

# 2025 Management's Discussion and Analysis

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

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## PART I

### Business Overview and Strategy

Killam Apartment REIT ("Killam," the "Trust," or the "REIT"), based in Halifax, Nova Scotia (NS), is a Canadian multi-residential property owner, owning, operating, managing and developing a \$5.4 billion portfolio of apartments, manufactured home communities (MHCs) and commercial properties across seven provinces. Killam was founded in 2000 to create value through the consolidation of apartments in Atlantic Canada (ATL) 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 19 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 that 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 88.7% of Killam's net operating income (NOI) for the year ended December 31, 2025. As at December 31, 2025, Killam's apartment portfolio consisted of 17,853 units, including 370 units jointly owned with an institutional partner. Killam's 202 apartment portfolio are located in Atlantic Canada's five largest urban centres (Halifax, Moncton, Saint John, Fredericton and St. John's), Ontario (Ottawa, London 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 properties 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 5.9% of Killam's NOI for the year ended December 31, 2025. Killam also owns 975,106 square feet (SF) of commercial space that accounted for 5.4% of Killam's NOI for the year ended December 31, 2025.

### Basis of Presentation

The following Management's Discussion and Analysis (MD&A) has been prepared by Killam's management team (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, 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 most recent Annual Information Form (AIF), are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The discussions in this MD&A are based on information available as at February 11, 2026. This MD&A has been reviewed and approved by the REIT's Board of Trustees (the "Board").

### Declaration of Trust

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

#### Investment Guidelines

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

#### Operating Policies

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

As at December 31, 2025, Killam was in compliance with all investment guidelines and operating policies.

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## Forward-Looking Statements

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

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

Such forward-looking statements contained in this MD&A may include, among other things, statements regarding: Killam's expectations for market demand, rental rates and rent growth, operating costs and other expenses, occupancy levels, same property revenue, revenue growth, turnover rates, demand, and rent control rates; the amount and timing of rental incentives; Management's focus on growing funds from operations (FFO) and adjusted funds from operations (AFFO); 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; above-average top-line growth; Killam's increased presence outside of, and maintained market presence in, Atlantic Canada through acquisitions and development; expansion of Killam's business in Ontario, Alberta and British Columbia; 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, timing, completion and leasing thereof and impact on Killam's business, including FFO and timing thereof, and Killam's ability to create value therefrom; 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, the strengthening of 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; revenue growth and resiliency in Atlantic Canada; new apartment completions in Killam's core markets; increasing the percentage of Killam's apartment mortgages with Canada Mortgage Housing Corporation (CMHC)-insured debt; economic conditions in the markets in which Killam operates; Killam's repositioning program; anticipated interest rates and the effects thereof; Killam's ability to mitigate interest rate risk; Killam's target cap rates; Killam's risk management program; the impact of zoning on Killam's ability to develop properties; 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 return on investment (ROI) for unit renovations; the sufficiency of Killam's liquidity and capital resources; refinancing of existing debt and other refinancing opportunities and the timing and terms 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 new boilers and heat pumps, and the expected annual energy production, annual return, cost savings and emissions reductions from such initiatives; reducing Killam's impact on the environment; Killam's dedication to affordable housing; 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; Killam's ability to refinance its existing debt; and the risks, uncertainties and other factors found under the "Risk Management" section of this MD&A, under the "Risk Factors" section of Killam's most recent AIF, and identified in other documents Killam files from time to time with securities regulatory authorities in Canada, available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements contained, or incorporated by reference, in this MD&A.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events contained therein may not occur. Although Management believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that future results, levels of activity, performance or achievements will occur as anticipated.

While Killam anticipates that subsequent events and developments may cause this view to change, Killam does not intend to update or revise any forward-looking statement, whether as a result of new information, future events, circumstances, or such other factors that affect this information, except as required by applicable law. The forward-looking statements in this document are provided for the limited purpose of enabling current and potential investors to evaluate an investment in Killam. Readers are cautioned that such statements may not be appropriate and should not be used for any other purpose.

## Market and Industry Data

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

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## Non-IFRS Measures

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

### Non-IFRS Financial Measures

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

### Non-IFRS Ratios

- Interest coverage is calculated by dividing adjusted EBITDA by mortgage, loan and construction loan interest and interest on credit facilities. The calculation is included on page 35.
- Debt service coverage is calculated by dividing adjusted EBITDA by mortgage loan and construction loan interest, interest on credit facilities and principal mortgage repayments. The calculation is included on page 35.
- Per unit calculations are calculated using the applicable non-IFRS financial measures noted above, i.e., FFO, AFFO and/or ACFO, divided by the diluted number of units outstanding at the end of the relevant period.
- Payout ratios are calculated using the distribution rate for the period divided by the applicable per unit amount, i.e., FFO, AFFO and/or ACFO.
- Debt to normalized adjusted EBITDA is calculated by dividing net debt by normalized adjusted EBITDA. The calculation is included on page 35.

### Supplementary Financial Measures

- Same property NOI is a supplementary financial measure defined as NOI for stabilized properties that Killam has owned for equivalent periods in 2025 and 2024. Same property revenue is a supplementary financial measure defined as revenue for stabilized properties that Killam has owned for equivalent periods in 2025 and 2024. Same property apartment occupancy is a supplemental financial measure defined as actual residential rental revenue, net of vacancy, as a percentage of gross potential residential rent for stabilized properties that Killam has owned for equivalent periods in 2025 and 2024. Same property results represent 95.3% of the fair value of Killam's investment property portfolio as at December 31, 2025. Excluded from same property results in 2025 are acquisitions, dispositions and developments completed in 2024 and 2025.

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- 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.

## Capital Management Financial Measure

- Total debt as a percentage of total assets is a capital management financial measure and is calculated by dividing total debt by total assets, excluding right-of-use assets. This measure is reconciled in note 28 of Killam's Annual Consolidated Financial Statements for the year ended December 31, 2025.

## 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 GBV. Total debt as a percentage of total assets is calculated by dividing total interest-bearing debt by total assets, excluding right-of-use assets.
- 8) Weighted Average Interest Rate of Mortgage Debt and Total Debt – Killam monitors the weighted average cost of its mortgage and total debt.
- 9) Weighted Average Years to Debt Maturity – Management monitors the weighted average number of years to maturity on its debt.
- 10) Debt to Normalized Adjusted EBITDA – A common measure of leverage used by lenders, this measure considers Killam's financial health and liquidity. In normalizing recently completed acquisitions, dispositions and developments, Killam uses a forward-looking full year of stabilized earnings. Generally, the lower the debt to normalized adjusted EBITDA ratio, the lower the credit risk.
- 11) Debt Service Coverage – A common measure of credit risk used by lenders, this measure considers Killam's ability to pay both interest and principal on outstanding debt. Generally, the higher the debt service coverage ratio, the lower the credit risk.
- 12) Interest Coverage – A common measure of credit risk used by lenders, this measure considers Killam's ability to pay interest on outstanding debt. Generally, the higher the interest coverage ratio, the lower the credit risk.

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## Financial and Operational Highlights

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

For the years ended December 31,	2025	2024	Change <sup>(1)</sup>
<b>Operating Performance</b>			
Property revenue	\$383,401	\$364,650	5.1%
Net operating income	\$254,828	\$240,481	6.0%
Net income	\$29,412	\$667,844	(95.6)%
FFO <sup>(2)</sup>	\$152,776	\$144,914	5.4%
FFO per unit – diluted <sup>(2)</sup>	\$1.23	\$1.18	4.2%
AFFO <sup>(2)</sup>	\$129,882	\$121,728	6.7%
AFFO per unit – diluted <sup>(2)</sup>	\$1.04	\$0.99	5.1%
Weighted average number of units outstanding – diluted (000s)	124,547	123,123	1.2%
Distributions paid per unit	\$0.72	\$0.70	2.9%
AFFO payout ratio – diluted <sup>(2)</sup>	69%	71%	(200) bps
<b>Portfolio Performance</b>			
Same property NOI <sup>(2)</sup>	\$238,991	\$225,237	6.1%
Same property NOI margin	66.5%	66.1%	40 bps
Same property apartment occupancy <sup>(2)</sup>	97.3%	97.6%	(30) bps
Same property apartment average rental increase <sup>(2)(3)</sup>	4.8%	7.0%	(220) bps
<b>As at December 31,</b>			
<b>Leverage Ratios and Metrics</b>			
Total debt as a percentage of total assets <sup>(2)</sup>	41.9%	40.4%	150 bps
Debt to normalized EBITDA <sup>(2)</sup>	9.66x	9.69x	(0.3)%
Debt service coverage <sup>(2)</sup>	1.59x	1.55x	2.6%
Interest coverage <sup>(2)</sup>	2.93x	2.94x	(0.3)%
Weighted average years to debt maturity	3.6	4.0	(0.4) years
Weighted average mortgage interest rate	3.58%	3.45%	13 bps

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

(2) FFO, AFFO and AFFO payout ratio, and applicable per unit amounts, debt to normalized EBITDA ratio, debt service coverage ratio, interest coverage ratio, total debt as a percentage of total assets, same property NOI, same property occupancy and same property average rent 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) Year-over-year, as at December 31.

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## Summary of 2025 Results and Operations

### **Generated FFO per Unit Growth of 4.2% and AFFO per Unit Growth of 5.1%**

Killam generated FFO per unit of \$1.23 in 2025, a 4.2% increase from \$1.18 in 2024. AFFO per unit rose 5.1% to \$1.04, compared to \$0.99 in the prior year. The growth in FFO and AFFO reflects higher NOI from Killam's same property portfolio and contributions from recently completed developments. These gains were partially offset by higher interest costs, increased administrative expenses, and a 30 bps increase in vacancy. Killam's AFFO payout ratio improved 200 bps year-over-year to 69%.

### **Achieved Same Property NOI Growth of 6.1%**

Killam achieved same property NOI growth of 6.1% in 2025, supported by increases of 6.1% from the apartment portfolio, 9.6% from the MHC portfolio and 2.9% from the commercial portfolio. Same property revenue increased 5.5%, driven by rental rate growth across all three business segments and increased ancillary revenue, partially offset by a 30 bps decrease in same property apartment occupancy. Turnover levels increased to 21.6% in 2025, compared to 18.3% in 2024, reflecting a shift upward after several years of declining turnover. The weighted average rental rate increase on units that renewed and turned during 2025 was 5.0%, including 10.9% growth on units that turned and 3.5% on units that renewed.

Total same property operating expenses increased by 4.3% in the year. This was primarily driven by a 5.5% rise in property tax expense, reflecting higher assessments and mill rates across the portfolio. Same property general operating expenses were up 4.3%, driven by higher wage costs, increased repairs and maintenance activity, and elevated contract services, partially offset by lower insurance premiums. Utility and fuel expenses increased 2.6%, primarily due to higher natural gas costs in the first half of the year, partially offset by savings following the removal of consumer carbon tax pricing effective April 1, 2025, and lower electricity costs.

### **Completed \$148.3 Million in Property Dispositions and \$168.8 Million in Property Acquisitions**

Killam's capital recycling program is focused on the disposition of non-core and lower-growth properties, or those that are more capital intensive. During 2025, Killam completed the disposition of 23 properties (1,139 units) for gross proceeds of \$148.3 million, achieving the upper range of its disposition target of \$100–\$150 million in 2025. Proceeds from these sales were used to acquire \$168.8 million in property acquisitions (416 units) and fund ongoing developments. This activity aligns with Killam's strategy to optimize value from its portfolio and to increase geographical diversification outside Atlantic Canada. These transactions have supported Killam's diversification strategy, with the percentage of NOI generated outside of Atlantic Canada totalling 40.3% in 2025, up 140 bps from 38.9% in 2024.

### **Continued Advancement of Development Program**

Killam continued to advance its development program in 2025. The Carrick, Killam's 139-unit development in Waterloo, ON, was completed during the year. Leasing activity has been very strong, with 132 units (95%) leased to date. Management expects the property to achieve stabilized occupancy in the near term, contributing positively to FFO growth in 2026. Killam also advanced the development of Brightwood (150 Wissler), a 128-unit building in Waterloo, ON, and Eventide, a 55-unit building in Halifax, NS. Both projects are scheduled for completion in 2026 and are expected to contribute to FFO per unit growth in 2027.

### **Net Income of \$29.4 Million Impacted by \$120.5 Million Fair Value Losses**

Killam earned net income of \$29.4 million in 2025, compared to \$667.8 million in 2024. The decrease is primarily attributable to the absence of the prior year's \$279.0 million deferred tax recovery, related to the Arrangement, as described on page 29. In addition, Killam recognized \$120.5 million in fair value losses on investment properties in 2025, compared to \$252.4 million in fair value gains in 2024. The fair value losses recorded in 2025 reflect cap rate expansion in select regions, the result of stabilizing market rents and potential for increased vacancy in certain markets.

### **Progress on Killam's ESG Initiatives**

Killam continued to advance its ESG initiatives in 2025, investing \$6.8 million in energy-efficiency projects aimed at reducing operating expenses. The most significant component of this investment was the installation of solar PV panels. During 2025, Killam invested \$3.3 million in the construction of 13 rooftop solar PV projects, with an expected yield of approximately 6.5%. In addition, Killam completed window, building envelope and insulation upgrades, as well as the installation of new boilers and heat pumps at various properties. Killam achieved a Global Real Estate Sustainability Benchmark (GRESB) score of 82 out of 100 in 2025, a three-point improvement from 2024, reflecting ongoing commitment to ESG-related initiatives and continued progress toward Killam's sustainability targets.

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## 2025 Strategic Targets and Performance

Growth in Same Property NOI	
2025 Target	Achieve same property NOI growth between 4.0% and 7.0%.
2025 Performance	Killam achieved 6.1% same property NOI growth in 2025.
Capital Recycling	
2025 Target	Sell a minimum of \$100–\$150 million of non-core assets.
2025 Performance	Killam completed 23 dispositions totalling 1,139 units, for a combined sale price of \$148.3 million.
Geographic Diversification	
2025 Target	Earn more than 40% of 2025 NOI outside Atlantic Canada.
2025 Performance	Killam generated 40.3% of 2025 NOI outside Atlantic Canada, a 140 bps increase over 38.9% generated in 2024.
Development of High-Quality Properties	
2025 Target	Complete construction on one development project and break ground on one additional development in 2025.
2025 Performance	The Carrick reached substantial completion in July (95% currently leased).  Additionally, Killam has a 10% interest in the third phase (296 units) of the Nolan Hill development in Calgary, AB, which broke ground during Q2-2025 and is expected to be completed in 2027.
Strengthened Balance Sheet	
2025 Target	Maintain total debt as a percentage of total assets below 42%.
2025 Performance	Killam's total debt as a percentage of total assets was 41.9% as at December 31, 2025 (December 31, 2024 – 40.4%). The increase was primarily driven by negative fair value adjustments recognized on investment properties during the year related to regional cap rate expansion.
Sustainability	
2025 Target	Invest a minimum of \$6.0 million in energy initiatives in 2025.
2025 Performance	Killam invested \$6.8 million in energy-efficiency initiatives in 2025.

## 2026 Strategic Targets

Growth in Same Property Apartment Revenue	
2026 Target	Achieve same property apartment revenue growth above 3.0%.
Growth in Same Property Apartment and Consolidated NOI	
2026 Target	Achieve same property apartment NOI growth above 3.0% and consolidated same property NOI growth above 2.0%.
Capital Recycling	
2026 Target	Sell a minimum of \$50 million of non-core assets.
Development of High-Quality Properties	
2026 Target	Complete construction of two development projects in 2026.
Debt and Leverage Optimization	
2026 Target	Maintain conservative debt levels, and decrease debt to normalized adjusted EBITDA below 9.6x.
Strategic Investment in Renewable Energy	
2026 Target	Invest a minimum of \$6.0 million in energy initiatives in 2026, with a continued focus on installation of solar PV panels.



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## Outlook

### Market Rent Stabilization

Following a period of substantial rental rate growth across Canada from 2022 through 2024, rental conditions moderated in 2025 and have now largely stabilized across Killam's core markets. Management expects this market rent stability to continue through the first half of 2026. Consistent with historical seasonal trends in Killam's markets, demand typically strengthens in the summer and fall, Management anticipates that this increased demand may support market rent growth in the second half of the year.

Management estimates the current mark-to-market spread on Killam's apartment portfolio is approximately 9%, compared to 15% at December 31, 2024. This narrowing reflects rent growth captured over the past year as well as downward pressure on market rents. Killam's ability to realize this mark-to-market potential in 2026 will depend on the level and mix of unit turnover. Based on recent leasing activity, Management continues to see strong renter demand nationwide for competitively priced units. Although rental incentives are expected to continue in 2026, their use is targeted to select regions and properties where competitive positioning is required. Overall, Management is targeting same property apartment revenue growth above 3.0% in the year ahead.

