed in Q2-2026 and has a development budget of $34.7 million.

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

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

Future Development Pipeline

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

Property	Location	Killam's Interest	Development Potential (# of Units) (1)	Status	Estimated Year of Completion
Developments expected to start in 2025–2026					
Victoria Gardens Phase I	Halifax, NS	100%	95	Planning approvals	2027
Harlington Phase I	Halifax, NS	100%	150	Planning approvals	2027
Westmount Place Phase 2	Waterloo, ON	100%	250	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 (Phases 3–5)	Ottawa, ON	50%	600	Future development	TBD
Westmount Place (Phases 3–5)	Waterloo, ON	100%	800	Future development	TBD
Kanata Lakes	Ottawa, ON	50%	80	Future development	TBD
St. George Street	Moncton, NB	100%	60	Future development	TBD
Topsail Road	St. John's, NL	100%	225	Future development	TBD
Block 4	St. John's, NL	100%	80	Future development	TBD
Total Development Opportunities (3)			**3,998**		

(1) Represents total number of units in the potential development.
(2) Killam has a 10% interest in the remaining two phases of the Nolan Hill development in Calgary, AB, with the [option] to purchase the remaining 90% interest upon completion of each phase.
(3) Killam has identified opportunities for additional density of over 4,000 units through redevelopment of existing properties in Halifax. Killam is exploring rezoning opportunities, including the incorporation of an affordability component in each of the potential future redevelopments.

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

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

Capital Improvements

Capital improvements are a combination of maintenance capex and value-enhancing upgrades. Maintenance capex investments are not expected to increase the NOI or efficiency of a building; however, these expenditures will extend the life of the asset. Examples of maintenance capex include roof, window and building envelope repairs and are in addition to repairs and maintenance costs that are expensed to NOI. Value-enhancing capital investments are expected to result in higher rents and/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 year ended December 31, 2024, Killam invested $90.1 million of capital in its existing portfolio compared to $95.4 million for the same period in 2023, a decrease of 5.5% year-over-year.

For the year ended December 31,

	2024	2023	% Change
Apartments	**$73,053**	$83,606	(12.6)%
MHCs	**8,937**	6,556	36.3%
Commercial	**8,117**	5,235	55.1%
	$90,107	$95,397	(5.5)%

Apartment Portfolio

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

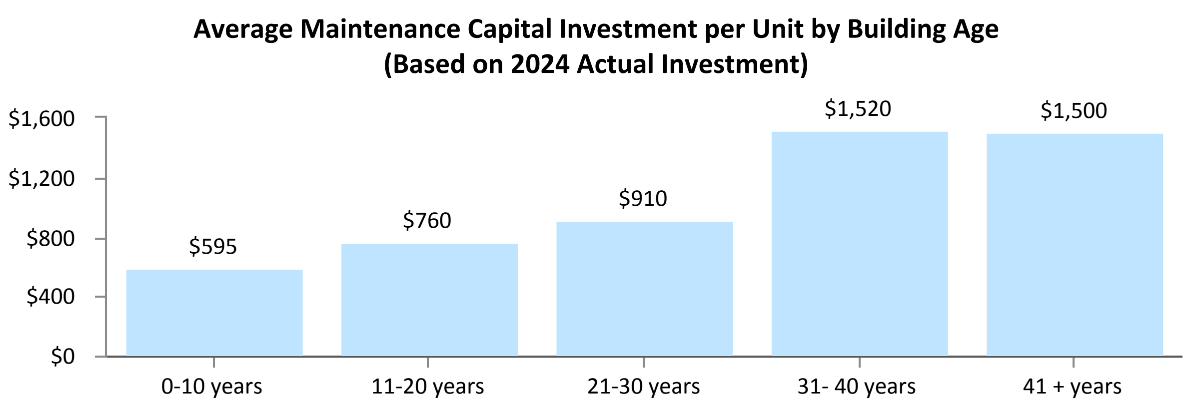
For the year ended December 31,

	2024	2023	% Change
Building improvements	**$36,234**	$38,844	(6.7)%
Suite renovations and repositionings	**22,748**	26,843	(15.3)%
Appliances	**4,361**	4,390	(0.7)%
Energy	**6,762**	8,820	(23.3)%
Common area	**2,948**	4,709	(37.4)%
Total capital invested	**$73,053**	$83,606	(12.6)%
Average number of units (1)	**18,100**	18,480	(2.1)%
Capital invested – $ per unit	**$4,036**	$4,524	(10.8)%

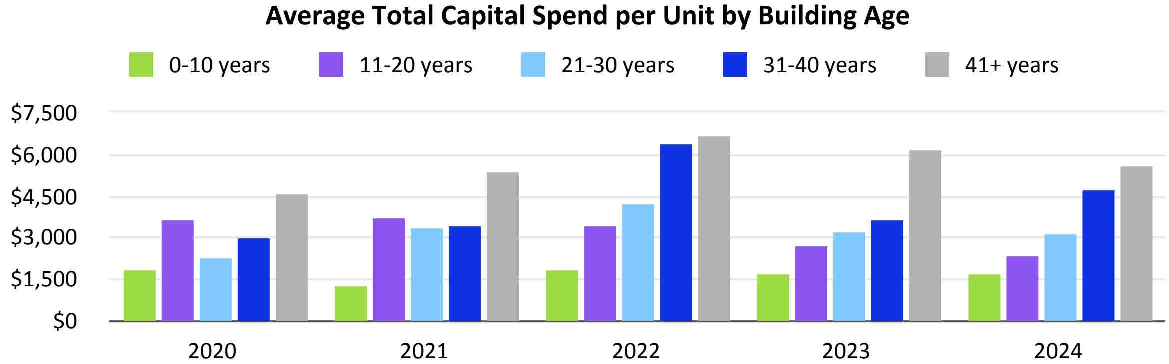
(1) Weighted average number of units, adjusted for Killam's 50% ownership in jointly held properties.

Killam invested $4,036 per unit for the year ended December 31, 2024, compared to $4,524 per unit for the year ended December 31, 2023. The decrease 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 2025 forecasted NOI, were built in the past 10 years, and the average age of Killam's portfolio is 29 years. This portfolio of newer assets allows Killam to focus on value-enhancing opportunities, as the maintenance capital requirements are lower.

Maintenance capital requirements vary significantly by the age of properties. As the following chart illustrates, the approximate 2024 maintenance capex for properties built in the past 10 years was $595 per unit compared to $1,500 per unit for properties that were over 41 years old.



Additionally, the chart below highlights that the total capital investment per unit is less for newer properties (built in the last 10 years), averaging $1,700 per unit, compared to $5,635 per unit for buildings over 40 years old.



Building Improvements

Of the $73.1 million total capital invested in the apartment segment for the year ended December 31, 2024, approximately 50% was invested in building improvements. These investments included 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. Capital invested in building improvements decreased 6.7% for the year ended December 31, 2024, compared to the same period in 2023, which was primarily due to the timing of multi-phase building envelope projects, coupled with the decreased size of Killam's apartment portfolio as a result of dispositions completed in 2024.

Unit Renovations and Repositionings

For the year ended December 31, 2024, Killam invested $22.7 million in unit renovations, a 15.3% decrease over the total investment of $26.8 million for the same period in 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, earning rental growth of 10%–40%. The timing of unit renovation investment is influenced by tenant turnover, market conditions and individual property requirements. The length of time that Killam has owned a property and the age of the property also impact capital requirements. In 2024, Killam repositioned 286 units, down from 345 units in 2023, as a result of a decrease in unit turnover. The repositionings had an average investment of approximately $36,735 per unit, generating an average ROI of 20%, when compared to in place rents.

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. In 2024, Killam invested $6.8 million in energy-related capital projects, a decrease of 23.3% compared to the same period in 2023. These projects included the installation of PV solar panels at select properties, window replacements, building and insulation upgrades, as well as the installation of new boilers and heat pumps in various buildings across the portfolio. This decrease in capital investment year-over-year is due to the timing of large scale energy-related capital projects, with the higher spend in 2023 relating to Killam completing the installation of its sixth geothermal heating and cooling system at one of its new developments, Civic 66. In 2025, Killam expects to increase its investment in energy-efficient projects by installing PV solar panels at additional buildings across its portfolio.

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

MHC Portfolio

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

For the year ended December 31,

	2024	2023	% Change
Water and sewer upgrades	**$2,630**	$2,272	15.8%
Site expansion and land improvements	**3,458**	1,563	121.2%
Other	**2,313**	2,040	13.4%
Roads and paving	**412**	659	(37.5)%
Equipment	**124**	22	463.6%
Total capital invested – MHCs	**$8,937**	$6,556	36.3%
Average number of sites	**5,975**	5,975	—%
Capital invested – $ per site	**$1,496**	$1,097	36.4%

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 year ended December 31, 2024, was $8.9 million, compared to $6.6 million for the year ended December 31, 2023. The increase in capital investment relates primarily to a 26-site expansion at Killam's MHC in Listowel, ON. The project has a budget of $2.0 million and was completed in early 2025. Additionally, MHC capital investment includes various community enhancements, primarily building and land improvements, equipment upgrades, as well as water and sewer upgrades, which typically result in a reduction in water consumption. As with the apartment portfolio, the timing of MHC capital investment changes based on the requirements at each community.

