

**Q2
2025**

Financial Report

Dear Unitholders,

We are pleased to report another strong quarter of financial and operational performance at Killam Apartment REIT. Our results for the second quarter of 2025 reflect the strength of our diversified portfolio, disciplined capital allocation, and continued focus on sustainable growth.

During the quarter, Killam delivered funds from operations (FFO) of \$0.32 per unit, a 6.7% increase over Q2 2024, and adjusted funds from operations (AFFO) of \$0.27 per unit, up 8.0% year-over-year. These results were driven by 6.7% same property net operating income (NOI) growth, supported by a 6.0% increase in same property revenue and strong rental rate increases across our portfolio. Same property apartment occupancy remained high at 97.5%.

Our capital recycling strategy continues to enhance portfolio quality and long-term value. In Q2, we completed the sale of several non-core assets in Newfoundland and PEI, totaling \$48.1 million. Subsequent to quarter-end, we closed the sale of a 60-unit property in PEI for \$9.0 million and expect to finalize the sale of an additional 521 units for \$81.9 million in Q3. These proceeds are being reinvested into newer, more efficient properties, including the acquisition of a 114-unit property in Fredericton, NB, and the remaining 50% interest in three Ottawa assets for \$136.0 million.

We also celebrated the opening of The Carrick in Waterloo, ON, our first all-electric building, now 63% leased. Construction continues at Eventide in Halifax and Brightwood in Waterloo, with pre-leasing set to begin in October. These developments reflect our commitment to sustainability and innovation.

Killam's balance sheet remains strong, with debt as a percentage of total assets at 39.6%, the lowest in our history, and debt to normalized EBITDA at 9.58x.

Looking ahead, we remain confident in our ability to deliver NOI growth above 6% for the year and continue to execute on our strategic priorities. We thank our employees for their dedication and our unitholders for their continued support.

Yours truly,



Philip Fraser
President & CEO

Q2-2025 Management's Discussion and Analysis

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

TABLE OF CONTENTS

PART I		PART VI	
Business Overview and Strategy	2	Per Unit Calculations	23
Basis of Presentation	2	Funds from Operations	24
Declaration of Trust	2	Adjusted Funds from Operations	25
Forward-Looking Statements Disclaimer	3	Adjusted Cash Flow from Operations	26
Non-IFRS Financial Measures	4		
PART II		PART VII	
Key Performance Indicators	5	Liquidity and Capital Resources	27
Financial and Operational Highlights	6	Mortgages and Other Loans	29
Summary of Q2-2025 Results and Operations	7	Investment Properties	32
Strategic Targets	8	Investment Properties Under Construction	34
Outlook	9	Land for Development	34
		Capital Improvements	36
		Unitholders' Equity	38
PART III		PART VIII	
Portfolio Summary	10	Summary of Selected Consolidated Quarterly Results	39
		Risks and Uncertainties	39
		Critical Accounting Policies and Significant Accounting Judgments, Estimates and Assumptions	39
		Disclosure Controls, Procedures and Internal Controls	39
		Subsequent Events	40
PART IV			
Q2-2025 Operational and Financial Results	11		
-Consolidated Results	11		
-Apartment Results	12		
-MHC Results	19		
-Commercial Results	20		
PART V			
Other Income and Expenses and Net Income	21		
-Net Income and Other Comprehensive Income	21		
-Financing Costs	21		
-Administration Expenses	22		
-Fair Value Adjustments	22		
-Deferred Tax Expense	23		

Q2-2025 Management's Discussion and Analysis

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

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.

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. 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.

Q2-2025 Management's Discussion and Analysis

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

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. 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

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

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.

Q2-2025 Management's Discussion and Analysis

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

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.

Q2-2025 Management's Discussion and Analysis

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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:

	Three months ended June 30,			Six months ended June 30,		
Operating Performance	2025	2024	Change ⁽¹⁾	2025	2024	Change ⁽¹⁾
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 ⁽²⁾	\$39,400	\$36,673	7.4%	\$73,640	\$68,053	8.2%
FFO per unit – diluted ⁽²⁾	\$0.32	\$0.30	6.7%	\$0.59	\$0.55	7.3%
AFFO ⁽²⁾⁽³⁾	\$33,643	\$30,846	9.1%	\$62,190	\$56,425	10.2%
AFFO per unit – diluted ⁽²⁾⁽³⁾	\$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 ⁽⁴⁾	\$0.18	\$0.18	—%	\$0.36	\$0.35	2.9%
AFFO payout ratio – diluted ⁽²⁾⁽³⁾	67%	70%	(300) bps	72%	76%	(400) bps
AFFO payout ratio – rolling 12 months ⁽²⁾⁽³⁾	69%	73%	(400) bps			
Portfolio Performance						
Same property NOI ⁽²⁾	\$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 ⁽⁵⁾	6.0%	6.4%	(40) bps			

As at	June 30, 2025	December 31, 2024	Change ⁽¹⁾
Leverage Ratios and Metrics			
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 ⁽²⁾	9.58x	9.69x	(1.1)%
Debt service coverage ⁽²⁾	1.59x	1.55x	2.6%
Interest coverage ⁽²⁾	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.

Q2-2025 Management's Discussion and Analysis

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

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	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. 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.
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

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

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 ⁽¹⁾	Number of Properties	NOI (\$) ⁽²⁾	NOI ⁽²⁾ (% of Total)
Nova Scotia				
Halifax	5,600	66	\$34,310	27.9%
Ontario				
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%
New Brunswick				
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%
Alberta				
Calgary	998	5	\$7,308	5.9%
Edmonton	882	6	\$5,638	4.6%
	1,880	11	\$12,946	10.5%
Newfoundland and Labrador				
St. John's	958	13	\$5,027	4.1%
British Columbia				
Victoria	516	5	\$4,418	3.6%
Prince Edward Island				
Charlottetown and Summerside	671	15	\$3,295	2.7%
Total Apartments	18,293	212	\$110,020	89.4%
Manufactured Home Community Portfolio				
	Sites	Number of Communities	NOI (\$) ⁽²⁾	NOI ⁽²⁾ (% of Total)
Ontario ⁽³⁾	2,284	17	\$3,091	2.5%
Nova Scotia	2,850	18	\$3,013	2.4%
Newfoundland and Labrador ⁽⁴⁾	—	—	\$144	0.1%
New Brunswick ⁽³⁾	671	3	\$211	0.2%
Total MHCs	5,805	38	\$6,459	5.2%
Commercial Portfolio ⁽⁵⁾				
	Square Footage ⁽⁶⁾	Number of Properties	NOI (\$) ⁽²⁾	NOI ⁽²⁾ (% of Total)
Ontario	313,358	2	\$2,500	2.1%
Prince Edward Island ⁽⁶⁾	410,175	1	\$2,125	1.7%
Nova Scotia ⁽⁷⁾	217,761	6	\$1,722	1.4%
New Brunswick	33,215	1	\$243	0.2%
Total Commercial	974,509	10	\$6,590	5.4%
Total Portfolio		260	\$123,069	100.0%