### NOI Growth Expected to Continue

Above-average top-line performance from properties in Atlantic Canada, combined with moderate expense growth, is anticipated to support steady same property NOI performance in 2026. The removal of the consumer carbon tax effective April 1, 2025, is expected to provide incremental savings in Q1-2026. Rising property assessments and mill rates are expected to result in an average 5%–6% increase in property tax expense in 2026; however, Killam will continue to challenge unreasonable assessments to mitigate these increases where possible. Killam also continues to invest in energy-management initiatives, including solar PV panels, which are expected to support further operating efficiencies. The inclusion of Westmount Place, as discussed below, in the 2026 same property portfolio is expected to temper overall NOI growth due to a large office tenant vacating its space in Q2-2026. Overall, Management expects same property apartment NOI growth above 3% in 2026.

### Atlantic Region Expected to Lead Portfolio Performance

Management expects Atlantic Canada to continue to lead Killam's portfolio in revenue growth in 2026. Current performance indicators reflect strong market fundamentals in Killam's Atlantic Canadian market relative to Ontario and Western Canada. Rent increases on unit turns have remained above average, with limited requirements for rental incentives. Same property occupancy across Atlantic Canada has remained strong at or above 97.0%. In addition, Killam's diversified portfolio in the region reduces exposure to any single rent category and provincial economies.

### Well Positioned in Market of Increased Supply

Canada has experienced elevated levels of apartment construction starts over the past four years in response to the housing shortfall. Based on construction activity underway, new apartment completions are expected to continue in some of Killam's core markets, including Halifax. However, with a diversified Halifax portfolio and an average monthly rent of \$1,582, Management is confident in Killam's ability to continue generating revenue growth in the city. Killam's mark-to-market spread in Halifax is approximately 15%, among the highest in its portfolio. Additionally, most of the market's new supply is priced at monthly rents exceeding Killam's current in-place rents. Across Canada, Killam's average monthly apartment rent of \$1,600 is affordable and expected to remain competitive going forward. With Killam's current rental rates meaningfully below those of the new supply, Management believes Killam is well positioned to maintain strong demand and steady revenue growth.

### Long-Term FFO Growth From Completed Developments and Reduced Refinancing Risk

The Carrick, completed in July 2025, is expected to contribute \$0.8 million in year-over-year FFO growth in 2026. Killam's active developments, Brightwood and Eventide, are both scheduled for completion in 2026 and are expected to support FFO per unit growth in 2027 as they lease-up and stabilize. With a development pipeline exceeding 8,000 units, including significant additional density potential across several large-acreage sites, Killam has many years of future development opportunity. Management intends to manage the annual development program conservatively, targeting a maximum of 5% of the value of the balance sheet committed to development at any given time. In addition, new projects will only proceed where they are expected to achieve a minimum yield of 5%. Management expects that the majority of capital required to fund these projects will be sourced through lower-cost construction financing programs, limiting the need for operating cash flows to support development activity and positioning Killam for sustained long-term FFO growth. Additionally, Killam has \$295.0 million in mortgages maturing in 2026 at a weighted average interest rate of 2.70% and \$181.5 million maturing in 2027 at a weighted average interest rate of 3.84%. The lower level of debt maturing in 2027, combined with above-market interest rates on those mortgages, is expected to reduce refinancing risk in 2027. Management will continue to manage interest rate risk through the strategic staggering of mortgage maturities.

### New Retail and Office Opportunities at Westmount Place, Waterloo, ON

Killam's commercial investments continue to complement its apartment portfolio. Westmount Place in Waterloo is positioned for redevelopment following the departure of an office tenant occupying 197,000 SF effective April 1, 2026. This transition provides an opportunity to reposition the asset and optimize the tenant mix, including an expansion of retail space at this well-located property. Leasing discussions with prospective retail and office tenants are underway. During the repositioning period, Westmount's NOI is expected to decline by approximately \$2.5 million in 2026 and \$0.5 million in 2027, subject to the timing of re-leasing. The repositioned property is expected to contribute to earnings growth beginning in 2028.

# 2025 Management's Discussion and Analysis

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

## PART III

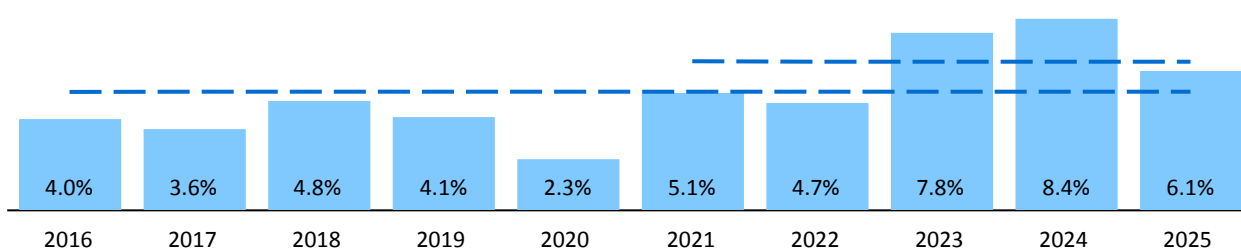
### Business Strategy

#### Increase Earnings From the Existing Portfolio

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

Killam has increased same property NOI by an average of 5.1% per annum over the past decade, and in the last five years, Killam has averaged 6.4% growth.

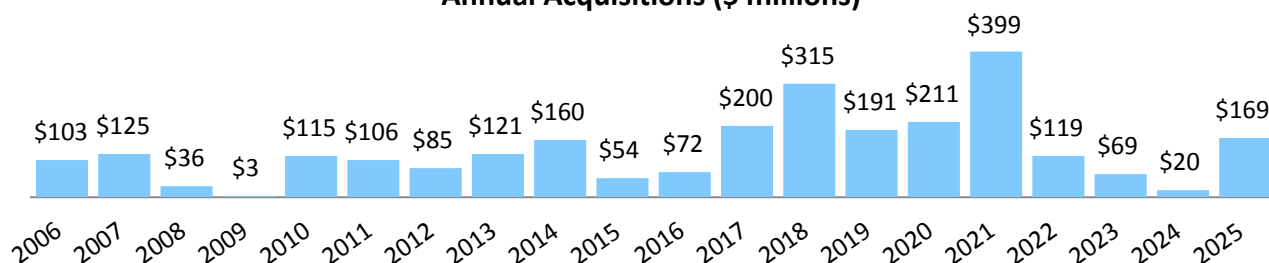
#### Historic Same Property NOI Growth



#### Expand the Portfolio through Acquisitions

Killam owns and operates one of Canada's newest apartment portfolios. Newer properties require less maintenance capital to operate and are generally preferred by tenants. Killam also acquires well-maintained, well-located older properties that offer attractive earnings potential. Killam will continue to expand its portfolio by acquiring well-located assets in Ontario, Alberta and British Columbia and adding to its established portfolio in Atlantic Canada. Acquisition activity varies by year depending on opportunities and access to capital. During 2025, Killam acquired \$168.8 million in assets.

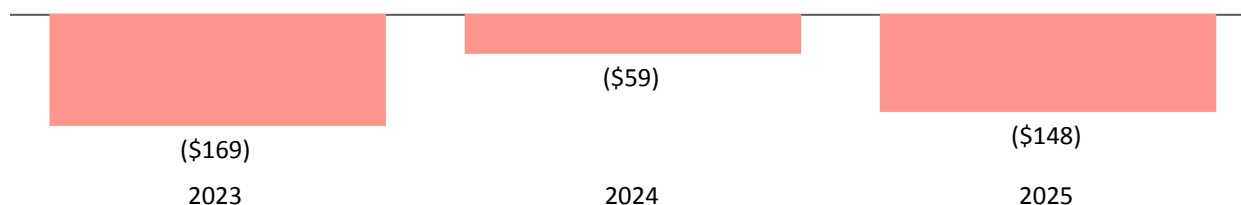
#### Annual Acquisitions (\$ millions)



#### Strategic Capital Recycling Program

Killam completed \$148.3 million of property dispositions in 2025, focusing on non-core assets and properties with lower long-term growth potential. Management expects to actively recycle a portion of its portfolio on an annual basis.

#### Annual Dispositions (\$ millions)



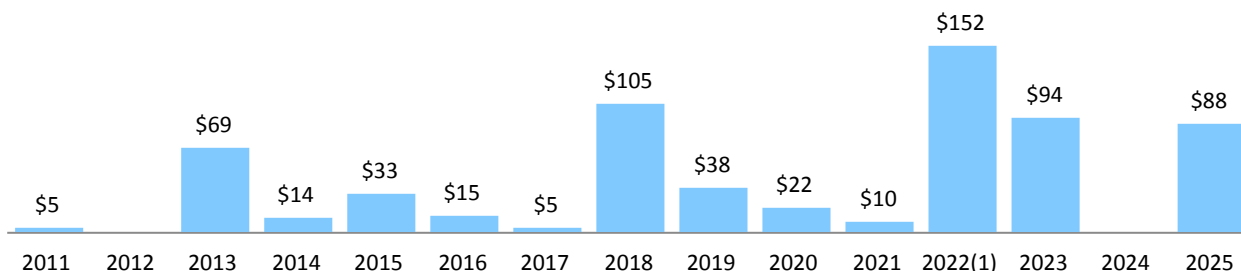
# 2025 Management's Discussion and Analysis

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

## Develop High-Quality Properties in Core Markets

Killam enhances its organic and acquisition growth with development. Killam started developing apartment properties in 2010 and has completed 19 projects to date, investing approximately \$650 million to construct 2,126 units (1,824 units, when counting Killam's 50% interest in joint developments). Killam has an experienced development team which oversees all projects. New property construction enables Killam to control the quality and features of its buildings. Killam targets buildings to yield 50–150 bps higher than market cap rates on completion, creating value for its unitholders. Killam currently has an extensive development pipeline of over 8,000 units.

### Apartment Developments Completed (\$ millions)

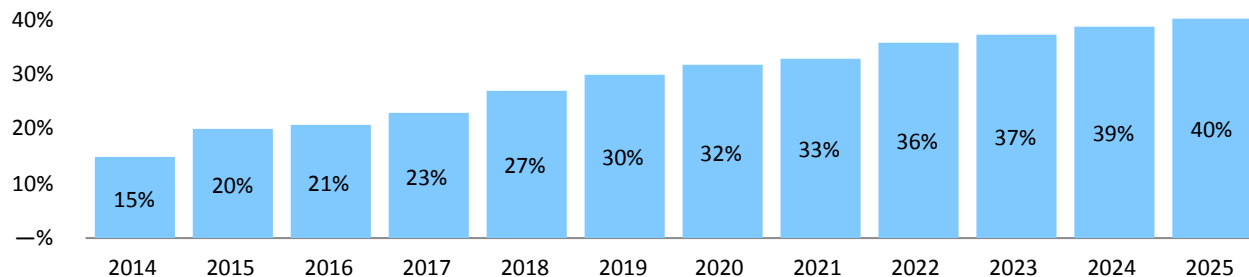


(1) In 2022, there were two completed developments in which Killam has 50% ownership; as such, only Killam's portion of related development costs has been included in this total.

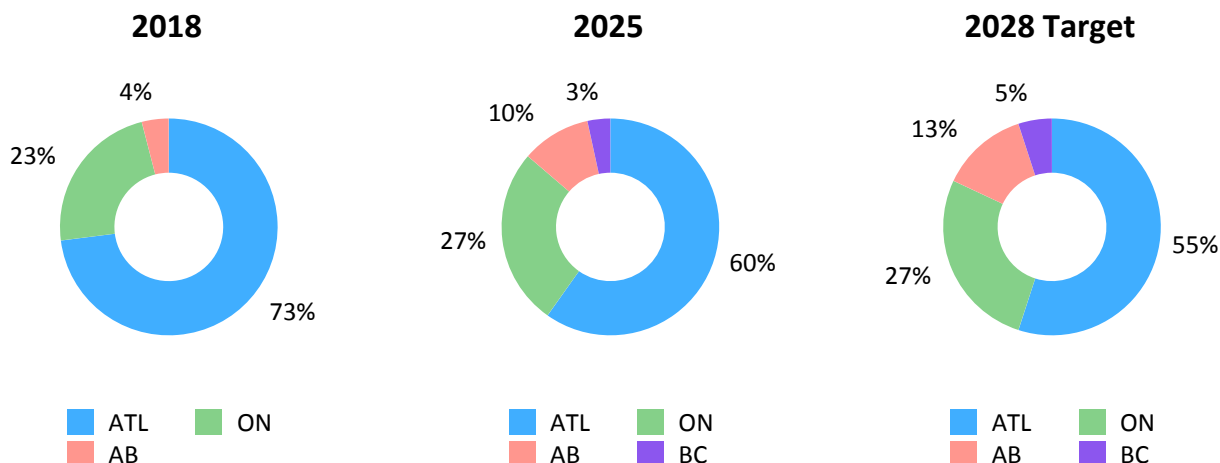
## Diversify the Portfolio Geographically Across Canada

Geographic diversification is a priority, and Killam is focused on increasing the amount of its NOI generated outside Atlantic Canada. Killam is targeting expansion in select markets, such as Ottawa, KWC-GTA, Calgary, Edmonton and Victoria. Killam's strong operating platform can support a larger and more geographically diverse portfolio. Increased investment in Ontario and Western Canada will enhance Killam's diversification and exposure to larger urban centres with higher long-term population growth potential. In 2025, 40.3% of Killam's NOI was generated outside Atlantic Canada, 140 bps higher than in 2024. Killam has a longer-term target of generating at least 50% of its NOI from markets outside Atlantic Canada.

### % of Killam's NOI Generated Outside Atlantic Canada



The following charts summarize Killam's NOI generated by region for 2018 and 2025, along with its 2028 target:



# 2025 Management's Discussion and Analysis

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

## Portfolio Summary

The following table summarizes Killam's apartment, MHC and commercial portfolios by market as at December 31, 2025:

Apartment Portfolio				
	Units <sup>(1)</sup>	Number of Properties	NOI (\$) <sup>(2)</sup>	NOI <sup>(2)</sup> (% of Total)
<b>Nova Scotia</b>				
Halifax	5,600	66	\$71,754	28.2%
<b>Ontario</b>				
KWC-GTA	2,065	14	\$29,948	11.7%
Ottawa	1,447	9	\$17,754	7.0%
London	523	5	\$6,937	2.7%
	4,035	28	\$54,639	21.4%
<b>New Brunswick</b>				
Moncton	2,246	39	\$23,308	9.1%
Fredericton	1,643	26	\$18,009	7.1%
Saint John	898	12	\$9,267	3.6%
	4,787	77	\$50,584	19.8%
<b>Alberta</b>				
Calgary	998	5	\$14,516	5.7%
Edmonton	882	6	\$11,683	4.6%
	1,880	11	\$26,199	10.3%
<b>Newfoundland and Labrador</b>				
St. John's	958	13	\$9,914	3.9%
<b>British Columbia</b>				
Victoria	516	5	\$8,693	3.4%
<b>Prince Edward Island</b>				
Charlottetown <sup>(3)</sup>	77	2	\$4,305	1.7%
<b>Total Apartments</b>	<b>17,853</b>	<b>202</b>	<b>\$226,088</b>	<b>88.7%</b>
Manufactured Home Community Portfolio				
	Sites	Number of Communities	NOI (\$) <sup>(2)</sup>	NOI <sup>(2)</sup> (% of Total)
<b>Ontario <sup>(4)</sup></b>	2,284	17	\$7,738	3.0%
<b>Nova Scotia</b>	2,850	18	\$6,241	2.4%
<b>New Brunswick <sup>(4)</sup></b>	671	3	\$920	0.4%
<b>Newfoundland and Labrador <sup>(5)</sup></b>	—	—	\$154	0.1%
<b>Total MHCs</b>	<b>5,805</b>	<b>38</b>	<b>\$15,053</b>	<b>5.9%</b>
Commercial Portfolio <sup>(6)</sup>				
	Square Footage	Number of Properties	NOI (\$) <sup>(2)</sup>	NOI <sup>(2)</sup> (% of Total)
<b>Ontario</b>	317,336	3	\$5,305	2.1%
<b>Prince Edward Island <sup>(7)</sup></b>	410,175	1	\$4,318	1.7%
<b>Nova Scotia <sup>(8)</sup></b>	214,380	6	\$3,591	1.4%
<b>New Brunswick</b>	33,215	1	\$473	0.2%
<b>Total Commercial</b>	<b>975,106</b>	<b>11</b>	<b>\$13,687</b>	<b>5.4%</b>
<b>Total Portfolio</b>		<b>251</b>	<b>\$254,828</b>	<b>100.0%</b>

(1) Unit count includes the total unit count of properties held through Killam's joint arrangements. Killam has a 50% ownership interest in certain apartment properties in Ontario, representing a proportionate ownership of 370 units of the 739 units in these properties. Killam manages the operations of all the co-owned apartment properties.

