

# Q2-2025 Management's Discussion and Analysis

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

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## PART I

### Business Overview and Strategy

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

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

- 1) Increase earnings from the existing portfolio;
- 2) Expand the portfolio and diversify geographically through accretive acquisitions which target newer properties and through the disposition of non-core assets; and
- 3) Develop high-quality properties in its core markets.

The apartment business is Killam's largest segment and accounted for 89.4% of Killam's net operating income (NOI) for the six months ended June 30, 2025. As at June 30, 2025, Killam's apartment portfolio consisted of 18,293 units, including 1,343 units jointly owned with institutional partners. Killam's 212 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 5,805 sites in 38 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 5.2% of Killam's NOI for the six months ended June 30, 2025. Killam also owns 974,509 square feet (SF) of stand-alone commercial space that accounted for 5.4% of Killam's NOI for the six months ended June 30, 2025.

### Basis of Presentation

The following Management's Discussion and Analysis (MD&A) has been prepared by Management and focuses on key statistics from the annual consolidated financial statements, including the notes thereto, and pertains to known risks and uncertainties. This MD&A should be read in conjunction with the Trust's audited consolidated financial statements for the years ended December 31, 2024 and 2023, and in conjunction with the Trust's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2025 and 2024, which have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB). These documents, along with Killam's 2024 Annual Information Form (AIF), are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The discussions in this MD&A are based on information available as at August 6, 2025. This MD&A has been reviewed and approved by Management and the REIT's Board of Trustees.

### Declaration of Trust

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

#### Investment Guidelines

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

#### Operating Policies

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

As at June 30, 2025, Killam was in compliance with all investment guidelines and operating policies.

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## Forward-Looking Statements Disclaimer

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

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

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

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

# Q2-2025 Management's Discussion and Analysis

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## Non-IFRS Financial Measures

Management believes the following non-IFRS financial measures, ratios and supplementary information are relevant measures of the ability of Killam to earn revenue and to evaluate Killam's financial performance. Non-IFRS financial measures should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS Accounting Standards, as indicators of Killam's performance or the sustainability of Killam's distributions. These measures do not have standardized meanings under IFRS Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other issuers.

### Non-IFRS Financial Measures

- FFO is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. FFO, and applicable per unit amounts and payout ratios, are calculated by Killam as net income adjusted for fair value gains (losses), interest expense on Exchangeable Units, gains (losses) on disposition, deferred tax expense (recovery), internal commercial leasing costs, depreciation on an owner-occupied building and change in principal related to lease liabilities. FFO is calculated in accordance with the REALPAC definition. A reconciliation between net income and FFO is included on page 24.
- Adjusted funds from operations (AFFO) is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. AFFO, and applicable per unit amounts and payout ratios, are calculated by Killam as FFO less an allowance for maintenance 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 25.
- Adjusted cash flow from operations (ACFO) is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. ACFO, and applicable payout ratios, are calculated by Killam as cash flow provided by operating activities with adjustments for changes in non-cash working capital that are not indicative of sustainable cash flows, maintenance capex, external commercial leasing costs, amortization of deferred financing costs and interest expense related to lease liabilities. Management considers ACFO a measure of sustainable cash flow. ACFO is calculated in accordance with the REALPAC definition. A reconciliation from cash provided by operating activities to ACFO is included on page 26.
- Adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA) is calculated by Killam as net income before fair value adjustments, gains (losses) on disposition, deferred tax expense (recovery), financing costs, restructuring costs and depreciation. A reconciliation is included on page 28.
- Normalized adjusted EBITDA is calculated by Killam as adjusted EBITDA that has been normalized for a full year of stabilized earnings from recently completed acquisitions, dispositions and developments, on a forward-looking basis. Transaction costs associated with the internal reorganization (described on page 23) are excluded from adjusted EBITDA. A reconciliation is included on page 28.
- 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 all interest bearing debt, being mortgages and loans payable, credit facilities and construction loans, reduced by the cash balances at the end of the period. The most directly comparable IFRS measure to net debt is debt. A reconciliation is included on page 28.

### Non-IFRS Ratios

- Interest coverage is calculated by dividing adjusted EBITDA by mortgage, loan and construction loan interest and interest on credit facilities. The calculation is included on page 28.
- Debt service coverage is calculated by dividing adjusted EBITDA by mortgage, loan and construction loan interest, interest on credit facilities and principal mortgage repayments. The calculation is included on page 28.
- Per unit calculations are calculated using the applicable non-IFRS financial measures noted above, i.e., FFO, AFFO and/or ACFO, divided by the diluted number of units outstanding at the end of the relevant period.
- Payout ratios are calculated using the distribution rate for the period divided by the applicable per unit amount, i.e., AFFO and/or ACFO.
- Debt to normalized adjusted EBITDA is calculated by dividing net debt by normalized adjusted EBITDA. The calculation is included on page 28.

### Supplementary Financial Measures

- Same property NOI is a supplementary financial measure defined as NOI for stabilized properties that Killam has owned for equivalent periods in 2025 and 2024. Same property results represent 97.3% of the fair value of Killam's investment property portfolio as at June 30, 2025. Excluded from same property results in 2025 are acquisitions, dispositions and developments completed in 2024 and 2025, and non-stabilized properties linked to development projects.
- Same property average rent is calculated by taking a weighted average of the total residential rent for the last month of the reporting period, divided by the relevant number of the units per region for stabilized properties that Killam has owned for equivalent periods in 2025 and 2024. For total residential rents, rents for occupied units are based on contracted rent, and rents for vacant units are based on estimated market rents if the units were occupied.

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## Capital Management Financial Measure

- Total debt as a percentage of total assets is a capital management financial measure and is calculated by dividing total debt by total assets, excluding right-of-use assets. This measure is reconciled in note 23 of the unaudited condensed consolidated interim financial statements.

## PART II

### Key Performance Indicators

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

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

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## 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:

Operating Performance	Three months ended June 30,			Six months ended June 30,		
	2025	2024	Change <sup>(1)</sup>	2025	2024	Change <sup>(1)</sup>
Property revenue	\$95,646	\$90,776	5.4%	\$188,669	\$178,281	5.8%
Net operating income	\$64,075	\$59,923	6.9%	\$123,069	\$114,944	7.1%
Net income	\$33,134	\$114,452	(71.0)%	\$135,045	\$241,693	(44.1)%
FFO <sup>(2)</sup>	\$39,400	\$36,673	7.4%	\$73,640	\$68,053	8.2%
FFO per unit – diluted <sup>(2)</sup>	\$0.32	\$0.30	6.7%	\$0.59	\$0.55	7.3%
AFFO <sup>(2)(3)</sup>	\$33,643	\$30,846	9.1%	\$62,190	\$56,425	10.2%
AFFO per unit – diluted <sup>(2)(3)</sup>	\$0.27	\$0.25	8.0%	\$0.50	\$0.46	8.7%
Weighted average number of units outstanding – diluted (000s)	124,396	122,980	1.2%	124,180	122,795	1.1%
Distributions paid per unit <sup>(4)</sup>	\$0.18	\$0.18	—%	\$0.36	\$0.35	2.9%
AFFO payout ratio – diluted <sup>(2)(3)</sup>	67%	70%	(300) bps	72%	76%	(400) bps
AFFO payout ratio – rolling 12 months <sup>(2)(3)</sup>	69%	73%	(400) bps			
<b>Portfolio Performance</b>						
Same property NOI <sup>(2)</sup>	\$61,539	\$57,684	6.7%	\$118,300	\$110,346	7.2%
Same property NOI margin	66.7%	66.3%	40 bps	65.1%	64.5%	60 bps
Same property apartment occupancy	97.5%	97.8%	(30) bps			
Same property apartment weighted average rental increase <sup>(5)</sup>	6.0%	6.4%	(40) bps			

As at	June 30, 2025	December 31, 2024	Change <sup>(1)</sup>
<b>Leverage Ratios and Metrics</b>			
Debt to total assets	39.6%	40.4%	(80) bps
Weighted average mortgage interest rate	3.53%	3.45%	8 bps
Weighted average years to debt maturity	3.8	4.0	(0.2) years
Debt to normalized EBITDA <sup>(2)</sup>	9.58x	9.69x	(1.1)%
Debt service coverage <sup>(2)</sup>	1.59x	1.55x	2.6%
Interest coverage <sup>(2)</sup>	2.97x	2.94x	1.0%

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

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

(3) The maintenance capital expenditures used to calculate AFFO and AFFO payout ratio for the three and six months ended June 30, 2024, were updated to reflect the maintenance capex reserve of \$1,100 per apartment unit, \$310 per MHC site and \$1.10 per SF for commercial properties that were used in the calculation for the 12 months ended December 31, 2024.

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

(5) Year-over-year, as at June 30.

# Q2-2025 Management's Discussion and Analysis

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## Summary of Q2-2025 Results and Operations

### Delivered 6.7% FFO per Unit Growth and 8.0% AFFO per Unit Growth

Killam delivered FFO per unit of \$0.32 in Q2-2025, representing a 6.7% increase over \$0.30 in Q2-2024. AFFO per unit grew 8.0% to \$0.27, up from \$0.25 in the same period in 2024. The growth in FFO and AFFO reflects strong same property NOI and contributions from recently completed developments, partially offset by higher interest and administrative expenses. The increase in AFFO per unit growth of 8.0% corresponds with the success of Killam's capital recycling program, which focuses on selling older, capital-intensive properties and replacing them with newer, more efficient buildings through acquisitions and development.

### Achieved Same Property NOI Growth of 6.7%

Killam achieved same property NOI growth of 6.7% during the quarter and a 40 bps improvement to the same property operating margin. This growth was driven by a 6.0% increase in same property revenue, supported by a 6.0% year-over-year increase in apartment rental rates and higher ancillary revenue. This was partially offset by a modest 30 bps decline in same property occupancy to 97.5%, compared to Q2-2024. The weighted average rental rate increase on units that renewed and turned during the quarter was 6.1%, a combination of 13.0% growth from units that turned during the period and 3.7% on renewals. This growth compares to 8.2% in Q2-2024. Rental incentives have also increased quarter-over-quarter; however, they continue to be location and property specific and remain less than 0.6% of total residential rent.

Total same property operating expenses increased 4.5% in the quarter. Same property tax expense rose 5.0%, reflecting higher assessments and mill rate increases across the portfolio. Same property utility and fuel costs increased 3.2%, primarily due to higher natural gas pricing in Nova Scotia and New Brunswick, as well as higher water costs. Same property general operating expenses were up 4.8%, driven by higher salary costs and the timing of repairs and maintenance. Based on results to date, Killam expects same property NOI growth for the year to exceed 6.0%.

### Generated Net Income of \$33.1 Million

In Q2-2025, Killam generated net income of \$33.1 million, compared to \$114.5 million in Q2-2024. The decline in net income is primarily due to lower fair value gains on investment properties, with \$3.8 million recognized in Q2-2025 compared to \$85.5 million in Q2-2024. The reduction in fair value gains quarter-over-quarter reflects stabilization in rental rate growth and marginal capitalization rate ("cap rate") expansion for select assets. These impacts were partially offset by a \$4.2 million increase in NOI and a \$12.7 million reduction in deferred tax expense related to the internal reorganization that was completed by way of a plan of arrangement effective November 30, 2024 (the "Arrangement," as described on page 23).

### Progress on Killam's Capital Recycling Strategy

Killam's capital recycling program is focused on the disposition of non-core and slower-growth properties, or those that may be more capital or carbon intensive. During the quarter, Killam completed the sale of two MHC sites located in Gander and Corner Brook, Newfoundland and Labrador (NL), for gross proceeds of \$4.8 million; two apartment properties located in Grand Falls, NL, for gross proceeds of \$13.7 million; and three apartment properties located in Charlottetown, Prince Edward Island (PEI), for gross proceeds of \$15.9 million. Subsequent to quarter-end, Killam completed the disposition of a 60-unit townhouse complex located in PEI for gross proceeds of \$9.0 million and has a firm commitment to sell an additional 521 units located in PEI for net proceeds of \$81.9 million, which is expected to close by August 8, 2025. Completion of these transactions will bring the 2025 disposition total to \$127.9 million, in line with Killam's 2025 strategic target of disposing of \$100–\$150 million of assets.

Proceeds from these dispositions will be used to fund acquisitions subsequent to quarter-end, including 114 units in Fredericton, New Brunswick (NB), and the remaining 50% interest in three assets held through a joint venture partnership located in Ottawa.

### Refinanced Mortgages at 3.52%

Killam manages interest rate risk through the strategic staggering of mortgage maturities. During Q2-2025, Killam refinanced \$94.6 million of maturing mortgages with \$119.2 million of new debt at a weighted average interest rate of 3.52%, 165 bps higher than the weighted average interest rate of the maturing debt. Overall, Killam's weighted average mortgage interest rate increased 8 bps at the end of Q2-2025 to 3.53%, compared to 3.45% as at December 31, 2024. The weighted average term to maturity is 3.8 years.

### ESG Update

Killam's 2024 ESG report was released on June 12, 2025, and can be accessed on its website at <https://killamreit.com/esg>. The report summarizes Killam's commitment to creating and maintaining sustainable communities and details its progress and future plans to achieve its long-term ESG targets. During the quarter, Killam completed its seventh annual GRESB submission, demonstrating commitment to transparent ESG disclosures.