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

(2) For the 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 ⁽¹⁾			
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 ⁽¹⁾			
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	\$84,059	\$79,616	5.6%	\$80,789	\$76,302	5.9%
Property operating expenses						
General operating expenses	11,555	11,376	1.6%	11,209	10,713	4.6%
Utility and fuel expenses	6,189	6,178	0.2%	5,986	5,821	2.8%
Property taxes	9,719	9,263	4.9%	9,409	8,960	5.0%
Total operating expenses	\$27,463	\$26,817	2.4%	\$26,604	\$25,494	4.4%
NOI	\$56,596	\$52,799	7.2%	\$54,185	\$50,808	6.6%
Operating margin %	67.3%	66.3%	100 bps	67.1%	66.6%	50 bps

For the six months ended June 30,						
	Total			Same Property		
	2025	2024	% Change	2025	2024	% Change
Property revenue	\$167,340	\$157,799	6.0%	\$160,780	\$151,294	6.3%
Property operating expenses						
General operating expenses	23,023	22,842	0.8%	22,216	21,601	2.8%
Utility and fuel expenses	15,078	14,575	3.5%	14,444	13,665	5.7%
Property taxes	19,219	17,927	7.2%	18,605	17,706	5.1%
Total operating expenses	\$57,320	\$55,344	3.6%	\$55,265	\$52,972	4.3%
NOI	\$110,020	\$102,455	7.4%	\$105,515	\$98,322	7.3%
Operating margin %	65.7%	64.9%	80 bps	65.6%	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) ⁽¹⁾

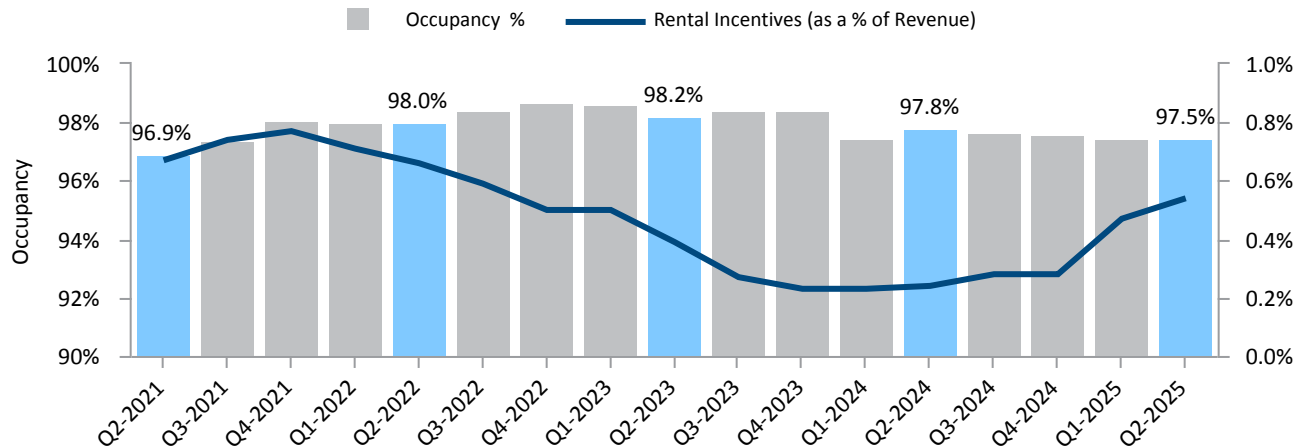
For the three months ended June 30,	Total Occupancy				Same Property Occupancy		
	# of Units	2025	2024	Change (bps)	2025	2024	Change (bps)
Nova Scotia							
Halifax	5,600	98.2%	98.6%	(40)	98.2%	98.7%	(50)
Ontario							
KWC-GTA	1,926	96.8%	95.5%	130	96.8%	95.4%	140
Ottawa	1,447	96.0%	96.9%	(90)	96.0%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

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

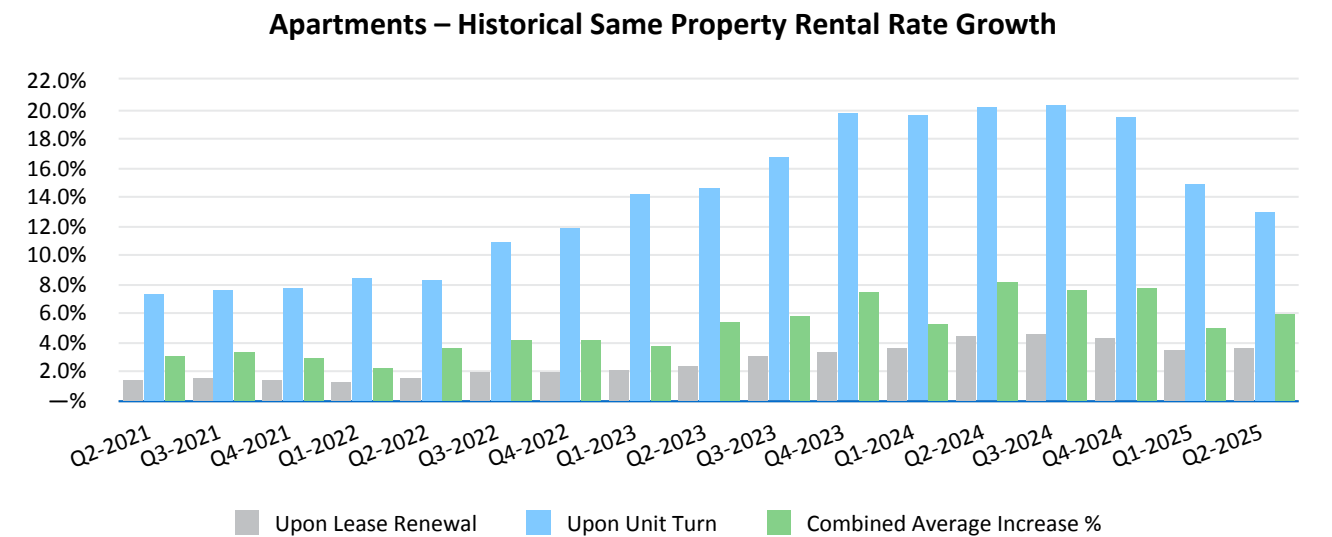
The weighted average rental increase is typically lower in the first half of the year due to the large number of lease renewals on January 1, which are subject to rent control. The chart below summarizes the rental increases earned during the three and six months ended June 30, 2025 and 2024.

	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 ⁽¹⁾	Rental Increases	Turnovers & Renewals ⁽¹⁾
Lease renewal ⁽²⁾	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.