(2) For the year ended December 31, 2025.

(3) Killam sold 16 apartment properties (722 units) located in Charlottetown and Summerside, Prince Edward Island (PEI), in 2025.

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

(5) Killam sold its two MHC properties located in Newfoundland and Labrador (NL) in May 2025.

(6) Killam also has 167,558 SF of ancillary commercial space in various residential properties across the portfolio, which is included in apartment results.

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

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

# 2025 Management's Discussion and Analysis

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

## Unique Portfolio Features

### Geographic Diversification

Killam is focused on increasing its geographic diversification through the acquisition and development of properties in its core markets in Ontario, Alberta and British Columbia. Killam's Ontario apartment portfolio consists of 4,035 apartment units, up from 225 units in 2010 when Killam first entered the market. Killam also owns a combined portfolio of 1,880 units in Calgary and Edmonton, and in January 2020, Killam acquired its first apartment property in Greater Victoria and now owns 516 units in BC. In addition to apartments, 39% of Killam's MHC sites and 33% of Killam's commercial square footage is located in Ontario. Killam also has properties and future development sites in KWC-GTA, Ottawa, Guelph and Calgary.

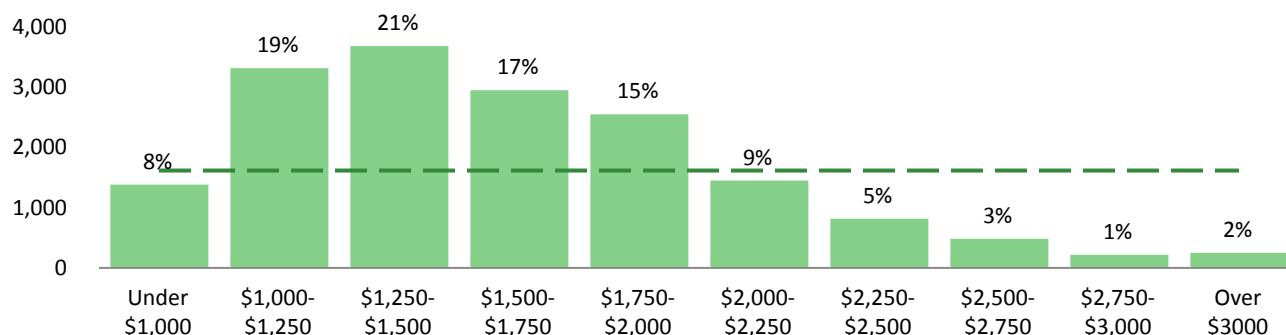
### Broad Asset Mix in Strong Atlantic Canadian Markets

Killam has built an irreplaceable portfolio across Atlantic Canada's largest and most resilient urban centres. Over more than 23 years, it has acquired and developed a broad, balanced asset mix, ranging from well-located, affordable legacy properties to newer, modern developments, offering residents diverse housing options and supporting stable, long-term performance. Killam's scale, reputation, and long-standing presence in these markets provide meaningful competitive advantages. Our well-established regional infrastructure and highly experienced operating teams support strong occupancy and disciplined cost management, positioning our Atlantic Canadian portfolio as our top performer.

### Diverse Portfolio Offering

Killam maintains a diverse and broadly affordable apartment portfolio, with almost half of the portfolio renting for \$1,500 or less per month, and fewer than 20% of its units renting for more than \$2,000 per month. In addition, 63.5% of Killam's apartment units meet or exceed CMHC's affordability threshold, defined as rent representing less than 30% of the median before-tax household income in each region, based on Statistics Canada's most recent Canadian Income Survey (2023). Killam's MHC portfolio also offers an affordable alternative to single-family housing, with average monthly site rent of \$336 per site.

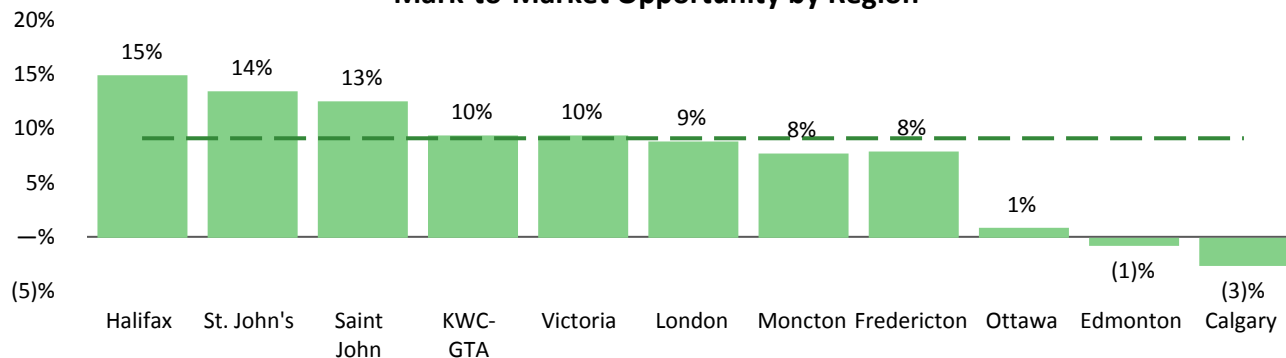
Killam's Portfolio Distribution by Monthly Rent Buckets



### Mark-to-Market Rent Opportunity

Management estimates market rental rates are approximately 9% higher than Killam's total apartment weighted average rent. The differential between market and in-place rents reflects Killam's relative affordability within its markets, as well as opportunities for rental increases as units turn over.

Mark-to-Market Opportunity by Region

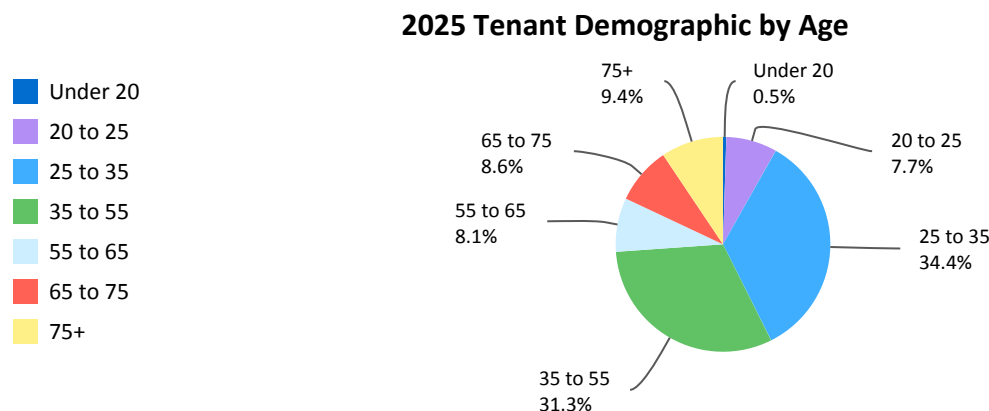


# 2025 Management's Discussion and Analysis

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

## Diverse Tenant Demographics Contribute to Stable Occupancy

Killam's tenant base reflects a broad and balanced mix of demographic groups, including young professionals, seniors, empty nesters, families, and students. Because Killam is not dependent on any one age demographic, the portfolio remains well positioned to maintain stable occupancy, providing resilience despite recent declines in immigration. The following chart illustrates Killam's 2025 tenant demographic by age.



## Balanced Exposure to Rent Control

Approximately 28% of Killam's properties remain outside provincial rent regulation in 2026. This subset—primarily located in Alberta and Newfoundland and Labrador, and including newly constructed Ontario properties completed after November 25, 2018—provides opportunities to adjust rents to market rates at renewal, unlike units in rent controlled provinces. Killam is also not subject to rent control on its commercial or seasonal resort properties.

In provinces with permanent rent control, property owners may apply for above-guideline increases to recover eligible capital expenditures. Killam conducts regular, property-specific assessments, considering asset location, tenant profile, building condition, turnover levels, and vacancy, to evaluate opportunities to optimize rents on both renewals and unit turns while maintaining competitive positioning and tenant satisfaction.

The table below summarizes apartment rent restrictions in place from 2018 to 2026:

Province	2018	2019	2020	2021	2022	2023	2024	2025	2026
Nova Scotia	N/A	N/A	2.0%	2.0%	2.0%	2.0%	5.0%	5.0%	5.0%
Ontario <sup>(1)</sup>	1.8%	1.8%	2.2%	0.0%	1.2%	2.5%	2.5%	2.5%	2.1%
New Brunswick <sup>(2)</sup>	N/A	N/A	N/A	N/A	3.8%	N/A	N/A	3.0%	3.0%
British Columbia	4.0%	2.5%	2.6%	0.0%	1.5%	2.0%	3.5%	3.0%	2.3%

(1) Rent control in Ontario applies to units build before November 25, 2018.

(2) Rent control in New Brunswick is subject to an annual review in May 2026.

## CMHC-Insured Debt Available for Killam's Apartment Portfolio

Apartment owners are eligible for CMHC mortgage loan insurance. CMHC insurance eliminates default risk for lenders, resulting in lower interest rates than those available for conventional mortgages. Approximately 90.9% of Killam's apartment debt is currently CMHC-insured. As mortgages are renewed and new properties are financed, Killam expects to increase the percentage of apartment mortgages with CMHC-insured debt. CMHC insurance is not available for commercial properties or the owners of MHCs; however, CMHC financing is available to manufactured home owners, increasing the affordability of these manufactured homes.

## Providing High-Quality Customer Service

Annually, Management engages an independent market research firm to measure tenants' satisfaction through an online survey (4,261 respondents in 2025). Killam's 2025 survey results support its focus on service, with tenants giving Killam an impressive 84% overall satisfaction rating, consistent with the results in the prior year. Killam takes pride in offering tenants well-maintained properties, responding to service requests in a timely manner and providing an attractive housing value proposition. In-house educational programs and the adoption of new technology enhance employees' skills to better provide exemplary service to current and prospective tenants.

## Investment in Renewable Energy to Offset Utility Cost Pressures

In 2025, Killam advanced its renewable energy strategy by installing solar PV panels at 13 additional buildings. As of December 31, 2025, Killam has solar PV arrays operating at 29 properties across the portfolio, with 3.7 megawatts of capacity to deliver annual clean energy production and generating anticipated annual electricity savings of approximately \$0.5 million. Building on the progress achieved to date, Management expects to continue investing in energy-efficient and emissions-reducing initiatives throughout 2026. These efforts support Killam's long-term sustainability objectives, reduce exposure to rising utility costs, and enhance asset performance over time.

# 2025 Management's Discussion and Analysis

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

## Core Market Update

### Halifax

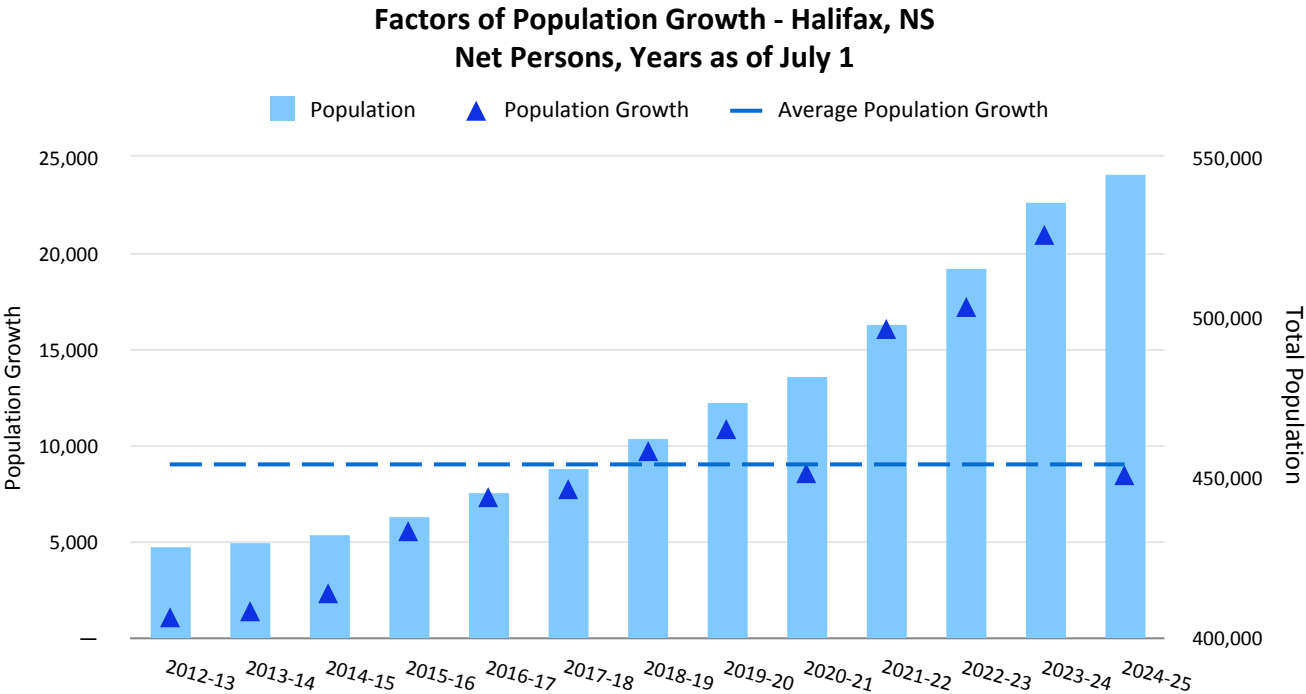
Halifax remains Killam's most significant market, generating 28.2% of total NOI from its apartment portfolio for the year ended December 31, 2025. As the largest city in Atlantic Canada, Halifax is home to approximately 19% of the region's population and nearly half of Nova Scotia's residents, reflecting its role as the province's economic, institutional, and cultural centre. The city benefits from a substantial post-secondary presence, with six degree-granting universities and three major college campuses, supporting approximately 36,800 full-time students. Halifax's employment base is diverse, anchored by public administration, health care, education, retail and wholesale trade, and the Canadian Armed Forces. The Department of National Defence remains Halifax's single largest employer, with the city hosting the largest Canadian Forces Base by personnel.

The province is experiencing increased federal defence investment, with significant infrastructure upgrades underway at the Halifax naval base to support the Royal Canadian Navy's new fleet. Key projects include a \$65 million land-based test facility, with construction started in 2025 and expected completion in 2028. RBC's December 2025 *Provincial Outlook* highlights Nova Scotia as having the country's highest concentration of defence personnel and notes that increased federal spending is expected to boost the economy. RBC also reports that tariff impacts have been less significant for Nova Scotia than for many other provinces, given the relatively small share of exports destined for the United States. RBC forecasts GDP growth of 1.5% in 2026, compared to 1.9% in 2025, with provincial growth expected to outpace the national average.

According to CMHC's 2025 *Rental Market Report*, Halifax's rental universe totals 64,210 units, with an additional 14,000 units under construction. The vacancy rate increased to 2.7% in 2025, up from 2.1% in 2024 and the record low 1.0% in the preceding three years. Despite this moderation, average monthly rents increased 6.7% in 2025, compared to 3.8% in 2024. Rent growth on unit turns remained high, with CMHC reporting turnover rents rising by approximately 23%, while renewal rents increased by 4%.

Population growth in Halifax moderated between July 1, 2024, and June 30, 2025, with the city's population increasing by 1.6%, down from 4.1% in the prior year. This compares with a 0.9% rise in the Canadian population over the same period. Halifax surpassed 500,000 residents within the last two years, reinforcing its position as one of Canada's fastest-growing mid-sized cities.

The following chart summarizes Halifax's population growth from 2013 to 2025:



### Ontario

Killam's Ontario apartment portfolio generated 21.4% of NOI for the year ended December 31, 2025. RBC's December 2025 *Provincial Outlook* notes that while lower interest rates are expected to ease household financial pressures and support a gradual improvement in consumer spending and housing market activity, Ontario's outlook remains constrained by heightened U.S. trade tensions. With roughly 80% of Ontario's exports destined for the U.S., new tariffs are weighing on manufacturing-dependent regions, particularly in the steel and auto industries. Government supports and new industrial projects are providing some offset. RBC forecasts GDP growth of 1.1% in 2026, in line with 1.2% in 2025. According to CMHC's 2025 *Rental Market Report*, rental conditions softened modestly, with the vacancy rate rising to 3.2% in 2024, while average rents increased 3.8%, reflecting steady underlying demand despite broader economic headwinds.