Commercial Portfolio

During the year ended December 31, 2024, Killam invested $8.1 million in its commercial portfolio, compared to $5.2 million for the year ended December 31, 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 26,950 SF of new gross leasable area to the property. 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 Accounting Standards, Trust Units are defined as financial liabilities; however, for purposes of financial statement classification and presentation, Trust Units may be presented as equity instruments, as they meet the puttable instrument exemption under IAS 32, *Financial Instruments: Presentation* ("IAS 32").

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

Unitholders have the right to redeem their units at the lesser of (i) 90% of the market price of the Trust Unit (market price is defined as the weighted average trading price of the previous 10 trading days), and (ii) the most recent closing market price (closing market price is defined as the weighted average trading price on the specified date) at the time of the redemption. The redemption price will be satisfied by cash, up to a limit of $50 thousand for all redemptions in a calendar month, or a note payable. For the year ended December 31, 2024, no unitholders redeemed 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

For the years ended December 31,

	2024	2023	% Change
Distributions declared on Trust Units	**$84,413**	$83,088	1.6%
Distributions declared on Exchangeable Units	**2,742**	2,728	0.5%
Distributions declared on awards outstanding under RTU Plan	**355**	298	19.1%
Total distributions declared	**$87,510**	$86,114	1.6%
Less:			
Distributions on Trust Units reinvested	**($23,469)**	($25,926)	(9.5)%
Distributions on RTUs reinvested	**(355)**	(298)	19.1%
Net distributions paid	**$63,686**	$59,890	6.3%
Percentage of distributions reinvested	**27.2%**	30.5%	

Normal Course Issuer Bid

In May 2022, Killam announced that the TSX had accepted Killam's notice of intention to make a NCIB for its Trust Units, whereby Killam could acquire up to 3,000,000 Trust Units commencing on June 2, 2022, and ending on June 1, 2023. Killam renewed its NCIB to acquire up to 3,000,000 Trust Units effective June 22, 2023, which expired June 21, 2024.

During the year ended December 31, 2023, 11,822 Trust Units were purchased and cancelled at a weighted average purchase price of $16.92 per unit.

In June 2024, Killam received the TSX's acceptance of its notice of intention to make 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 under the NCIB will be cancelled.

During the year ended December 31, 2024, 23,620 Trust Units were purchased and cancelled at a weighted average purchase price of $16.94 per unit.

PART VIII

Quarterly Results & Discussion of Q4 Operations

Summary of Quarterly Results

An eight-quarter trend highlighting key operating results is shown below:

	2024				2023			
	Q4	Q3 (1)	Q2 (1)	Q1 (1)	Q4	Q3 (2)	Q2 (2)	Q1 (2)
Property revenue	**$92,581**	$93,788	$90,776	$87,505	$86,858	$89,534	$86,863	$84,895
NOI	**$61,119**	$64,416	$59,923	$55,020	$56,488	$60,515	$56,226	$50,815
Net income (loss)	**$363,419**	$62,732	$114,452	$127,240	($11)	$68,349	$114,538	$83,460
FFO	**$36,393**	$40,468	$36,673	$31,380	$34,034	$39,234	$36,207	$30,283
FFO per unit – diluted	**$0.29**	$0.33	$0.30	$0.26	$0.28	$0.32	$0.30	$0.25
AFFO	**$30,579**	$34,724	$30,846	$25,579	$28,583	$33,786	$30,625	$24,806
AFFO per unit – diluted	**$0.25**	$0.28	$0.25	$0.21	$0.23	$0.28	$0.26	$0.21
Weighted average units – diluted (000s)	**123,600**	123,294	122,980	122,610	122,217	121,848	121,472	121,072

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

(2) The maintenance capital expenditures used to calculate AFFO and AFFO per unit (diluted) for 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.

For the three months ended December 31, 2024, Killam generated net income of $363.4 million. The increase from net income generated in the previous quarters was a result of deferred tax recovery of $319.9 million recognized in Q4-2024 due to the Arrangement, as described on page 29.

Q4 Consolidated Results

For the three months ended December 31,

	Total Portfolio			Same Property (1)		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$92,581**	$86,858	6.6%	**$88,729**	$83,643	6.1%
Property operating expenses						
General operating expenses	**14,600**	14,229	2.6%	**14,144**	13,677	3.4%
Utility and fuel expenses	**6,618**	6,591	0.4%	**6,441**	6,401	0.6%
Property taxes	**10,244**	9,550	7.3%	**9,952**	9,443	5.4%
Total operating expenses	**$31,462**	$30,370	3.6%	**$30,537**	$29,521	3.4%
NOI	**$61,119**	$56,488	8.2%	**$58,192**	$54,122	7.5%
Operating margin %	**66.0%**	65.0%	100 bps	**65.6%**	64.7%	90 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 months ended December 31, 2024, NOI contributions from acquisitions, dispositions and developments completed in 2024 and 2023 were $2.4 million. For the three months ended December 31, 2023, NOI contributions from acquisitions, dispositions and developments completed in 2023 were $1.1 million.

For the three months ended December 31, 2024, Killam's consolidated NOI grew by 8.2%. Revenues were up 6.6%, and total operating expenses increased by 3.6%. The increase in revenue relates to the growth of Killam's existing portfolio, coupled with higher revenues from completed developments, and partially offset by dispositions completed in the past year. The uptick in operating expenses is a result of higher property tax expenses and an increase in salary costs.

Consolidated same property revenue grew 6.1% for the three months ended December 31, 2024, compared to the same period in 2023, due to a higher overall weighted average rental rate increase in the quarter. Total same property operating expenses were up by 3.4%, resulting in consolidated same property NOI growth of 7.5% in the fourth quarter, compared to Q4-2023.

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

Q4 Net Income and Comprehensive Income

For the three months ended December 31,

	2024	2023	% Change
Net operating income	**$61,119**	$56,488	8.2%
Other income	**585**	411	42.3%
Financing costs	**(20,543)**	(18,492)	11.1%
Depreciation	**(258)**	(249)	3.6%
Administration	**(5,289)**	(4,927)	7.3%
Restructuring costs	**(5,904)**	—	N/A
Fair value adjustment on unit-based compensation	**1,420**	(116)	N/A
Fair value adjustment on Exchangeable Units	**14,579**	(2,105)	(792.6)%
Fair value adjustment on investment properties	**(749)**	(27,356)	(97.3)%
Loss on dispositions	**(1,446)**	(2,640)	(45.2)%
Income before income taxes	**43,514**	1,014	N/A
Deferred tax recovery (expense)	**319,905**	(1,025)	N/A
Net income (loss) and comprehensive income (loss)	**$363,419**	($11)	N/A

Net income and comprehensive income increased by $363.4 million for the three months ended December 31, 2024. This was primarily due to deferred tax recovery of $319.9 million, compared to deferred tax expense of $1.0 million for the three months ended December 31, 2023. The deferred tax recovery is the result of the Arrangement, as described on page 29. Additionally, NOI grew by $4.6 million quarter-over-quarter, achieved through same property NOI growth and contributions from developments. These increases were coupled with fair value gains of $16.0 million on the mark-to-market adjustments on Killam's unit-based compensation and Exchangeable Units in the fourth quarter, compared to fair value losses of $2.2 million for the same period in 2023. This was partially offset by fair value losses on investment properties of $0.7 million in Q4-2024, compared to losses of $27.4 million in Q4-2023.

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

Q4 Same Property NOI

For the three months ended December 31,

	Apartments			MHCs			Commercial		
	2024	2023	% Change	**2024**	2023	% Change	**2024**	2023	% Change
Property revenue	**$78,416**	$73,880	6.1%	**$4,771**	$4,481	6.5%	**$5,542**	$5,282	4.9%
Property operating expenses									
General operating expenses	**11,867**	11,456	3.6%	**1,234**	1,272	(3.0)%	**1,043**	949	9.9%
Utility and fuel expenses	**5,692**	5,648	0.8%	**460**	430	7.0%	**289**	323	(10.5)%
Property taxes	**8,803**	8,320	5.8%	**235**	223	5.4%	**914**	900	1.6%
Total operating expenses	**$26,362**	$25,424	3.7%	**$1,929**	$1,925	0.2%	**$2,246**	$2,172	3.4%
NOI	**$52,054**	$48,456	7.4%	**$2,842**	$2,556	11.2%	**$3,296**	$3,110	6.0%
Operating margin	**66.4%**	65.6%	80 bps	**59.6%**	57.0%	260 bps	**59.5%**	58.9%	60 bps

Apartment Same Property

Killam's same property apartment portfolio generated NOI growth of 7.4% for the three months ended December 31, 2024, compared to the three months ended December 31, 2023. This was due to a 6.1% increase in revenues, partially offset by a 3.7% uptick in total property operating expenses. Revenue growth was generated from an annual 7.0% increase in the average rental rate, and partially offset by an 80 bps decrease in occupancy, down from 98.4% in Q4-2023 to 97.6%.