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
Nova Scotia									
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%
Ontario									
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%
New Brunswick									
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%
Alberta									
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%
Newfoundland and Labrador									
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%
British Columbia									
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%
Prince Edward Island									
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
Nova Scotia									
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%
Ontario									
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%
New Brunswick									
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%
Alberta									
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%
Newfoundland and Labrador									
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%
British Columbia									
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%
Prince Edward Island									
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
Permanent MHCs	\$3,587	\$3,361	6.7%	(\$1,103)	(\$1,031)	7.0%	\$2,484	\$2,330
Seasonal resorts	2,246	2,033	10.5%	(727)	(728)	(0.1)%	1,519	1,305
	\$5,833	\$5,394	8.1%	(\$1,830)	(\$1,759)	4.0%	\$4,003	\$3,635
For the six months ended June 30,								
Property Revenue			Property Expenses			Net Operating Income		
	2025	2024	% Change	2025	2024	% Change	2025	2024
Permanent MHCs	\$7,144	\$6,703	6.6%	(\$2,350)	(\$2,194)	7.1%	\$4,794	\$4,509
Seasonal resorts	2,581	2,327	10.9%	(1,118)	(1,075)	4.0%	1,463	1,252
	\$9,725	\$9,030	7.7%	(\$3,468)	(\$3,269)	6.1%	\$6,257	\$5,761

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
Property revenue	\$5,676	5,561	2.1%	\$5,625	\$5,367
Property operating expenses	2,236	2,228	0.4%	2,274	2,126
NOI	\$3,440	\$3,333	3.2%	\$3,351	\$3,241
For the six months ended June 30,					
Total Portfolio			Same Property		
	2025	2024	% Change	2025	2024
Property revenue	\$11,336	\$11,065	2.4%	\$11,311	\$10,748
Property operating expenses	4,746	4,589	3.4%	4,783	4,485
NOI	\$6,590	\$6,476	1.8%	\$6,528	\$6,263

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%
Income before income taxes	33,134	127,141	(73.9)%	135,045	271,351	(50.2)%
Deferred tax expense	—	(12,689)	(100.0)%	—	(29,658)	(100.0)%
Net income and comprehensive income	\$33,134	\$114,452	(71.0)%	\$135,045	\$241,693	(44.1)%

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%
	\$20,254	\$19,421	4.3%	\$40,440	\$38,844	4.1%

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	\$5,597	\$4,770	17.3%	\$11,243	\$10,064	11.7%
As a percentage of total revenue	5.8%	5.2%	60 bps	5.9%	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	\$3,786	\$85,537	(95.6)%	\$73,998	\$201,831	(63.3)%
Deferred unit-based compensation	(733)	406	(280.5)%	(810)	352	(330.1)%
Exchangeable Units	(7,121)	6,003	(218.6)%	(8,720)	3,586	(343.2)%
	(\$4,068)	\$91,946	(104.4)%	\$64,468	\$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, 2025
	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 ⁽¹⁾	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	\$33,134	\$114,452	(71.0)%	\$135,045	\$241,693	(44.1)%
Fair value adjustments	4,068	(91,946)	(104.4)%	(64,468)	(205,769)	(68.7)%
Internal commercial leasing costs	75	45	66.7%	150	135	11.1%
Deferred tax expense	—	12,689	(100.0)%	—	29,658	(100.0)%
Interest expense on Exchangeable Units	638	682	(6.5)%	1,339	1,364	(1.8)%
Loss on disposition	1,459	721	102.4%	1,526	913	67.1%
Depreciation on owner-occupied building	23	24	(4.2)%	47	48	(2.1)%
Change in principal related to lease liabilities	3	6	(50.0)%	1	11	(90.9)%
FFO	\$39,400	\$36,673	7.4%	\$73,640	\$68,053	8.2%
FFO per unit – diluted	\$0.32	\$0.30	6.7%	\$0.59	\$0.55	7.3%
FFO payout ratio – diluted	56%	58%	(200) bps	61%	64%	(300) bps
Weighted average number of units – diluted (000s)	124,396	122,980	1.2%	124,180	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 ⁽¹⁾	% Change	2025	2024 ⁽¹⁾	% Change
FFO	\$39,400	\$36,673	7.4%	\$73,640	\$68,053	8.2%
Maintenance capital expenditures	(5,577)	(5,667)	(1.6)%	(11,202)	(11,373)	(1.5)%
Commercial straight-line rent adjustment	(46)	(51)	(9.8)%	(65)	(82)	(20.7)%
Internal and external commercial leasing costs	(134)	(109)	22.9%	(183)	(173)	5.8%
AFFO	\$33,643	\$30,846	9.1%	\$62,190	\$56,425	10.2%
AFFO per unit – diluted	\$0.27	\$0.25	8.0%	\$0.50	\$0.46	8.7%
AFFO payout ratio – diluted	67%	70%	(300) bps	72%	76%	(400) bps
AFFO payout ratio – rolling 12 months ⁽²⁾	69%	73%	(400) bps			
Weighted average number of units – diluted (000s)	124,396	122,980	1.2%	124,180	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 ⁽¹⁾	% Change	2025	2024 ⁽¹⁾	% Change
Cash provided by operating activities	\$31,418	\$36,389	(13.7)%	\$56,429	\$60,099	(6.1)%
Adjustments:						
Changes in non-cash working capital not indicative of sustainable cash flows	9,151	1,222	648.9%	19,669	9,418	108.8%
Maintenance capital expenditures	(5,577)	(5,667)	(1.6)%	(11,202)	(11,373)	(1.5)%
External commercial leasing costs	(86)	(74)	16.2%	(87)	(82)	6.1%
Amortization of deferred financing costs	(1,046)	(939)	11.4%	(2,050)	(1,861)	10.2%
Interest expense related to lease liability	(124)	(19)	552.6%	(248)	(87)	185.1%
ACFO	\$33,736	\$30,912	9.1%	\$62,511	\$56,114	11.4%
Distributions declared ⁽²⁾	22,653	21,746	4.2%	45,232	43,440	4.1%
Excess of ACFO over cash distributions	\$11,083	\$9,166	20.9%	\$17,279	\$12,674	36.3%
ACFO payout ratio – diluted	67%	70%	(300) bps	72%	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	\$33,134	\$114,452	\$135,045	\$241,693
Cash provided by operating activities	\$31,418	\$36,389	\$56,429	\$60,099
Total distributions declared	\$22,653	\$21,746	\$45,232	\$43,440
Excess of net income over total distributions declared	\$10,481	\$92,706	\$89,813	\$198,253
Excess of net income over net distributions paid ⁽¹⁾	\$17,084	\$98,618	\$102,934	\$210,289
Excess of cash provided by operating activities over total distributions declared	\$8,765	\$14,643	\$11,197	\$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 ⁽¹⁾	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 ⁽¹⁾	\$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 ⁽¹⁾	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 ⁽¹⁾	(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 ⁽¹⁾	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.