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## Strategic Targets

Growth in Same Property NOI	
2025 Target	Achieve same property NOI growth between 4.0% and 7.0%.
2025 Performance to Date	Killam achieved same property NOI growth of 7.2% for the six months ended June 30, 2025. Based on performance to date and expectations during the second half of the year, Killam anticipates same property NOI growth for 2025 to be above 6.0%.
Capital Recycling	
2025 Target	Sell a minimum of \$100–\$150 million of non-core assets.
2025 Performance to Date	Year-to-date, Killam completed eight dispositions for gross proceeds of \$37.0 million. Subsequent to quarter-end, Killam sold a townhouse complex in Charlottetown, PEI, for gross proceeds of \$9.0 million and has a firm commitment to sell an additional 521 units in Charlottetown, PEI, which is expected to close by August 8, 2025, for gross proceeds of \$81.9 million. Following this transaction, Killam will have completed \$127.9 million in dispositions and achieved the mid-range of its capital recycling disposition target of \$100–\$150 million in 2025.
Geographic Diversification	
2025 Target	Earn more than 40% of 2025 NOI outside Atlantic Canada.
2025 Performance to Date	Killam is on track to meet this target, with 39.6% of NOI generated outside Atlantic Canada as of June 30, 2025. In the second half of 2025, further progress on this target will be achieved through the lease-up of the Carrick, a 139-unit building located in Waterloo; the completion of the acquisition of the remaining 50% interest in three Ottawa assets held through a joint venture partnership; and the completion of the disposition of properties located in PEI.
Development of High-Quality Properties	
2025 Target	Complete construction on one development project and break ground on one additional development in 2025.
2025 Performance to Date	<p>Killam is on track to meet this target. The Carrick welcomed its first tenants in June 2025 and reached substantial completion in July (83 units/60% currently leased). In addition, Killam expects to break ground on at least one additional development in the second half of 2025.</p> <p>Killam also continues to advance the development of Eventide, a 55-unit development located in NS, and Brightwood (150 Wissler), a 128-unit development located in ON. Both developments are expected to be completed in 2026.</p>
Strengthened Balance Sheet	
2025 Target	Maintain debt as a percentage of total assets below 42%.
2025 Performance to Date	Debt as a percentage of total assets was 39.6% as at June 30, 2025, down from 39.9% as at March 31, 2025 (December 31, 2024 – 40.4%).
Sustainability Investment	
2025 Target	Invest a minimum of \$6.0 million in energy initiatives in 2025.
2025 Performance to Date	Year-to-date, Killam has invested \$1.7 million in energy initiatives in various buildings across the portfolio, including the installation of PV solar panels, new boilers and heat pumps, as well as building upgrades such as new cladding and insulation. Killam has also committed an additional \$4.0 million to energy-related capital projects to be executed in the second half of the year and remains on track to meet its \$6.0 million investment target.



# Q2-2025 Management's Discussion and Analysis

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## Outlook

### Market Rent Stabilization

Following significant market rent growth across Canada from 2022 to 2024, market rents continue to stabilize in 2025. Management estimates the current mark-to-market spread on Killam's apartment portfolio is approximately 13%, compared to 15% at December 31, 2024. This compression reflects rent growth captured over the last six months, as well as modest downward pressure on market rents at the higher end of the rental market. Killam's ability to capture mark-to-market spreads will depend on both the volume and composition of unit turnover. Based on recent leasing activity, Management is seeing strong demand for apartments across the country when priced competitively. Looking forward to the second half of 2025 and into 2026, Killam expects rent growth to continue to remain above historic norms.

### Above-Average NOI Growth Expected to Continue

Management expects same property revenue growth in 2025 will be in the range of 5%–6%, driven primarily by rental rate growth. This top-line growth, in combination with moderate expense growth, is anticipated to drive continued above-average NOI growth over the next year. Following a 6.0% increase in same property utility and fuel costs year-to-date, Killam does not expect the same level of energy expense pressure during the remainder of 2025 and into 2026. The removal of the consumer carbon tax effective April 1, 2025, is estimated to provide additional savings over the remainder of the year and in Q1-2026. Rising property assessments and mill rates are expected to lead to an average 5%–6% increase in property tax expense in 2025. Killam will continue to challenge unreasonable assessments to manage the expense as much as possible. Killam also continues to enhance its energy management and operating platforms in order to maximize operating margins. These investments help mitigate annual inflationary pressures.

### Atlantic Region Expected to Lead Portfolio Performance

Management expects Atlantic Canada to lead Killam's portfolio in revenue growth over the next year. Current performance indicators reflect strong market fundamentals in Killam's Atlantic Canadian markets compared to Ontario and Western Canada. Year-to-date, same property occupancy across all Atlantic Canadian markets has remained above 98%, rent increases on unit turns continue to be robust and there are limited requirements for rental incentives. Additionally, Killam's diversified portfolio in Atlantic Canada reduces exposure to any single rent category. As a result, 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.

### Well Positioned in Market of Increased Supply

Canada has seen apartment construction starts over the last four years increase in response to the housing shortfall. Following recent population growth that far exceeds Canada's historic norms, a supply-demand imbalance has been a key factor in the rising market rents experienced over the last three years. Based on construction activity underway, new apartment completions are expected to be above average in some of Killam's key markets, including Halifax. With a diverse portfolio in Halifax having an average monthly rent of \$1,530, Management is confident in its ability to continue to generate revenue growth in the city. Killam's mark-to-market spread in Halifax is approximately 22%, one of the highest among Killam's core markets. Additionally, most of the new units expected to enter the market have monthly rents exceeding \$2,500 per month, far above Killam's average in-place rent. Across Canada, Killam's average apartment rent of \$1,536 per month is affordable and is expected to remain competitive going forward.

### Active Capital Recycling Program

2025 marks the third year of Killam's asset recycling program. This initiative has effectively enabled Killam to reallocate capital in order to strengthen its balance sheet, support ongoing development projects, and provide funding for future acquisitions. By divesting properties with lower long-term return potential, Killam is strategically positioning its portfolio for superior returns and enhanced cash flows. Management anticipates that this capital recycling program will continue to be a part of Killam's capital allocation program.

### Advancements in Development Program

Killam's three most recently completed developments have meaningfully contributed to year-to-date performance, generating \$2.7 million in FFO growth compared to the first half of 2024. Management expects approximately \$3.1 million in FFO growth from these developments in 2025. The Carrick, Killam's 139-unit development located in Waterloo, ON, welcomed its first tenants in June and reached substantial completion in July. Leasing activity has been strong, with 83 units (60%) leased to date. Management expects the building will be fully leased by the end of 2025 and will contribute positively to FFO growth in 2026. Killam has also continued to advance the development of Eventide, a 55-unit development located in Halifax, NS, and Brightwood (150 Wissler), a 128-unit development located in Waterloo, ON. Both of the current development projects are expected to be completed in 2026 and are expected to contribute positively to FFO per unit growth in late 2026 and 2027. Development is a key component of Killam's growth strategy, and Management is confident in its ability to drive value through its development platform. With an extensive development pipeline of over 8,000 units, which includes additional density across various large-acreage properties in its portfolio, Killam has many years of development potential. Killam expects that the majority of the capital required to fund these projects will be sourced through construction financing programs, limiting the need for operating cash flow to support development activity.

### Seeking New Retail and Office Tenants at Westmount Place, Waterloo, ON

A tenant currently occupying 197,000 square feet of retail and office space at Westmount Place has notified Killam of its intention not to renew its lease as of March 31, 2026. Killam is collaborating with a national commercial real estate brokerage to re-lease this property, which consists of 90,000 square feet of ground floor retail and 107,000 square feet of office space across three upper floors. Presently, Westmount Place is uniquely positioned as the only building in Waterloo known to offer a contiguous block of 197,000 square feet in an urban, transit-accessible location. Killam has received inquiries from both local and national retail and office tenants seeking spaces ranging from 10,000 to 100,000 square feet. In the event that the premises remain vacant from April 1 to December 31, 2026, Killam projects a reduction in net operating income of \$3.0 million for Westmount Place. Nevertheless, due to Westmount Place's prime location, adaptable floorplates, and proximity to existing residential and retail tenants, management remains confident in its ability to restore the net operating income previously generated by the outgoing tenant within 18 to 24 months. The leasing strategy targets securing commitments for 50,000 square feet by the end of Q2-2026, with an additional 50,000 square feet leased each subsequent quarter until full occupancy is achieved.

# Q2-2025 Management's Discussion and Analysis

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

## PART III

### Portfolio Summary

The following table summarizes Killam's apartment, MHC and commercial portfolios by market as at June 30, 2025:

Apartment Portfolio				
	Units <sup>(1)</sup>	Number of Properties	NOI (\$) <sup>(2)</sup>	NOI <sup>(2)</sup> (% of Total)
<b>Nova Scotia</b>				
Halifax	5,600	66	\$34,310	27.9%
<b>Ontario</b>				
KWC-GTA	1,926	13	\$14,591	11.8%
Ottawa	1,447	9	\$7,602	6.2%
London	523	5	\$3,436	2.8%
	3,896	27	\$25,629	20.8%
<b>New Brunswick</b>				
Moncton	2,246	39	\$11,364	9.2%
Fredericton	1,529	23	\$8,442	6.9%
Saint John	997	13	\$4,589	3.7%
	4,772	75	\$24,395	19.8%
<b>Alberta</b>				
Calgary	998	5	\$7,308	5.9%
Edmonton	882	6	\$5,638	4.6%
	1,880	11	\$12,946	10.5%
<b>Newfoundland and Labrador</b>				
St. John's	958	13	\$5,027	4.1%
<b>British Columbia</b>				
Victoria	516	5	\$4,418	3.6%
<b>Prince Edward Island</b>				
Charlottetown and Summerside	671	15	\$3,295	2.7%
<b>Total Apartments</b>	<b>18,293</b>	<b>212</b>	<b>\$110,020</b>	<b>89.4%</b>
Manufactured Home Community Portfolio				
	Sites	Number of Communities	NOI (\$) <sup>(2)</sup>	NOI <sup>(2)</sup> (% of Total)
<b>Ontario</b> <sup>(3)</sup>	2,284	17	\$3,091	2.5%
<b>Nova Scotia</b>	2,850	18	\$3,013	2.4%
<b>Newfoundland and Labrador</b> <sup>(4)</sup>	—	—	\$144	0.1%
<b>New Brunswick</b> <sup>(3)</sup>	671	3	\$211	0.2%
<b>Total MHCs</b>	<b>5,805</b>	<b>38</b>	<b>\$6,459</b>	<b>5.2%</b>
Commercial Portfolio <sup>(5)</sup>				
	Square Footage <sup>(6)</sup>	Number of Properties	NOI (\$) <sup>(2)</sup>	NOI <sup>(2)</sup> (% of Total)
<b>Ontario</b>	313,358	2	\$2,500	2.1%
<b>Prince Edward Island</b> <sup>(6)</sup>	410,175	1	\$2,125	1.7%
<b>Nova Scotia</b> <sup>(7)</sup>	217,761	6	\$1,722	1.4%
<b>New Brunswick</b>	33,215	1	\$243	0.2%
<b>Total Commercial</b>	<b>974,509</b>	<b>10</b>	<b>\$6,590</b>	<b>5.4%</b>
<b>Total Portfolio</b>		<b>260</b>	<b>\$123,069</b>	<b>100.0%</b>

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

(2) For the six months ended June 30, 2025.

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

(4) Killam sold its two MHC properties located in NL in Q2-2025.

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

(6) Square footage represents 100% of the commercial property located in PEI.

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

# Q2-2025 Management's Discussion and Analysis

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

## PART IV

### Q2-2025 Operational and Financial Results

#### Consolidated Results

For the three months ended June 30,

	Total Portfolio			Same Property <sup>(1)</sup>		
	2025	2024	% Change	2025	2024	% Change
Property revenue	\$95,646	\$90,776	5.4%	\$92,247	\$87,063	6.0%
Property operating expenses						
General operating expenses	13,599	13,430	1.3%	13,269	12,663	4.8%
Utility and fuel expenses	7,032	6,976	0.8%	6,828	6,614	3.2%
Property taxes	10,940	10,447	4.7%	10,611	10,102	5.0%
Total operating expenses	\$31,571	\$30,853	2.3%	\$30,708	\$29,379	4.5%
NOI	\$64,075	\$59,923	6.9%	\$61,539	\$57,684	6.7%
Operating margin %	67.0%	66.0%	100 bps	66.7%	66.3%	40 bps

For the six months ended June 30,

	Total Portfolio			Same Property <sup>(1)</sup>		
	2025	2024	% Change	2025	2024	% Change
Property revenue	\$188,669	\$178,281	5.8%	\$181,816	\$171,072	6.3%
Property operating expenses						
General operating expenses	27,043	26,761	1.1%	26,267	25,408	3.4%
Utility and fuel expenses	16,915	16,275	3.9%	16,271	15,353	6.0%
Property taxes	21,642	20,301	6.6%	20,978	19,965	5.1%
Total operating expenses	\$65,600	\$63,337	3.6%	\$63,516	\$60,726	4.6%
NOI	\$123,069	\$114,944	7.1%	\$118,300	\$110,346	7.2%
Operating margin %	65.2%	64.5%	70 bps	65.1%	64.5%	60 bps

(1) Same property results exclude acquisitions, dispositions and developments completed during 2025 and 2024, which are classified as non-same property. For the three and six months ended June 30, 2025, NOI contributions from acquisitions, dispositions and developments completed in 2024 and 2025 were \$0.5 million and \$1.1 million. For the three and six months ended June 30, 2024, the NOI contributions from acquisitions, dispositions and developments completed in 2024 were \$0.6 million and \$1.1 million.

For the three and six months ended June 30, 2025, Killam achieved strong overall portfolio performance. Revenues increased by 5.4% and 5.8%, respectively, despite the completion of \$74.6 million in property dispositions in the last 12 months. Total operating expenses increased by 2.3% in the quarter and 3.6% year-to-date, primarily driven by a 4.7% rise in property taxes in Q2-2025, as well as higher utility and fuel costs, the majority of which were incurred in the first quarter. In aggregate, NOI increased by 6.9% and 7.1% for the three and six months ended June 30, 2025, compared to the same periods in 2024.

Same property results include properties owned during comparable 2025 and 2024 periods. Same property results represent 97.3% of the fair value of Killam's investment property portfolio as at June 30, 2025. Non-same property results include acquisitions, dispositions and developments completed in 2024 and 2025, as well as commercial assets acquired for future residential development. Of Killam's recently completed developments, Civic 66 and The Governor are included in the 2025 same property portfolio. Nolan Hill Phase II will move to the same property portfolio in 2026.