# 2025 Management's Discussion and Analysis

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

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## **New Brunswick**

Approximately 19.8% of Killam's NOI was generated by apartments in New Brunswick's major urban centres—Fredericton, Moncton, and Saint John—for the year ended December 31, 2025. The province continues to attract Canadians and newcomers due to its relatively affordable cost of living, supporting healthy rental demand. CMHC reports that vacancy increased modestly to 2.9% in 2025 from 2.0% in 2024, while average rents rose 6.3% to an affordable \$1,310 per month. According to RBC's December 2025 *Provincial Outlook*, New Brunswick's low direct exposure to U.S. tariffs has shielded the province from the more severe trade pressures seen elsewhere in Canada. Although softening U.S. demand is weighing on energy, forestry, and building-materials exports, recent container activity at the Port of Saint John signals improving momentum heading into 2026. Government spending is also expected to help offset a projected decline in housing starts, down from 7,000 in 2025 to 5,300 in 2026, with the province implementing a significant capital plan that boosts expenditures by 21% in fiscal 2026–27. Supported by these stabilizing factors, RBC forecasts GDP growth of 1.2% in 2026, following 1.5% in 2025.

## **Alberta**

Killam earned 10.3% of its NOI in Alberta for the year ended December 31, 2025. Alberta continues to lead Canada's post-pandemic economic performance, supported by strong consumer spending, rapid population growth, and high levels of energy production. RBC's December 2025 *Provincial Outlook* forecasts GDP growth of 2.3% in 2026, a slight moderation from 2.6% in 2025, reflecting softer global oil prices, Chinese tariffs on agricultural exports, and easing demographic growth. Despite these headwinds, Alberta remains poised to be Canada's top provincial performer in 2026. Oil production is at record highs, driven by expanded capacity on the Trans Mountain pipeline, while oil exports to non-U.S. markets have surged, narrowing price differentials and supporting revenue stability. Strong crop yields in 2025 and ongoing government infrastructure investment are also helping offset pressures from slower housing starts and trade uncertainty. Alberta's affordability advantage continues to draw strong migration flows, supporting household spending and labour-market resilience. According to CMHC's 2025 *Rental Market Report*, demand remained healthy, with average rents rising 4.2%, though the vacancy rate increased to 4.2% from 3.4% in 2024 amid elevated supply and easing population growth.

## **Newfoundland and Labrador**

Approximately 3.9% of Killam's NOI was generated by apartments in St. John's, NL, for the year ended December 31, 2025. RBC's latest outlook notes that while provincial growth is expected to moderate to 1.7% in 2026 from 2.8% in 2025, the economy continues to benefit from several important offsets. Oil production momentum and output are expected to continue rising in 2026 as the Terra Nova platform and other offshore vessels advance through ramp-up stages and first oil from the White Rose extension comes online in Q2-2026. Longer-term growth prospects include the Churchill Falls Memorandum of Understanding with Hydro-Québec, projected to generate \$1 billion annually for the province, compared to just \$20 million currently, and an estimated \$225 billion in total value over the life of the new agreement. While construction activity is expected to cool as population growth moderates, capital spending and resource-sector momentum should help offset the slowdown. According to CMHC's 2025 *Rental Market Report*, rental conditions remain healthy, with average rents rising 6.5% and the vacancy at 2.1%, indicating continued resilience in the market.

## **British Columbia**

Killam earned 3.4% of its NOI in the British Columbia market for the year ended December 31, 2025. RBC's latest outlook anticipates GDP growth of 1.2% in 2026, supported by gains in natural-resource exports and improving labour market conditions. While population growth has slowed, driven by reduced non-permanent resident inflows, along with tariff headwinds in lumber and aluminum and softer residential investment, BC continues to benefit from resilient consumer spending, narrowing unemployment, and meaningful upcoming export capacity. The completion of Phase 1 of LNG Canada is expected to substantially increase liquefied natural-gas export volumes, complementing the province's existing infrastructure advantages and helping counterbalance weakness in tariff-exposed sectors. Elevated public infrastructure spending and progress on major projects are also expected to support non-residential investment through 2026. According to CMHC's 2025 *Rental Market Report*, rental conditions softened as vacancy rose to 3.5% from 1.9% in 2024; however, average rents increased 4.0%, reflecting continued underlying demand despite a more balanced market.



# 2025 Management's Discussion and Analysis

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

## Committed to ESG

Killam integrates sustainability across all areas of its corporate strategy, including the acquisition, development, and operation of its properties. Guided by its Sustainability Policy, the Trust recognizes the importance of ESG initiatives and the long-term value they provide to its stakeholders. Energy management remains a key focus of Killam's operations. In 2023, Killam established a target to invest \$50 million in energy-efficiency projects by 2030. To date, these investments have included heat and energy recovery ventilation, building automation systems, heat pumps, solar PV panels, building envelope replacements, and enhanced insulation upgrades.

Housing affordability remains a significant challenge across Canada as higher interest rates, inflation, rapid population growth, and limited housing supply strained the market. While housing providers such as Killam play an important role in addressing this pressure, meaningful progress requires coordinated action from all levels of government and collaboration with non-profit organizations to create policies that expand supply and support vulnerable populations. Killam remains committed to advancing housing affordability by maintaining strong partnerships with non-profit housing organizations, engaging with government stakeholders, and leveraging innovative financing solutions.

Killam also recognizes that employee engagement and satisfaction are critical to its long-term success. The Trust is committed to maintaining an annual employee satisfaction score of at least 80% by fostering a workplace culture where employees feel supported, respected, and valued. Killam believes that an engaged workforce directly enhances the tenant experience and aims to maintain a tenant satisfaction score of 85% annually. Through its focus on building strong communities within its properties and workplace, Killam supports a positive environment for both tenants and employees.

Strong corporate governance remains fundamental to Killam's approach. The Board of Trustees and senior management work closely to ensure Killam's governance framework aligns with evolving industry expectations, regulatory requirements, and best practices, while supporting the Trust's overall strategy. Killam is committed to operating with integrity and maintaining high ethical standards, supported by a comprehensive set of governance policies. These policies, including those guiding corporate ethics and business conduct, are available on Killam's website: <https://killamreit.com/corporate-governance>.

### Killam's 2025 ESG Progress

Killam made progress towards its ESG targets in 2025, investing \$6.8 million in energy-efficiency projects, which included the installation of solar PV panels at 13 additional buildings. The Trust strengthened its waste management strategy in 2025 by introducing voluntary recycling programs at 38 properties in New Brunswick under the province's Extended Producer Responsibility framework. Historically, recycling services have not been available to multi-unit residential buildings in the province, making this an important step toward improving waste diversion across the portfolio.

Recognizing the importance of supporting the communities it serves, Killam contributed \$0.4 million to community organizations in 2025 and achieved a 97% year-over-year increase in the number of paid volunteer days used by employees.

In 2025, Killam advanced its governance of cybersecurity practices through the implementation of a new Artificial Intelligence Policy and the completion of 522 cybersecurity training courses by employees.

Killam is proud of the continued evolution of its ESG program. In 2025, the Trust completed its first double materiality assessment to confirm the focus and direction of its ESG strategy and validate its most significant ESG-related impacts, risks, and opportunities. The ongoing maturation of Killam's ESG program was highlighted by its improved GRESB Standing Investments score of 82 out of 100, representing a three-point increase over the prior year.

### 2025 ESG Targets and Results:

	Target	Result
Employee satisfaction score	80%	81%
Tenant satisfaction score	85%	84%
Increased volunteer days	25% increase	97% increase
Minimum operational capacity for electricity produced through renewable energy	8.5% <sup>(1)</sup>	10.4% <sup>(1)(2)</sup>
Investment in energy-efficiency projects	\$6.0 million	\$6.8 million

(1) The target is based on 2020 common area electricity consumption.

(2) Includes solar production from properties in PEI that were sold in mid-2025.

# 2025 Management's Discussion and Analysis

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

## PART IV

### 2025 Operational and Financial Results

#### Consolidated Results

For the years ended December 31,

	Total Portfolio			Same Property <sup>(1)</sup>		
	2025	2024	% Change	2025	2024	% Change
Property revenue	\$383,401	\$364,650	5.1%	\$359,611	\$340,842	5.5%
Property operating expenses						
General operating expenses	56,558	54,786	3.2%	52,922	50,728	4.3%
Utility and fuel expenses	28,387	28,456	(0.2)%	26,704	26,016	2.6%
Property taxes	43,628	40,927	6.6%	40,994	38,861	5.5%
Total operating expenses	\$128,573	\$124,169	3.5%	\$120,620	\$115,605	4.3%
NOI	\$254,828	\$240,481	6.0%	\$238,991	\$225,237	6.1%
Operating margin %	66.5%	65.9%	60 bps	66.5%	66.1%	40 bps

(1) Same property results exclude acquisitions, dispositions and developments completed during the comparable 2025 and 2024 periods, which are classified as non-same property. For the year ended December 31, 2025, NOI contributions from acquisitions, dispositions and developments completed in 2025 and 2024 were \$9.5 million. For the year ended December 31, 2024, NOI contributions from acquisitions, dispositions and developments completed in 2024 were \$1.7 million.

Killam delivered strong overall portfolio performance for the year ended December 31, 2025. Revenue grew by 5.1%, supported by solid same-property growth and contributions from recently completed developments. This performance was achieved despite property dispositions totalling \$148.3 million in 2025 and \$59.2 million in 2024. Total operating expenses rose 3.5%, driven primarily by a 6.6% increase in property taxes and a 3.2% rise in general operating expenses, partially offset by a slight 0.2% reduction in total utility and fuel costs. As a result, NOI increased by 6.0% year-over-year.

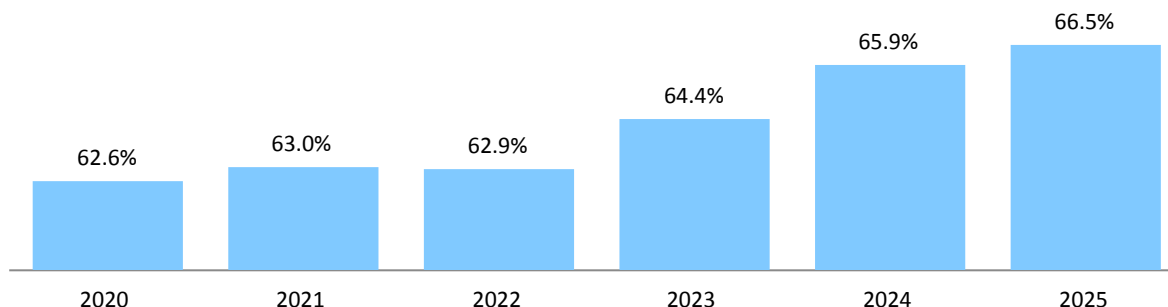
Same property results include properties owned during comparable 2025 and 2024 periods. Same property results represent 95.3% of the fair value of Killam's investment property portfolio as at December 31, 2025. Non-same property results include acquisitions, dispositions and developments completed in 2024 and 2025 and 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 increased by 5.5% for the year ended December 31, 2025, compared to 2024. This growth was supported by strong rental rate increases, increased ancillary revenue and improved contributions from both MHC and commercial portfolios. These gains were partially offset by a 30 bps decline in apartment occupancy.

Total same property operating expenses rose 4.3% year-over-year, driven by a 5.5% increase in property taxes, a 4.3% increase in general operating expenses, and a 2.6% increase in utility and fuel costs. The higher property tax expense reflected increased assessments and mill rates across the portfolio. General operating expense growth was primarily attributable to higher salary costs and the timing of repairs and maintenance activities. The rise in utility and fuel costs was largely due to elevated natural gas prices in the first half of the year and increased consumption resulting from a colder winter heating season.

Overall, same property NOI grew by 6.1% for the year ended December 31, 2025, and Killam's same property operating margin increased by 40 bps to 66.5%.

#### Operating Margin % (Total Portfolio)



# 2025 Management's Discussion and Analysis

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

## Apartment Results

For the years ended December 31,

	Total Portfolio			Same Property		
	2025	2024	% Change	2025	2024	% Change
Property revenue	<b>\$337,584</b>	\$321,094	5.1%	<b>\$314,727</b>	\$298,521	5.4%
Property operating expenses						
General operating expenses	<b>47,779</b>	46,455	2.9%	<b>44,097</b>	42,444	3.9%
Utility and fuel expenses	<b>24,940</b>	25,193	(1.0)%	<b>23,266</b>	22,772	2.2%
Property taxes	<b>38,777</b>	36,179	7.2%	<b>36,225</b>	34,278	5.7%
Total operating expenses	<b>\$111,496</b>	\$107,827	3.4%	<b>\$103,588</b>	\$99,494	4.1%
NOI	<b>\$226,088</b>	\$213,267	6.0%	<b>\$211,139</b>	\$199,027	6.1%
Operating margin %	<b>67.0%</b>	66.4%	60 bps	<b>67.1%</b>	66.7%	40 bps

## Apartment Revenue

Total apartment revenue for the year ended December 31, 2025, was \$337.6 million, an increase of 5.1% over the same period in 2024. Revenue growth reflects rent growth as well as contributions from properties acquired and developed over the past two years, partially offset by property dispositions completed throughout 2025 and 2024.

Same property apartment revenue increased 5.4% for the year ended December 31, 2025, supported by a 4.8% increase in year-over-year average rent. This growth was partially offset with a 30 bps decrease in occupancy. The operating margin on Killam's same property apartment portfolio for the year ended December 31, 2025, expanded by 40 bps to 67.1%.

# 2025 Management's Discussion and Analysis

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

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

		Total Occupancy			Same Property Occupancy		
For the years ended December 31,	# of Units	2025	2024	Change (bps)	2025	2024	Change (bps)
Nova Scotia							
Halifax	5,600	98.0%	98.4%	(40)	98.0%	98.5%	(50)
Ontario							
KWC-GTA <sup>(2)</sup>	2,065	94.3%	95.9%	(160)	96.8%	95.9%	90
Ottawa	1,447	96.2%	96.5%	(30)	96.0%	96.5%	(50)
London	523	96.4%	96.5%	(10)	96.4%	96.5%	(10)
New Brunswick							
Moncton	2,246	98.3%	98.9%	(60)	98.3%	98.9%	(60)
Fredericton	1,643	98.1%	98.8%	(70)	98.1%	98.8%	(70)
Saint John	898	98.3%	98.2%	10	98.4%	98.2%	20
Alberta							
Calgary <sup>(3)</sup>	998	94.9%	81.8%	1,310	94.8%	93.9%	90
Edmonton	882	94.8%	97.1%	(230)	94.8%	97.1%	(230)
Newfoundland and Labrador							
St. John's	958	98.3%	98.1%	20	98.4%	98.5%	(10)
British Columbia							
Victoria <sup>(4)</sup>	516	94.6%	95.9%	(130)	94.6%	95.9%	(130)
Prince Edward Island							
Charlottetown	77	98.4%	99.3%	(90)	98.4%	99.0%	(60)
Total Apartments (weighted average)	17,853	96.9%	96.8%	10	97.3%	97.6%	(30)

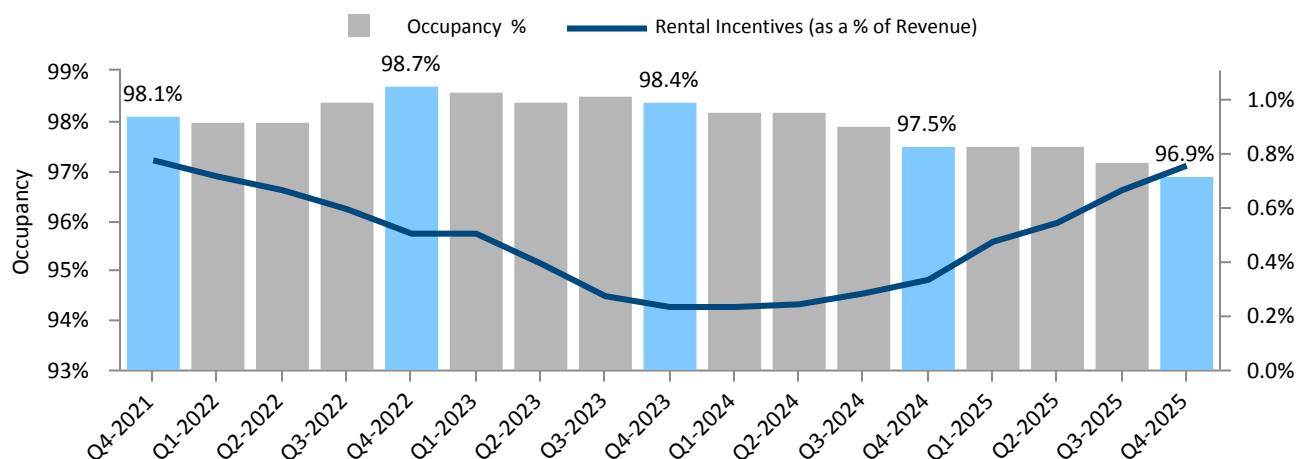
(1) Occupancy as a percentage of residential rent is calculated as vacancy (in dollars) divided by gross potential residential rent (in dollars) for the period.