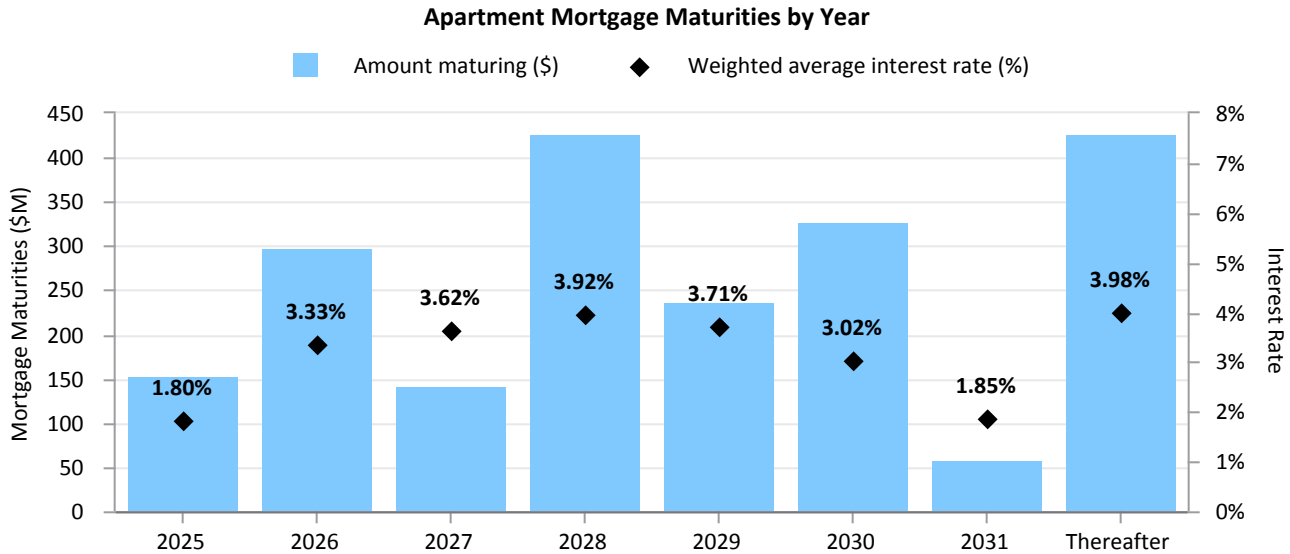
Refinancings

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
	\$145,623	2.17%	\$216,334	3.59%	4.6 years	\$70,711

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%
	\$2,075,345	3.45%	86.8%	\$134,674	4.87%	\$2,210,019	3.53%



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:

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

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

Future Contractual Debt Obligations

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

For the 12 months ending June 30,	Mortgages and Loans Payable	Construction Loans	Credit Facilities	Lease Liabilities	Total
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
	\$2,210,019	\$1,740	\$37,415	\$11,848	\$2,261,022

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.

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

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

(1) Maximum loan includes a \$20.0 million accordion option, 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%
	\$5,473,249	\$5,384,720	1.6%

Continuity of Investment Properties

As at	June 30, 2025	December 31, 2024	% Change
Balance, beginning of period	\$5,225,102	\$4,921,892	6.2%
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 ⁽¹⁾	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
Balance, end of period	\$5,284,663	\$5,225,102	1.1%

(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:

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

(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 ⁽¹⁾	Mortgages Assumed
Ashley Apartments	Fredericton, NB	22-Jul-25	100%	Apartment	114	\$28,700	\$15,810
Frontier ⁽²⁾	Ottawa, ON	30-Jul-25	50%	Apartment	114	48,100	25,030
Latitude ⁽²⁾	Ottawa, ON	30-Jul-25	50%	Apartment	104	47,700	30,000
Luma ⁽²⁾	Ottawa, ON	30-Jul-25	50%	Apartment	84	40,200	23,750
Total Acquisitions					416	\$164,700	\$94,590

(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
Balance, beginning of period	\$91,114	\$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)%
Balance, end of period	\$119,285	\$91,114	30.9%

Land for Development

As at	June 30, 2025	December 31, 2024	% Change
Balance, beginning of period	\$68,504	\$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)%
Balance, end of period	\$69,301	\$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 ⁽¹⁾	4.00%–4.25% ⁽²⁾
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%
Total			322	\$180.8			

(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) ⁽¹⁾	Status	Estimated Year of Completion
Developments expected to start in 2025–2026					
Victoria Gardens Phase I	Halifax, NS	100%	95	Planning approvals	2027
Harlington Phase I	Halifax, NS	100%	150	Planning approvals	2028
Westmount Place Phase 2	Waterloo, ON	100%	250	Building permit approvals	2028
Nolan Hill Phase 3 ⁽²⁾	Calgary, AB	10%	296	Construction	2028
105 Elmira Rd North	Guelph, ON	70%	127	Planning approvals	TBD
Nolan Hill Phase 4 ⁽²⁾	Calgary, AB	10%	200	Future development	TBD
4th & 5th Street Calgary	Calgary, AB	50%	235	Future development	TBD
Additional future development projects					
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 ⁽³⁾	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
Total Development Opportunities ⁽⁴⁾			3,998		

- (1) Represents total number of units in the potential development.
- (2) Killam has a 10% interest in the remaining two phases of the Nolan Hill development in Calgary, AB, with the option to purchase the remaining 90% interest upon completion of each phase.
- (3) 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	\$13,435	\$17,659	(23.9)%	\$24,332	\$31,381	(22.5)%
MHCs	920	2,017	(54.4)%	1,264	2,253	(43.9)%
Commercial	623	2,002	(68.9)%	827	3,052	(72.9)%
	\$14,978	\$21,678	(30.9)%	\$26,423	\$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	\$5,867	\$6,233	(5.9)%	\$11,121	\$10,764	3.3%
Building improvements	5,536	8,143	(32.0)%	9,188	13,854	(33.7)%
Appliances	776	1,105	(29.8)%	1,696	2,379	(28.7)%
Energy	898	960	(6.5)%	1,652	2,364	(30.1)%
Common area	358	1,218	(70.6)%	675	2,020	(66.6)%
Total capital invested	\$13,435	\$17,659	(23.9)%	\$24,332	\$31,381	(22.5)%
Average number of units outstanding ⁽¹⁾	17,757	18,165	(2.2)%	17,826	18,180	(1.9)%
Capital invested – \$ per unit	\$757	\$972	(22.1)%	\$1,365	\$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 15th day of the month following the distribution declaration.

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

Distribution Reinvestment Plan and Net Distributions Paid

	Three months ended June 30,			Six months ended June 30,		
	2025	2024	% Change	2025	2024	% Change
Distributions declared on Trust Units	\$21,901	\$20,977	4.4%	\$43,664	\$41,900	4.2%
Distributions declared on Exchangeable Units	637	682	(6.6)%	1,339	1,364	(1.8)%
Distributions declared on awards outstanding under RTU Plan	115	87	32.2%	229	176	30.1%
Total distributions declared	\$22,653	\$21,746	4.2%	\$45,232	\$43,440	4.1%
Less:						
Distributions on Trust Units reinvested	(6,488)	(5,825)	11.4%	(12,892)	(11,860)	8.7%
Distributions on RTUs reinvested	(115)	(87)	32.2%	(229)	(176)	30.1%
Net distributions paid	\$16,050	\$15,834	1.4%	\$32,111	\$31,404	2.3%
Percentage of distributions reinvested	29.1%	27.2%		29.0%	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 ⁽¹⁾	Q2-2024 ⁽¹⁾	Q1-2024 ⁽¹⁾	Q4-2023	Q3-2023 ⁽²⁾
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. 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)

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.