Same property revenue grew by 6.0% and 6.3% for the three and six months ended June 30, 2025, compared to the same periods in 2024. This growth was driven by strong rental rate growth and higher ancillary revenue, partially offset by an increase in vacancy and rental incentives. Same property occupancy decreased by 30 bps quarter-over-quarter from 97.8% to 97.5%.

Total same property operating expenses increased by 4.5% for the three months ended June 30, 2025. The increase in the quarter was primarily driven by a 5.0% rise in property tax expense, along with increases of 4.8% in general operating expenses and 3.2% in utility and fuel expenses. The rise in property tax expense in the quarter was the result of higher assessments and mill rates across the portfolio. Total same property operating expenses increased by 4.6% for the six months ended June 30, 2025, primarily driven by a 6.0% year-over-year rise in utility and fuel expenses, a 5.1% increase in property taxes, and a 3.4% increase in general operating expenses. The higher utility and fuel expenses were largely driven by increased natural gas prices and higher consumption resulting from a colder winter heating season.

Overall, same property NOI increased by 6.7% and 7.2% for the three and six months ended June 30, 2025.

# Q2-2025 Management's Discussion and Analysis

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

## Apartment Results

**For the three months ended June 30,**

	Total			Same Property		
	2025	2024	% Change	2025	2024	% Change
Property revenue	<b>\$84,059</b>	\$79,616	5.6%	<b>\$80,789</b>	\$76,302	5.9%
Property operating expenses						
General operating expenses	<b>11,555</b>	11,376	1.6%	<b>11,209</b>	10,713	4.6%
Utility and fuel expenses	<b>6,189</b>	6,178	0.2%	<b>5,986</b>	5,821	2.8%
Property taxes	<b>9,719</b>	9,263	4.9%	<b>9,409</b>	8,960	5.0%
Total operating expenses	<b>\$27,463</b>	\$26,817	2.4%	<b>\$26,604</b>	\$25,494	4.4%
NOI	<b>\$56,596</b>	\$52,799	7.2%	<b>\$54,185</b>	\$50,808	6.6%
Operating margin %	<b>67.3%</b>	66.3%	100 bps	<b>67.1%</b>	66.6%	50 bps

**For the six months ended June 30,**

	Total			Same Property		
	2025	2024	% Change	2025	2024	% Change
Property revenue	<b>\$167,340</b>	\$157,799	6.0%	<b>\$160,780</b>	\$151,294	6.3%
Property operating expenses						
General operating expenses	<b>23,023</b>	22,842	0.8%	<b>22,216</b>	21,601	2.8%
Utility and fuel expenses	<b>15,078</b>	14,575	3.5%	<b>14,444</b>	13,665	5.7%
Property taxes	<b>19,219</b>	17,927	7.2%	<b>18,605</b>	17,706	5.1%
Total operating expenses	<b>\$57,320</b>	\$55,344	3.6%	<b>\$55,265</b>	\$52,972	4.3%
NOI	<b>\$110,020</b>	\$102,455	7.4%	<b>\$105,515</b>	\$98,322	7.3%
Operating margin %	<b>65.7%</b>	64.9%	80 bps	<b>65.6%</b>	65.0%	60 bps

## Apartment Revenue

Total apartment revenue for the three and six months ended June 30, 2025, was \$84.1 million and \$167.3 million, an increase of 5.6% and 6.0%, respectively, over the same periods in 2024. Revenue growth reflects contributions from properties acquired and developed over the past two years, as well as rent growth, partially offset by property dispositions completed throughout 2024 and the first half of 2025.

Same property apartment revenue increased by 5.9% and 6.3% for the three and six months ended June 30, 2025, respectively, compared to the same periods in 2024. This growth was primarily driven by a 6.0% year-over-year increase in same property average rent as at June 30, 2025, and higher ancillary revenue. These gains were partially offset by a 30 bps decline in occupancy and an increase in rental incentives.

The operating margin on Killam's same property apartment portfolio improved 50 bps and 60 bps for the three and six months ended June 30, 2025, respectively, reaching 67.1% and 65.6%. The improvement reflects strong rental rate growth, which more than offset the increase in same property operating expenses.

# Q2-2025 Management's Discussion and Analysis

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

## Apartment Occupancy Analysis by Core Market (% of Residential Rent) <sup>(1)</sup>

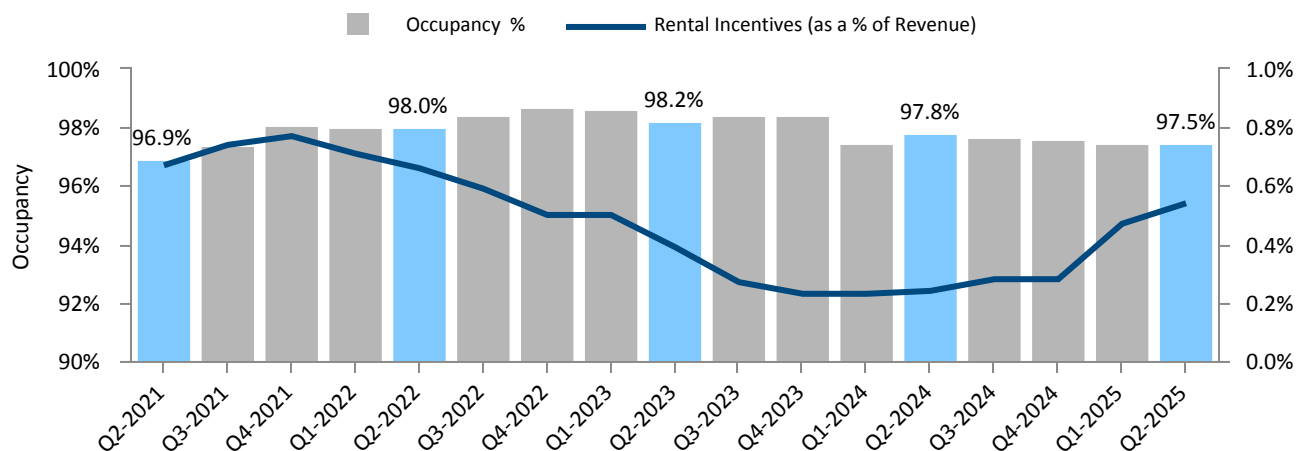
		Total Occupancy				Same Property Occupancy		
For the three months ended June 30,	# of Units	2025	2024	Change (bps)		2025	2024	Change (bps)
<b>Nova Scotia</b>								
Halifax	5,600	98.2%	98.6%	(40)		98.2%	98.7%	(50)
<b>Ontario</b>								
KWC-GTA	1,926	96.8%	95.5%	130		96.8%	95.4%	140
Ottawa	1,447	96.0%	96.9%	(90)		96.0%	96.9%	(90)
London	523	95.5%	94.9%	60		95.5%	94.9%	60
<b>New Brunswick</b>								
Moncton	2,246	98.9%	99.1%	(20)		98.9%	99.1%	(20)
Fredericton	1,529	98.5%	98.9%	(40)		98.5%	98.9%	(40)
Saint John	997	98.5%	98.3%	20		98.5%	98.3%	20
<b>Alberta</b>								
Calgary <sup>(2)</sup>	998	96.4%	78.8%	1,760		96.1%	94.8%	130
Edmonton	882	93.8%	97.4%	(360)		93.8%	97.4%	(360)
<b>Newfoundland and Labrador</b>								
St. John's	958	98.2%	98.3%	(10)		98.3%	98.9%	(60)
<b>British Columbia</b>								
Victoria <sup>(3)</sup>	516	94.8%	97.3%	(250)		94.8%	97.3%	(250)
<b>Prince Edward Island</b>								
Charlottetown and Summerside	671	99.4%	99.7%	(30)		99.2%	99.7%	(50)
<b>Total Apartments (weighted average)</b>	<b>18,293</b>	<b>97.5%</b>	<b>96.7%</b>	<b>80</b>		<b>97.5%</b>	<b>97.8%</b>	<b>(30)</b>

(1) Occupancy as a percentage of residential rent is calculated as vacancy (in dollars) divided by gross potential residential rent (in dollars) for the period.

(2) Total 2024 occupancy for Calgary was impacted by Nolan Hill Phase II, a 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.

(3) Total and same property 2025 occupancy for Victoria were impacted by a short-term increase in vacancy at two properties.

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



Killam saw a further uptick in rental incentives as a percentage of total revenue in Q2-2025. Ontario, which made up 47% of total incentives in Q2-2025, saw a 100% increase compared to Q2-2024, with the largest increase attributable to the lease-up of Civic 66. Alberta, which made up 34% of total incentives, saw an 81% increase quarter-over-quarter, with the majority attributable to the lease up on Nolan Phase II. Killam aims to strategically maintain occupancy levels by offering targeted incentives in select regions, with the overall goal of minimizing incentives on new leases and decreasing incentives altogether. The use of rental incentives is expected to continue throughout the second half of 2025 in select markets and properties.

# Q2-2025 Management's Discussion and Analysis

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

## Year-Over-Year Average Rent Analysis by Core Market

As at June 30,

	# of Units	Average Rent			Same Property Average Rent		
		2025	2024	% Change	2025	2024	% Change
<b>Nova Scotia</b>							
Halifax	5,600	<b>\$1,530</b>	\$1,407	8.7%	<b>\$1,540</b>	\$1,426	8.0%
<b>Ontario</b>							
KWC-GTA	1,926	<b>\$1,804</b>	\$1,734	4.0%	<b>\$1,804</b>	\$1,734	4.0%
Ottawa	1,447	<b>\$2,267</b>	\$2,195	3.3%	<b>\$2,267</b>	\$2,195	3.3%
London	523	<b>\$1,675</b>	\$1,600	4.7%	<b>\$1,675</b>	\$1,600	4.7%
<b>New Brunswick</b>							
Moncton	2,246	<b>\$1,296</b>	\$1,221	6.1%	<b>\$1,296</b>	\$1,221	6.1%
Fredericton	1,529	<b>\$1,393</b>	\$1,311	6.3%	<b>\$1,393</b>	\$1,311	6.3%
Saint John	997	<b>\$1,239</b>	\$1,138	8.9%	<b>\$1,239</b>	\$1,138	8.9%
<b>Alberta</b>							
Calgary	998	<b>\$1,690</b>	\$1,632	3.6%	<b>\$1,612</b>	\$1,505	7.1%
Edmonton	882	<b>\$1,653</b>	\$1,584	4.4%	<b>\$1,653</b>	\$1,584	4.4%
<b>Newfoundland and Labrador</b>							
St. John's	958	<b>\$1,155</b>	\$1,062	8.8%	<b>\$1,155</b>	\$1,092	5.8%
<b>British Columbia</b>							
Victoria	516	<b>\$1,969</b>	\$1,899	3.7%	<b>\$1,969</b>	\$1,899	3.7%
<b>Prince Edward Island</b>							
Charlottetown and Summerside	671	<b>\$1,267</b>	\$1,170	8.3%	<b>\$1,269</b>	\$1,242	2.2%
<b>Total Apartments (weighted average)</b>	<b>18,293</b>	<b>\$1,536</b>	\$1,437	6.9%	<b>\$1,535</b>	\$1,448	6.0%

# Q2-2025 Management's Discussion and Analysis

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

## Same Property Rental Increases – Tenant Renewals versus Unit Turns

The table below reflects rental increases achieved on units renewed, or turned (released), for the three and six months ended June 30, 2025, whereas rental increases in the previous section reflect the year-over-year change in average rent by region as at June 30, 2025, compared to June 30, 2024.

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

In Q2-2025, Killam's same property weighted average rental rate increased 6.1% for units that turned or renewed, representing a 190 bps decrease from 8.2% in Q2-2024. The decline was primarily driven by lower rental increases on unit turns, which averaged 13.0% during the quarter, compared to 15.0% in Q1-2025 and 20.2% in Q2-2024. Rental increases on renewals were 3.7%, consistent with 3.6% in Q1-2025 and down 90 bps from 4.6% in Q2-2024.

Year-to-date, the weighted average rental rate increase was 5.4%, compared to 6.4% for the six months ended June 30, 2024. The decline was primarily attributable to lower rental increases on unit turns, which averaged 13.9% in the first half of 2025, down from 20.0% in the same period of 2024. This was further impacted by a modest 40 bps decrease in rental increases on renewals, which declined from 4.0% to 3.6%.

The weighted average rental increase is typically lower in the first half of the year due to the large number of lease renewals on January 1, which are subject to rent control. The chart below summarizes the rental increases earned during the three and six months ended June 30, 2025 and 2024.

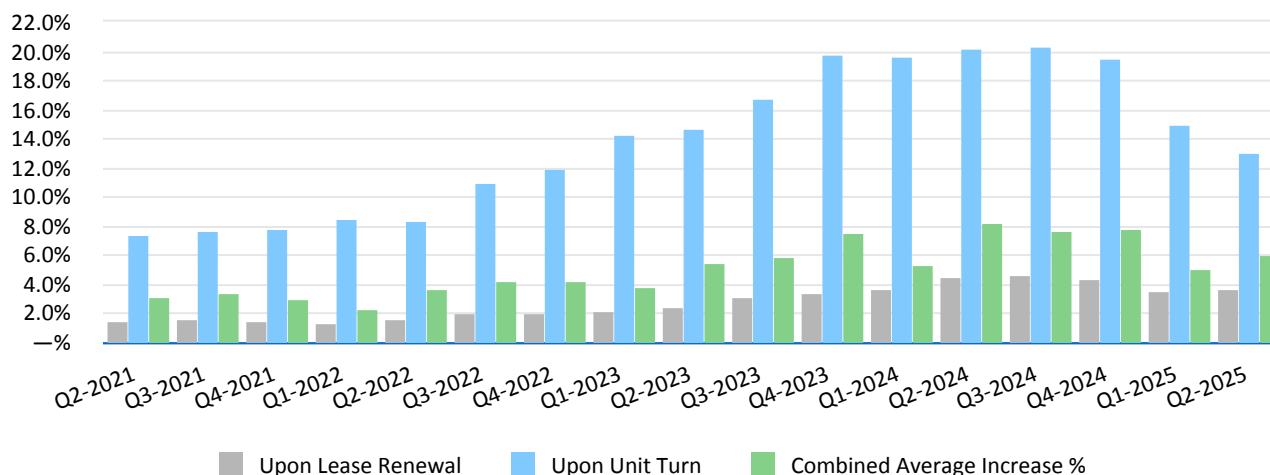
	For the three months ended June 30,				For the six months ended June 30,			
	2025		2024		2025		2024	
	Rental Increases	Turnovers & Renewals	Rental Increases	Turnovers & Renewals	Rental Increases	Turnovers & Renewals <sup>(1)</sup>	Rental Increases	Turnovers & Renewals <sup>(1)</sup>
Lease renewal <sup>(2)</sup>	3.7%	16.9%	4.6%	16.6%	3.6%	47.9%	4.0%	49.2%
Unit turn	13.0%	5.3%	20.2%	4.5%	13.9%	9.6%	20.0%	8.3%
(Weighted average)	6.1%		8.2%		5.4%		6.4%	

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

(2) The large weighting of renewals during the six months ended June 30, 2025 and 2024, is due to many leases across the portfolio renewing on January 1.