General operating expenses were up by 3.6% quarter-over-quarter, due to higher salary costs, contract service costs and general and administrative expenses. This was partially offset by lower bad debt expense.

Utility and fuel expenses were 0.8% higher for the three months ended December 31, 2024, compared to Q4-2023. This increase was driven by higher electricity and water costs, which were up 2.2% and 1.5%, partially offset by a 6.1% decrease in heating oil and propane costs, a result of lower commodity pricing. Natural gas costs remained relatively flat quarter-over-quarter.

Property taxes increased by 5.8% for the three months ended December 31, 2024. This was due to higher property tax assessments and mill rate increases across the portfolio.

Q4-2024 Occupancy

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

		Total Occupancy			Same Property Occupancy		
For the three months ended December 31,	# of Units	**2024**	2023	Change (bps)	**2024**	2023	Change (bps)
Halifax	5,600	**98.3%**	98.2%	10	**98.3%**	99.0%	(70)
KWC-GTA (2)	1,926	**97.5%**	92.4%	510	**97.8%**	98.5%	(70)
Ottawa	1,447	**96.1%**	97.7%	(160)	**96.1%**	97.7%	(160)
London	523	**97.6%**	99.2%	(160)	**97.6%**	99.2%	(160)
Moncton	2,246	**98.6%**	98.8%	(20)	**98.6%**	98.8%	(20)
Fredericton	1,529	**98.9%**	98.4%	50	**98.9%**	98.4%	50
Saint John	997	**98.1%**	97.6%	50	**98.1%**	97.6%	50
Calgary (3)(4)	998	**89.5%**	98.3%	(880)	**92.2%**	98.1%	(590)
Edmonton	882	**96.3%**	97.6%	(130)	**96.3%**	97.6%	(130)
St. John's and Grand Falls	1,106	**98.5%**	97.3%	120	**98.5%**	97.3%	120
Victoria (5)	516	**93.8%**	96.2%	(240)	**93.8%**	96.2%	(240)
Charlottetown and Summerside	799	**98.3%**	99.5%	(120)	**99.5%**	99.4%	10
Total Apartments (weighted average)	18,569	**97.3%**	97.4%	(10)	**97.6%**	98.4%	(80)

(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) Q4-2023 occupancy for KWC-GTA was impacted by Civic 66, a recently completed 169-unit development property undergoing initial lease-up.
(3) Q4-2024 occupancy for Calgary was impacted by Nolan Hill Phase II, a recently completed 234-unit development undergoing initial lease-up, which is located in the same area of the city as an additional 391 units owned and managed by Killam.
(4) Same property Q4-2024 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.
(5) Q4-2024 occupancy for Victoria was impacted by a short-term uptick in vacancy at three properties.

Overall apartment occupancy decreased modestly by 10 bps to 97.3% in Q4-2024, compared to 97.4% in Q4-2023. Same property occupancy was 97.6%, an 80 bps decrease compared to the fourth quarter of 2023, largely due to short-term vacancy experienced at select properties in Calgary, Victoria, Ottawa and London.

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

Apartment Same Property NOI by Region

Three months ended December 31,

	Property Revenue			Property Expenses			Net Operating Income		
	2024	2023	% Change	**2024**	2023	% Change	**2024**	2023	% Change
Nova Scotia									
Halifax	**$24,666**	$22,959	7.4%	**($8,090)**	($7,776)	4.0%	**$16,576**	$15,183	9.2%
	24,666	22,959	7.4%	**(8,090)**	(7,776)	4.0%	**16,576**	15,183	9.2%
Ontario									
KWC-GTA	**9,559**	9,105	5.0%	**(3,271)**	(3,272)	—%	**6,288**	5,833	7.8%
Ottawa	**5,309**	5,167	2.7%	**(1,596)**	(1,557)	2.5%	**3,713**	3,610	2.9%
London	**2,556**	2,457	4.0%	**(854)**	(794)	7.6%	**1,702**	1,663	2.3%
	17,424	16,729	4.2%	**(5,721)**	(5,623)	1.7%	**11,703**	11,106	5.4%
New Brunswick									
Moncton	**9,040**	8,495	6.4%	**(3,418)**	(3,373)	1.3%	**5,622**	5,122	9.8%
Fredericton	**6,412**	5,953	7.7%	**(2,092)**	(2,026)	3.3%	**4,320**	3,927	10.0%
Saint John	**3,659**	3,328	9.9%	**(1,361)**	(1,263)	7.8%	**2,298**	2,065	11.3%
	19,111	17,776	7.5%	**(6,871)**	(6,662)	3.1%	**12,240**	11,114	10.1%
Alberta									
Calgary	**3,649**	3,438	6.1%	**(1,096)**	(1,066)	2.8%	**2,553**	2,372	7.6%
Edmonton	**4,390**	4,178	5.1%	**(1,553)**	(1,451)	7.0%	**2,837**	2,727	4.0%
	8,039	7,616	5.6%	**(2,649)**	(2,517)	5.2%	**5,390**	5,099	5.7%
Newfoundland and Labrador									
St. John's and Grand Falls	**3,666**	3,441	6.5%	**(1,110)**	(1,058)	4.9%	**2,556**	2,383	7.3%
	3,666	3,441	6.5%	**(1,110)**	(1,058)	4.9%	**2,556**	2,383	7.3%
Prince Edward Island									
Charlottetown and Summerside	**2,640**	2,573	2.6%	**(1,141)**	(1,075)	6.1%	**1,499**	1,498	0.1%
	2,640	2,573	2.6%	**(1,141)**	(1,075)	6.1%	**1,499**	1,498	0.1%
British Columbia									
Victoria	**2,870**	2,786	3.0%	**(780)**	(713)	9.4%	**2,090**	2,073	0.8%
	2,870	2,786	3.0%	**(780)**	(713)	9.4%	**2,090**	2,073	0.8%
	$78,416	$73,880	6.1%	**($26,362)**	($25,424)	3.7%	**$52,054**	$48,456	7.4%

Same Property Rental Increases – Tenant Renewals Versus Unit Turns

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 Q4-2024, Killam generated a 40 bps increase to 7.9% in its same property weighted average rental increase quarter-over-quarter, up from 7.5% in Q4-2023. This growth was the result of strong market fundamentals continuing to drive rental increases on unit turns, which were 19.5% for the three months ended December 31, 2024, compared to 19.8% for the same period in 2023. Additionally, Killam realized a 100 bps increase in the weighted average rental increase on lease renewals, up from 3.4% in Q4-2023 to 4.4% in Q4-2024. The chart below summarizes the rental increases achieved during the three months ended December 31, 2024 and 2023.

For the three months ended December 31,	**2024**		2023	
	Rental Increases	Turnovers & Renewals (1)	Rental Increases	Turnovers & Renewals (1)
Lease renewal	**4.4%**	**14.1%**	3.4%	12.7%
Unit turn	**19.5%**	**4.2%**	19.8%	4.0%
Rental increase (weighted average)	**7.9%**		7.5%	

(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.

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

MHC Results

For the three months ended December 31,

	Total Portfolio			Same Property		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$4,803**	$4,503	6.7%	**$4,771**	$4,481	6.5%
Property operating expenses						
General operating expenses	**1,236**	1,272	(2.8)%	**1,234**	1,272	(3.0)%
Utility and fuel expenses	**463**	430	7.7%	**460**	430	7.0%
Property taxes	**247**	213	16.0%	**235**	223	5.4%
Total operating expenses	**$1,946**	$1,915	1.6%	**$1,929**	$1,925	0.2%
NOI	**$2,857**	$2,588	10.4%	**$2,842**	$2,556	11.2%
Operating margin %	**59.5%**	57.5%	200 bps	**59.6%**	57.0%	260 bps

The MHC same property portfolio generated an 11.2% increase in NOI in the fourth quarter, compared to Q4-2023. Revenues grew by 6.5% quarter-over-quarter due to a 6.4% increase in permanent MHC rental rates. This was partially offset by a modest 0.2% increase in total same property operating expenses, driven by lower repairs and maintenance and general and administrative expenses which decreased same property general operating expenses by 3.0%. This was offset by higher electricity and water costs, resulting in a 7.0% increase in utility and fuel expenses for the three months ended December 31, 2024, compared to the same period in 2023. Same property taxes were up also up 5.4% in the fourth quarter as a result of higher property assessments.