Condensed Consolidated Interim Statements of Financial Position

In thousands of Canadian dollars,
[unaudited]

	Note	June 30, 2025	December 31, 2024
ASSETS			
Non-current assets			
Investment properties	[4]	\$5,473,249	\$5,384,720
Property and equipment		9,333	9,647
Other non-current assets	[7]	10,480	14,608
		\$5,493,062	\$5,408,975
Current assets			
Cash and cash equivalents	[7]	\$10,826	\$13,211
Rent and other receivables		7,993	7,291
Residential inventory		1,364	464
Other current assets	[7]	27,225	10,409
		47,408	31,375
Assets held for sale	[5]	9,000	—
TOTAL ASSETS		\$5,549,470	\$5,440,350
EQUITY AND LIABILITIES			
Unitholders' equity	[13]	\$3,203,655	\$3,089,952
Total equity		\$3,203,655	\$3,089,952
Non-current liabilities			
Mortgages and loans payable	[8]	\$1,796,070	\$1,757,914
Lease liabilities		11,198	11,522
Deferred unit-based compensation	[15]	7,156	5,894
		\$1,814,424	\$1,775,330
Current liabilities			
Mortgages and loans payable	[8]	\$360,555	\$381,229
Credit facilities	[9]	37,415	54,738
Construction loans	[10]	1,740	—
Accounts payable and accrued liabilities	[11]	65,733	72,445
Exchangeable Units	[12]	65,948	66,656
		531,391	575,068
Total liabilities		\$2,345,815	\$2,350,398
TOTAL EQUITY AND LIABILITIES		\$5,549,470	\$5,440,350
Commitments and contingencies	[24]		
Financial guarantees	[25]		

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

Approved on behalf of the Board of Trustees

(signed) “Karine L. MacIndoe ”
Trustee

(signed) “Philip D. Fraser ”
Trustee

Condensed Consolidated Interim Statements of Income and Comprehensive Income

In thousands of Canadian dollars,
[unaudited]

		Three months ended June 30,		Six months ended June 30,	
	Note	2025	2024	2025	2024
Property revenue	[16]	\$95,646	\$90,776	\$188,669	\$178,281
Property operating expenses					
Operating expenses		(13,599)	(13,430)	(27,043)	(26,761)
Utility and fuel expenses		(7,032)	(6,976)	(16,915)	(16,275)
Property taxes		(10,940)	(10,447)	(21,642)	(20,301)
		(31,571)	(30,853)	(65,600)	(63,337)
Net operating income		\$64,075	\$59,923	\$123,069	\$114,944
Other income		705	465	1,255	1,005
Financing costs	[17]	(20,254)	(19,421)	(40,440)	(38,844)
Depreciation		(268)	(281)	(538)	(546)
Administration		(5,597)	(4,770)	(11,243)	(10,064)
Fair value adjustment on unit-based compensation	[15]	(733)	406	(810)	352
Fair value adjustment on Exchangeable Units	[12]	(7,121)	6,003	(8,720)	3,586
Fair value adjustment on investment properties	[4]	3,786	85,537	73,998	201,831
Loss on disposition		(1,459)	(721)	(1,526)	(913)
Income before income taxes		33,134	127,141	135,045	271,351
Deferred tax expense	[18]	—	(12,689)	—	(29,658)
Net income and comprehensive income		\$33,134	\$114,452	\$135,045	\$241,693

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

Condensed Consolidated Interim Statements of Changes in Equity

In thousands of Canadian dollars,
[unaudited]

Six months ended June 30, 2025	Trust Units	Contributed Surplus	Retained Earnings	Total Equity
As at January 1, 2025	\$1,401,460	\$608	\$1,687,884	\$3,089,952
Units issued on exchange of Exchangeable Units	9,428	—	—	9,428
Distribution reinvestment plan	12,744	—	—	12,744
Deferred unit-based compensation	649	—	—	649
Repurchased through normal course issuer bid	(362)	(139)	—	(501)
Net income and comprehensive income	—	—	135,045	135,045
Distributions declared and paid	—	—	(36,349)	(36,349)
Distributions payable	—	—	(7,313)	(7,313)
As at June 30, 2025	\$1,423,919	\$469	\$1,779,267	\$3,203,655

Six months ended June 30, 2024	Trust Units	Contributed Surplus	Retained Earnings	Total Equity
As at January 1, 2024	\$1,377,413	\$732	\$1,104,455	\$2,482,600
Distribution reinvestment plan	12,090	—	—	12,090
Deferred unit-based compensation	683	—	—	683
Repurchased through normal course issuer bid	(276)	(124)	—	(400)
Net income and comprehensive income	—	—	241,693	241,693
Distributions declared and paid	—	—	(34,907)	(34,907)
Distributions payable	—	—	(6,994)	(6,994)
As at June 30, 2024	\$1,389,910	\$608	\$1,304,247	\$2,694,765

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

Condensed Consolidated Interim Statements of Cash Flows

In thousands of Canadian dollars,
[unaudited]

	Note	Three months ended June 30, 2025	2024	Six months ended June 30, 2025	2024
OPERATING ACTIVITIES					
Net income		\$33,134	\$114,452	\$135,045	\$241,693
Add (deduct) items not affecting cash					
Fair value adjustments		4,068	(91,946)	(64,468)	(205,769)
Depreciation		268	281	538	546
Amortization of deferred financing		1,046	939	2,050	1,861
Non-cash compensation expense		1,008	814	1,978	1,646
Deferred income tax expense		—	12,689	—	29,658
Amortization of fair value adjustments on assumed mortgages		56	57	112	114
Interest expense on lease liability		124	113	248	273
Loss on disposition		1,459	721	1,526	913
Straight-line rent		(44)	(49)	(62)	(80)
Net change in non-cash operating activities	[20]	(9,701)	(1,682)	(20,538)	(10,756)
Cash provided by operating activities		\$31,418	\$36,389	\$56,429	\$60,099
FINANCING ACTIVITIES					
Deferred financing costs paid		(4,627)	(2,235)	(6,928)	(3,816)
Trust Units repurchased through normal course issuer bid		—	(276)	(501)	(276)
Cash paid on redemption of restricted Units		(5)	(6)	(883)	(1,401)
Cash paid on lease liabilities		(275)	(304)	(552)	(686)
Mortgage financing		111,488	92,190	183,221	114,155
Mortgages repaid		(91,937)	(65,397)	(127,237)	(73,637)
Mortgage principal repayments		(16,796)	(16,720)	(33,724)	(33,722)
Credit facility (repayments) proceeds		(8,640)	(14,382)	(17,323)	6,458
Proceeds from construction loans		7,053	4,443	12,475	12,361
Distributions to Unitholders		(15,296)	(15,022)	(30,864)	(29,769)
Cash (used in) provided by financing activities		(\$19,035)	(\$17,709)	(\$22,316)	(\$10,333)
INVESTING ACTIVITIES					
Change in restricted cash		(2)	1,510	140	722
Acquisition of investment properties, net of debt assumed		—	(2,856)	—	(17,007)
Proceeds on disposition of investment properties and assets held for sale, net of transaction costs		22,238	16,002	22,238	18,402
Proceeds on disposition of property and equipment		—	92	4	165
Advance on loan receivable		—	(1,224)	—	(1,224)
Repayment on loan receivable		1,793	—	1,793	100
Development of investment properties		(22,665)	(10,952)	(34,040)	(16,767)
Capital expenditures		(14,825)	(21,448)	(26,633)	(38,042)
Cash used in investing activities		(\$13,461)	(\$18,876)	(\$36,498)	(\$53,651)
Net decrease in cash		(1,078)	(196)	(2,385)	(3,885)
Cash and cash equivalents, beginning of period		11,904	10,398	13,211	14,087
Cash and cash equivalents, end of period		\$10,826	\$10,202	\$10,826	\$10,202