(2) Total 2025 occupancy for KWC-GTA was impacted by The Carrick, a 139-unit development that was substantially completed in July 2025 and is currently undergoing initial lease-up.

(3) 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.

(4) Total and same property 2025 occupancy for Victoria were impacted by a short-term uptick in vacancy at two properties requiring repairs that are now complete.

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



Killam has seen an uptick in same property rental incentives as a percentage of same property revenue in 2025. To put this in context, this represents only 0.6% of Killam's total same property apartment revenue for the year. Overall, Ontario accounted for 48% of total rental incentives in 2025, while Alberta accounted for 33%. 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 where the market allows. Overall, the use of rental incentives increased during the end of 2025, and are expected to be used in select markets and properties in 2026.

# 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 December 31,

	# of Units	Average Rent			Same Property Average Rent		
		2025	2024	% Change	2025	2024	% Change
<b>Nova Scotia</b>							
Halifax	5,600	<b>\$1,582</b>	\$1,477	7.1%	<b>\$1,593</b>	\$1,487	7.1%
<b>Ontario</b>							
KWC-GTA	2,065	<b>\$1,858</b>	\$1,763	5.4%	<b>\$1,815</b>	\$1,763	2.9%
Ottawa	1,447	<b>\$2,292</b>	\$2,238	2.4%	<b>\$2,279</b>	\$2,238	1.8%
London	523	<b>\$1,695</b>	\$1,636	3.6%	<b>\$1,695</b>	\$1,636	3.6%
<b>New Brunswick</b>							
Moncton	2,246	<b>\$1,330</b>	\$1,275	4.3%	<b>\$1,330</b>	\$1,275	4.3%
Fredericton	1,643	<b>\$1,437</b>	\$1,364	5.4%	<b>\$1,429</b>	\$1,364	4.8%
Saint John	898	<b>\$1,285</b>	\$1,205	6.6%	<b>\$1,285</b>	\$1,213	5.9%
<b>Alberta</b>							
Calgary	998	<b>\$1,670</b>	\$1,672	(0.1)%	<b>\$1,615</b>	\$1,574	2.6%
Edmonton	882	<b>\$1,674</b>	\$1,635	2.4%	<b>\$1,674</b>	\$1,635	2.4%
<b>Newfoundland and Labrador</b>							
St. John's	958	<b>\$1,189</b>	\$1,088	9.3%	<b>\$1,189</b>	\$1,118	6.4%
<b>British Columbia</b>							
Victoria	516	<b>\$1,979</b>	\$1,945	1.7%	<b>\$1,979</b>	\$1,945	1.7%
<b>Prince Edward Island</b>							
Charlottetown <sup>(1)</sup>	77	<b>\$1,565</b>	\$1,236	26.6%	<b>\$1,318</b>	\$1,289	2.2%
<b>Total Apartments (weighted average)</b>	<b>17,853</b>	<b>\$1,600</b>	\$1,493	7.2%	<b>\$1,580</b>	\$1,508	4.8%

(1) The significant increase in year-over-year average rent in Charlottetown is the result of dispositions completed in 2025.

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

The rental increases in the table below reflect rental increases achieved on units renewed or turned (released) for the year ended December 31, 2025, whereas rental increases in the previous section reflect the year-over-year change in average rent by region as at December 31, 2025, compared to December 31, 2024.

Killam historically turned approximately 30%–32% of its units annually; however, turnover levels have trended lower over the past five years. In 2025, turnover increased to 21.6%, up from 18.3% in 2024, reflecting an upward shift following several years of declining turnover levels. The increase in 2025 was concentrated in units with tenant tenure of one year or less and in higher-end suites. Upon turn, Killam typically achieves rental growth by adjusting rents to market and, where demand supports it, by upgrading units to generate unlevered returns of at least 10% on invested capital.

During 2025, Killam's same property weighted average rental rate was 5.0%, compared to 7.0% in 2024. The decline was primarily attributable to lower rental increases on unit turns, which averaged 10.9% in 2025, down from 19.8% in 2024. This was further impacted by an 80 bps decrease in rental increases on renewals, which declined from 4.3% to 3.5%.

For the years ended December 31,	2025		2024	
	Rental Increases	Turnovers & Renewals <sup>(1)</sup>	Rental Increases	Turnovers & Renewals <sup>(1)</sup>
Lease renewal	3.5%	78.4%	4.3%	81.7%
Unit turn	10.9%	21.6%	19.8%	18.3%
Rental increase (weighted average)	5.0%		7.0%	

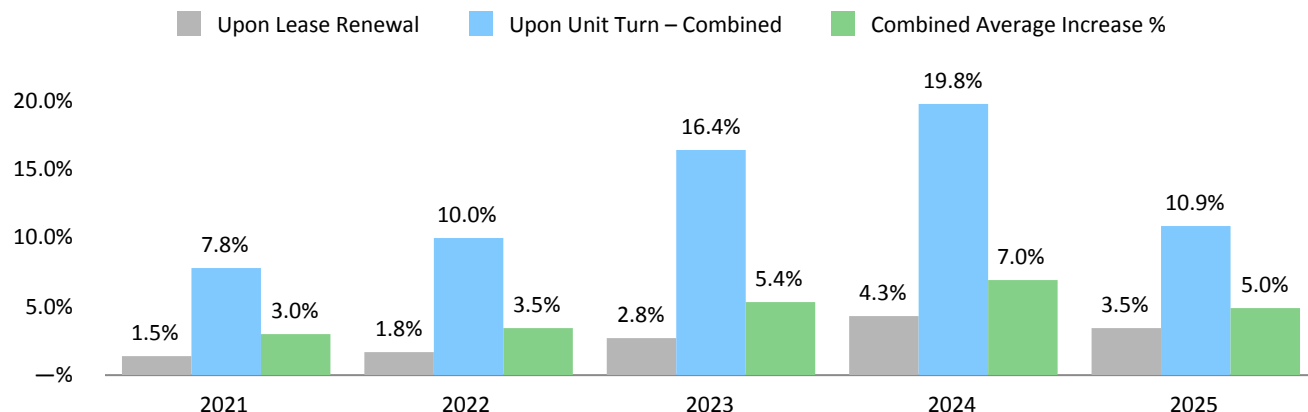
(1) Percentage of units turned over or renewed based on the total weighted average number of units held during the years, adjusted for Killam's 50% ownership in jointly held properties.

# 2025 Management's Discussion and Analysis

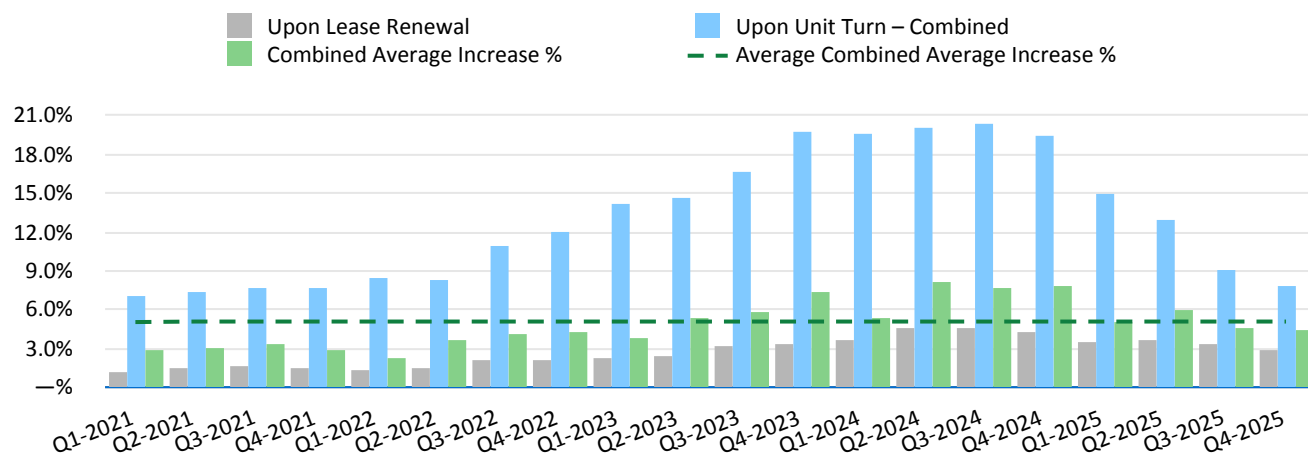
*Dollar amounts in thousands of Canadian dollars (except as noted)*

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

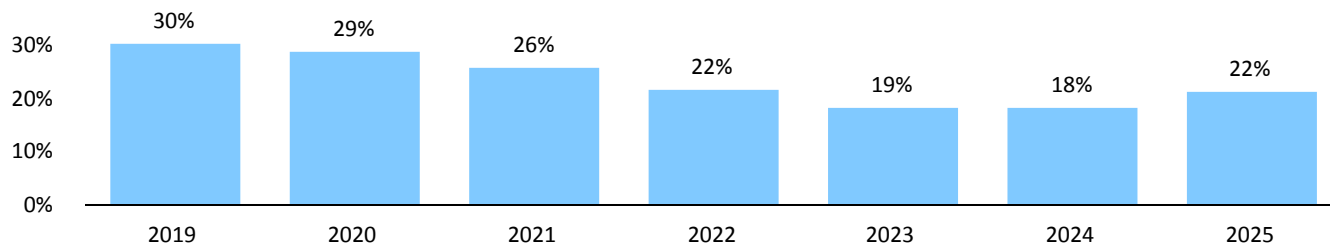
## Apartments – Historical Annual Same Property Rental Rate Growth



## Apartments – Historical Quarterly Same Property Rental Rate Growth



## Percentage of Units Turned Annually



## Apartment Expenses

Total operating expenses for the year ended December 31, 2025, were \$111.5 million, representing a 3.4% increase compared to 2024. The year-over-year growth was primarily driven by higher property tax expense, reflecting increased assessments and mill rates across the portfolio. However, in Q1-2024, Killam received \$0.4 million in property tax recoveries relating to previous years, which reduced reported property tax expense for that period; excluding these recoveries, total operating expenses increased by 3.0%.

Total apartment same property operating expenses for the year ended December 31, 2025, rose 4.1% compared to 2024. This includes a 5.7% increase in property taxes, attributable to higher assessments and mill rates, and a 3.9% rise in same property general operating expenses. Utility and fuel expenses increased 2.2%, driven by higher natural gas costs and increased consumption in the first half of the year due to a colder winter heating season.

# 2025 Management's Discussion and Analysis

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

## General Operating Expenses

General operating expenses for the apartment portfolio include repairs and maintenance, contract services, insurance, property management and property management wages and benefits, uncollectible accounts, marketing, advertising and leasing costs. These costs account for approximately 43% of Killam's total apartment same property operating costs for the year ended December 31, 2025. The increase in same property general operating costs of 3.9% for the year ended December 31, 2025, was primarily driven by higher wage expenses, increased repairs and maintenance activity, and elevated contract service and general and administrative costs. These increases were partially offset by lower insurance premiums and a reduction in bad debt expense.

## Same Property Utility and Fuel Expenses

For the years ended December 31,

	2025	2024	% Change
Natural gas	\$8,204	\$7,729	6.1%
Electricity	7,152	7,409	(3.5)%
Water	7,617	7,371	3.3%
Oil & propane	216	192	12.5%
Other	77	71	8.5%
Total utility and fuel expenses	\$23,266	\$22,772	2.2%

Killam's apartment portfolio is heated with natural gas (58%), electricity (33%), geothermal (6%), oil (2%), district heat (less than 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 22% of Killam's total apartment same property operating expenses for the year ended December 31, 2025, and increased 2.2% year-over-year.

Same property natural gas costs increased 6.1% for the year ended December 31, 2025, due to higher natural gas pricing, primarily experienced in the first half of the year, and increased consumption during the first quarter as a result of a colder winter. The increase in pricing was partially offset by the removal of consumer carbon tax pricing effective April 1, 2025.

Electricity costs decreased 3.5% for the year ended December 31, 2025. The decline reflects lower electricity pricing in the first half of the year combined with a slight reduction in consumption across the portfolio. Killam realized consumption savings from solar panel installations, which contributed to the overall decrease in electricity usage.

Water expenses increased by 3.3% for the year ended December 31, 2025, due to a blended 1.0% increase in water rates coupled with a 2.6% increase in water consumption during the year.

## Property Taxes

Property taxes accounted for approximately 35% of Killam's total apartment same property operating expenses for the year ended December 31, 2025, and increased 5.7% year-over-year. The increase reflects elevated assessed values and tax rate adjustments across Killam's regions. Killam actively reviews its annual property tax assessments and appeals assessment increases where appropriate.

# 2025 Management's Discussion and Analysis

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

## Apartment Same Property NOI by Region

For the years ended December 31,

	Property Revenue			Property Expenses			Net Operating Income		
	2025	2024	% Change	2025	2024	% Change	2025	2024	% Change
<b>Nova Scotia</b>									
Halifax	\$103,294	\$96,311	7.3%	(\$33,785)	(\$31,875)	6.0%	\$69,509	\$64,436	7.9%
	103,294	96,311	7.3%	(33,785)	(31,875)	6.0%	69,509	64,436	7.9%
<b>Ontario</b>									
KWC-GTA	43,532	41,475	5.0%	(14,358)	(14,034)	2.3%	29,174	27,441	6.3%
Ottawa	21,463	20,995	2.2%	(6,449)	(6,178)	4.4%	15,014	14,817	1.3%
London	10,376	9,887	4.9%	(3,425)	(3,301)	3.8%	6,951	6,586	5.5%
	75,371	72,357	4.2%	(24,232)	(23,513)	3.1%	51,139	48,844	4.7%
<b>New Brunswick</b>									
Moncton	37,054	35,289	5.0%	(13,814)	(13,554)	1.9%	23,240	21,735	6.9%
Fredericton	26,290	24,942	5.4%	(8,881)	(8,300)	7.0%	17,409	16,642	4.6%
Saint John	13,792	12,816	7.6%	(5,168)	(4,860)	6.3%	8,624	7,956	8.4%
	77,136	73,047	5.6%	(27,863)	(26,714)	4.3%	49,273	46,333	6.3%
<b>Alberta</b>									
Calgary	15,220	14,252	6.8%	(4,684)	(4,332)	8.1%	10,536	9,920	6.2%
Edmonton	17,558	17,245	1.8%	(5,866)	(6,102)	(3.9)%	11,692	11,143	4.9%
	32,778	31,497	4.1%	(10,550)	(10,434)	1.1%	22,228	21,063	5.5%
<b>Newfoundland and Labrador</b>									
St. John's	13,544	12,822	5.6%	(3,870)	(3,711)	4.3%	9,674	9,111	6.2%
	13,544	12,822	5.6%	(3,870)	(3,711)	4.3%	9,674	9,111	6.2%
<b>British Columbia</b>									
Victoria	11,648	11,547	0.9%	(3,004)	(2,958)	1.6%	8,644	8,589	0.6%
	11,648	11,547	0.9%	(3,004)	(2,958)	1.6%	8,644	8,589	0.6%
<b>Prince Edward Island</b>									
Charlottetown	956	940	1.7%	(284)	(289)	(1.7)%	672	651	3.2%
	956	940	1.7%	(284)	(289)	(1.7)%	672	651	3.2%
	\$314,727	\$298,521	5.4%	(\$103,588)	(\$99,494)	4.1%	\$211,139	\$199,027	6.1%



# 2025 Management's Discussion and Analysis

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

## MHC Results

For the years ended December 31,

	Total Portfolio			Same Property		
	2025	2024	% Change	2025	2024	% Change
Property revenue	<b>\$22,766</b>	\$21,410	6.3%	<b>\$22,155</b>	\$20,545	7.8%
Property operating expenses	<b>7,713</b>	7,505	2.8%	<b>7,645</b>	7,304	4.7%
NOI	<b>\$15,053</b>	\$13,905	8.3%	<b>\$14,510</b>	\$13,241	9.6%
Operating margin %	<b>66.1%</b>	64.9%	120 bps	<b>65.5%</b>	64.4%	110 bps

Killam's MHC portfolio contributed \$15.1 million, or 5.9%, of Killam's NOI for the year ended December 31, 2025. The MHC business generates its highest revenues and NOI during the second and third quarters, reflecting the performance of its nine seasonal resorts, which earn approximately 60% of their annual NOI between July and October.