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

## Apartments – Historical Same Property Rental Rate Growth



# Q2-2025 Management's Discussion and Analysis

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

## Apartment Expenses

Total operating expenses for the three and six months ended June 30, 2025, were \$27.5 million and \$57.3 million, representing increases of 2.4% and 3.6%, respectively, compared to the same periods in 2024. The increase year-to-date was primarily attributable to higher property tax expense, driven by higher property tax assessments and mill rates across the portfolio as well as a 3.5% increase in utility and fuel expenses. However, in Q1-2024, Killam received \$0.4 million in property tax recoveries relating to previous years, reducing overall property tax expense in that period. Excluding these recoveries, total operating expenses increased only 2.7% year-to-date.

Total same property operating expenses increased by 4.4% and 4.3% for the three and six months ended June 30, 2025. This includes a 2.8% and 5.7% increase in utility and fuel expenses, driven primarily by higher natural gas costs and increased consumption in the first quarter due to a colder winter heating season. Property tax expenses increased 5.0% and 5.1% due to higher assessments and mill rates across the portfolio.

### General Operating Expenses

General operating expenses for the apartment portfolio include repairs and maintenance, contract services, insurance, property management wages and benefits, uncollectible accounts, marketing, general and administrative, advertising and leasing costs. The increase in same property general operating expenses of 4.6% and 2.8% for the three and six months ended June 30, 2025, respectively, was due primarily to higher wage costs and the timing of repairs and maintenance.

### Same Property Utility and Fuel Expenses

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Natural gas	\$2,067	\$1,888	9.5%	\$6,044	\$5,242	15.3%
Electricity	1,879	1,995	(5.8)%	4,201	4,368	(3.8)%
Water	1,908	1,820	4.8%	3,833	3,706	3.4%
Oil & propane	111	99	12.1%	323	311	3.9%
Other	21	19	10.5%	43	38	13.2%
Total utility and fuel expenses	\$5,986	\$5,821	2.8%	\$14,444	\$13,665	5.7%

Killam's apartment portfolio is heated with natural gas (57%), electricity (33%), geothermal (5%), oil (3%), district heat (1%) and propane (less than 1%). Electricity costs relate primarily to common areas, as unit electricity costs are typically paid for by tenants, reducing Killam's exposure to the majority of Killam's 5,900 apartments heated with electricity. Fuel costs associated with central natural gas or oil-fired heating plants are paid for by Killam.

Utility and fuel expenses accounted for approximately 23% and 26% of Killam's total apartment same property operating expenses for the three and six months ended June 30, 2025. Total same property utility and fuel expenses increased 2.8% and 5.7% for the three and six months ended June 30, 2025, compared to the same periods in 2024.

Same property natural gas expenses increased 9.5% and 15.3% for the three and six months ended June 30, 2025, primarily due to higher natural gas pricing and an increase in consumption during the first quarter, driven by a colder winter season. During Q2-2025, total natural gas variable costs rose 13% in Nova Scotia and 5% in New Brunswick, while declining 22% in British Columbia, 11% in Ontario and 10% in Alberta compared to Q2-2024. A reduction in natural gas costs is expected in the second half of the year following the removal of consumer carbon tax pricing effective April 1, 2025.

Electricity costs decreased 5.8% and 3.8% for the three and six months ended June 30, 2025. This reduction reflects a 0.7% decrease in electricity pricing across the portfolio in Q2-2025, coupled with a 2.2% reduction in consumption. Killam has experienced consumption savings from the installation of solar panels at a number of properties across the portfolio.

Water expenses increased by 4.8% and 3.4% for the three and six months ended June 30, 2025, driven by a 0.9% increase in water rates during Q2-2025 and a modest increase in consumption. Oil and propane costs increased 12.1% and 3.9% over the same periods, as higher consumption due to colder weather offset the benefit of lower pricing.

### Property Taxes

Same property tax expenses for the three and six months ended June 30, 2025, were \$9.4 million and \$18.6 million, up 5.0% and 5.1%, respectively, from the same periods in 2024 due to increased assessments across the portfolio and higher mill rates. Killam actively reviews its property tax assessments and appeals tax assessment increases wherever possible.



# Q2-2025 Management's Discussion and Analysis

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

## Apartment Same Property NOI by Region

For the three months ended June 30,

	Property Revenue			Property Expenses			Net Operating Income		
	2025	2024	% Change	2025	2024	% Change	2025	2024	% Change
<b>Nova Scotia</b>									
Halifax	\$25,624	\$23,803	7.7%	(\$8,495)	(\$7,901)	7.5%	\$17,129	\$15,902	7.7%
	25,624	23,803	7.7%	(8,495)	(7,901)	7.5%	17,129	15,902	7.7%
<b>Ontario</b>									
KWC-GTA	10,880	10,285	5.8%	(3,456)	(3,477)	(0.6)%	7,424	6,808	9.0%
Ottawa	5,380	5,275	2.0%	(1,592)	(1,510)	5.4%	3,788	3,765	0.6%
London	2,566	2,413	6.3%	(813)	(819)	(0.7)%	1,753	1,594	10.0%
	18,826	17,973	4.7%	(5,861)	(5,806)	0.9%	12,965	12,167	6.6%
<b>New Brunswick</b>									
Moncton	9,240	8,717	6.0%	(3,466)	(3,399)	2.0%	5,774	5,318	8.6%
Fredericton	6,549	6,152	6.5%	(2,261)	(2,058)	9.9%	4,288	4,094	4.7%
Saint John	3,779	3,465	9.1%	(1,376)	(1,271)	8.3%	2,403	2,194	9.5%
	19,568	18,334	6.7%	(7,103)	(6,728)	5.6%	12,465	11,606	7.4%
<b>Alberta</b>									
Calgary	3,863	3,552	8.8%	(1,140)	(1,046)	9.0%	2,723	2,506	8.7%
Edmonton	4,345	4,287	1.4%	(1,404)	(1,494)	(6.0)%	2,941	2,793	5.3%
	8,208	7,839	4.7%	(2,544)	(2,540)	0.2%	5,664	5,299	6.9%
<b>Newfoundland and Labrador</b>									
St. John's	3,359	3,200	5.0%	(964)	(911)	5.8%	2,395	2,289	4.6%
	3,359	3,200	5.0%	(964)	(911)	5.8%	2,395	2,289	4.6%
<b>British Columbia</b>									
Victoria	2,929	2,913	0.5%	(744)	(730)	1.9%	2,185	2,183	0.1%
	2,929	2,913	0.5%	(744)	(730)	1.9%	2,185	2,183	0.1%
<b>Prince Edward Island</b>									
Charlottetown and Summerside	2,275	2,240	1.6%	(893)	(878)	1.7%	1,382	1,362	1.5%
	2,275	2,240	1.6%	(893)	(878)	1.7%	1,382	1,362	1.5%
	\$80,789	\$76,302	5.9%	(\$26,604)	(\$25,494)	4.4%	\$54,185	\$50,808	6.6%

# Q2-2025 Management's Discussion and Analysis

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

For the six months ended June 30,

	Property Revenue			Property Expenses			Net Operating Income		
	2025	2024	% Change	2025	2024	% Change	2025	2024	% Change
<b>Nova Scotia</b>									
Halifax	\$50,847	\$47,114	7.9%	(\$17,709)	(\$16,633)	6.5%	\$33,138	\$30,481	8.7%
	50,847	47,114	7.9%	(17,709)	(16,633)	6.5%	33,138	30,481	8.7%
<b>Ontario</b>									
KWC-GTA	21,732	20,291	7.1%	(7,287)	(7,147)	2.0%	14,445	13,144	9.9%
Ottawa	10,778	10,501	2.6%	(3,209)	(3,072)	4.5%	7,569	7,429	1.9%
London	5,158	4,856	6.2%	(1,718)	(1,641)	4.7%	3,440	3,215	7.0%
	37,668	35,648	5.7%	(12,214)	(11,860)	3.0%	25,454	23,788	7.0%
<b>New Brunswick</b>									
Moncton	18,386	17,339	6.0%	(7,046)	(6,957)	1.3%	11,340	10,382	9.2%
Fredericton	13,002	12,222	6.4%	(4,546)	(4,219)	7.8%	8,456	8,003	5.7%
Saint John	7,503	6,876	9.1%	(2,923)	(2,730)	7.1%	4,580	4,146	10.5%
	38,891	36,437	6.7%	(14,515)	(13,906)	4.4%	24,376	22,531	8.2%
<b>Alberta</b>									
Calgary	7,595	7,039	7.9%	(2,358)	(2,209)	6.7%	5,237	4,830	8.4%
Edmonton	8,713	8,501	2.5%	(3,074)	(3,093)	(0.6)%	5,639	5,408	4.3%
	16,308	15,540	4.9%	(5,432)	(5,302)	2.5%	10,876	10,238	6.2%
<b>Newfoundland and Labrador</b>									
St. John's	6,681	6,322	5.7%	(1,935)	(1,885)	2.7%	4,746	4,437	7.0%
	6,681	6,322	5.7%	(1,935)	(1,885)	2.7%	4,746	4,437	7.0%
<b>British Columbia</b>									
Victoria	5,837	5,769	1.2%	(1,520)	(1,475)	3.1%	4,317	4,294	0.5%
	5,837	5,769	1.2%	(1,520)	(1,475)	3.1%	4,317	4,294	0.5%
<b>Prince Edward Island</b>									
Charlottetown and Summerside	4,548	4,464	1.9%	(1,940)	(1,911)	1.5%	2,608	2,553	2.2%
	4,548	4,464	1.9%	(1,940)	(1,911)	1.5%	2,608	2,553	2.2%
	\$160,780	\$151,294	6.3%	(\$55,265)	(\$52,972)	4.3%	\$105,515	\$98,322	7.3%

# Q2-2025 Management's Discussion and Analysis

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

## MHC Results

For the three months ended June 30,

	Total Portfolio			Same Property		
	2025	2024	% Change	2025	2024	% Change
Property revenue	\$5,911	\$5,599	5.6%	\$5,833	\$5,394	8.1%
Property operating expenses	1,872	1,808	3.5%	1,830	1,759	4.0%
NOI	\$4,039	\$3,791	6.5%	\$4,003	\$3,635	10.1%
Operating margin %	68.3%	67.7%	60 bps	68.6%	67.4%	120 bps

For the six months ended June 30,

	Total Portfolio			Same Property		
	2025	2024	% Change	2025	2024	% Change
Property revenue	\$9,993	\$9,417	6.1%	\$9,725	\$9,030	7.7%
Property operating expenses	3,534	3,404	3.8%	3,468	3,269	6.1%
NOI	\$6,459	\$6,013	7.4%	\$6,257	\$5,761	8.6%
Operating margin %	64.6%	63.9%	70 bps	64.3%	63.8%	50 bps

Killam's MHC portfolio generated \$4.0 million and \$6.5 million, or 6.3% and 5.2% of Killam's total NOI, for the three and six months ended June 30, 2025. The MHC business generates its highest revenue and NOI during the second and third quarters of each year due to the contribution from its nine seasonal resorts that earn approximately 60% of their NOI between July and October. In aggregate, same property NOI from the MHC portfolio grew by 10.1% and 8.6% for the three and six months ended June 30, 2025. This growth is attributable to an 8.1% and 7.7% increase in revenue for the three and six months ended June 30, 2025, partially offset by a 4.0% and 6.1% increase in property operating expenses compared to the same periods in 2024. This is mainly due to an increase in water consumption and higher salary costs.

## MHC Same Property

For the three months ended June 30,

	Property Revenue			Property Expenses			Net Operating Income		
	2025	2024	% Change	2025	2024	% Change	2025	2024	% Change
Permanent MHCs	\$3,587	\$3,361	6.7%	(\$1,103)	(\$1,031)	7.0%	\$2,484	\$2,330	6.6%
Seasonal resorts	2,246	2,033	10.5%	(727)	(728)	(0.1)%	1,519	1,305	16.4%
	\$5,833	\$5,394	8.1%	(\$1,830)	(\$1,759)	4.0%	\$4,003	\$3,635	10.1%

For the six months ended June 30,

	Property Revenue			Property Expenses			Net Operating Income		
	2025	2024	% Change	2025	2024	% Change	2025	2024	% Change
Permanent MHCs	\$7,144	\$6,703	6.6%	(\$2,350)	(\$2,194)	7.1%	\$4,794	\$4,509	6.3%
Seasonal resorts	2,581	2,327	10.9%	(1,118)	(1,075)	4.0%	1,463	1,252	16.9%
	\$9,725	\$9,030	7.7%	(\$3,468)	(\$3,269)	6.1%	\$6,257	\$5,761	8.6%

For the three and six months ended June 30, 2025, same property permanent MHCs delivered NOI growth of 6.6% and 6.3%, respectively. Average rent increased by 7.6% in Q2-2025 to \$324 per site, up from \$301 in Q2-2024. Occupancy remained strong at 98.3% in the quarter, representing a modest 30 bps decline compared to Q2-2024. Revenue and NOI growth is further supported by MHC site expansions and ongoing home sales across several of Killam's permanent MHC communities.