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

Notes to the Condensed Consolidated Interim Financial Statements

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

1. Organization of the Trust

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

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

2. Material Accounting Policies

(A) Statement of Compliance

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

The condensed consolidated interim financial statements of the Trust for the three and six months ended June 30, 2025, were authorized for issue in accordance with a resolution of the Board of Trustees of Killam on August 6, 2025.

(B) Basis of Presentation

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

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

Judgments and Estimates

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

Notes to the Condensed Consolidated Interim Financial Statements

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

3. Future Accounting Policy Changes

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

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

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

4. Investment Properties

As at June 30, 2025

	Apartments	MHCs	Commercial	IPUC	Land for Development	Total
Balance, beginning of period	\$4,819,484	\$235,132	\$170,486	\$91,114	\$68,504	\$5,384,720
Fair value adjustment on investment properties	87,831	2,092	(9,589)	(6,336)	—	73,998
Dispositions	(29,435)	(4,801)	—	—	(2,640)	(36,876)
Capital expenditures	24,332	1,264	827	29,385	2,749	58,557
Transfer from investment properties to IPUC	—	—	(3,960)	3,960	—	—
Transfer to assets held for sale	(9,000)	—	—	—	—	(9,000)
Interest capitalized on IPUC and land for development	—	—	—	1,162	688	1,850
Balance, end of period	\$4,893,212	\$233,687	\$157,764	\$119,285	\$69,301	\$5,473,249

As at December 31, 2024

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

Notes to the Condensed Consolidated Interim Financial Statements

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

4. Investment Properties (continued)

During the six months ended June 30, 2025, Killam completed the following dispositions:

Property	Location	Disposition Date	Ownership Interest	Property Type	Units/ Sites	Sale Price	Net Cash Proceeds ⁽¹⁾
425 5 St SW ⁽²⁾	Calgary, AB	07-Jan-25	50%	Land for development	N/A	\$2,640	\$—
Lakeview Court	Gander, NL	02-May-25	100%	MHC	86	2,930	1,830
Sunset Parkway	Corner Brook, NL	02-May-25	100%	MHC	84	1,870	1,100
Ridgeview Terrace Apartments	Grand Falls, NL	05-May-25	100%	Apartment	59	5,070	2,850
Terrace Apartments	Grand Falls, NL	05-May-25	100%	Apartment	89	8,630	8,630
Brighton House	Charlottetown, PE	26-May-25	100%	Apartment	47	7,300	4,660
Charlotte Court	Charlottetown, PE	26-May-25	100%	Apartment	49	3,900	2,850
Spring Park Apartments	Charlottetown, PE	26-May-25	100%	Apartment	32	4,680	1,720
Total Dispositions					446	\$37,020	\$23,640

(1) Net cash proceeds do not include transaction costs.
(2) Excluded from net cash proceeds is a \$2.6 million vendor take-back (VTB) mortgage. Full repayment is due within 48 months of the closing date in January 2025.

During the three and six months ended June 30, 2025, Killam capitalized salaries of \$2.1 million and \$4.1 million (three and six months ended June 30, 2024 – \$2.0 million and \$3.9 million), as part of its project improvement, suite renovation and development programs. For the three and six months ended June 30, 2025, interest costs associated with the general corporate borrowings used to fund development were capitalized to the respective development projects using Killam's weighted average borrowing rate of 3.56% (June 30, 2024 – 3.43%). Interest costs associated with development specific loans were capitalized to the respective developments using the actual borrowing rate associated with the loan.

Investment properties with a fair value of \$5.2 billion as at June 30, 2025 (December 31, 2024 – \$5.1 billion), have been pledged as collateral against Killam's mortgages, construction loans and credit facilities.

Valuation Basis
Using the direct income capitalization method, the apartment properties were valued using cap rates in the range of 4.00% to 6.20%, applied to a stabilized net operating income (SNOI) of \$228.4 million (December 31, 2024 – 4.00% to 6.50% and \$222.2 million), resulting in an overall weighted average effective cap rate of 4.64% (December 31, 2024 – 4.62%). The stabilized occupancy rates used in the calculation of SNOI were in the range of 95.0% to 100.0% (December 31, 2024 – 95.5% to 100.0%). Using the direct income capitalization method, the MHC properties were valued using cap rates in the range of 5.50% to 6.75%, applied to a SNOI of \$13.7 million (December 31, 2024 – 5.50% to 6.75% and \$14.0 million), resulting in an overall weighted average effective cap rate of 6.01% (December 31, 2024 – 6.02%). The stabilized occupancy rate used in the calculation of SNOI was 98.4% (December 31, 2024 – 98.4%). The commercial properties were valued using the discounted cash flow (DCF) method. Fair value is estimated using assumptions regarding benefits and liabilities of ownership over the asset's life, including a terminal value. This method involves the projection of stabilized cash flows on each individual property, with market-derived discount rates and terminal capitalization rates applied to the stabilized cash flow to establish the present value of the income stream associated with the asset. Using a DCF model, the stabilized commercial properties were valued using key inputs determined by management based on a review of asset performance and comparable assets in relevant markets. The weighted average discount rate applied in the period was 7.48% (December 31, 2024 – 7.44%).

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

	June 30, 2025			December 31, 2024		
	Low	High	Effective Weighted Average	Low	High	Effective Weighted Average
Apartments	4.00%	6.20%	4.64%	4.00%	6.50%	4.62%
MHCs	5.50%	6.75%	6.01%	5.50%	6.75%	6.02%

Notes to the Condensed Consolidated Interim Financial Statements

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

4. Investment Properties (continued)

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

	Change in Stabilized NOI ⁽¹⁾					
		(2.00)%	(1.00)%	—%	1.00%	2.00%
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.

5. Assets Held for Sale

As at June 30, 2025, Killam determined that one investment property met the criteria for classification as assets held for sale totalling \$9.0 million, as Management had committed to sell the property. The property was sold on July 3, 2025.

6. Joint Operations and Investments in Joint Venture

Killam has interests in properties and land for future development that are subject to joint control and are joint operations. Accordingly, the condensed consolidated interim statements of financial position and condensed consolidated interim statements of income and comprehensive income include Killam's rights to and obligations for the related assets, liabilities, revenue and expenses. As at June 30, 2025, the fair value of the investment properties subject to joint control was \$400.9 million (December 31, 2024 – \$396.8 million).