Same property NOI for the MHC portfolio increased 9.6% for the year ended December 31, 2025. This growth was driven by higher rents on renewals at permanent MHC sites, as well as increased seasonal revenue supported by annual rent increases and stronger transient revenue. These combined factors resulted in a 7.8% increase in total revenue compared to 2024. Operating expenses were up 4.7% year-over-year, primarily due to higher water consumption, elevated electricity costs, and increased salary expenses. These cost pressures were partially mitigated by lower repairs and maintenance expenses.

## MHC Same Property by Segment

For the years ended December 31,

	Property Revenue			Property Expenses			Net Operating Income		
	2025	2024	% Change	2025	2024	% Change	2025	2024	% Change
Permanent MHCs	<b>\$14,724</b>	\$13,655	7.8%	<b>(\$4,729)</b>	(\$4,511)	4.8%	<b>\$9,995</b>	\$9,144	9.3%
Seasonal Resorts	<b>7,431</b>	6,890	7.9%	<b>(2,916)</b>	(2,793)	4.4%	<b>4,515</b>	4,097	10.2%
	<b>\$22,155</b>	\$20,545	7.8%	<b>(\$7,645)</b>	(\$7,304)	4.7%	<b>\$14,510</b>	\$13,241	9.6%

For the year ended December 31, 2025, same property permanent MHCs delivered NOI growth of 9.3%. Average rent increased 6.3% year-over-year, rising to \$336 per site at December 31, 2025, compared to \$316 at December 31, 2024. Occupancy remained strong at 98.4%, consistent with the prior year's 98.5%. Property operating expenses rose 4.8%, driven by higher salary costs and increased water consumption. Revenue and NOI growth were further supported by MHC site expansions across several of Killam's permanent communities.

Killam's seasonal resort portfolio achieved same property revenue growth of 7.9% in 2025 compared to 2024. This increase was partially offset by a 4.4% rise in property operating expenses, driven by higher salary and electricity costs, partially mitigated by lower water expenses. Overall, same property seasonal MHCs delivered a strong NOI increase of 10.2% for the year ended December 31, 2025.

# 2025 Management's Discussion and Analysis

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

## Commercial Results

For the years ended December 31,

	Total Portfolio			Same Property		
	2025	2024	% Change	2025	2024	% Change
Property revenue	<b>\$23,051</b>	\$22,146	4.1%	<b>\$22,729</b>	\$21,776	4.4%
Property operating expenses	<b>9,364</b>	8,837	6.0%	<b>9,387</b>	8,807	6.6%
NOI	<b>\$13,687</b>	\$13,309	2.8%	<b>\$13,342</b>	\$12,969	2.9%

Killam's commercial business segment generated \$13.7 million, or 5.4%, of Killam's total NOI for the year ended December 31, 2025.

Killam's commercial portfolio contains 975,106 SF, located in four of Killam's core markets. The commercial portfolio includes Westmount Place, a 305,060 SF retail and office complex 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 142,530 SF retail and office property in downtown Halifax; as well as other smaller properties located in Halifax, Moncton and Ottawa. Total commercial occupancy was 94.6% in 2025, a 30 bps improvement compared to 94.3% in 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 year ended December 31, 2025, relates to higher rental rates on renewals, increased cost recoveries, and an increase in occupancy. In 2025, Killam successfully leased a new net 55,775 SF of commercial space across the portfolio. Killam has also renewed over 116,540 SF of commercial space during 2025, with a weighted average net rate increase of 15.1%.

# 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 Comprehensive Income

For the years ended December 31,

	2025	2024	% Change
Net operating income	\$254,828	\$240,481	6.0%
Other income	2,229	2,385	(6.5)%
Financing costs	(84,451)	(79,712)	5.9%
Depreciation	(1,017)	(1,065)	(4.5)%
Administration	(21,737)	(20,282)	7.2%
Restructuring costs	(466)	(5,904)	(92.1)%
Fair value adjustment on unit-based compensation	941	931	1.1%
Fair value adjustment on Exchangeable Units	2,075	3,352	(38.1)%
Fair value adjustment on investment properties	(120,467)	252,361	(147.7)%
Loss on dispositions	(2,523)	(3,678)	(31.4)%
<b>Income before income taxes</b>	<b>29,412</b>	<b>388,869</b>	<b>(92.4)%</b>
Deferred tax recovery	—	278,975	(100.0)%
<b>Net income and comprehensive income</b>	<b>\$29,412</b>	<b>\$667,844</b>	<b>(95.6)%</b>

Net income and comprehensive income decreased by \$638.4 million for the year ended December 31, 2025. This decline was primarily due to the recognition of \$120.5 million in fair value losses on investment properties in 2025, compared to fair value gains of \$252.4 million in 2024, in addition to the absence of the prior year's \$279.0 million deferred tax recovery, which arose from the completion of the Arrangement, as described on page 29.

These impacts were partially offset by a \$14.3 million increase in NOI, driven by contributions continued same property NOI growth and contribution from the lease up of completed developments. Killam also recognized \$3.0 million in fair value gains on the mark-to-market adjustments on Killam's unit-based compensation and Exchangeable Units in 2025, compared to gains of \$4.3 million in 2024.

### Financing Costs

For the years ended December 31,

	2025	2024	% Change
Mortgage, loan and construction loan interest	\$77,501	\$72,333	7.1%
Interest on credit facilities	2,811	3,272	(14.1)%
Interest on Exchangeable Units	2,550	2,742	(7.0)%
Amortization of deferred financing costs	4,581	3,915	17.0%
Amortization of fair value adjustments on assumed debt	185	226	(18.1)%
Interest on lease liabilities	459	520	(11.7)%
Capitalized interest	(3,636)	(3,296)	10.3%
	<b>\$84,451</b>	<b>\$79,712</b>	<b>5.9%</b>

Total financing costs were \$84.5 million for the year ended December 31, 2025, an increase of \$4.7 million, or 5.9%, year-over-year. Mortgage, loan and construction loan interest expense increased \$5.2 million, or 7.1%, for the year ended December 31, 2025, compared to the same period in 2024.

Killam's mortgage, loan and construction loan liability balance increased by \$87.8 million over the past year, as Killam up-financed maturing mortgages within its existing portfolio, completed the acquisition of \$168.8 million in assets and advanced its development projects with construction financing. These increases were partially offset by ongoing principal repayments and the repayment of mortgages associated with properties sold during 2024 and 2025. The average interest rate on refinancings for the year ended December 31, 2025, was 3.56%, 78 bps higher than the weighted average interest rate on maturing debt.

# 2025 Management's Discussion and Analysis

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

Interest on Killam's credit facilities decreased \$0.5 million for the year ended December 31, 2025, compared to 2024. This decline reflects a lower average balance and lower average interest rate on the credit facility during the first half of 2025. Though the balance on Killam's credit facility increased in the second half of 2025 to fund acquisitions, Killam expects this balance to decrease in Q1-2026.

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

Capitalized interest increased by \$0.3 million for the year ended December 31, 2025, reflecting a greater number of development projects underway during the year compared to 2024. The level of capitalized interest varies based on both the number of active development projects underway and their stages in the development cycle. Interest costs include those related to the respective development property until substantial completion.

## Administration Expenses

For the years ended December 31,

	2025	2024	% Change
Administration	\$21,737	\$20,282	7.2%
As a percentage of total revenues	5.6%	5.5%	10 bps

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

For the year ended December 31, 2025, total administration expenses increased \$1.5 million, or 7.2%, compared to 2024. Administration expenses represented 5.6% of total revenue in 2025, a nominal 10 bps increase from 5.5% in 2024. The increase was 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

For the years ended December 31,

	2025	2024	% Change
Investment properties	(\$120,467)	\$252,361	(147.7)%
Deferred unit-based compensation	941	931	1.1%
Exchangeable Units	2,075	3,352	(38.1)%
	(\$117,451)	\$256,644	(145.8)%

Killam recognized fair value losses of \$120.5 million on its investment properties for the year ended December 31, 2025, compared to fair value gains of \$252.4 million in 2024. The fair value loss in 2025 reflects cap rate expansion in select regions, the effect of stabilizing market rents, and increased vacancy assumptions in certain markets.

RTUs governed by Killam's RTU Plan are awarded to certain members of Management as a portion of their compensation. Non-executive members of the Board have the right to receive a percentage of their annual retainer in the form of RTUs. This aligns the interests of Management and the Trustees with those of Killam's unitholders. For the year ended December 31, 2025, there was an unrealized fair value gain of \$0.9 million, consistent with the gain recorded in 2024, due to changes in the market price of the underlying Killam Trust Units (Trust Units).

Distributions paid on Exchangeable Units are consistent with distributions paid to holders of Trust Units. The Exchangeable Units are Class B limited partnership units of Killam Apartment Limited Partnership. Exchangeable Units are intended to be economically equivalent to and are redeemable on a one-for-one basis into Trust Units at the option of the holder and are accompanied by Special Voting Units of the Trust that provide their holders with equivalent voting rights to holders of Trust Units. The fair value of the Exchangeable Units is based on the trading price of the Trust Units. For the year ended December 31, 2025, there was an unrealized gain of \$2.1 million, compared to a gain of \$3.4 million in 2024. The unrealized gain in the year reflects a decrease in the Trust Unit price as at December 31, 2025, compared to December 31, 2024.

# 2025 Management's Discussion and Analysis

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

## Deferred Tax Recovery

For the years ended December 31,

	2025	2024	% Change
Deferred tax recovery	\$—	(\$278,975)	(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, Killam's trust unitholders and special voting unitholders, voting together as a single class, approved the Arrangement. The Arrangement reorganized Killam Properties Inc. (KPI) within 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 material 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.

Killam's deferred tax recovery was \$nil for the year ended December 31, 2025, compared to \$279.0 million in 2024. The prior year's deferred tax recovery was the result of the Arrangement simplifying Killam's organizational structure.

## PART VI

### Per Unit Calculations

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

	Weighted Average Number of Units (000s)			Outstanding Number of Units (000s) as at December 31,
For the years ended December 31,	2025	2024	% Change	2025
Trust Units	120,708	118,996	1.4%	121,458
Exchangeable Units	3,548	3,898	(9.0)%	3,363
Basic number of units	124,256	122,894	1.1%	124,821
Plus:				
Units under RTU Plan <sup>(1)</sup>	291	229	27.1%	—
Diluted number of units	124,547	123,123	1.2%	124,821

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

As at February 11, 2026, there were 122,167,328 Trust Units, 2,746,007 Exchangeable Units and 675,126 RTUs outstanding.

# 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, with the exception of the add-back of restructuring costs associated with the Arrangement and completed effective November 30, 2024, resulting in the reversal of Killam's deferred tax liability. Notwithstanding the foregoing, FFO does not have a standardized meaning under IFRS Accounting Standards and is considered a non-IFRS financial measure; therefore, it may not be comparable to similarly titled measures presented by other publicly traded companies. FFO for the years ended December 31, 2025 and 2024, is calculated as follows:

For the years ended December 31,

	2025	2024	% Change
Net income	\$29,412	\$667,844	(95.6)%
Fair value adjustment on unit-based compensation	(941)	(931)	1.1%
Fair value adjustment on Exchangeable Units	(2,075)	(3,352)	(38.1)%
Fair value adjustment on investment properties	120,467	(252,361)	(147.7)%
Internal commercial leasing costs	300	246	22.0%
Deferred tax recovery	—	(278,975)	(100.0)%
Restructuring costs	466	5,904	(92.1)%
Interest expense on Exchangeable Units	2,550	2,742	(7.0)%
Loss on dispositions	2,523	3,678	(31.4)%
Depreciation on owner-occupied building	93	96	(3.1)%
Land lease adjustment	(19)	23	(182.6)%
FFO	\$152,776	\$144,914	5.4%
FFO per unit – diluted	\$1.23	\$1.18	4.2%
FFO payout ratio – diluted <sup>(1)</sup>	59%	60%	(100) bps
Weighted average number of units – diluted (000s)	124,547	123,123	1.2%

(1) Based on Killam's distribution of \$0.72000 per unit for the year ended December 31, 2025, and \$0.70330 per unit for the year ended December 31, 2024.

Killam earned FFO of \$152.8 million, or \$1.23 per unit (diluted), for the year ended December 31, 2025, compared to \$144.9 million, or \$1.18 per unit (diluted), for the year ended December 31, 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 1.2% increase in the weighted average number of units outstanding. FFO has been adjusted for costs incurred in 2025 and 2024 to complete the Arrangement, which resulted in the reversal of Killam's deferred tax liability in 2024. These costs were unique to Killam's corporate structure and therefore have been removed for FFO purposes.

# 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.

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

### Calculating Maintenance Capex Reserve for AFFO

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

#### Maintenance Capex Reserve – Apartments

	2025	2024	2023
<b>Total apartment capital investments</b>	\$70,029	\$73,053	\$83,606
<b>Value-enhancing capital investment</b>			
Building	(24,847)	(26,566)	(32,411)
Unit upgrades	(19,012)	(18,872)	(24,835)
Equipment and other	(6,863)	(6,890)	(6,199)
	(50,722)	(52,328)	(63,445)
<b>Maintenance capex</b>	<b>\$19,307</b>	<b>\$20,725</b>	<b>\$20,161</b>
Maintenance capex – % of total capital	28%	28%	24%
Number of units <sup>(1)</sup>	17,629	18,100	18,480
Maintenance capex per unit	\$1,095	\$1,145	\$1,091
<b>Maintenance capex – three-year average</b>		<b>\$1,110</b>	

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

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

Maintenance capex includes all building improvements and unit renovation investments required to maintain current revenue levels. For the year ended December 31, 2025, Killam updated its maintenance capex reserve to reflect the actual capital investment for the most recent three years (2023–2025), resulting in an average of \$1,110 per unit. Based on this analysis, Management has selected \$1,110 per unit for its maintenance capex reserve for 2025, representing a 0.9% increase from the 2024 reserve of \$1,100 per unit. This reserve will continue to be applied in the calculation of AFFO throughout 2026, until the three-year average is updated with actual year-end results.

The allocations above reflect a comprehensive review of Killam's historical capital program. Significant judgment was exercised in differentiating value-enhancing investments from maintenance activities. Management believes the resulting allocations are representative of Killam's capital requirements. In 2025, approximately 28% of total annual capital investment related to maintaining and sustaining the existing property portfolio.

#### Maintenance Capex Reserve – MHCs and Commercial

Management also reviewed capital investment specific to the MHC portfolio for the three years ended December 31, 2025, categorizing expenditures between value-enhancing and maintenance capex. Value-enhancing investment includes site expansions, land improvements, and NOI-enhancing water and sewer upgrades. Maintenance capex includes road and paving work, along with the majority of water and sewer investment required to maintain infrastructure in each community. On a per-site basis, maintenance capex has ranged from \$310 to \$325 over the past three years. Based on this review, Management selected a maintenance capex reserve of \$310 per MHC site for 2025, consistent with the 2024 reserve.

# 2025 Management's Discussion and Analysis

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

Additionally, Management reviewed Killam's capital investment specific to the commercial portfolio for the three years ended December 31, 2025, allocating investment between value-enhancing and maintenance activities. Value-enhancing expenditures include NOI-generating property upgrades, commercial tenant improvements, property expansions, and building enhancements. For 2025, Killam updated its commercial maintenance capex reserve based on actual capital investment for the most recent three years (2023–2025). Based on this calculation, Management selected a reserve of \$1.20 per SF for 2025, representing a 9.1% increase from the 2024 reserve of \$1.10 per SF.

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

For the years ended December 31,

	2025	2024	% Change
FFO	<b>\$152,776</b>	\$144,914	5.4%
Maintenance capital expenditures	<b>(22,437)</b>	(22,722)	(1.3)%
Commercial straight-line rents	<b>(25)</b>	(90)	(72.2)%
Internal and external commercial leasing costs	<b>(432)</b>	(374)	15.5%
AFFO	<b>\$129,882</b>	\$121,728	6.7%
AFFO per unit – diluted	<b>\$1.04</b>	\$0.99	5.1%
AFFO payout ratio – diluted <sup>(1)</sup>	<b>69%</b>	71%	(200) bps
Weighted average number of units – diluted (000s)	<b>124,547</b>	123,123	1.2%

(1) Based on Killam's distribution of \$0.72000 per unit for the year ended December 31, 2025, and \$0.70330 per unit for the year ended December 31, 2024.

The payout ratio improved to 69% for the year ended December 31, 2025, a 200 bps reduction compared to 2024. This improvement was driven by a 5.1% increase in AFFO per unit (diluted), supported by same property NOI growth and contributions from completed developments, partially offset by a 1.2% increase in the weighted average number of units outstanding. Killam's maintenance capital expenditure adjustment decreased in 2025 compared to 2024 despite a slight increase in the three-year average rate, due to a reduction in the weighted-average number of units outstanding resulting from 2025 disposition activity. The Board evaluates the Trust's payout ratio quarterly and has not established an AFFO payout target.