Commercial Results

For the three months ended December 31,

	Total Portfolio			Same Property		
	2024	2023	% Change	**2024**	2023	% Change
Property revenue	**$5,627**	$5,234	7.5%	**$5,542**	$5,282	4.9%
Property operating expenses	**2,215**	1,975	12.2%	**2,246**	2,172	3.4%
NOI	**$3,412**	$3,259	4.7%	**$3,296**	$3,110	6.0%

Killam's overall commercial portfolio saw a 7.5% increase in revenue and a 12.2% uptick in property operating expenses, resulting in a 4.7% increase in NOI in the fourth quarter, compared to Q4-2023. The expansion of Charlottetown's Royalty Crossing was a key contributor to the revenue growth in Q4-2024.

The commercial same property results in Q4-2024 include: Westmount Place, located in Waterloo; Royalty Crossing, located in PEI, for which Killam has a 75% interest and is the property manager; the Brewery Market in downtown Halifax; as well as other smaller properties. Overall, same property commercial revenue grew by 4.9% during Q4-2024 as a result of rental rate increases, but was partially offset by a small increase in vacancy. Same property operating expenses increased by 3.4%, primarily due to higher salary costs and repairs and maintenance expenses, partially offset by savings in electricity and heating oil costs. This resulted in a 6.0% increase in NOI during the quarter, compared to the same period in 2023.

Q4 FFO

For the three months ended December 31,	2024	2023	% Change
Net income (loss)	**$363,419**	($11)	N/A
Fair value adjustment on unit-based compensation	**(1,420)**	116	N/A
Fair value adjustment on Exchangeable Units	**(14,579)**	2,105	(792.6)%
Fair value adjustment on investment properties	**749**	27,356	(97.3)%
Internal commercial leasing costs	**54**	90	(40.0)%
Deferred tax (recovery) expense	**(319,905)**	1,025	N/A
Restructuring costs	**5,904**	—	N/A
Interest expense related to Exchangeable Units	**695**	682	1.9%
Loss on dispositions	**1,446**	2,640	(45.2)%
Depreciation on owner-occupied building	**24**	25	(4.0)%
Change in principal related to lease liabilities	**6**	6	—%
FFO	**$36,393**	$34,034	6.9%
FFO per unit – diluted	**$0.29**	$0.28	3.6%
Weighted average number of units – diluted (000s)	**123,600**	122,217	1.1%

Killam earned FFO of $36.4 million, or $0.29 per unit (diluted), for the three months ended December 31, 2024, compared to $34.0 million, or $0.28 per unit (diluted), for the three months ended December 31, 2023. FFO growth is primarily attributable to strong NOI growth from Killam's same property portfolio, partially offset by higher interest expense and a reduction in capitalized interest and other minor variances. A 1.1% increase in the weighted average number of units outstanding also impacted the per unit earnings. FFO has been adjusted for costs incurred in 2024 to complete the internal reorganization that was completed by way of plan of arrangement and resulted in the reversal of Killam's deferred tax liability. These costs were unique to Killam's corporate structure and therefore have been removed for FFO purposes.

Q4 AFFO

For the three months ended December 31,	2024	2023	% Change
FFO	**$36,393**	$34,034	6.9%
Maintenance capital expenditures	**(5,650)**	(5,278)	7.0%
Commercial straight-line rents	**(18)**	(5)	260.0%
Internal and external commercial leasing costs	**(146)**	(168)	(13.1)%
AFFO	**$30,579**	$28,583	7.0%
AFFO per unit – diluted	**$0.25**	$0.23	8.7%
AFFO payout ratio – diluted	**72%**	75%	(300) bps
Weighted average number of units – diluted (000s)	**123,600**	122,217	1.1%

The payout ratio of 72% for the three months ended December 31, 2024, decreased 300 bps compared to the payout ratio in Q4-2023. This was primarily due to the 7.0% increase in AFFO driven by same property NOI growth and contributions from completed developments, partially offset by the 2.9% increase in Killam's monthly distribution, up from $0.05833 per unit to $0.06000 per unit, which was applied to the November 2024 distribution.

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

PART IX

Selected Consolidated Financial Information

For the years ended December 31,	**2024**	2023	2022
Property revenue	**$364,650**	$348,150	$328,847
Net income	**$667,844**	$266,333	$122,532
FFO	**$144,914**	$139,755	$132,603
FFO per unit – diluted	**$1.18**	$1.15	$1.11
Investment properties	**$5,384,720**	$5,027,806	$4,812,801
Total assets	**$5,440,350**	$5,085,114	$4,859,530
Total liabilities	**$2,350,398**	$2,602,514	$2,586,199
Distribution per unit	**$0.70**	$0.70	$0.70
Distribution per unit – as at December 31	**$0.72**	$0.70	$0.70

Risk Management

Killam faces a variety of risks, the majority of which are common to real estate entities. These risks include (i) changes in general economic conditions, (ii) changes in local conditions (such as an oversupply of units or a reduction in demand for real estate in an area), (iii) changes to government regulations (such as new or revised residential tenant legislation), (iv) competition from others with available units, and (v) the ability of the property owner to provide adequate maintenance economically.

Real estate is relatively illiquid and therefore can tend to limit Killam's ability to rebalance its portfolio promptly in response to changing economic or investment conditions. In addition, financial difficulties of other property owners, resulting in distress sales, may depress real estate values in the markets in which Killam operates. Killam's exposure to general risks associated with real estate investments is mitigated by its geographic and sector diversification due to investments in apartments, MHCs, and commercial properties across the country.

Killam is exposed to other risks, as outlined below:

Rent Control Risk
Killam is exposed to the risk of the implementation of, or amendments to, existing legislative rent controls in the markets in which it operates, which may have an adverse impact on Killam's operations. In the provinces in which Killam currently operates, Prince Edward Island, Ontario, British Columbia have rent controls. As well, Nova Scotia has rent control for MHCs and temporary rent restrictions for apartments. New Brunswick introduced a rent cap effective February 1, 2025.

Ontario capped residential rents on existing tenants for 2024 and 2025 at 2.5%, and British Columbia capped residential rent increases on existing tenants at 3.5% for 2024 and 3.0% for 2025. Nova Scotia currently has temporary rent control measures in place, limiting the maximum allowable rental increase on renewal. The increase was limited to 2.0% for 2021–2023 and 5.0% for 2024 and 2025. These temporary measures in Nova Scotia are expected to be in place until the end of 2027. Prince Edward Island also has legislation in place that limits rent increases in 2024 to 3.0% and to 2.3% in 2025.

The lack of availability of affordable housing and related housing policy and regulations is continuing to increase in prominence as a topic of concern at the various levels of government. Accordingly, through different approaches, governments may enact policy or amend legislation in a manner that may have a material adverse effect on the ability for Killam to grow or maintain the historical level of cash flow from its properties.

In addition, laws and regulations providing for compliance with various housing matters involving tenant evictions, work orders, health and safety issues or fire and maintenance standards, etc. may become more stringent in the future. Killam may incur increased operating costs as part of its compliance with any such additional government legislation and regulations relating to housing matters, which may have an adverse effect on earnings.

Inflation Risk
Killam does not believe that inflation has had a material effect on its business, financial condition or results of operations to date; however, if Killam's development, construction, operation or labour costs were to become subject to significant inflationary pressures, Killam may not be able to fully offset such higher costs through increases in rent to its tenants. Killam's inability or failure to do so could harm Killam's business, financial condition and results of operations. Further, there can be no assurance that any governmental action to mitigate inflationary cycles will be taken or be effective. Governmental action, such as the imposition of higher interest rates, may negatively impact Killam's financial results. In particular, certain of Killam's debt is at variable rates of interest, which exposes Killam to interest rate risk. If interest rates increase, Killam's debt service obligations on the variable rate indebtedness would increase, as discussed under "Interest Rate Risk" below. Continued inflation, any governmental response thereto, or Killam's inability to offset inflationary effects may have a material adverse effect on Killam's business, financial condition and results of operations.

Interest Rate Risk
Interest rate risk is the risk that Killam would experience lower returns as the result of its exposure to a higher interest rate environment. Killam is exposed to interest rate risk as a result of its mortgages and loans payable; however, this risk is mitigated through Killam's strategy to have the majority of its mortgages payable in fixed-term arrangements. Killam also structures its financings to stagger the maturities of its debt, minimizing Killam's exposure to interest rates in any one year. Despite these risk mitigation efforts, any increases in interest rates may have an adverse effect on Killam's business, financial condition and results of operations.