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

Cash and Cash Equivalents
As at June 30, 2025, Killam had \$10.8 million (December 31, 2024 – \$13.2 million) in cash and cash equivalents, consisting of \$3.4 million in operating cash and \$7.4 million in security deposits (December 31, 2024 – \$5.9 million and \$7.3 million).

Other Current Assets		
As at	June 30, 2025	December 31, 2024
Restricted cash	\$326	\$466
Deposits	3,779	1,581
Prepaid expenses	18,041	8,362
Loans receivable	5,079	—
	\$27,225	\$10,409

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

Other Current and Non-current Assets
As at June 30, 2025, other current assets included two VTB mortgages receivable totalling \$5.1 million (December 31, 2024 – \$nil), and other non-current assets included six VTB mortgages receivable totalling \$10.5 million (December 31, 2024 – \$14.6 million) related to property acquisitions and dispositions. The VTB mortgages receivable bear interest at 3.0%–7.0%, and the weighted average interest rate is 4.8%. Full repayment of the loans is due within 36–60 months from the initial advances.

Notes to the Condensed Consolidated Interim Financial Statements

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

8. Mortgages and Loans Payable

As at	June 30, 2025		December 31, 2024	
	Weighted Average Interest	Debt Balance	Weighted Average Interest	Debt Balance
Mortgages and loans payable				
Fixed rate	3.53%	\$2,143,668	3.46%	\$2,139,143
Variable rate	4.95%	12,957	—%	—
Total		\$2,156,625		\$2,139,143
Current		360,555		381,229
Non-current		1,796,070		1,757,914
		\$2,156,625		\$2,139,143

Mortgages have a first or second charge on the properties of Killam. As at June 30, 2025, unamortized deferred financing costs of \$52.7 million (December 31, 2024 – \$47.9 million) and mark-to-market adjustments on mortgages assumed on acquisitions of \$0.7 million (December 31, 2024 – \$0.8 million) are netted against mortgages and loans payable.

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

	Principal Amount	% of Total Principal
2026	\$360,555	16.3%
2027	271,996	12.3%
2028	396,453	18.0%
2029	334,076	15.1%
2030	322,720	14.6%
Subsequent to 2030	524,219	23.7%
	\$2,210,019	100.0%
Unamortized deferred financing costs	(52,738)	
Unamortized mark-to-market adjustments	(656)	
	\$2,156,625	

Notes to the Condensed Consolidated Interim Financial Statements

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

9. Credit Facilities

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

The \$155.0 million facility bears interest at 155 basis points (bps) over the Canadian Overnight Repo Rate Average (CORRA). The facility includes a \$30.0 million demand revolver and a \$125.0 million committed revolver, as well as an accordion option to increase the \$155.0 million facility by an additional \$20.0 million. The agreement includes certain covenants and undertakings with which Killam was in compliance as at 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 ⁽¹⁾	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
Total	\$200,000	\$37,415	\$1,626	\$160,959

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

(1) Maximum loan includes a \$20.0 million accordion option.

10. 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%).

11. Accounts Payable and Accrued Liabilities

As at	June 30, 2025	December 31, 2024
Accounts payable and other accrued liabilities	\$38,045	\$45,131
Distributions payable	7,515	7,465
Mortgage interest payable	5,859	5,827
Security deposits	14,314	14,022
	\$65,733	\$72,445

Notes to the Condensed Consolidated Interim Financial Statements

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

12. Exchangeable Units

	Number of Exchangeable Units	Value
Balance, December 31, 2024	3,898,020	\$66,656
Exchangeable Units exchanged for Trust Units	(535,062)	(9,428)
Fair value adjustment	—	8,720
Balance, June 30, 2025	3,362,958	\$65,948

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

13. Unitholders' Equity

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

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

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

The Units issued and outstanding are as follows:

	Number of Trust Units	Value
Balance, December 31, 2024	119,620,831	\$1,401,460
Units issued on exchange of Exchangeable Units	535,062	9,428
Distribution reinvestment plan	739,335	12,744
Restricted Trust Units redeemed	52,151	649
Repurchased through normal course issuer bid	(30,848)	(362)
Balance, June 30, 2025	120,916,531	\$1,423,919

Distribution Reinvestment Plan (DRIP)

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

Normal Course Issuer Bid (NCIB)

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

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

Notes to the Condensed Consolidated Interim Financial Statements

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

13. Unitholders' Equity (continued)

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.

14. Distributions

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

For the three and six months ended June 30, 2025, the distributions declared related to the Trust Units were \$21.9 million and \$43.7 million (three and six months ended June 30, 2024 – \$21.0 million and \$41.9 million). For the three and six months ended June 30, 2025, distributions declared related to the Exchangeable Units were \$0.6 million and \$1.3 million (three and six months ended June 30, 2024 – \$0.7 million and \$1.4 million). The distributions on the Exchangeable Units are recorded in financing costs.

15. Deferred Unit-based Compensation

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

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

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

The RTUs are considered a financial liability because there is a contractual obligation for the Trust to deliver Trust Units (which are accounted for as liabilities, but presented as equity instruments under IAS 32) upon conversion of the RTUs. The RTUs are measured at fair value with changes flowing through the condensed consolidated interim statements of income and comprehensive income. The fair value of the vested RTUs as at June 30, 2025, is \$7.2 million, which includes \$2.4 million related to RTUs subject to performance conditions (December 31, 2024 – \$5.9 million and \$1.7 million). For the three and six months ended June 30, 2025, compensation expense of \$1.0 million and \$2.0 million (three and six months ended June 30, 2024 – \$0.8 million and \$1.6 million) has been recognized in respect of the RTUs.

The details of the RTUs issued are shown below:

	Six months ended June 30, 2025		Year ended December 31, 2024	
	Number of RTUs	Weighted Average Issue Price	Number of RTUs	Weighted Average Issue Price
Outstanding, beginning of period	524,707	\$19.11	441,666	\$19.24
Granted	232,418	16.78	198,331	19.23
Redeemed	(105,084)	16.59	(134,553)	19.61
Forfeited	(21,058)	16.88	—	N/A
Additional Restricted Trust Unit distributions	13,282	17.21	19,263	18.44
Outstanding, end of period	644,265	\$18.71	524,707	\$19.11

Notes to the Condensed Consolidated Interim Financial Statements

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

16. Revenue

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Rental revenue ⁽¹⁾	\$71,562	\$67,174	\$141,162	\$131,928
Property expense recoveries	19,990	19,971	39,432	39,222
Ancillary revenue ⁽²⁾	4,094	3,631	8,075	7,131
	\$95,646	\$90,776	\$188,669	\$178,281

(1) Includes base rent, realty taxes, insurance recoveries, and straight-line rent for commercial properties that are outside the scope of IFRS 15.
(2) Includes parking, laundry, storage, commission revenue and management fees.