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

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

A reconciliation from cash provided by operating activities (refer to the consolidated statements of cash flows for the years ended December 31, 2025 and 2024) to ACFO is as follows:

For the years ended December 31,

	2025	2024	% Change
Cash provided by operating activities	<b>\$145,940</b>	\$160,140	(8.9)%
Adjustments:			
Changes in non-cash working capital not indicative of sustainable cash flows	<b>13,953</b>	(7,785)	(279.2)%
Maintenance capital expenditures	<b>(22,437)</b>	(22,722)	(1.3)%
External commercial leasing costs	<b>(237)</b>	(210)	12.9%
Amortization of deferred financing costs	<b>(4,581)</b>	(3,915)	17.0%
Interest expense related to lease liability	<b>(459)</b>	(520)	(11.7)%
ACFO	<b>\$132,179</b>	\$124,988	5.8%
Distributions declared <sup>(1)</sup>	<b>90,676</b>	87,510	3.6%
Excess of ACFO over cash distributions	<b>\$41,503</b>	\$37,478	10.7%
ACFO payout ratio – diluted <sup>(2)</sup>	<b>69%</b>	70%	(100) bps

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

(2) Based on Killam's distribution of \$0.72000 per unit for the year ended December 31, 2025, and \$0.70330 per unit for the year ended December 31, 2024.

Killam's ACFO payout ratio is 69% for the year ended December 31, 2025. Consistent with the trend observed in the AFFO payout ratio, Killam's first quarter typically reflects the highest ACFO payout ratio, driven by a lower operating margin in the winter months when heating costs are elevated. In addition, the MHC portfolio generates a greater proportion of its revenues and NOI in the second and third quarters, contributing to seasonal fluctuations in the payout ratio.

## Cash Provided by Operating Activities and Distributions Declared

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

For the years ended December 31,

	2025	2024
Net income	<b>\$29,412</b>	\$667,844
Cash provided by operating activities	<b>\$145,940</b>	\$160,140
Total distributions declared	<b>\$90,676</b>	\$87,510
(Shortfall) excess of net income over total distributions declared <sup>(1)</sup>	<b>(\$61,264)</b>	\$580,334
(Shortfall) excess of net income over net distributions paid <sup>(1)(2)</sup>	<b>(\$36,388)</b>	\$604,158
Excess of cash provided by operating activities over total distributions declared	<b>\$55,264</b>	\$72,630

(1) The shortfall reflects non-cash fair value losses on investment properties of \$120.5 million for the year ended December 31, 2025, which reduces net income but does not impact cash flow or the sustainability of distributions.

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

# 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 three 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) At December 31, 2025, Killam had approximately \$133.0 million of available capital under its credit facilities and cash on hand. Subsequent to year-end, Killam increased its \$25.0 million credit facility to \$50.0 million and also secured a new \$22.5 million demand facility, further increasing its liquidity position.
- (iii) Mortgage refinancings and construction loans are expected to be sufficient to fund value-enhancing capex, principal repayments and developments. Killam has \$295.0 million of mortgage debt scheduled for refinancing in 2026, expected to lead to upfinancing opportunities of approximately \$130–\$150.0 million.
- (iv) Upcoming mortgage maturities are expected to be renewed through Killam's mortgage program.
- (v) Killam currently has unencumbered assets of approximately \$252.7 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 GBV determined as the greater of (i) the value of Killam's assets as shown on the most recent consolidated statement of financial position, and (ii) the historical cost of Killam's assets. Total debt as a percentage of assets as at December 31, 2025, was 41.9%.

Killam has financial covenants on its credit facilities. The covenants require Killam to maintain a leverage limit of not more than 70% of total debt to total assets, debt to service coverage of not less than 1.3 times and unitholders' equity of not less than \$900.0 million. As at February 11, 2026, Killam was in compliance with these covenants.

The table below outlines Killam's key debt metrics:

As at December 31,	2025	2024	Change
Total debt as a percentage of total assets	<b>41.9%</b>	40.4%	150 bps
Debt to normalized EBITDA <sup>(1)</sup>	<b>9.66x</b>	9.69x	(0.3)%
Interest coverage	<b>2.93x</b>	2.94x	(0.3)%
Debt service coverage	<b>1.59x</b>	1.55x	2.6%
Weighted average years to debt maturity	<b>3.6</b>	4.0	(0.4) years
Weighted average mortgage interest rate	<b>3.58%</b>	3.45%	13 bps
Weighted average interest rate of total debt	<b>3.60%</b>	3.51%	9 bps

(1) Ratio calculated net of cash.

Killam's primary measures of capital management is the total debt as a percentage of total assets ratio. The calculation of the total debt as a percentage of total assets is summarized as follows:

As at	December 31, 2025	December 31, 2024
Mortgages and loans payable	<b>\$2,216,592</b>	\$2,139,143
Credit facilities	<b>74,754</b>	54,738
Construction loans	<b>10,340</b>	—
Total interest-bearing debt	<b>\$2,301,686</b>	\$2,193,881
Total assets <sup>(1)</sup>	<b>\$5,490,962</b>	\$5,428,715
Total debt as a percentage of total assets	<b>41.9%</b>	40.4%

(1) Excludes right-of-use assets of \$16.3 million as at December 31, 2025 (December 31, 2024 – \$11.6 million).

Total debt as a percentage of total assets was 41.9% at December 31, 2025, compared to 40.4% at December 31, 2024. The 150 bps increase reflects a higher interest-bearing debt balance at year-end 2025. This was partially offset by a modest increase in total assets, supported by \$168.8 million of investment property acquisitions completed during the year, which was tempered by fair value losses recognized on Killam's investment properties and \$148.3 million in property dispositions. Management remains focused on maintaining conservative debt levels. Total debt to total assets is sensitive to changes in the fair value of investment properties, particularly shifts in cap rates.

# 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 asset ratio given the change in the noted input (cap rate sensitivity). This analysis excludes the impact of any change in NOI growth.

Cap Rate Sensitivity Increase (Decrease)	Fair Value of Investment Properties <sup>(1)</sup>	Total Assets	Total Debt as % of Total Assets	Change (bps)
(0.50)%	\$6,039,646	\$6,081,857	37.8%	(410)
(0.25)%	\$5,718,444	\$5,760,655	40.0%	(190)
—%	\$5,449,016	\$5,491,227	41.9%	—
0.25%	\$5,170,995	\$5,213,206	44.2%	230
0.50%	\$4,935,809	\$4,978,020	46.2%	430

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

## Normalized Adjusted EBITDA

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

12 months ending,	December 31, 2025	December 31, 2024	% Change
Net income	\$29,412	\$667,844	(95.6)%
Deferred tax recovery	—	(278,975)	(100.0)%
Financing costs	84,451	79,712	5.9%
Depreciation	1,017	1,065	(4.5)%
Loss on dispositions	2,523	3,678	(31.4)%
Restructuring costs	466	5,904	(92.1)%
Fair value adjustment on unit-based compensation	(941)	(931)	1.1%
Fair value adjustment on Exchangeable Units	(2,075)	(3,352)	(38.1)%
Fair value adjustment on investment properties	120,467	(252,361)	(147.7)%
Adjusted EBITDA	235,320	222,584	5.7%
Normalizing adjustment <sup>(1)</sup>	1,961	2,352	(16.6)%
Normalized adjusted EBITDA	\$237,281	\$224,936	5.5%
Total interest-bearing debt	\$2,301,686	\$2,193,881	
Cash and cash equivalents	(9,876)	(13,211)	
Net debt	\$2,291,810	\$2,180,670	5.1%
Debt to normalized adjusted EBITDA	9.66x	9.69x	(0.3)%

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

## Interest and Debt Service Coverage

12 months ending,	December 31, 2025	December 31, 2024	% Change
NOI	\$254,828	\$240,481	6.0%
Other income	2,229	2,385	(6.5)%
Administration	(21,737)	(20,282)	7.2%
Adjusted EBITDA	235,320	222,584	5.7%
Interest expense <sup>(1)</sup>	80,312	75,605	6.2%
Interest coverage ratio	2.93x	2.94x	(0.3)%
Principal repayments	67,320	67,578	(0.4)%
Interest expense <sup>(1)</sup>	\$80,312	\$75,605	6.2%
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 22 to the consolidated financial statements.

# 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 largely of fixed-rate, long-term mortgages. Mortgages are secured by a first or second charge against individual properties. Killam's weighted average interest rate on mortgages as at December 31, 2025, was 3.58%, 13 bps higher than the rate as at December 31, 2024.

### Refinancings

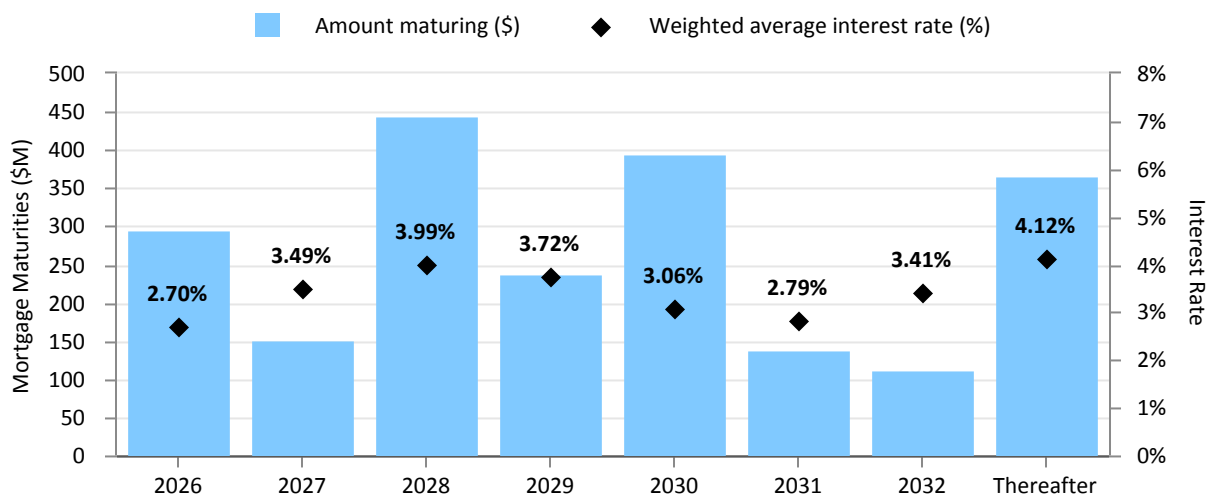
For the year ended December 31, 2025, Killam refinanced the following mortgages:

	Mortgage Debt Maturities		Mortgage Debt on Refinancing		Weighted Average Term	Net Proceeds
Apartments	\$247,223	2.78%	\$362,440	3.56%	4.7 years	\$115,217
	<b>\$247,223</b>	<b>2.78%</b>	<b>\$362,440</b>	<b>3.56%</b>	<b>4.7 years</b>	<b>\$115,217</b>

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

	Apartments			MHCs and Commercial		Total	
Year of Maturity	Balance December 31	Weighted Avg Int. Rate %	% CMHC-Insured	Balance December 31	Weighted Avg Int. Rate %	Balance December 31	Weighted Avg Int. Rate %
2026	\$297,008	2.70%	56.7%	\$4,761	2.65%	\$301,769	2.70%
2027	151,799	3.49%	76.4%	40,672	5.13%	192,471	3.84%
2028	445,834	3.99%	95.6%	34,203	5.52%	480,037	4.10%
2029	237,102	3.72%	95.3%	42,909	4.92%	280,011	3.91%
2030	395,355	3.06%	100.0%	—	—%	395,355	3.06%
Thereafter	616,321	3.69%	100.0%	3,648	3.31%	619,969	3.69%
	<b>\$2,143,419</b>	<b>3.49%</b>	<b>90.9%</b>	<b>\$126,193</b>	<b>5.02%</b>	<b>\$2,269,612</b>	<b>3.58%</b>

### Apartment Mortgage Maturities by Year



Access to mortgage debt is essential in refinancing maturing debt and financing acquisitions. Management has diversified Killam's mortgages to avoid dependence on any one lending institution and has staggered maturity dates to manage interest rate risk. Management anticipates continued access to mortgage debt for both acquisitions and refinancings. Access to CMHC-insured financing gives apartment owners an advantage over other asset classes, as lenders are provided a government guarantee and, therefore, are able to lend at more favourable rates. As at December 31, 2025, approximately 90.9% of Killam's apartment mortgages were CMHC-insured (85.8% 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 3.48% as at December 31, 2025 (December 31, 2024 – 3.32%).

# 2025 Management's Discussion and Analysis

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

The following tables present the NOI for properties that are available to Killam to refinance at debt maturity in 2026 and 2027:

2026 Debt Maturities	Number of Properties	Estimated NOI	Principal Balance (at maturity)
Apartments with debt maturing	37	\$39,118	\$290,406
MHCs and Commercial with debt maturing	2	892	4,638
	<b>39</b>	<b>\$40,010</b>	<b>\$295,044</b>

2027 Debt Maturities	Number of Properties	Estimated NOI	Principal Balance (at maturity)
Apartments with debt maturing	20	\$18,652	\$142,804
MHCs and Commercial with debt maturing	8	5,513	38,706
	<b>28</b>	<b>\$24,165</b>	<b>\$181,510</b>

## Future Contractual Debt Obligations

As at December 31, 2025, the timing of Killam's future contractual debt obligations is as follows:

For the 12 months ending December 31,	Mortgages and Loans Payable	Construction Loans <sup>(1)</sup>	Credit Facilities	Lease Liabilities	Total
2026	\$356,963	\$10,340	\$74,754	\$719	\$442,776
2027	235,056	—	—	763	235,819
2028	449,609	—	—	576	450,185
2029	274,869	—	—	76	274,945
2030	418,967	—	—	99	419,066
Thereafter	534,148	—	—	14,581	548,729
	<b>\$2,269,612</b>	<b>\$10,340</b>	<b>\$74,754</b>	<b>\$16,814</b>	<b>\$2,371,520</b>
Unamortized deferred financing costs	(\$52,943)				
Unamortized mark-to-market adjustments	(\$77)				
	<b>\$2,216,592</b>	<b>\$10,340</b>	<b>\$74,754</b>	<b>\$16,814</b>	<b>\$2,318,500</b>

(1) Construction loans are demand loans that are expected to be repaid once construction is complete and rental targets achieved. Once these targets are achieved, each construction loan will be repaid in full and is expected to be replaced with a CMHC-insured mortgage.

## Construction Loans

As at December 31, 2025, Killam had access to one variable-rate construction loan totalling \$26.2 million (December 31, 2024 – \$nil). As at December 31, 2025, \$10.3 million (December 31, 2024 – \$nil) was drawn on this facility. Payments are made monthly on an interest-only basis during the construction period. The weighted average contractual interest rate on amounts outstanding as at December 31, 2025, was 4.04% (December 31, 2024 – nil). Once construction is complete and rental targets are achieved, the loan is expected to be repaid in full and replaced with a CMHC-insured mortgage.

# 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 (CORRA). The facility includes a \$50.0 million demand revolver and a \$105.0 million committed revolver, as well as an accordion option to increase the \$155.0 million facility by an additional \$20.0 million. The agreement includes certain covenants and undertakings with which Killam was in compliance as at December 31, 2025. This facility was renewed in 2025 and now matures November 14, 2028.

The \$25.0 million demand facility bears interest at prime plus 75 bps on advances and 135 bps on issuance of letters of credit, in addition to 50 bps per annum. The agreement includes certain covenants and undertakings with which Killam was in compliance as at December 31, 2025.