As at December 31, 2024, $54.7 million of Killam's debt had variable interest rates consisting of amounts drawn on credit facilities (December 31, 2023 – $65.6 million, including construction loans totalling $24.7 million and amounts drawn on credit facilities of $40.9 million). These facilities have interest rates of prime plus 0.55%–0.75% or 105–155 bps above CORRA (December 31, 2023 – prime plus 0.55%–0.75% or 105–155 bps above bankers' acceptances ("BAs")) and, consequently, Killam is exposed to short-term interest rate risk on these facilities.

Killam’s fixed mortgage debt that matures in the next 12 months totals $326.9 million. Assuming these mortgages are refinanced at similar terms, except at a 100 bps increase in interest rates, financing costs would increase by $3.3 million per year.

Liquidity Risk
Liquidity risk is the risk that Killam may not have access to sufficient capital to fund its growth program or refinance its debt obligations as they mature, which may have a material adverse effect on Killam's business, financial condition and results of operations. Killam manages cash resources based on financial forecasts and anticipated cash flows. The maturities of Killam’s long-term financial liabilities are set out in note 27 to the consolidated financial statements. Killam staggers the maturities of its debt, minimizing exposure to liquidity risk in any year. In addition, Killam’s apartments qualify for CMHC-insured debt, reducing the refinancing risk on maturity. Killam’s MHCs and commercial properties do not qualify for CMHC-insured debt; however, they continue to have access to mortgage debt.

Cybersecurity Risk
A cyber incident is any adverse event that threatens the confidentiality, integrity or availability of Killam’s information technology resources. More specifically, a cyber incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. Killam’s primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to relationships with its vendors and tenants, and disclosure of confidential vendor or tenant information. Killam has implemented processes, procedures and controls to mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

The rapid emergence, proliferation and evolution of generative artificial intelligence tools may exacerbate Killam’s cybersecurity-related risks, including the security of its technology, information systems and data privacy. Cybersecurity incidents may arise through Killam’s use of artificial intelligence tools, or through the use of such tools by a third party. Such incidents could result in business interruption, theft or misuse of confidential information, financial losses, remediation and recovery losses, legal claims or proceedings, or liability under data protection and privacy laws and regulators, all of which could have a material adverse effect on Killam's business. The regulation of technology is rapidly evolving and will require Killam’s continued attention to avoid penalty under such regimes, as well as gain the benefits and protections under the same.

Credit Risk
Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill the commitments of their lease. Killam mitigates the risk of credit loss through the diversification of its existing portfolio and limiting its exposure to any one tenant. Credit assessments are conducted for all new leases, and Killam also obtains a security deposit to assist in potential recovery requirements. Killam’s bad debt expense has historically been less than 0.3% of revenues, and none of Killam’s tenants account for more than 4% of tenant receivables as at December 31, 2024 or 2023. Any credit risk that materializes may have a material adverse effect on Killam's business, financial condition and results of operations.

Increased Supply Risk
Increased supply risk is the risk of loss from competition from new rental units in Killam’s core markets. Numerous residential developers and apartment owners compete for potential tenants. Although it is Killam’s strategy to own multi-family residential properties in premier locations in each market in which it operates, some of the apartments or MHCs of Killam's competitors may be newer, better located, offer lower rents or have additional rental incentives. An increase in alternative housing could have a material adverse effect on Killam’s ability to lease units, and the rents charged could adversely affect Killam's revenues and ability to meet its obligations. To mitigate against this risk, Killam has a geographically diverse asset base. Management is expanding this diversification by increasing Killam’s investment in apartment markets outside Atlantic Canada.

Development Risk
Development risk is the risk that costs of developments will exceed original estimates, unforeseen delays will occur and/or units will not be leased in the timeframe and/or at rents anticipated. To reduce Killam’s exposure to cost increases, it enters into fixed-price contracts when possible. To reduce the lease-up risk, Killam does market research in advance of each development to support expected rental rates, and premarkets its properties early on in the process to increase demand for the new developments. Any development risk that materializes may have a material adverse effect on Killam's business, financial condition and results of operations.

Market for Securities and Price Volatility

There can be no assurance that an active trading market in Killam's securities will be sustained. In addition, the market price for Killam's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results, changes in interest rates, as well as market conditions in the industry may have a significant impact on the market price of the securities of Killam. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies. At times, following periods of volatility in the market price of some companies' securities, securities litigation has been instituted against such companies. The institution of this type of litigation against Killam could result in substantial costs and a diversion of Management's attention and resources, which could harm the Trust's business and prospects.

Climate Change and Environmental Laws

Killam is exposed to physical climate change risk, including rising sea levels, natural disasters, and severe weather, such as heavy rain and flooding, high winds, wildfires, blizzards, ice storms and thunderstorms, that may cause damage to its investment properties. As weather becomes more erratic, damage to investment properties may result in increased restoration costs, loss of revenue in the event of business disruption, potential decrease in property values and increased costs to insure properties against climate-related risks. Physical and transitional climate-related risks are considered by the Trust as part of its ongoing risk management processes. The materiality of such risks varies among the business operations of Killam and the jurisdictions in which such operations are conducted. Despite the potential uncertainties and longer-time horizon associated with any such risks, the Trust considers the impacts of climate change-related risks over the short, medium and long terms. In the long term, Killam plans to move towards operating its portfolio with net-zero carbon emissions to combat its impact on climate change.

In addition, environmental legislation and policies, which can change rapidly, have become increasingly important and generally more restrictive in recent years. Under various federal, provincial and local environmental laws, ordinances and regulations, Killam could be liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in monitoring its properties or disposed of by or on behalf of Killam at other locations. The failure to remove, monitor or remediate any such substances, if any, may adversely affect Killam’s ability to sell its real estate, or to borrow using such real estate as collateral, and could potentially also result in regulatory enforcement proceedings and/or private claims against Killam. Although Killam is not aware of any material noncompliance with environmental laws at any of its properties, nor is it aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any material pending or threatened claims relating to environmental conditions at its properties, no assurance can be given that environmental laws will not result in significant liability to Killam in the future, or otherwise adversely affect Killam’s business, financial condition or results of operations.

Taxation-Related Risks

Killam currently qualifies as a mutual fund trust for Canadian income tax purposes. It is the current policy of Killam to distribute all of its taxable income to unitholders, and it is therefore generally not subject to tax on such amount. In order to maintain its current mutual fund trust status, Killam is required to comply with specific restrictions regarding its activities and the investments held by it. Should Killam cease to qualify as a mutual fund trust, the consequences could be adverse.

There can be no assurance that Canadian federal income tax laws in respect of the treatment of mutual fund trusts will not be changed in a manner that adversely affects Killam or its unitholders. If Killam ceases to qualify as a “mutual fund trust,” it will be required to pay a tax under Part XII.2 of the Tax Act.

The payment of Part XII.2 tax by Killam may have adverse income tax consequences for certain of Killam’s unitholders, including non-resident persons and trusts governed by registered retirement savings plans, registered disability savings plans, deferred profit-sharing plans, registered retirement income funds, tax-free savings accounts and registered education savings plans (“designated savings plans”), which acquired an interest in Killam directly or indirectly from another Killam unitholder. If Killam ceases to qualify as a “mutual fund trust” under the Tax Act and Killam units cease to be listed on a designated stock exchange, Killam units will cease to be qualified investments for trusts governed by designated savings plans. Killam will endeavour to ensure its Trust Units continue to be qualified investments for trusts governed by the designated savings plans; however, there can be no assurance that this will be so.

The Tax Act imposes penalties for the acquisition or holding of non-qualified investments by such trusts. Unitholders should consult their own tax advisors in this regard, including as to whether Killam units are “prohibited investments” for registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans or tax-free savings accounts.

Certain rules in the Tax Act (the “SIFT Rules”) affect the tax treatment of specified investment flow-through trusts (“SIFT trusts”) and their unitholders. A trust resident in Canada will generally be a SIFT trust for a particular taxation year for purposes of the Tax Act if, at any time during the taxation year, investments in the trust are listed or traded on a stock exchange or other public market and the trust holds one or more “non-portfolio properties” as defined in the Tax Act. Non-portfolio properties generally include certain investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections to Canada. However, a trust will not be considered to be a SIFT trust for a taxation year if it qualifies as a “real estate investment trust” (as defined in the Tax Act) for that year (the “REIT Exception”).

Pursuant to the SIFT Rules, distributions of a SIFT trust's "non-portfolio earnings" are not deductible to the SIFT trust in computing its income. Non-portfolio earnings are generally defined as income attributable to a business carried on by the SIFT trust in Canada or to income (other than dividends) from, and taxable capital gains from the disposition of, non-portfolio properties. The SIFT trust is itself liable to pay income tax on an amount equal to the amount of such non-deductible distributions at a rate that is substantially equivalent to the combined federal and provincial general tax rate applicable to taxable Canadian corporations. Such non-deductible distributions paid to a holder of units of the SIFT trust are generally deemed to be taxable dividends received by the holder of such units from a taxable Canadian corporation. Such deemed dividends will qualify as "eligible dividends" for purposes of the enhanced gross-up and dividend tax credit rules in the Tax Act if paid to any individual resident in Canada. Distributions that are paid as returns of capital will not attract this tax.