Killam's seasonal resort portfolio achieved same property revenue growth of 10.5% and 10.9% for the three and six months ended June 30, 2025, compared to the same periods in 2024. Same property seasonal MHCs delivered NOI growth of 16.4% and 16.9%, respectively, supported by strong revenue performance and relatively stable expense levels. Property expenses declined slightly by 0.1% in Q2-2025 and increased by 4.0% year-to-date, primarily due to higher salary costs and water costs, partially offset by reduced repairs and maintenance expenses.

# Q2-2025 Management's Discussion and Analysis

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

## Commercial Results

For the three months ended June 30,

	Total Portfolio			Same Property		
	2025	2024	% Change	2025	2024	% Change
Property revenue	\$5,676	5,561	2.1%	\$5,625	\$5,367	4.8%
Property operating expenses	2,236	2,228	0.4%	2,274	2,126	7.0%
NOI	\$3,440	\$3,333	3.2%	\$3,351	\$3,241	3.4%

For the six months ended June 30,

	Total Portfolio			Same Property		
	2025	2024	% Change	2025	2024	% Change
Property revenue	\$11,336	\$11,065	2.4%	\$11,311	\$10,748	5.2%
Property operating expenses	4,746	4,589	3.4%	4,783	4,485	6.6%
NOI	\$6,590	\$6,476	1.8%	\$6,528	\$6,263	4.2%

Killam's commercial property portfolio contributed \$3.4 million and \$6.6 million, or 5.4% of Killam's total NOI, for both the three and six months ended June 30, 2025.

Killam's commercial property portfolio totals 974,509 SF, located in four of Killam's core markets. The commercial portfolio includes Westmount Place, a 300,000 SF retail and office complex located in Waterloo; Royalty Crossing, a 410,175 SF shopping mall in PEI where Killam has a 75% interest and is the property manager; the Brewery Market, a 180,000 SF retail and office property in downtown Halifax; as well as other smaller properties located in Halifax and Moncton. Total commercial occupancy was 94.6% in Q2-2025, a 50 bps improvement compared to 94.1% in Q2-2024. Same property results do not include properties that were recently acquired or disposed of, or those that are slated for redevelopment and are not operating as stabilized properties.

The increase in NOI during the three and six months ended June 30, 2025, relates to increased occupancy, coupled with higher rental rates on renewals. In Q2-2025, Killam successfully leased 17,480 SF of commercial space at \$24 per SF and renewed 8,050 SF, at a weighted average increase of 16.1%. Year-to-date, Killam has leased 28,400 SF of new space and renewed 33,600 SF of existing tenants for a combined 62,000 SF of commercial activity. Furthermore, expansions and new leasing at Royalty Crossing resulted in an 8.8% increase in property revenue quarter-over-quarter, with additional leasing expected in the second half of 2025.

# Q2-2025 Management's Discussion and Analysis

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

## PART V

### Other Income and Expenses and Net Income

#### Net Income and Other Comprehensive Income

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Net operating income	\$64,075	\$59,923	6.9%	\$123,069	\$114,944	7.1%
Other income	705	465	51.6%	1,255	1,005	24.9%
Financing costs	(20,254)	(19,421)	4.3%	(40,440)	(38,844)	4.1%
Depreciation	(268)	(281)	(4.6)%	(538)	(546)	(1.5)%
Administration	(5,597)	(4,770)	17.3%	(11,243)	(10,064)	11.7%
Fair value adjustment on unit-based compensation	(733)	406	(280.5)%	(810)	352	(330.1)%
Fair value adjustment on Exchangeable Units	(7,121)	6,003	(218.6)%	(8,720)	3,586	(343.2)%
Fair value adjustment on investment properties	3,786	85,537	(95.6)%	73,998	201,831	(63.3)%
Loss on disposition	(1,459)	(721)	102.4%	(1,526)	(913)	67.1%
<b>Income before income taxes</b>	<b>33,134</b>	<b>127,141</b>	<b>(73.9)%</b>	<b>135,045</b>	<b>271,351</b>	<b>(50.2)%</b>
Deferred tax expense	—	(12,689)	(100.0)%	—	(29,658)	(100.0)%
<b>Net income and comprehensive income</b>	<b>\$33,134</b>	<b>\$114,452</b>	<b>(71.0)%</b>	<b>\$135,045</b>	<b>\$241,693</b>	<b>(44.1)%</b>

Net income and comprehensive income decreased by \$81.3 million and \$106.6 million for the three and six months ended June 30, 2025, primarily due to lower fair value gains on investment properties. Killam recognized \$3.8 million and \$74.0 million in fair value gains during the periods, compared to \$85.5 million and \$201.8 million for the same periods in 2024. The decline is the result of stabilization of residential rent growth and moderate cap rate expansion at select properties. The impact of lower fair value gains was partially offset by a \$12.7 million and \$29.7 million decrease in deferred tax expense for the three and six months ended June 30, 2025. Killam did not recognize deferred tax expense in 2025 due to the Arrangement completed in November 2024, as described on page 23, which resulted in the full reversal of Killam's deferred tax liability. NOI increased by \$4.2 million and \$8.1 million, driven by same property NOI growth and contributions from completed developments, which also helped offset this decline. Additionally, net income was impacted by \$7.9 million and \$9.5 million in unrealized fair value losses on the mark-to-market adjustments on Killam's unit-based compensation and Exchangeable Units, compared to fair value gains of \$6.4 million and \$3.9 million for the same periods in 2024. These unrealized fair value adjustments fluctuate quarterly due to fluctuations in the market price of the underlying Killam Trust Units (Trust Units).

### Financing Costs

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Mortgage, loan and construction loan interest	\$18,816	\$17,714	6.2%	\$37,293	\$34,965	6.7%
Interest on credit facilities	532	744	(28.5)%	1,248	1,848	(32.5)%
Interest on Exchangeable Units	638	682	(6.5)%	1,339	1,364	(1.8)%
Amortization of deferred financing costs	1,046	939	11.4%	2,050	1,861	10.2%
Amortization of fair value adjustments on assumed debt	56	57	(1.8)%	112	114	(1.8)%
Interest on lease liabilities	124	113	9.7%	248	273	(9.2)%
Capitalized interest	(958)	(828)	15.7%	(1,850)	(1,581)	17.0%
	<b>\$20,254</b>	<b>\$19,421</b>	<b>4.3%</b>	<b>\$40,440</b>	<b>\$38,844</b>	<b>4.1%</b>

Total financing costs increased \$0.8 million, or 4.3%, for the three months ended June 30, 2025, compared to Q2-2024. For the six months ended June 30, 2025, financing costs increased \$1.6 million, or 4.1%, compared to the same period in 2024. The increases were primarily driven by higher interest rates on refinancings.

Mortgage, loan and construction loan interest expense was \$18.8 million and \$37.3 million for the three and six months ended June 30, 2025, an increase of \$1.1 million and \$2.3 million, or 6.2% and 6.7%, compared to the same periods in 2024. Killam's mortgage, loan and construction loan liability balance increased by \$7.0 million over the past 12 months, as Killam upfinanced maturing mortgages within its existing portfolio and advanced its development projects with construction financing. These increases were partially offset by the repayment of mortgages associated with properties sold during 2024 and the first half of 2025.

# Q2-2025 Management's Discussion and Analysis

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

The average interest rate on refinancings for the six months ended June 30, 2025, was 3.59%, 142 bps higher than the average interest rate on expiring debt.

Interest on credit facilities decreased \$0.2 million and \$0.6 million, or 28.5% and 32.5%, for the three and six months ended June 30, 2025, compared to the same periods in 2024. The decrease reflects a lower average balance on the credit facility during the first half of 2025 coupled with a lower average interest rate.

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

Capitalized interest increased 15.7% and 17.0% for the three and six months ended June 30, 2025, compared to the same periods in 2024. This was primarily driven by a greater number of ongoing development projects during the first half of 2025. Capitalized interest will vary depending on the number of development projects underway and their stages in the development cycle. Interest costs associated with development projects are capitalized to the respective development property until substantial completion.

## Administration Expenses

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Administration	<b>\$5,597</b>	\$4,770	17.3%	<b>\$11,243</b>	\$10,064	11.7%
As a percentage of total revenue	<b>5.8%</b>	5.2%	60 bps	<b>5.9%</b>	5.6%	30 bps

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

For the three and six months ended June 30, 2025, total administration expenses increased by \$0.8 million and \$1.2 million, or 17.3% and 11.7%, respectively, compared to the same periods in 2024. Administration expenses represented 5.8% of total revenue in Q2-2025, a 60 bps increase compared to Q2-2024. The increases were primarily driven by higher compensation-related costs, specifically increased costs associated with performance and non-performance based Restricted Trust Unit (RTU) grants, increased travel expenses, and further investment in cybersecurity initiatives.

## Fair Value Adjustments

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Investment properties	<b>\$3,786</b>	\$85,537	(95.6)%	<b>\$73,998</b>	\$201,831	(63.3)%
Deferred unit-based compensation	<b>(733)</b>	406	(280.5)%	<b>(810)</b>	352	(330.1)%
Exchangeable Units	<b>(7,121)</b>	6,003	(218.6)%	<b>(8,720)</b>	3,586	(343.2)%
	<b>(\$4,068)</b>	\$91,946	(104.4)%	<b>\$64,468</b>	\$205,769	(68.7)%

Killam recognized fair value gains of \$3.8 million and \$74.0 million related to its investment properties for the three and six months ended June 30, 2025, compared to fair value gains of \$85.5 million and \$201.8 million for the same periods in 2024. The lower fair value gains recognized in 2025 reflect the impact of stabilizing revenue growth and moderate cap rate expansion at select properties.

RTUs governed by Killam's RTU Plan are awarded to certain members of Management as a portion of their compensation. Non-executive members of the Board of Trustees have the right to receive a percentage of their annual retainer in the form of RTUs. This aligns the interests of Management and the Trustees with those of unitholders. For the three and six months ended June 30, 2025, there was an unrealized fair value loss of \$0.7 million and \$0.8 million, compared to fair value gains of \$0.4 million for both the three and six months ended June 30, 2024, due to fluctuations in the market price of the underlying Killam Trust units.

Distributions paid on Exchangeable Units are consistent with distributions paid to Killam's unitholders. The Exchangeable Units are Class B limited partnership units of Killam Apartment Limited Partnership. Exchangeable Units are intended to be economically equivalent to and are redeemable on a one-for-one basis for Trust Units at the option of the holder and are accompanied by Special Voting Units of the Trust (Special Voting Units) that provide their holders with equivalent voting rights to holders of Trust Units. The fair value of the Exchangeable Units is based on the trading price of Killam's Trust Units. For the three and six months ended June 30, 2025, there was an unrealized loss on remeasurement of \$7.1 million and \$8.7 million, compared to an unrealized gain of \$6.0 million and \$3.6 million for the same periods in 2024. The unrealized loss in the quarter reflects an increase in Killam's unit price as at June 30, 2025, compared to March 31, 2025.

# Q2-2025 Management's Discussion and Analysis

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

## Deferred Tax Expense

Three months ended June 30,			Six months ended June 30,		
2025	2024	% Change	2025	2024	% Change
\$—	\$12,689	(100.0)%	\$—	\$29,658	(100.0)%

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

On November 21, 2024, holders of Killam's Trust Units and Special Voting Units, voting together as a single class, approved the Arrangement, 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.

## PART VI

### Per Unit Calculations

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

	Weighted Average Number of Units (000s)						Outstanding Number of Units (000s) as at June 30,
	Three months ended June 30,			Six months ended June 30,			
	2025	2024	% Change	2025	2024	% Change	
Trust Units	120,528	118,854	1.4%	120,165	118,675	1.3%	120,916
Exchangeable Units	3,575	3,898	(8.3)%	3,735	3,898	(4.2)%	3,363
Basic number of units	124,103	122,752	1.1%	123,900	122,573	1.1%	124,279
Plus:							
Units under RTU Plan <sup>(1)</sup>	293	228	28.5%	280	222	26.1%	—
Diluted number of units	124,396	122,980	1.2%	124,180	122,795	1.1%	124,279

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

As at August 6, 2025, 121,020,656 Trust Units and 3,362,958 Exchangeable Units were outstanding.

# Q2-2025 Management's Discussion and Analysis

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

## Funds from Operations

FFO is recognized as an industry-wide standard measure of a real estate entity's operating performance, and Management considers FFO per unit to be a key measure of operating performance. REALPAC, Canada's senior national industry association for owners and managers of investment real estate, has recommended guidelines for a standard industry calculation of FFO based on IFRS Accounting Standards. Killam calculates FFO in accordance with the REALPAC definition. Notwithstanding the foregoing, FFO does not have a standardized meaning under IFRS Accounting Standards and is considered a non-IFRS financial measure; therefore, it may not be comparable to similarly titled measures presented by other publicly traded companies. FFO for the three and six months ended June 30, 2025 and 2024, are calculated as follows:

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Net income	<b>\$33,134</b>	\$114,452	(71.0)%	<b>\$135,045</b>	\$241,693	(44.1)%
Fair value adjustments	<b>4,068</b>	(91,946)	(104.4)%	<b>(64,468)</b>	(205,769)	(68.7)%
Internal commercial leasing costs	<b>75</b>	45	66.7%	<b>150</b>	135	11.1%
Deferred tax expense	—	12,689	(100.0)%	—	29,658	(100.0)%
Interest expense on Exchangeable Units	<b>638</b>	682	(6.5)%	<b>1,339</b>	1,364	(1.8)%
Loss on disposition	<b>1,459</b>	721	102.4%	<b>1,526</b>	913	67.1%
Depreciation on owner-occupied building	<b>23</b>	24	(4.2)%	<b>47</b>	48	(2.1)%
Change in principal related to lease liabilities	<b>3</b>	6	(50.0)%	<b>1</b>	11	(90.9)%
FFO	<b>\$39,400</b>	\$36,673	7.4%	<b>\$73,640</b>	\$68,053	8.2%
FFO per unit – diluted	<b>\$0.32</b>	\$0.30	6.7%	<b>\$0.59</b>	\$0.55	7.3%
FFO payout ratio – diluted	<b>56%</b>	58%	(200) bps	<b>61%</b>	64%	(300) bps
Weighted average number of units – diluted (000s)	<b>124,396</b>	122,980	1.2%	<b>124,180</b>	122,795	1.1%

Killam earned FFO of \$39.4 million, or \$0.32 per unit (diluted), for the three months ended June 30, 2025, compared to \$36.7 million, or \$0.30 per unit (diluted), for the same period in 2024. Killam earned FFO of \$73.6 million, or \$0.59 per unit (diluted), for the six months ended June 30, 2025, compared to \$68.1 million, or \$0.55 per unit (diluted), for the same period in 2024.