17. Financing Costs

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Mortgage, loan and construction loan interest	\$18,816	\$17,714	\$37,293	\$34,965
Interest on credit facilities	532	744	1,248	1,848
Interest on Exchangeable Units	638	682	1,339	1,364
Amortization of deferred financing costs	1,046	939	2,050	1,861
Amortization of fair value adjustments on assumed debt	56	57	112	114
Interest on lease liabilities	124	113	248	273
Capitalized interest	(958)	(828)	(1,850)	(1,581)
	\$20,254	\$19,421	\$40,440	\$38,844

18. Deferred Income Taxes

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

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

Notes to the Condensed Consolidated Interim Financial Statements

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

19. Segmented Information

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

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

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

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

Three months ended June 30, 2025	Apartments	MHCs	Commercial	Total
Property revenue	\$84,059	\$5,911	\$5,676	\$95,646
Property operating expenses	(27,463)	(1,872)	(2,236)	(31,571)
Net operating income	\$56,596	\$4,039	\$3,440	\$64,075

Three months ended June 30, 2024	Apartments	MHCs	Commercial	Total
Property revenue	\$79,616	\$5,599	\$5,561	\$90,776
Property operating expenses	(26,817)	(1,808)	(2,228)	(30,853)
Net operating income	\$52,799	\$3,791	\$3,333	\$59,923

Six months ended June 30, 2025	Apartments	MHCs	Commercial	Total
Property revenue	\$167,340	\$9,993	\$11,336	\$188,669
Property operating expenses	(57,320)	(3,534)	(4,746)	(65,600)
Net operating income	\$110,020	\$6,459	\$6,590	\$123,069

Six months ended June 30, 2024	Apartments	MHCs	Commercial	Total
Property revenue	\$157,799	\$9,417	\$11,065	\$178,281
Property operating expenses	(55,344)	(3,404)	(4,589)	(63,337)
Net operating income	\$102,455	\$6,013	\$6,476	\$114,944

Selected statement of financial position items ⁽¹⁾				
As at June 30, 2025	Apartments	MHCs	Commercial	Total
Total investment properties	\$5,081,798	\$233,687	\$157,764	\$5,473,249
Mortgages and loans payable/construction loans	\$2,035,073	\$83,746	\$39,546	\$2,158,365

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

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

Notes to the Condensed Consolidated Interim Financial Statements

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

20. Supplemental Cash Flow Information

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Interest paid (financing activities)				
Interest paid on mortgages payable and other	\$18,804	\$17,926	\$37,437	\$35,282
Interest paid on credit facilities	532	744	1,247	1,848
	\$19,336	\$18,670	\$38,684	\$37,130
Net change in non-cash operating assets and liabilities				
Rent and other receivables	(\$637)	\$180	(\$702)	\$427
Residential inventory	(257)	102	(900)	51
Other current assets	(3,877)	(3,938)	(12,223)	(8,317)
Accounts payable and other liabilities	(4,930)	1,974	(6,713)	(2,917)
	(\$9,701)	(\$1,682)	(\$20,538)	(\$10,756)

21. Financial Instruments and Fair Value Measurement

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

Fair Value of Financial Instruments

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

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

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

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

As at	June 30, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities carried at amortized cost:				
Mortgages and loans payable ⁽¹⁾	\$2,156,625	\$2,202,967	\$2,139,143	\$2,130,924
Financial liabilities carried at fair value through profit or loss:				
Exchangeable Units	\$65,948	\$65,948	\$66,656	\$66,656
Deferred unit-based compensation	\$7,156	\$7,156	\$5,894	\$5,894

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

Notes to the Condensed Consolidated Interim Financial Statements

Dollar amounts in thousands of Canadian dollars (except as noted)
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21. Financial Instruments and Fair Value Measurement (continued)

The interest rates used to discount the estimated cash flows, when applicable, are based on a blended rate using the three-year and five-year government yield curve as at the reporting date, which is in line with Killam's weighted average years to maturity of 3.8 years, plus an adequate credit spread, and were as follows:

As at	June 30, 2025	December 31, 2024
Mortgages - Apartments	3.63%	3.92%
Mortgages - MHCs	4.43%	4.92%

Assets and Liabilities Measured at Fair Value

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

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.
- Level 3: Valuation techniques for which any significant input is not based on observable market data.

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

As at	June 30, 2025			December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investment properties	—	—	\$5,473,249	—	—	\$5,384,720
Assets held for sale	—	—	\$9,000	—	—	—
Liabilities						
Exchangeable Units	—	\$65,948	—	—	\$66,656	—
Deferred unit-based compensation	—	\$5,895	\$1,261	—	\$5,224	\$670

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

22. Risk Management

Risk Management

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

(i) Interest Rate Risk

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

As at June 30, 2025, \$52.1 million of Killam's debt had variable interest rates (December 31, 2024 – \$54.7 million), including construction loans totalling \$1.7 million, mortgages and loans payable totalling \$13.0 million and amounts drawn on its credit facilities of \$37.4 million. These loans and facilities have interest rates of prime plus 0.55%–0.75% or 155–180 bps above CORRA (December 31, 2024 – prime plus 0.55%–0.75% or 155–180 bps) and consequently, Killam is exposed to short-term interest rate risk on these loans.

Killam’s fixed mortgage debt, which matures in the next 12 months, totals \$290.6 million. Assuming these mortgages are refinanced at similar terms, except at a 100 bps increase in interest rates, financing costs would increase by \$2.9 million per year.

Notes to the Condensed Consolidated Interim Financial Statements

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

22. Risk Management (continued)

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

During the six months ended June 30, 2025, Killam refinanced \$145.6 million of maturing apartment mortgages with new mortgages totalling \$216.3 million, generating net proceeds of \$70.7 million. The following table presents the principal payments (excluding interest) and maturities of Killam’s liabilities for the next five years and thereafter:

For the 12 months ending June 30,	Mortgages and Loans Payable	Construction Loans	Credit Facilities	Lease Liabilities	Total
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
	\$2,210,019	\$1,740	\$37,415	\$11,848	\$2,261,022

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

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

23. Capital Management

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

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

As at	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 ⁽¹⁾	\$5,538,097	\$5,428,715
Total debt as a percentage of total assets	39.6%	40.4%

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

Notes to the Condensed Consolidated Interim Financial Statements

Dollar amounts in thousands of Canadian dollars (except as noted)
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23. Capital Management (continued)

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

Cap Rate Sensitivity Increase (Decrease)	Fair Value of Investment Properties ⁽¹⁾	Total Assets	Total Debt as % of Total Assets	Change (bps)
(0.50)%	\$6,171,918	\$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 DCF method. The sensitivity for commercial assets is calculated using an implied capitalization rate based on the SNOI of the properties.

24. Commitments and Contingencies

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

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

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

25. Financial Guarantees

Killam is the guarantor on a joint and several basis for certain mortgage debt held through its joint operations. As at June 30, 2025, the maximum potential obligation resulting from these guarantees is \$65.3 million, related to long-term mortgage financing (December 31, 2024 – \$66.5 million). The loans held through its joint operations are secured by a first-ranking mortgage over the associated investment properties. Killam's portion of the total mortgages for these properties is recorded as a mortgage liability on the condensed consolidated interim statements of financial position.

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

Notes to the Condensed Consolidated Interim Financial Statements

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

26. 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.



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