A trust that satisfies the REIT Exception is excluded from the definition of a SIFT trust in the Tax Act and is, therefore, not subject to the SIFT Rules. In addition to the Trust being resident in Canada throughout the year, the following five criteria must be met in order for the Trust to qualify for the REIT Exception:

- At each time in the taxation year, the total fair market value at that time of all "non-portfolio properties" that are "qualified REIT properties" held by the Trust must be at least 90% of the total fair market value at that time of all non-portfolio properties held by the Trust;
- Not less than 90% of the Trust's "gross REIT revenue" for the taxation year is from one or more of the following: "rent from real or immovable properties," interest, capital gains from dispositions of "real or immovable properties" that are capital properties, dividends, royalties and dispositions of "eligible resale properties";
- Not less than 75% of the Trust's gross REIT revenue for the taxation year is derived from one or more of the following: rent from real or immovable properties, interest from mortgages on real or immovable properties, capital gains from dispositions of real or immovable properties that are capital properties;
- At no time in the taxation year can the total fair market value of properties comprising real or movable property that is capital property, an "eligible resale property," cash, deposits (within the meaning of the *Canada Deposit Insurance Corporation Act* or with a branch in Canada of a bank or a credit union), indebtedness of Canadian corporations represented by BAs, and debt issued or guaranteed by the Canadian government or issued by a province, municipal government or certain other qualifying public institutions be less than 75% of the "equity value" (in each case, as defined in the Tax Act) of the Trust at that time; and
- Investments in the Trust must be, at any time in the taxation year, listed or traded on a stock exchange or other public market.

The SIFT Rules contain a "look-through rule" under which a trust could qualify for the REIT Exception where it holds properties indirectly through intermediate entities, provided that each such entity, assuming it were a trust, would satisfy paragraphs (1) through (4) of the REIT Exception above. The REIT Exception does not fully accommodate the current business structures used by many Canadian REITs and contains a number of technical tests that many Canadian REITs, including the Trust, may find difficult to satisfy. The Trust will endeavour to ensure that the Trust will qualify for the REIT Exception at all times during each taxation year, and each direct and indirect subsidiary of the Trust will qualify as an "excluded subsidiary entity" (as defined in the Tax Act) such that the Trust will not be a SIFT trust within the meaning of the SIFT Rules at any time. However, there can be no assurance that this will be so. There can also be no assurance that the investments or activities undertaken by the Trust in a taxation year will not result in the Trust failing to qualify for the REIT Exception for that taxation year.

If the Trust does not qualify for the REIT Exception for a taxation year, the SIFT Rules will apply to the Trust for that year. Application of the SIFT Rules may, depending on the nature of distributions from the REIT, including what portion of its distributions is income and what portion is returns of capital, have a material adverse effect on the after-tax returns of certain unitholders. Such adverse tax consequences may impact the future level of cash distributions made by the Trust and the ability of the Trust to undertake future financings and acquisitions, and could also adversely affect the marketability of the Trust's securities.

The REIT Exception is applied on an annual basis. Accordingly, if the Trust did not qualify for the REIT Exception in a particular taxation year, it may be possible to restructure the Trust such that it may qualify in a subsequent taxation year.

There can be no assurances, however, that the Trust will be able to restructure such that it will not be subject to the tax imposed by the SIFT Rules, or that any such restructuring, if implemented, would not result in material costs or other adverse consequences to the Trust and unitholders. The Trust intends to take such steps as are necessary to ensure that, to the extent possible, it qualifies for the REIT Exception and any negative effects of the SIFT Rules on the Trust and unitholders are minimized.

Other Canadian Tax Matters

There can be no assurance that Canadian federal income tax laws, the terms of the Canada-United States Income Tax Convention, or the administrative policies and assessing practices of the Canada Revenue Agency ("CRA") will not be changed in a manner that adversely affects the REIT or unitholders. Any such change could increase the amount of tax payable by the REIT or its affiliates and/or unitholders, or could otherwise adversely affect unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to unitholders in respect of distributions. In structuring its affairs, the Trust consults with its tax and legal advisors and receives advice as to the optimal method in which to complete its business objectives, while at the same time minimizing or deferring taxes where possible. There is no guarantee that the relevant taxing authorities will not take a different view as to the ability of the Trust to utilize these strategies. It is possible that one or more taxing authorities may review these strategies and determine that tax should have been paid, in which case the Trust may be liable for such taxes.

Although management of the REIT believes that all expenses paid by the REIT and its subsidiaries are reasonable and deductible, there is no certainty that the CRA will agree with management's view. To the extent that any expenses are determined not to be deductible, this could have a material adverse effect upon the cash flow of the REIT.

Recent amendments to the Tax Act (the "EIFEL Rules") generally limit the deductibility of interest and financing expenses of a Canadian resident corporation or trust that is not an "excluded entity" to a fixed ratio of tax EBITDA (as calculated in accordance with the EIFEL Rules). The REIT does not expect the EIFEL Rules to have an adverse impact on the REIT, its subsidiaries or unitholders, but there can be no assurances in this regard. If the EIFEL Rules were to apply to restrict deductions otherwise available to the REIT and/or its subsidiaries, the taxable component of distributions paid by the REIT to unitholders may be increased, which could reduce the after-tax return associated with an investment in Trust Units.

On January 31, 2025, the Minister of Finance announced that the federal government is deferring—from June 25, 2024 to January 1, 2026—the date on which the capital gains inclusion rate would increase from one-half to two-thirds on capital gains realized annually above $250,000 by individuals and on all capital gains realized by corporations and most types of trusts. The capital gains inclusion rate represents the portion of capital gains that is taxable. The capital gains proposals contain complicated provisions including rules on how the REIT allocates capital gains to its unitholders. No assurances can be given that the capital gains proposals will be enacted, in either the form most recently proposed (including the proposed deferral announced on January 31, 2025) or at all.

Utility, Energy and Property Tax Risk
Killam is exposed to volatile utility and energy costs and increasing property taxes. Killam has the ability to raise rents on the anniversary date of its leases to provide some offset to rising energy and utility costs; however, rental increases may be limited by market conditions or rent control regulation. Killam invests in energy-efficiency initiatives to reduce its reliance on utility costs, but remains exposed to price volatility and carbon tax on natural gas and heating oil. Killam, along with the assistance of outside consultants, reviews property tax assessments and, where warranted, appeals them.

Environmental Risk
As an owner of real estate, Killam is subject to federal, provincial and municipal environmental regulations. These regulations may require Killam to fund the costs of removal and remediation of certain hazardous substances on its properties or releases from its properties. The failure to remediate such properties, if any, could adversely affect Killam's ability to borrow using the property as collateral or to sell the real estate. Killam is not aware of any material non-compliance with environmental laws at any of its properties. Killam has made, and will continue to make, the necessary capital expenditures to comply with environmental laws and regulations.

Environmental laws and regulations can change rapidly, and Killam may be subject to more stringent environmental laws and regulations in the future.

Legal and Litigation Risk
Killam is subject to a wide variety of laws and regulations across all jurisdictions and faces risks associated with legal and regulatory changes. If Killam fails to monitor and become aware of changes in applicable laws and regulations or if Killam fails to comply with these changes in an appropriate and timely manner, it could result in fines and penalties, litigation, or other significant costs, as well as significant time and effort to remediate any violations. Further, Killam may be involved in various claims and actions arising in the course of operations. Accruals for litigation, claims and assessments are recognized if Killam determines that the loss is probable and the amount can be reasonably estimated. Killam believes it has made adequate provisions for such legal claims. Although the outcome of these claims is uncertain, Killam does not expect these matters to have a material adverse effect on Killam's financial position, cash flows or operational results. If an unfavourable outcome were to occur, there exists the possibility of a loss or material adverse impact on Killam's financial position in the period in which the outcome is determined. Additionally, any legal claims or violations could result in reputational damage to Killam, both from an operating and an investment perspective.