The increase in FFO per unit was primarily driven by same property NOI growth and the lease-up of recently completed developments. These gains were partially offset by higher interest expense, increased administrative costs, and a slight increase in the weighted average number of units outstanding.



# Q2-2025 Management's Discussion and Analysis

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

## Adjusted Funds from Operations

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

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

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

	Three months ended June 30,			Six months ended June 30,		
	2025	2024 <sup>(1)</sup>	% Change	2025	2024 <sup>(1)</sup>	% Change
FFO	<b>\$39,400</b>	\$36,673	7.4%	<b>\$73,640</b>	\$68,053	8.2%
Maintenance capital expenditures	<b>(5,577)</b>	(5,667)	(1.6)%	<b>(11,202)</b>	(11,373)	(1.5)%
Commercial straight-line rent adjustment	<b>(46)</b>	(51)	(9.8)%	<b>(65)</b>	(82)	(20.7)%
Internal and external commercial leasing costs	<b>(134)</b>	(109)	22.9%	<b>(183)</b>	(173)	5.8%
AFFO	<b>\$33,643</b>	\$30,846	9.1%	<b>\$62,190</b>	\$56,425	10.2%
AFFO per unit – diluted	<b>\$0.27</b>	\$0.25	8.0%	<b>\$0.50</b>	\$0.46	8.7%
AFFO payout ratio – diluted	<b>67%</b>	70%	(300) bps	<b>72%</b>	76%	(400) bps
AFFO payout ratio – rolling 12 months <sup>(2)</sup>	<b>69%</b>	73%	(400) bps			
Weighted average number of units – diluted (000s)	<b>124,396</b>	122,980	1.2%	<b>124,180</b>	122,795	1.1%

(1) The maintenance capital expenditures for the three and six months ended June 30, 2024, were updated to reflect the maintenance capex reserve of \$1,100 per apartment unit, \$310 per MHC site and \$1.10 per SF for commercial properties that were used in the calculation for the 12 months ended December 31, 2024.

(2) Based on Killam's annual distribution of \$0.71332 for the 12-month period ended June 30, 2025, and \$0.69996 for the 12-month period ended June 30, 2024.

The payout ratio of 67% in Q2-2025, compared to the rolling 12-month payout ratio of 69%, corresponds with the seasonality of Killam's business. Killam's first quarter typically has the highest payout ratio due to the lower operating margin from higher heating costs in the winter months. In addition, the MHC portfolio typically generates its highest revenue and NOI during the second and third quarters of the year due to the contribution from its seasonal resorts that generate approximately 60% of their NOI between July and October each year.

Killam recognized AFFO per unit of \$0.27 in Q2-2025, representing an 8.0% increase compared to Q2-2024, and \$0.50 year-to-date, up 8.7% from the same period in 2024. This growth was driven by increases in same property NOI and contributions from recently completed developments. The AFFO payout ratio improved by 300 bps for the quarter and 400 bps year-to-date, supported by AFFO growth of 9.1% and 10.2%, respectively. These gains were partially offset by the 2.9% increase in Killam's monthly distribution, which rose from \$0.05833 per unit to \$0.06000 per unit, effective with the November 2024 distribution increase.

# Q2-2025 Management's Discussion and Analysis

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

## Adjusted Cash Flow from Operations

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

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

A reconciliation from cash provided by operating activities (refer to the condensed consolidated interim statements of cash flows for the three and six months ended June 30, 2025 and 2024) to ACFO is as follows:

	Three months ended June 30,			Six months ended June 30,		
	2025	2024 <sup>(1)</sup>	% Change	2025	2024 <sup>(1)</sup>	% Change
Cash provided by operating activities	<b>\$31,418</b>	\$36,389	(13.7)%	<b>\$56,429</b>	\$60,099	(6.1)%
Adjustments:						
Changes in non-cash working capital not indicative of sustainable cash flows	<b>9,151</b>	1,222	648.9%	<b>19,669</b>	9,418	108.8%
Maintenance capital expenditures	<b>(5,577)</b>	(5,667)	(1.6)%	<b>(11,202)</b>	(11,373)	(1.5)%
External commercial leasing costs	<b>(86)</b>	(74)	16.2%	<b>(87)</b>	(82)	6.1%
Amortization of deferred financing costs	<b>(1,046)</b>	(939)	11.4%	<b>(2,050)</b>	(1,861)	10.2%
Interest expense related to lease liability	<b>(124)</b>	(19)	552.6%	<b>(248)</b>	(87)	185.1%
ACFO	<b>\$33,736</b>	\$30,912	9.1%	<b>\$62,511</b>	\$56,114	11.4%
Distributions declared <sup>(2)</sup>	<b>22,653</b>	21,746	4.2%	<b>45,232</b>	43,440	4.1%
Excess of ACFO over cash distributions	<b>\$11,083</b>	\$9,166	20.9%	<b>\$17,279</b>	\$12,674	36.3%
ACFO payout ratio – diluted	<b>67%</b>	70%	(300) bps	<b>72%</b>	77%	(500) bps

(1) The maintenance capital expenditures for the three and six months ended June 30, 2024, were updated to reflect the maintenance capex reserve of \$1,100 per apartment unit, \$310 per MHC site and \$1.10 per SF for commercial properties that were used in the calculation for the 12 months ended December 31, 2024.

(2) Includes distributions on Trust Units, Exchangeable Units and RTUs, as summarized on page 38.

Killam's ACFO payout ratio is 67% and 72% for the three and six months ended June 30, 2025, representing a decline of 300 bps and 500 bps, respectively, compared to the same periods in 2024. Consistent with the AFFO payout ratio, Killam's first quarter typically has the highest ACFO payout ratio due to the lower operating margin in the period. This is driven by higher heating costs in the winter and the fact that the MHC portfolio typically generates its highest revenue and NOI during the second and third quarters of the year.

## Cash Provided by Operating Activities and Distributions Declared

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Net income	<b>\$33,134</b>	\$114,452	<b>\$135,045</b>	\$241,693
Cash provided by operating activities	<b>\$31,418</b>	\$36,389	<b>\$56,429</b>	\$60,099
Total distributions declared	<b>\$22,653</b>	\$21,746	<b>\$45,232</b>	\$43,440
Excess of net income over total distributions declared	<b>\$10,481</b>	\$92,706	<b>\$89,813</b>	\$198,253
Excess of net income over net distributions paid <sup>(1)</sup>	<b>\$17,084</b>	\$98,618	<b>\$102,934</b>	\$210,289
Excess of cash provided by operating activities over total distributions declared	<b>\$8,765</b>	\$14,643	<b>\$11,197</b>	\$16,659

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

# Q2-2025 Management's Discussion and Analysis

*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 \$172.0 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 \$151.1 million of mortgage debt scheduled for refinancing in the remainder of 2025, which is expected to lead to upfinancing opportunities of \$50.0—\$55.0 million.
- (iv) Upcoming mortgage maturities are expected to be renewed through Killam's mortgage program.
- (v) Killam has unencumbered assets of approximately \$200.0 million, on which debt could be placed.

Killam is in compliance with all financial covenants contained in the DOT and through its credit facilities. Under the DOT, total indebtedness of Killam is limited to 70% of Gross Book Value, determined as the greater of (i) the value of Killam's assets as shown on the most recent condensed consolidated interim statement of financial position, and (ii) the historical cost of Killam's assets. Total debt as a percentage of total assets as at June 30, 2025, was 39.6%.

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 August 6, 2025, Killam was in compliance with said covenants.

The table below outlines Killam's key debt metrics:

As at	June 30, 2025	December 31, 2024	Change
Weighted average years to debt maturity	3.8	4.0	(0.2) years
Total debt as a percentage of total assets	39.6%	40.4%	(80) bps
Interest coverage	2.97x	2.94x	1.0%
Debt service coverage	1.59x	1.55x	2.6%
Debt to normalized EBITDA <sup>(1)</sup>	9.58x	9.69x	(1.1)%
Weighted average mortgage interest rate	3.53%	3.45%	8 bps
Weighted average interest rate of total debt	3.56%	3.51%	5 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	June 30, 2025	December 31, 2024
Mortgages and loans payable	\$2,156,625	\$2,139,143
Credit facilities	37,415	54,738
Construction loans	1,740	—
Total interest-bearing debt	\$2,195,780	\$2,193,881
Total assets <sup>(1)</sup>	\$5,538,097	\$5,428,715
Total debt as a percentage of total assets	39.6%	40.4%

(1) Excludes right-of-use asset of \$11.4 million as at June 30, 2025 (December 31, 2024 — \$11.6 million).

Total debt as a percentage of total assets was 39.6% as at June 30, 2025, down from 40.4% as at December 31, 2024. Management is focused on maintaining conservative debt levels. Total debt to total assets is sensitive to changes in the fair value of investment properties, in particular cap rate changes and NOI growth.

# Q2-2025 Management's Discussion and Analysis

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

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

Cap Rate Sensitivity Increase (Decrease)	Fair Value of Investment Properties <sup>(1)</sup>	Total Assets	Total Debt as % of Total Assets	Change (bps)
(0.50)%	\$6,171,918	\$6,236,765	35.2%	(440)
(0.25)%	\$5,838,382	\$5,903,230	37.2%	(240)
—%	\$5,473,249	\$5,538,096	39.6%	—
0.25%	\$5,272,098	\$5,336,945	41.1%	150
0.50%	\$5,029,654	\$5,094,502	43.1%	350

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

## Normalized Adjusted EBITDA

The following table reconciles Killam's net income to normalized adjusted EBITDA for the 12 months ended June 30, 2025, and December 31, 2024:

12 months ended,	June 30, 2025	December 31, 2024	% Change
Net income	\$561,196	\$667,844	(16.0)%
Deferred tax recovery	(308,632)	(278,975)	10.6%
Financing costs	81,309	79,712	2.0%
Depreciation	1,056	1,065	(0.8)%
Loss on disposition	4,291	3,678	16.7%
Restructuring costs	5,904	5,904	—%
Fair value adjustment on unit-based compensation	231	(931)	(124.8)%
Fair value adjustment on Exchangeable Units	8,953	(3,352)	(367.1)%
Fair value adjustment on investment properties	(124,528)	(252,361)	(50.7)%
Adjusted EBITDA	229,780	222,584	3.2%
Normalizing adjustment <sup>(1)</sup>	(1,602)	2,352	(168.1)%
Normalized adjusted EBITDA	\$228,178	\$224,936	1.4%
Total interest-bearing debt	\$2,195,780	\$2,193,881	0.1%
Cash and cash equivalents	(10,826)	(13,211)	(18.1)%
Net debt	\$2,184,954	\$2,180,670	0.2%
Debt to normalized adjusted EBITDA	9.58x	9.69x	(1.1)%

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

## Interest and Debt Service Coverage

Rolling 12 months ending,	June 30, 2025	December 31, 2024	% Change
NOI	\$248,607	\$240,481	3.4%
Other income	2,636	2,385	10.5%
Administration	(21,463)	(20,282)	5.8%
Adjusted EBITDA	229,780	222,584	3.2%
Interest expense <sup>(1)</sup>	77,333	75,605	2.3%
Interest coverage ratio	2.97x	2.94x	1.0%
Principal repayments	67,633	67,578	0.1%
Interest expense	77,333	75,605	2.3%
Debt service coverage ratio	1.59x	1.55x	2.6%

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

# Q2-2025 Management's Discussion and Analysis

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

## Mortgages and Other Loans

Killam's long-term debt consists of fixed-rate, long-term mortgages. Mortgages are secured by a first or second charge against individual properties. Killam's weighted average interest rate on mortgages as at June 30, 2025, was 3.53%, an 8 bps increase compared to the rate as at December 31, 2024.

## Refinancings

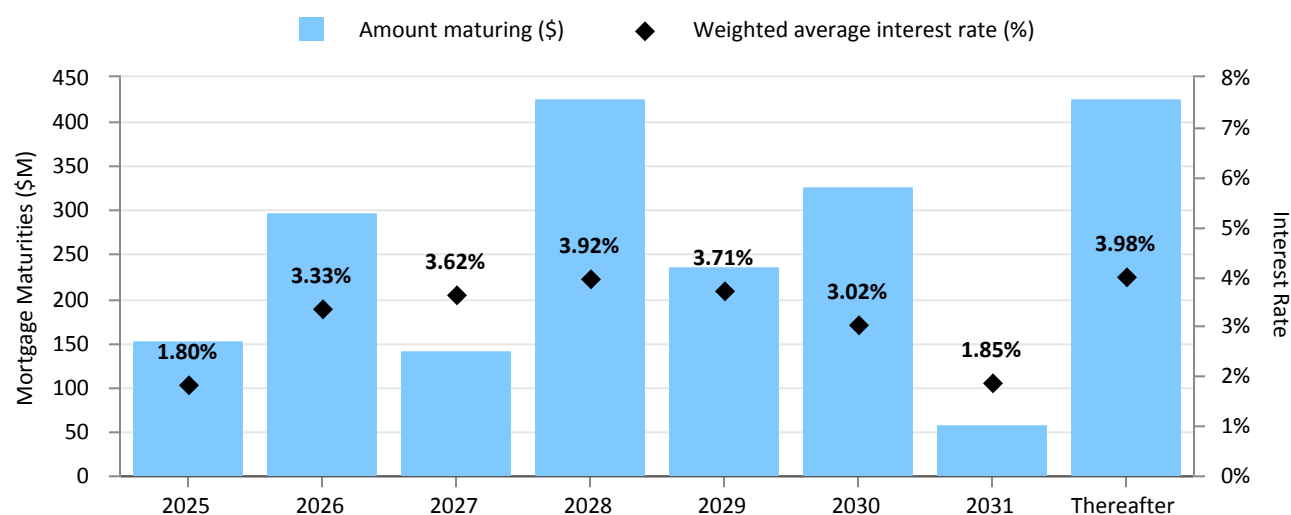
For the six months ended June 30, 2025, Killam refinanced the following mortgages:

	Mortgage Debt Maturities		Mortgage Debt on Refinancing		Weighted Average Term	Net Proceeds
Apartments	\$145,623	2.17%	\$216,334	3.59%	4.6 years	\$70,711
	<b>\$145,623</b>	<b>2.17%</b>	<b>\$216,334</b>	<b>3.59%</b>	<b>4.6 years</b>	<b>\$70,711</b>

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

Year of Maturity	Apartments			MHCs and Commercial		Total	
	Balance June 30	Weighted Avg Int. Rate %	% CMHC Insured	Balance June 30	Weighted Avg Int. Rate %	Balance June 30	Weighted Avg Int. Rate %
2025	\$153,553	1.80%	53.1%	\$6,891	2.29%	\$160,444	1.82%
2026	299,030	3.33%	54.9%	4,877	2.66%	303,907	3.32%
2027	142,742	3.62%	74.5%	41,271	5.13%	184,013	3.96%
2028	428,148	3.92%	95.3%	34,536	5.52%	462,684	4.04%
2029	238,489	3.71%	95.3%	43,391	4.92%	281,880	3.90%
Thereafter	813,383	3.44%	100.0%	3,708	3.31%	817,091	3.44%
	<b>\$2,075,345</b>	<b>3.45%</b>	<b>86.8%</b>	<b>\$134,674</b>	<b>4.87%</b>	<b>\$2,210,019</b>	<b>3.53%</b>

## Apartment Mortgage Maturities by Year



## Q2-2025 Management's Discussion and Analysis

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

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

As at June 30, 2025, approximately 86.8% of Killam's apartment mortgages were CMHC insured (81.5% of total mortgages, as MHC and commercial mortgages are not eligible for CMHC insurance) (December 31, 2024 — 83.0% and 77.3%). The weighted average interest rate on the CMHC-insured mortgages was 3.36% as at June 30, 2025 (December 31, 2024 — 3.32%).

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

<b>Remaining 2025 Debt Maturities</b>	<b>Number of Properties</b>	<b>Estimated NOI</b>	<b>Principal Balance (at maturity)</b>
Apartments with debt maturing	23	\$16,801	\$144,301
MHCs and commercial with debt maturing	3	722	6,791
	<b>26</b>	<b>\$17,523</b>	<b>\$151,092</b>

<b>2026 Debt Maturities</b>	<b>Number of Properties</b>	<b>Estimated NOI</b>	<b>Principal Balance (at maturity)</b>
Apartments with debt maturing	38	\$38,749	\$286,888
MHCs and commercial with debt maturing	2	892	4,638
	<b>40</b>	<b>\$39,641</b>	<b>\$291,526</b>

### Future Contractual Debt Obligations

As at June 30, 2025, the timing of Killam's future contractual debt obligations is as follows:

<b>For the 12 months ending June 30,</b>	<b>Mortgages and Loans Payable</b>	<b>Construction Loans</b>	<b>Credit Facilities</b>	<b>Lease Liabilities</b>	<b>Total</b>
2026	\$360,555	\$1,740	\$37,415	\$660	\$400,370
2027	271,996	—	—	704	272,700
2028	396,453	—	—	748	397,201
2029	334,076	—	—	176	334,252
2030	322,720	—	—	42	322,762
Thereafter	524,219	—	—	9,518	533,737
	<b>\$2,210,019</b>	<b>\$1,740</b>	<b>\$37,415</b>	<b>\$11,848</b>	<b>\$2,261,022</b>

# Q2-2025 Management's Discussion and Analysis

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

## Credit Facilities

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

The \$155.0 million facility bears interest at 155 bps over the Canadian Overnight Repo Rate Average. 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 June 30, 2025. This facility matures December 19, 2025.

The \$25.0 million demand facility bears interest at prime plus 75 bps on advances and 135 bps on issuance of letters of credit, in addition to 50 bps per annum. The agreement includes certain covenants and undertakings with which Killam was in compliance as at June 30, 2025.

As at June 30, 2025	Maximum Loan Amount <sup>(1)</sup>	Amount Drawn	Letters of Credit	Amount Available
\$155.0 million facility	\$175,000	\$25,000	\$—	\$150,000
\$25.0 million facility	25,000	12,415	1,626	10,959
<b>Total</b>	<b>\$200,000</b>	<b>\$37,415</b>	<b>\$1,626</b>	<b>\$160,959</b>

As at December 31, 2024	Maximum Loan Amount <sup>(1)</sup>	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
<b>Total</b>	<b>\$200,000</b>	<b>\$54,738</b>	<b>\$1,215</b>	<b>\$144,047</b>

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

## Construction Loans

As at June 30, 2025, Killam had access to one fixed-rate construction loan totalling \$62.4 million (December 31, 2024 – \$62.4 million), and one variable-rate construction loan totalling \$26.2 million (December 31, 2024 – \$nil). As at June 30, 2025, \$44.2 million (December 31, 2024 – \$33.4 million) was drawn on the fixed-rate facility, which is included in non-current mortgages and loans payable. An amount of \$1.7 million was drawn on the variable-rate facility, which is presented within construction loans. Both construction loans bear interest-only payments during the construction period, with monthly interest payments required. The weighted average contractual interest rate on amounts outstanding under these facilities as at June 30, 2025, was 3.15% (December 31, 2024 – 3.10%).

# Q2-2025 Management's Discussion and Analysis

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

## Investment Properties

As at

	June 30, 2025	December 31, 2024	% Change
Investment properties	\$5,284,663	\$5,225,102	1.1%
Investment properties under construction (IPUC)	119,285	91,114	30.9%
Land for development	69,301	68,504	1.2%
	<b>\$5,473,249</b>	<b>\$5,384,720</b>	<b>1.6%</b>

## Continuity of Investment Properties

As at

	June 30, 2025	December 31, 2024	% Change
<b>Balance, beginning of period</b>	<b>\$5,225,102</b>	<b>\$4,921,892</b>	<b>6.2%</b>
Fair value adjustment – Apartments	87,831	244,499	(64.1)%
Fair value adjustment – MHCs	2,092	10,799	(80.6)%
Fair value adjustment – Commercial	(9,589)	(6,052)	58.4%
Acquisitions	—	15,025	(100.0)%
Dispositions	(34,236)	(54,263)	(36.9)%
Capital expenditures and development costs <sup>(1)</sup>	26,423	90,107	(70.7)%
Transfer to IPUC	(3,960)	—	N/A
Transfer to land for development	—	(860)	(100.0)%
Transfer from inventory	—	3,955	(100.0)%
Transfer to assets held for sale	(9,000)	—	N/A
<b>Balance, end of period</b>	<b>\$5,284,663</b>	<b>\$5,225,102</b>	<b>1.1%</b>

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

Killam reviewed its valuation of investment properties as at June 30, 2025, assessing the impact of cap rates, rental rate growth and occupancy assumptions. Each quarter, Killam also obtains external valuations from third-party valuation professionals for select properties across different geographic markets within its portfolio to corroborate internal valuations. Obtaining external valuations provides additional comfort with the reasonableness of Killam's internal valuation methodology and assumptions applied across various regions. It is not possible to forecast with certainty the duration and full scope of economic impacts and other consequential changes on Killam's business and operations, both in the short term and in the long term. The fair value gains on Killam's apartment portfolio recognized during the quarter are supported by NOI growth, partially offset by the expansion of cap rates in select regions.

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 June 30, 2025 and 2024, and December 31, 2024, is as follows:

### Capitalization Rates

	June 30, 2025			December 31, 2024			June 30, 2024		
	Low	High	Effective Weighted Average	Low	High	Effective Weighted Average	Low	High	Effective Weighted Average
Apartments	4.00%	6.20%	4.64%	4.00%	6.50%	4.62%	4.00%	6.50%	4.62%
Halifax	4.20%	6.10%	4.58%	4.00%	5.70%	4.52%	4.00%	5.70%	4.52%
Ontario	4.00%	5.00%	4.17%	4.00%	5.00%	4.13%	4.00%	5.00%	4.10%
Moncton	4.25%	6.20%	5.07%	4.25%	5.65%	5.04%	4.25%	5.50%	5.02%
Fredericton	5.10%	5.50%	5.23%	5.10%	5.35%	5.20%	5.10%	5.35%	5.20%
Saint John	5.25%	5.35%	5.33%	5.25%	5.35%	5.33%	5.25%	5.35%	5.33%
Alberta	4.75%	5.00%	4.83%	4.75%	5.00%	4.80%	4.75%	5.00%	4.85%
St. John's	5.25%	5.75%	5.54%	5.25%	6.50%	5.61%	5.25%	6.50%	5.61%
British Columbia	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Charlottetown	5.35%	5.85%	5.18%	5.35%	5.85%	5.67%	5.25%	5.75%	5.59%
MHCs	5.50%	6.75%	6.01%	5.50%	6.75%	6.02%	5.50%	6.75%	6.04%

Killam's weighted average cap rates as at June 30, 2025, were 4.64% for its apartment portfolio and 6.01% for its MHC portfolio. Compared to December 31, 2024, the weighted average apartment cap rate increased by 2 bps, while the weighted average MHC cap rate decreased by 1 bps.



# Q2-2025 Management's Discussion and Analysis

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

## Fair Value Sensitivity

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

		Change in Stabilized NOI <sup>(1)</sup>				
		(2.00)%	(1.00)%	— %	1.00%	2.00%
Change in Capitalization Rate	(0.50)%	512,021	571,854	631,688	691,521	751,354
	(0.25)%	185,156	241,654	298,152	354,650	411,148
	—%	(107,033)	(53,516)	—	53,516	107,033
	0.25%	(369,803)	(318,968)	(268,133)	(217,298)	(166,463)
	0.50%	(607,397)	(558,987)	(510,576)	(462,165)	(413,755)

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

## 2025 Dispositions

Property	Location	Disposition Date	Ownership Interest	Property Type	Units/Sites	Sale Price	Net Cash Proceeds <sup>(1)</sup>
425 5 St SW <sup>(2)</sup>	Calgary, AB	07-Jan-25	50%	Land for development	N/A	\$2,640	\$—
Lakeview Court	Gander, NL	02-May-25	100%	MHC	86	2,930	1,830
Sunset Parkway	Corner Brook, NL	02-May-25	100%	MHC	84	1,870	1,100
Ridgeview Terrace Apartments	Grand Falls, NL	05-May-25	100%	Apartment	59	5,070	2,850
Terrace Apartments	Grand Falls, NL	05-May-25	100%	Apartment	89	8,630	8,630
Brighton House	Charlottetown, PE	26-May-25	100%	Apartment	47	7,300	4,660
Charlotte Court	Charlottetown, PE	26-May-25	100%	Apartment	49	3,900	2,850
Spring Park Apartments	Charlottetown, PE	26-May-25	100%	Apartment	32	4,680	1,720
Burns Avenue	Charlottetown, PE	3-Jul-25	100%	Apartment	60	9,000	9,000
<b>Total Dispositions</b>					<b>506</b>	<b>\$46,020</b>	<b>\$32,640</b>

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

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

## 2025 Acquisitions

Property	Location	Acquisition Date	Ownership Interest	Property Type	Units	Purchase Price <sup>(1)</sup>	Mortgages Assumed
Ashley Apartments	Fredericton, NB	22-Jul-25	100%	Apartment	114	\$28,700	\$15,810
Frontier <sup>(2)</sup>	Ottawa, ON	30-Jul-25	50%	Apartment	114	48,100	25,030
Latitude <sup>(2)</sup>	Ottawa, ON	30-Jul-25	50%	Apartment	104	47,700	30,000
Luma <sup>(2)</sup>	Ottawa, ON	30-Jul-25	50%	Apartment	84	40,200	23,750
<b>Total Acquisitions</b>					<b>416</b>	<b>\$164,700</b>	<b>\$94,590</b>

(1) Purchase price does not include transaction costs.

(2) Killam acquired the remaining 50% interest in three properties located in Ottawa, ON, previously held through a joint venture partnership.

# Q2-2025 Management's Discussion and Analysis

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

## Investment Properties Under Construction

As at

	June 30, 2025	December 31, 2024	% Change
<b>Balance, beginning of period</b>	<b>\$91,114</b>	\$44,621	104.2%
Fair value adjustment	(6,336)	(2,922)	116.8%
Capital expenditures	29,385	40,679	(27.8)%
Transfer from investment properties	3,960	—	N/A
Transfer from land for development	—	7,127	(100.0)%
Interest capitalized	1,162	1,609	(27.8)%
<b>Balance, end of period</b>	<b>\$119,285</b>	\$91,114	30.9%

## Land for Development

As at

	June 30, 2025	December 31, 2024	% Change
<b>Balance, beginning of period</b>	<b>\$68,504</b>	\$61,293	11.8%
Fair value adjustment	—	6,037	(100.0)%
Acquisitions	—	5,887	(100.0)%
Dispositions	(2,640)	(5,099)	(48.2)%
Capital expenditures	2,749	4,966	(44.6)%
Transfer from investment properties	—	860	(100.0)%
Transfer to IPUC	—	(7,127)	(100.0)%
Interest capitalized	688	1,687	(59.2)%
<b>Balance, end of period</b>	<b>\$69,301</b>	\$68,504	1.2%

Killam's development projects currently underway include the following:

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

(1) The development reached substantial completion in July 2025.