International Trade Risk
Killam faces risks related to uncertainty surrounding international trade and the future of international trade agreements, including as a result of the new U.S. administration's policies aimed at prioritizing American interests in international trade. Canada and the U.S. have agreed to delay the imposition of most of their respective tariffs on imported goods; however, the eventuality, timing, rates and details of any tariffs or non-tariff actions are uncertain and the ultimate effects of any retaliatory tariffs or other actions by either or both countries are difficult to assess at this time. The imposition of trade barriers including tariffs, quotas, embargoes, safeguards, or other measures between Canada and the U.S. may increase the cost or reduce the supply of products required by Killam in the construction of new projects, renovation of existing projects or otherwise, increase shipping times, or require Killam to modify its supply chain organization or other business practices, any of which could harm Killam's business, financial condition, and results of operations. Further, the economic impacts of tariffs or other actions on the Canadian economy broadly are uncertain, but such measures may have a significant negative impact on the gross domestic product of Canada and lead to a recessionary period or an increase in the unemployment rate. The ultimate effect of changing international trade policies is uncertain and unforeseeable results may materialize that have an adverse effect on Killam's business, results of operation and financial condition.

Supply Chain Risk
The Fighting Against Forced Labour and Child Labour in Supply Chains Act requires governmental institutions and private sector businesses, including Killam, to report on the steps taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods imported into Canada by the entity. While there are no identified instances of Killam using forced labour or child labour in its supply chain, there is a risk that Killam's supply chain may have actual or alleged forced or child labour. Should such an instance arise, Killam would be required to take measures to address such a claim or risk of a claim, including disrupting its supply chain operations in pursuit of such a remedy, which could result in operational, financial, business or reputational harm.

General Uninsured Losses
Killam does not and will not carry insurance with respect to all potential casualties, damages, losses and disruptions. Killam does carry comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customary for the industry. There are, however, certain types of risks (generally of a catastrophic nature) that are either uninsurable or would not be economically insurable. There can be no assurance that the insurance proceeds received by Killam in respect of a claim will be sufficient in any particular situation to fully compensate Killam for losses and liabilities suffered. Losses and liabilities arising from uninsured or under-insured events could adversely affect Killam's business, financial condition or results of operations.

Fluctuation and Availability of Cash Distributions
Killam's distribution policy is established pursuant to the DOT and may only be changed with the approval of a majority of unitholders. However, the Board may reduce or suspend cash distributions indefinitely, which could have a material adverse effect on the market price of the Trust Units. There can be no assurance regarding the amount of income to be generated by Killam's properties.

The ability of Killam to make cash distributions, and the actual amount distributed, is at the sole discretion of the Board, will be entirely dependent on the operations and assets of Killam, and will be subject to various factors, including financial performance, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from the tenant profile of Killam's properties, and capital expenditure requirements. Distributions may be increased, reduced or suspended entirely depending on Killam's operations and the performance of Killam's assets, at the discretion of the Trustees. The market value of the Trust Units may deteriorate if Killam is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return of investors.

Ability of Unitholders to Redeem Trust Units
The entitlement of unitholders to receive cash upon the redemption of their Trust Units is subject to the following limitations: (i) the total amount payable by Killam in respect of such Trust Units and all other Trust Units tendered for redemption in the same calendar month must not exceed $50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Trust Units are tendered for redemption, the outstanding Trust Units must be listed for trading on a stock exchange or traded or quoted on another market that the Trustees consider, in their sole discretion, provides fair market value prices for the Trust Units; (iii) the trading of Trust Units is not suspended or halted on any stock exchange on which the Trust Units are listed (or, if not listed on a stock exchange, on any market on which the Trust Units are quoted for trading) on the redemption date for more than five trading days during the 10-day trading period commencing immediately after the redemption date; and (iv) the redemption of the Trust Units must not result in the delisting of the Trust Units from the principal stock exchange on which the Trust Units are listed.

Exchangeable Units
Holders of Exchangeable Units may lose their limited liability in certain circumstances, including by taking part in the control or management of the business of Killam Apartment Limited Partnership (the “Limited Partnership”). The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province but carrying on business in another province have not been authoritatively established. If limited liability is lost, there is a risk that holders of Exchangeable Units may be liable beyond their contribution of capital and share of undistributed net income of the Limited Partnership in the event of judgment on a claim in an amount exceeding the sum of the net assets of the General Partner and the net assets of the Limited Partnership. Holders of Exchangeable Units remain liable to return to the Limited Partnership for such part of any amount distributed to them as may be necessary to restore the capital of the Limited Partnership to the amount existing before such distribution if, as a result of any such distribution, the capital of the Limited Partnership is reduced and the Limited Partnership is unable to pay its debts as they become due.

Competition for Real Property Investments
Killam competes for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) that are presently seeking, or that may seek in the future, real property investments similar to those desired by Killam. Many of these investors will have greater financial resources than those of the Trust. An increase in the availability of investment funds, and an increase in interest of real property investments, would tend to increase competition for real property investments, thereby increasing purchase prices and reducing yields therefrom. In addition, Killam may require additional financing to complete future real property acquisitions, which may not be available on terms acceptable to Killam.

Future Acquisitions of Real Property Investments
Unitholders will have no advance opportunity to evaluate the merits and risks of any future acquisitions of real property investments made by Killam and will need to rely on the experience and judgment of Management. There can be no assurance that any such acquisitions will be successfully completed. Management and the Board will have responsibility for and substantial discretion in the making of such acquisitions. Therefore, the future profitability of Killam will depend upon the ability of Management to identify and complete commercially viable acquisitions.

Zoning and Approval
Future acquisitions and development projects may require zoning and other approvals from local government agencies. The process of obtaining such approvals may take months or years, and there can be no assurance that the necessary approvals for any particular project will be obtained. Holding costs accrue while regulatory approvals are being sought, and delays could render future acquisitions and developments uneconomical and may have a material adverse effect on Killam's business, financial condition and results of operations.

Dependence on Key Personnel
The success of Killam will be largely dependent upon the quality and diversity of its Management and personnel. Loss of the services of such persons, or the inability to attract personnel of equal ability, could adversely affect Killam's business operations and prospects.

Co-ownership
Killam has co-ownership of properties and land for future development that are subject to joint control and are joint operations. Risks associated with co-ownership include the risk of non-payment for operating and capital costs from the partner, risk of inability to finance a property associated with a joint venture or limited partnership, and the risk of a partner selling their interest in the properties. If any such risks materialize, they may have an adverse effect on Killam's business, financial condition or results of operations.

Ground Leases
Four of Killam’s properties, including 6101 South Street and Chapter House located in Halifax, Oceanic Camping located in Shediac, New Brunswick, and 1033 Queen Street West in Toronto, are subject to long-term ground leases in which the underlying land is owned by an arm's length third party and leased to Killam. Under the terms of the ground lease, Killam must pay rent for the use of the land and is generally responsible for all the costs and expenses associated with the building and improvements. Unless the lease term is extended, the land, together with all of the improvements made, will revert to the owner of the land upon the expiration of the lease. The leases are scheduled to expire in 2040 (there is an option for a ten-year renewal), 2080, 2105 and 2059, respectively. The total ground lease payments for the year ended December 31, 2024, were $0.4 million (December 31, 2023 – $0.4 million). There is no assurance that any lease will be extended or renewed on terms acceptable to Killam or at all. The extension or renewal of any ground lease on terms less favourable to Killam or the expiration of any ground lease may have a material adverse effect on Killam's business, financial condition and results of operations.

ESG Targets and Commitments
Killam has announced certain targets and ambitions relating to ESG. Killam has announced certain targets and ambitions relating to ESG. Killam's ability to meet its ESG targets and ambitions depends on numerous risks and uncertainties, many of which are out of Killam's control, including the availability of commercially viable technology on an acceptable timeline, or at all. Further, to achieve these goals and to respond to changing market demand, Killam may incur additional costs and invest in new technologies. It is possible that the return on these investments may be less than Killam expects, which may have an adverse effect on its business, financial condition and reputation. Generally speaking, Killam's ability to meet its targets depends significantly on Killam's ability to execute its current business strategy, related milestones and schedules, each of which can be impacted by the numerous risks and uncertainties associated with its business and the industries in which it operates, as outlined in the other risk factors described in this MD&A.

Killam recognizes that investors and stakeholders may compare companies based on ESG-related performance. Failure by Killam to achieve its ESG targets, or a perception among key stakeholders that its ESG targets are insufficient, could adversely affect, among other things, Killam's cost of capital, reputation and ability to attract capital or obtain insurance.

There is also a risk that some or all of the expected benefits and opportunities of achieving the various ESG targets may fail to materialize, may cost more to achieve or may not occur within the anticipated time periods. Killam depends on, among other things, the availability and scalability of existing and emerging technologies to meet its ESG targets. Limitations related to the development, adoption and success of these technologies or the development of new technologies could have a negative impact on Killam's long-term business resilience. In addition, there are risks that the actions taken by Killam in implementing targets and ambitions relating to ESG may have a negative impact on its existing business and operations and increase capital expenditures, which could have a negative impact on Killam's business, financial condition, results of operations and cash flows.