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

### The Carrick

The Carrick, the first phase of a multi-phase project located adjacent to Killam's Westmount Place in Waterloo, ON, broke ground in Q2-2022. The 139-unit project has a development budget of \$89.1 million and reached substantial completion in July 2025, with the first tenants moving in during June 2025. The project was financed through a loan from CMHC under the Apartment Construction Loan Program, which provides a below-market fixed interest rate for a 10-year term.

### Eventide

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

### Brightwood (150 Wissler)

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

# Q2-2025 Management's Discussion and Analysis

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

## Future Development Pipeline

Killam has a development pipeline, with over 70% of 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) <sup>(1)</sup>	Status	Estimated Year of Completion
<u>Developments expected to start in 2025–2026</u>					
Victoria Gardens Phase I	Halifax, NS	100%	95	Planning approvals	2027
Harlington Phase I	Halifax, NS	100%	150	Planning approvals	2028
Westmount Place Phase 2	Waterloo, ON	100%	250	Building permit approvals	2028
Nolan Hill Phase 3 <sup>(2)</sup>	Calgary, AB	10%	296	Construction	2028
105 Elmira Rd North	Guelph, ON	70%	127	Planning approvals	TBD
Nolan Hill Phase 4 <sup>(2)</sup>	Calgary, AB	10%	200	Future development	TBD
4th & 5th Street Calgary	Calgary, AB	50%	235	Future development	TBD
<u>Additional future development projects</u>					
Medical Arts	Halifax, NS	100%	198	Concept design	TBD
Hollis Street	Halifax, NS	100%	130	Concept design	TBD
Christie Point	Victoria, BC	100%	312	Development agreement in place	TBD
Quiet Place	Waterloo, ON	100%	160	Future development	TBD
Gloucester City Centre <sup>(3)</sup>	Ottawa, ON	100%	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
<b>Total Development Opportunities <sup>(4)</sup></b>			<b>3,998</b>		

(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) On July 30, 2025, Killam acquired the remaining 50% interest in Gloucester City Centre, previously held through a joint venture partnership.

(4) 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.

# Q2-2025 Management's Discussion and Analysis

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

## Capital Improvements

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

Killam invested \$15.0 million and \$26.4 million in capital improvements during the three and six months ended June 30, 2025, representing decreases of 30.9% and 28.0%, respectively, compared to the same periods in 2024. The decline in capital investment reflects the timing of larger multi-phase capital projects and Killam's investment in energy initiatives. Killam has several significant capital projects scheduled for the second half of the year and has committed to an additional \$30 million in capital projects. Total capital investment for 2025 is expected to range between \$80–\$90 million.

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Apartments	<b>\$13,435</b>	\$17,659	(23.9)%	<b>\$24,332</b>	\$31,381	(22.5)%
MHCs	<b>920</b>	2,017	(54.4)%	<b>1,264</b>	2,253	(43.9)%
Commercial	<b>623</b>	2,002	(68.9)%	<b>827</b>	3,052	(72.9)%
	<b>\$14,978</b>	\$21,678	(30.9)%	<b>\$26,423</b>	\$36,686	(28.0)%

## Apartments – Capital Investment

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

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Suite renovations and repositionings	<b>\$5,867</b>	\$6,233	(5.9)%	<b>\$11,121</b>	\$10,764	3.3%
Building improvements	<b>5,536</b>	8,143	(32.0)%	<b>9,188</b>	13,854	(33.7)%
Appliances	<b>776</b>	1,105	(29.8)%	<b>1,696</b>	2,379	(28.7)%
Energy	<b>898</b>	960	(6.5)%	<b>1,652</b>	2,364	(30.1)%
Common area	<b>358</b>	1,218	(70.6)%	<b>675</b>	2,020	(66.6)%
Total capital invested	<b>\$13,435</b>	\$17,659	(23.9)%	<b>\$24,332</b>	\$31,381	(22.5)%
Average number of units outstanding <sup>(1)</sup>	<b>17,757</b>	18,165	(2.2)%	<b>17,826</b>	18,180	(1.9)%
Capital invested – \$ per unit	<b>\$757</b>	\$972	(22.1)%	<b>\$1,365</b>	\$1,726	(20.9)%

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

Killam invested \$757 and \$1,365 per unit for the three and six months ended June 30, 2025, compared to \$972 and \$1,726 per unit for the same periods in 2024. The year-over-year decrease reflects the timing of larger multi-phase capital projects aimed at enhancing building resiliency, as well as the disposition of capital-intensive properties over the past 12 months. Killam has several major capital projects planned for the second half of 2025 and expects per-unit capital investment to increase accordingly.

Killam's focus on the development and acquisition of newer properties contributes to lower maintenance capex per unit relative to many other Canadian apartment owners. As a percentage of forecasted 2025 NOI, 30% of Killam's apartments were built in the past 10 years, and the average age of Killam's portfolio is 30 years. This portfolio of newer assets allows Killam to focus on value-enhancing opportunities, as the maintenance capital requirements are lower.

## Suite Renovations and Repositionings

Killam invested \$5.9 million and \$11.1 million in suite renovations during the three and six months ended June 30, 2025, a decrease of 5.9% and increase of 3.3% compared to the total investment of \$6.2 million and \$10.8 million for the same periods in 2024. Killam has continued to focus on renovations in order to maximize occupancy and rental growth.

Killam targets a minimum return on investment (ROI) of 10% for its unit renovations, earning rental growth of 10%–40%. The timing of unit renovation investment is influenced by tenant turnover, market conditions and property-specific needs. Capital requirements are also impacted by the age of the property and length of ownership. Year-to-date, Killam repositioned 124 units, consistent with 126 units completed in the first half of 2024. The repositionings averaged \$36,400 per unit and generated an average ROI of 18% when compared to in-place rents. Killam is targeting a minimum of 250 repositionings in 2025.

# Q2-2025 Management's Discussion and Analysis

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

## Building Improvements

These investments include larger building improvement projects, such as exterior cladding and brick work, balcony refurbishments and roof upgrades, as well as plumbing improvements, fire safety, security systems and window upgrades. The change in building investments for the three and six months ended June 30, 2025, compared to the same periods in 2024, relates primarily to the timing of multi-phase building envelope projects. The disposition of capital-intensive properties over the past 12 months has contributed to a decrease in spending.

## Energy

Killam continues to invest in energy-efficiency initiatives, augmenting its sustainability programs and reducing operating expenses. Killam is committed to continuously lowering and reporting on its greenhouse gas emissions and also completing benchmarking using third-party validation. During Q2-2025, Killam invested \$0.9 million in the installation of PV solar panels, building upgrades, and the installation of new boilers and heat pumps across multiple properties. These initiatives are part of Killam's ongoing commitment to improving building performance, reducing energy consumption, and supporting long-term asset sustainability. Additional projects planned for the second half of the year include further PV solar installations, targeted window and insulation upgrades, as well as boiler and heat pump installations.

## MHCs – Capital Investment

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

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Water and sewer upgrades	\$132	\$515	(74.4)%	\$224	\$515	(56.5)%
Site expansion and land improvements	340	560	(39.3)%	397	656	(39.5)%
Other	397	852	(53.4)%	592	930	(36.3)%
Roads and paving	25	30	(16.7)%	25	48	(47.9)%
Equipment	26	60	(56.7)%	26	104	(75.0)%
Total capital invested – MHCs	\$920	\$2,017	(54.4)%	\$1,264	\$2,253	(43.9)%
Average number of sites	5,865	5,975	(1.8)%	5,919	5,975	(0.9)%
Capital invested – \$ per site	\$157	\$338	(53.6)%	\$214	\$377	(43.2)%

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

Total capital invested was \$0.9 million during Q2-2025 and \$1.3 million year-to-date, compared to \$2.0 million and \$2.3 million for the same periods in 2024, representing decreases of 54.4% and 43.9%, respectively. Capital was primarily directed toward community enhancements, including water and sewer upgrades, as well as building and land improvements. Similar to the apartment portfolio, the timing of capital expenditures for MHCs varies depending on the specific needs of each community.

## Commercial — Capital Investment

During the three and six months ended June 30, 2025, Killam invested \$0.6 million and \$0.8 million in its commercial portfolio, down from \$2.0 million and \$3.1 million during the same periods in 2024. These investments were primarily related to property upgrades, expansions, and tenant improvements to support new leasing opportunities at Killam's three stand-alone commercial properties: The Brewery, Westmount Place and Royalty Crossing. The decline in capital investment is primarily due to the significant investment made at Royalty Crossing during 2024, which added 26,950 SF of new gross leasable area to the property. Capital investment may fluctuate depending on the timing and scope of tenant turnover and lease-up activity.

# Q2-2025 Management's Discussion and Analysis

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

## Unitholders' Equity

As Killam is an open-ended mutual fund trust, unitholders of Trust Units are entitled to redeem their Trust Units at any time at prices determined and payable in accordance with the conditions specified in Killam's DOT. Consequently, under IFRS Accounting Standards, Trust Units are defined as financial liabilities. However, for purposes of financial statement classification and presentation, Trust Units may be presented as equity instruments, as they meet the puttable instrument exemption under IAS 32.

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

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

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

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

### Distribution Reinvestment Plan and Net Distributions Paid

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Distributions declared on Trust Units	<b>\$21,901</b>	\$20,977	4.4%	<b>\$43,664</b>	\$41,900	4.2%
Distributions declared on Exchangeable Units	<b>637</b>	682	(6.6)%	<b>1,339</b>	1,364	(1.8)%
Distributions declared on awards outstanding under RTU Plan	<b>115</b>	87	32.2%	<b>229</b>	176	30.1%
Total distributions declared	<b>\$22,653</b>	\$21,746	4.2%	<b>\$45,232</b>	\$43,440	4.1%
Less:						
Distributions on Trust Units reinvested	<b>(6,488)</b>	(5,825)	11.4%	<b>(12,892)</b>	(11,860)	8.7%
Distributions on RTUs reinvested	<b>(115)</b>	(87)	32.2%	<b>(229)</b>	(176)	30.1%
Net distributions paid	<b>\$16,050</b>	\$15,834	1.4%	<b>\$32,111</b>	\$31,404	2.3%
Percentage of distributions reinvested	<b>29.1%</b>	27.2%		<b>29.0%</b>	27.7%	

### Normal Course Issuer Bid

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

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

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

# Q2-2025 Management's Discussion and Analysis

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

## PART VIII

### Summary of Selected Consolidated Quarterly Results

	Q2-2025	Q1-2025	Q4-2024	Q3-2024 <sup>(1)</sup>	Q2-2024 <sup>(1)</sup>	Q1-2024 <sup>(1)</sup>	Q4-2023	Q3-2023 <sup>(2)</sup>
Property revenue	\$95,646	\$93,024	\$92,581	\$93,788	\$90,776	\$87,505	\$86,858	\$89,534
NOI	\$64,075	\$58,995	\$61,119	\$64,416	\$59,923	\$55,020	\$56,488	\$60,515
Net income (loss)	\$33,134	\$101,912	\$363,419	\$62,732	\$114,452	\$127,240	(\$11)	\$68,349
FFO	\$39,400	\$34,241	\$36,393	\$40,468	\$36,673	\$31,380	\$34,034	\$39,234
FFO per unit – diluted	\$0.32	\$0.28	\$0.29	\$0.33	\$0.30	\$0.26	\$0.28	\$0.32
AFFO	\$33,643	\$28,548	\$30,579	\$34,724	\$30,846	\$25,579	\$28,583	\$33,786
AFFO per unit – diluted	\$0.27	\$0.23	\$0.25	\$0.28	\$0.25	\$0.21	\$0.23	\$0.28
Weighted average units – diluted (000s)	124,396	123,967	123,600	123,294	122,980	122,610	122,217	121,848

(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 Q3-2023 were updated to reflect the maintenance capex reserve of \$1,025 per apartment unit, \$300 per MHC site and \$1.00 per SF for commercial properties that were used in the calculation for the 12 months ended December 31, 2023.

### Risks and Uncertainties

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

### Critical Accounting Policies and Significant Accounting Judgments, Estimates and Assumptions

The condensed consolidated interim financial statements should be read in conjunction with Killam's most recently issued Annual Report, which includes information necessary or useful to understanding Killam's business and financial statement presentation. In particular, Killam's material accounting policies were presented in note 2 to the audited consolidated financial statements for the year ended December 31, 2024, and any changes in the accounting policies applied have been described in note 2 to the condensed consolidated interim financial statements for the three and six months ended June 30, 2025.

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

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

### Disclosure Controls, Procedures and Internal Controls

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

# Q2-2025 Management's Discussion and Analysis

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

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## Subsequent Events

On July 3, 2025, Killam completed the disposition of a townhouse complex located in Charlottetown, PEI, for gross proceeds of \$9.0 million.

On July 16, 2025, Killam announced a distribution of \$0.06000 per unit, payable on August 15, 2025, to unitholders of record on July 31, 2025.

On July 18, 2025, conditions were waived on the sale of 521 units located in PEI, for gross proceeds of \$81.9 million. The sale is expected to close by August 8, 2025.

On July 22, 2025, Killam completed the acquisition of a 114-unit property located in Fredericton, NB, for a purchase price of \$28.7 million.

On July 30, 2025, Killam completed the acquisition of the remaining 50% interest in three assets located in Ottawa, ON, held through a joint venture partnership, for a combined purchase price of \$136.0 million.

On July 31, 2025, conditions were waived on the sale of a 99-unit property located in Saint John, NB, for gross proceeds of \$17.0 million. The sale is expected to close by the end of September 2025.