As a result of amendments to the *Competition Act* (Canada), certain public representations by a business regarding the benefits of the work it is doing to protect or restore the environment or mitigate the environmental and ecological causes or effects of climate change may violate the *Competition Act* (Canada)'s deceptive marketing practices provisions. These amendments include substantial financial penalties and, effective June 20, 2025, a private right of action which will permit private parties to seek an order from the Competition Tribunal under the deceptive marketing practices provisions. Uncertainty surrounding the interpretation and enforcement of this legislation may expose Killam to increased litigation and financial penalties, the outcome and impacts of which can be difficult to assess or quantify and may have a material adverse effect on Killam's business, reputation, financial condition, and results.

International Conflict
International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes and international responses thereto, have historically led to, and may in the future lead to, uncertainty or volatility in global energy and financial markets, which may have a destabilizing effect on global economies. Volatility in energy and financial markets, including increased commodity prices, may adversely affect Killam's business, financial condition and results of operations. The extent and duration of instances of international conflict or other geopolitical tensions and events, and related international action, cannot be accurately predicted at this time, and the effects of such conflict may magnify the impact of the other risks identified in this MD&A. Further, unforeseeable impacts of international conflict or geopolitical events, including on Killam, its stakeholders, and parties on which it relies, may materialize and may have an adverse effect on Killam's business, results of operation and financial condition.

Legal Rights Normally Associated with the Ownership of Shares of a Corporation
As holders of units, unitholders do not have all of the statutory rights normally associated with ownership of shares of a corporation, including, for example, the right to bring “oppression” or “derivative” actions against the Trust. The units are not “deposits” within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that Act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation, as it does not carry on or intend to carry on the business of a trust company.

Pandemic Risk and Economic Downturn
Pandemics, epidemics or other outbreaks, may result in international, national and local border closings; significant disruptions to business operations, financial markets, regional economies and the global economy; and other changes to services, as well as considerable general concern and uncertainty. Such disruptions could adversely affect the ability of Killam's tenants to pay rent and increase Killam's credit risk. There can be no certainty any preventative measures will successfully control the spread or resurgence of any pandemics, epidemics or other outbreaks, and any such event could materially interrupt Killam's supply chain and service providers, which could have material adverse effects on Killam's ability to maintain and service its properties. There can be no assurance that a disruption in financial markets, regional economies and the global economy, and the government measures to contain any pandemic, epidemic, or other outbreak will not negatively affect the financial performance or fair values of Killam's investment properties in a material manner.

Killam may take future actions that respond to directives of governments and public health authorities or that are in the best interests of employees, tenants, suppliers or other stakeholders, as necessary. Any such actions or changes in operations could materially impact the business, operations and financial results of Killam. It is not possible to reliably estimate the duration and severity of the ultimate and long-term consequences of pandemics, epidemics or outbreaks, as well as their impact on the financial position and results of Killam for future periods.

Critical Accounting Policies and Significant Accounting Judgments, Estimates and Assumptions

Critical Judgments in Applying Accounting Policies
The following are the critical judgments, apart from those involving estimations (see "Key Accounting Estimates and Assumptions" below), that have been made in applying the Trust's accounting policies and that have the most significant effect on the reported amounts in the consolidated financial statements:

(i) Income taxes
The Trust applies judgment in determining the tax rates applicable to its corporate subsidiaries and identifying the temporary differences in each of such legal subsidiaries in respect of which deferred income taxes are recognized. Deferred taxes related to temporary differences arising from its corporate subsidiaries are measured based on the tax rates that are expected to apply in the year when the asset is realized or the liability is settled. Temporary differences are differences that are expected to reverse in the future and arise from differences between accounting and tax asset values.

(ii) Investment property and internal capital program
The Trust's accounting policy relating to investment properties is described in note 2(G) to the consolidated financial statements. In applying this policy, judgment is applied in determining the extent and frequency of utilizing independent, third-party appraisals to measure the fair value of the Trust's investment properties.

Additionally, judgment is applied in determining the appropriate classes of investment properties in order to measure fair value. The Trust also undertakes internal capital improvements and upgrades. Such work is specifically identified, and the Trust applies judgment in the estimated amount of directly attributable salaries to be allocated to capital improvements and upgrades of its investment properties.

(iii) Financial instruments
The Trust's accounting policies relating to financial instruments are described in note 2(M) to the consolidated financial statements. Critical judgments inherent in these policies related to applying the criteria set out in IFRS 9 and IAS 32 to determine the appropriate recognition model, i.e., fair value through profit or loss, etc., assess the effectiveness of hedging relationships and determine the identification of embedded derivatives, if any, that are subject to fair value measurement.

(iv) Basis of consolidation
The consolidated financial statements of the Trust include the accounts of Killam and its wholly owned subsidiaries, as well as entities over which the Trust exercises control on a basis other than ownership of voting interest within the scope of IFRS 10, Consolidated Financial Statements. Judgment is applied in determining if an entity meets the criteria of control as defined in the accounting standard.

(v) Revenue recognition
The Trust applies judgment about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Trust concluded that revenue for property management and ancillary services is to be recognized over time because the tenant simultaneously receives and consumes the benefits provided by the Trust. Rents charged to tenants are generally charged on a gross basis, inclusive of property management and ancillary services. If a contract is identified as containing more than one performance obligation, the Trust allocates the total transaction price to each performance obligation in an amount based on an expected cost plus a margin approach.

Key Accounting Estimates and Assumptions
The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results could differ from estimates.

(i) Valuation of investment properties
The choice of valuation method and the critical estimates and assumptions underlying the fair value determination of investment properties are set out in note 5 to the consolidated financial statements. Significant estimates used in determining the fair value of the Trust's investment properties include capitalization rates and stabilized NOI used in the overall capitalization rate valuation method. A change to any one of these inputs could significantly alter the fair value of an investment property. Please refer to note 5 for sensitivity analysis.

IPUC and land held for development are also valued at fair value, except if such values cannot be reliably determined. In the case when fair value cannot be reliably determined, such property is recorded at cost.

(ii) Deferred unit-based compensation
The compensation costs relating to deferred unit-based compensation are based on estimates of how many deferred units will be awarded, how many will actually vest and be exercised, as well as valuation models, which by their nature are subject to measurement uncertainty.

(iii) Deferred taxes
The amount of the temporary differences between the accounting carrying value of the Trust's assets and liabilities held in various corporate subsidiaries versus the tax bases of those assets and liabilities and the tax rates at which the differences will be realized are outlined in note 23 to the consolidated financial statements.

Future Accounting Policy Changes

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

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

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

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 and procedures and 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.

Disclosure Controls and Procedures
As of December 31, 2024, Management evaluated the effectiveness of the operation of its disclosure controls and procedures ("Disclosure Controls"), as defined under rules adopted by the Canadian Securities Administrators. This evaluation was performed under the supervision of, and with the participation of, the Chief Executive Officer and the Chief Financial Officer, with the assistance of Management.

Disclosure Controls are designed to ensure that information required to be disclosed in documents filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to Management, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on the evaluation of Disclosure Controls, the Chief Executive Officer and the Chief Financial Officer have concluded that, subject to the inherent limitations noted above, Disclosure Controls are effective in ensuring that material information relating to Killam and its consolidated subsidiaries is made known to Management on a timely basis by others within those entities, and is included as appropriate in this MD&A.

Internal Controls over Financial Reporting
Internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of Killam's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. Management's documentation and assessment of the effectiveness of Killam's ICFR continue as of the date of this MD&A, with a focus on processes and controls in areas identified as being "key risks."

As at December 31, 2024, Killam's President and Chief Executive Officer and its Chief Financial Officer, with the assistance of Management, assessed the effectiveness of the ICFR using the criteria set forth in "Internal Control - Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on that assessment, Killam determined that the ICFR were designed and operating effectively as at December 31, 2024, and did not make any changes to the design of the ICFR in 2024 that have materially affected, or are reasonably likely to materially affect, the ICFR.

Related Party Transactions

Killam owns a 50% interest in two commercial properties located at 3700 and 3770 Kempt Road in Halifax, NS, and the remaining 50% interest in these properties is owned by an executive and Trustee of Killam. These properties are managed by a third party. Killam's head office occupies approximately 26,000 SF of one of the buildings with base rent of approximately $14.00 per SF, of which 50% is paid to the related party based on the ownership interest.

The remuneration of directors and other key management personnel, which include the Board, President and Chief Executive Officer, Executive Vice President, Chief Financial Officer and other Vice Presidents of Killam, is as follows:

For the years ended December 31,	**2024**	2023
Salaries, Board compensation and incentives	**$7,732**	$7,272
Deferred unit-based compensation	**3,002**	2,672
Total	**$10,734**	$9,944

Subsequent Events

On January 15, 2025, Killam announced a distribution of $0.06000 per unit, payable on February 18, 2025, to unitholders of record on January 31, 2025.