As at December 31, 2025	Maximum Loan Amount <sup>(1)</sup>	Amount Drawn	Letters of Credit	Amount Available
\$155.0 million facility	\$175,000	\$60,000	\$—	\$115,000
\$25.0 million facility	25,000	14,754	1,673	8,573
<b>Total</b>	<b>\$200,000</b>	<b>\$74,754</b>	<b>\$1,673</b>	<b>\$123,573</b>

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

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

## Investment Properties

As at December 31,

	2025	2024	% Change
Investment properties	\$5,307,421	\$5,225,102	1.6%
Investment properties under construction (IPUC)	67,882	91,114	(25.5)%
Land for development	73,713	68,504	7.6%
	<b>\$5,449,016</b>	<b>\$5,384,720</b>	<b>1.2%</b>

## Continuity of Investment Properties

As at December 31,

	2025	2024	% Change
<b>Balance, beginning of year</b>	<b>\$5,225,102</b>	<b>\$4,921,892</b>	<b>6.2%</b>
Fair value adjustment - Apartments	(117,412)	244,499	(148.0)%
Fair value adjustment - MHCs	6,430	10,799	(40.5)%
Fair value adjustment - Commercial	(3,233)	(6,052)	(46.6)%
Acquisitions	170,391	15,025	1,034.0%
Dispositions	(143,027)	(54,263)	163.6%
Capital expenditures and development costs <sup>(1)</sup>	80,224	90,107	(11.0)%
Transfer from IPUC to investment properties	83,565	—	N/A
Land lease reassessment	5,252	—	N/A
Interest capitalized	129	—	N/A
Transfer to land for development	—	(860)	(100.0)%
Transfer from residential inventory	—	3,955	(100.0)%
<b>Balance, end of year</b>	<b>\$5,307,421</b>	<b>\$5,225,102</b>	<b>1.6%</b>

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

# 2025 Management's Discussion and Analysis

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

Killam reviewed its valuation of investment properties as at December 31, 2025, assessing the impact of cap rates, rental rate growth and occupancy assumptions. Each year, 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 losses on Killam's apartment portfolio recognized during the year mainly reflect cap rate expansion in select regions, in addition to the effect of stabilizing market rents, and increased vacancy assumptions in certain markets.

The key valuation assumption in the determination of fair market value, using the direct capitalization method, is the cap rate. A summary of the high, low and weighted average cap rates used in the valuation models as at December 31, 2025, and December 31, 2024, is as follows:

For the years ended December 31,

Capitalization Rates	2025			2024		
	Low	High	Effective Weighted Average	Low	High	Effective Weighted Average
Apartments	4.25%	6.20%	4.76%	4.00%	6.50%	4.62%
Halifax <sup>(1)</sup>	4.40%	6.10%	4.69%	4.00%	5.70%	4.52%
Ontario <sup>(1)</sup>	4.25%	5.00%	4.47%	4.00%	5.00%	4.13%
Moncton <sup>(1)</sup>	4.50%	6.20%	5.11%	4.25%	5.65%	5.04%
Fredericton	4.95%	5.50%	5.19%	5.10%	5.35%	5.20%
Saint John <sup>(1)</sup>	5.25%	5.35%	5.33%	5.25%	5.35%	5.33%
Alberta <sup>(1)</sup>	4.75%	5.00%	4.83%	4.75%	5.00%	4.80%
St. John's	5.25%	5.75%	5.53%	5.25%	6.50%	5.61%
Charlottetown	5.50%	5.60%	5.57%	5.35%	5.85%	5.67%
British Columbia	4.25%	4.50%	4.42%	4.00%	4.00%	4.00%
MHCs	5.50%	6.75%	6.02%	5.50%	6.75%	6.04%

(1) The cap rates for certain properties in these regions represent a blend of residential and commercial cap rates, reflecting the ancillary ground floor commercial space.

Killam's effective weighted average cap rates for its apartment and MHC portfolios at December 31, 2025, were 4.76% and 6.02%, respectively, an increase of 14 bps for apartments and a decrease of 2 bps for MHCs compared to December 31, 2024. Changes in weighted average cap rates year-over-year reflect movements in market cap rates at the low end of the range in certain regions, as well as the impact of acquisitions, dispositions, and development completions. Management continues to closely monitor the acquisition market for cap rate trends.

## Fair Value Sensitivity

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

		Change in Stabilized NOI <sup>(1)</sup>				
		(2.00)%	(1.00)%	— %	1.00%	2.00%
Change in Capitalization Rate	(0.50)%	\$491,146	\$550,127	\$609,107	\$668,088	\$727,068
	(0.25)%	176,368	232,137	287,905	343,674	399,442
	—%	(105,779)	(52,889)	—	52,889	105,779
	0.25%	(360,131)	(309,837)	(259,543)	(209,249)	(158,955)
	0.50%	(590,613)	(542,671)	(494,729)	(446,787)	(398,845)

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

# 2025 Management's Discussion and Analysis

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

## 2025 Acquisitions – Investment Properties

Property	Location	Acquisition Date	Ownership Interest	Property Type	Units	Purchase Price <sup>(1)</sup>	Mortgages Assumed
Ashley Apartments <sup>(2)</sup>	Fredericton, NB	22-Jul-25	100%	Apartment	114	\$28,700	\$15,810
Gloucester City Centre Block 8	Ottawa, ON	28-Jul-25	50%	Commercial	N/A	1,400	—
Gloucester City Centre Block 3 & 7	Ottawa, ON	30-Jul-25	50%	Land for development	N/A	2,680	—
Frontier <sup>(3)</sup>	Ottawa, ON	30-Jul-25	50%	Apartment	114	48,100	24,980
Latitude <sup>(3)</sup>	Ottawa, ON	30-Jul-25	50%	Apartment	104	47,700	30,020
Luma <sup>(3)(4)</sup>	Ottawa, ON	30-Jul-25	50%	Apartment	84	40,200	23,750
<b>Total Acquisitions</b>					<b>416</b>	<b>\$168,780</b>	<b>\$94,560</b>

(1) Purchase price does not include transaction costs.

(2) Ashley Apartments comprises three separate buildings.

(3) Killam acquired the remaining 50% ownership interest in these three apartment properties located in Ottawa, ON, previously held through a joint operation. The units noted above reflect 50% of the total units at each property.

(4) The purchase of the remaining 50% interest in Luma included an additional 4,960 SF of ancillary commercial space.

## 2025 Dispositions – Investment Properties

Property	Location	Disposition Date	Ownership Interest	Property Type	Units/Sites	Sale Price	Net Cash Proceeds <sup>(1)</sup>
425 5 St SW <sup>(2)</sup>	Calgary, AB	07-Jan-25	50%	Land for development	N/A	\$2,640	\$—
Lakeview Court	Gander, NL	02-May-25	100%	MHC	86	2,930	1,830
Sunset Parkway	Corner Brook, NL	02-May-25	100%	MHC	84	1,870	1,100
Ridgeview Terrace Apartments	Grand Falls, NL	05-May-25	100%	Apartment	59	5,070	2,850
Terrace Apartments	Grand Falls, NL	05-May-25	100%	Apartment	89	8,630	8,630
Brighton House	Charlottetown, PEI	26-May-25	100%	Apartment	47	7,300	4,660
Charlotte Court	Charlottetown, PEI	26-May-25	100%	Apartment	49	3,900	2,850
Spring Park Apartments	Charlottetown, PEI	26-May-25	100%	Apartment	32	4,680	1,720
Burns Avenue	Charlottetown, PEI	03-Jul-25	100%	Apartment	60	9,000	9,000
Gloucester City Centre Block 2	Ottawa, ON	30-Jul-25	50%	Land for development	N/A	2,680	2,680
PEI Apartment Portfolio <sup>(3)</sup>	Charlottetown and Summerside, PEI	07-Aug-25	100%	Apartment	526	81,940	41,580
Woodward Gardens <sup>(4)</sup>	Saint John, NB	08-Sep-25	100%	Apartment	99	17,000	10,270
36 Westridge Crescent	Charlottetown, PEI	08-Dec-25	100%	Apartment	8	630	630
<b>Total Dispositions</b>					<b>1,139</b>	<b>\$148,270</b>	<b>\$87,800</b>

(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.

(3) On August 7, 2025, Killam sold a portfolio of 11 properties located in Charlottetown and Summerside, PEI, for \$81.9 million, generating net cash proceeds of \$41.6 million.

(4) Excluded from net cash proceeds is a \$1.7 million VTB mortgage. Full repayment is due within 36 months of the closing date in September 2025.



# 2025 Management's Discussion and Analysis

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

## Investment Properties Under Construction

As at December 31,

	2025	2024	% Change
<b>Balance, beginning of year</b>	<b>\$91,114</b>	\$44,621	104.2%
Fair value adjustment	(6,252)	(2,922)	114.0%
Capital expenditures	62,438	40,679	53.5%
Transfer to investment properties	(83,565)	—	N/A
Transfer from land for development	2,039	7,127	(71.4)%
Interest capitalized	2,108	1,609	31.0%
<b>Balance, end of year</b>	<b>\$67,882</b>	\$91,114	(25.5)%

## Land for Development

As at December 31,

	2025	2024	% Change
<b>Balance, beginning of year</b>	<b>\$68,504</b>	\$61,293	11.8%
Fair value adjustment	—	6,037	(100.0)%
Acquisitions	2,745	5,887	(53.4)%
Dispositions	(5,325)	(5,099)	4.4%
Capital expenditures	8,429	4,966	69.7%
Transfer from investment properties	—	860	(100.0)%
Transfer to IPUC	(2,039)	(7,127)	(71.4)%
Interest capitalized	1,399	1,687	(17.1)%
<b>Balance, end of year</b>	<b>\$73,713</b>	\$68,504	7.6%

Killam's development projects currently underway as at December 31, 2025, include the following:

Property	Location	Ownership	Number of Units	Project Budget (millions)	Start Date	Estimated Completion	Anticipated All-Cash Yield
Eventide	Halifax, NS	100%	55	\$36.0	Q1-2024	Q4-2026	4.00%–4.50%
Brightwood (150 Wissler)	Waterloo, ON	100%	128	\$57.0	Q4-2024	Q2-2026	5.00%–5.50%
<b>Total <sup>(1)</sup></b>			<b>183</b>	<b>\$93.0</b>			

(1) In addition, Killam has a 10% interest in the third phase (296 units) of the Nolan Hill development in Calgary, AB, which broke ground during Q2-2025 and is expected to be completed in Q3-2027. Killam has a commitment in place to purchase the third phase, following completion of construction and the achievement of certain conditions.

### 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 Q4-2026 and has a development budget of \$36.0 million. Eventide is being financed through a conventional construction loan, which is expected to fund the remaining construction costs associated with this project.

### 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 progressing, with substantial completion expected for April 2026 and initial occupancy for early May 2026. The total development budget is \$57.0 million. Killam is financing this project CMHC construction financing.

# 2025 Management's Discussion and Analysis

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

## Future Development Pipeline

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

Property	Location	Killam's Interest	Development Potential (# of Units) <sup>(1)</sup>	Status	Estimated Year of Completion
<u>Developments expected to start in 2026–2027</u>					
Victoria Gardens Phase I	Halifax, NS	100%	95	Pre-construction	2028
Harlington Phase I	Halifax, NS	100%	138	Pre-construction	2028
Westmount Place Phase 2	Waterloo, ON	100%	250	Building permit approvals	2029
105 Elmira Rd North	Guelph, ON	70%	127	Planning approvals	TBD
<u>Additional future development projects</u>					
425 5 St SW	Calgary, AB	50%	235	Future development	TBD
Nolan Hill Phase 4 <sup>(2)</sup>	Calgary, AB	10%	200	Future development	TBD
Medical Arts	Halifax, NS	100%	198	Concept design	TBD
Hollis Street	Halifax, NS	100%	130	Concept design	TBD
Christie Point	Victoria, BC	100%	312	Future development	TBD
Quiet Place	Waterloo, ON	100%	160	Future development	TBD
Westmount Place (Phases 3–5)	Waterloo, ON	100%	700	Future development	TBD
Gloucester City Centre <sup>(3)</sup>	Ottawa, ON	100%	200	Future development	TBD
Kanata Lakes	Ottawa, ON	50%	80	Future development	TBD
St. George Street	Moncton, NB	100%	60	Future development	TBD
Topsail Road	St. John's, NL	100%	225	Future development	TBD
Block 4	St. John's, NL	100%	80	Future development	TBD
<b>Total Development Opportunities <sup>(4)</sup></b>			<b>3,190</b>		

(1) Represents total number of units in the potential development.

(2) Killam has a 10% ownership interest in the remaining phase of the Nolan Hill development in Calgary, AB, with the option to purchase the remaining 90% ownership interest upon completion.

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

(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.

# 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 and/or lower operating costs. These investments include unit and common area upgrades and energy-efficiency projects. Killam's AFFO discussion provides further disclosure on the allocation between maintenance capex and value-enhancing capex investments.

During the year ended December 31, 2025, Killam invested \$80.2 million of capital in its existing portfolio compared to \$90.1 million in 2024, a decrease of 11.0% year-over-year.

For the year ended December 31,

	2025	2024	% Change
Apartments	\$70,029	\$73,053	(4.1)%
MHCs	5,064	8,937	(43.3)%
Commercial	5,131	8,117	(36.8)%
	<b>\$80,224</b>	<b>\$90,107</b>	<b>(11.0)%</b>

## Apartment Portfolio

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

For the year ended December 31,

	2025	2024	% Change
Building improvements	\$33,833	\$36,234	(6.6)%
Suite renovations and repositionings	22,832	22,748	0.4%
Appliances	3,336	4,361	(23.5)%
Energy	6,817	6,762	0.8%
Common area	3,211	2,948	8.9%
Total capital invested	<b>\$70,029</b>	<b>\$73,053</b>	<b>(4.1)%</b>
Average number of units <sup>(1)</sup>	<b>17,629</b>	<b>18,100</b>	<b>(2.6)%</b>
Capital invested – \$ per unit	<b>\$3,972</b>	<b>\$4,036</b>	<b>(1.6)%</b>

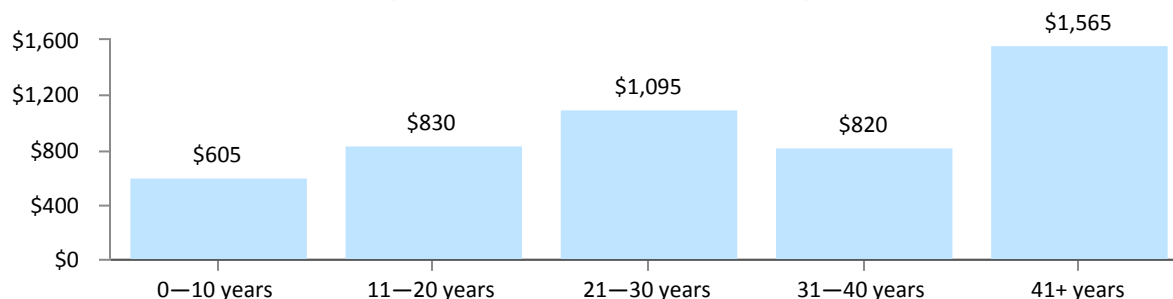
(1) Weighted average number of units, adjusted for Killam's 50% ownership in jointly held properties.

Killam invested \$3,972 per unit for the year ended December 31, 2025, compared to \$4,036 per unit in 2024. The modest decline reflects the timing of larger, multi-phase capital projects focused on enhancing building resiliency, the disposition of more capital-intensive properties over the past 12 months, and lower spend on appliances.

Killam's continued focus on the development and acquisition of newer assets contributes to a lower maintenance capex per unit relative to many other Canadian apartment owners. Thirty-two percent of Killam's apartments, based on 2026 forecasted NOI, were built in the past 10 years, and the average age of Killam's portfolio is 29 years. This concentration of newer assets reduces maintenance capital requirements and enables Management to allocate capital toward value-enhancing initiatives.

Maintenance capital requirements vary significantly by the age of properties. As the following chart illustrates, the approximate 2025 maintenance capex for properties built in the past 10 years was \$605 per unit compared to \$1,565 per unit for properties that were over 41 years old.

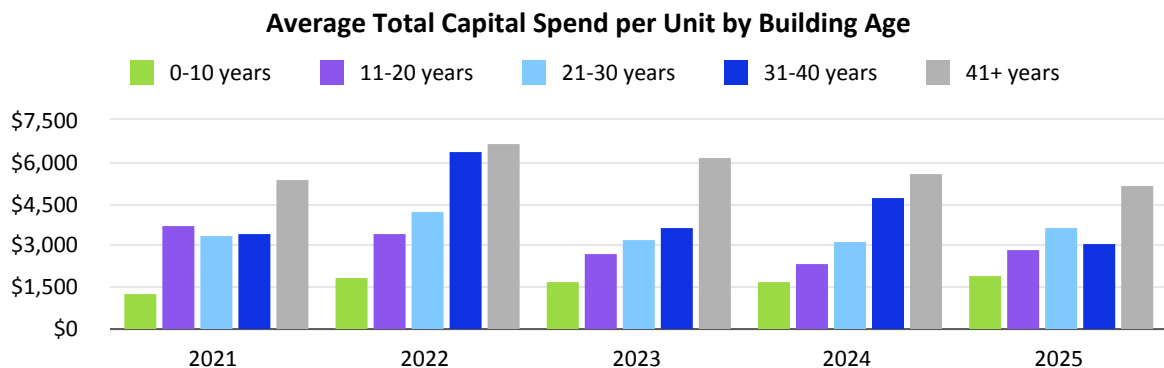
**Average Maintenance Capital Investment per Unit by Building Age  
(Based on 2025 Actual Investment)**



# 2025 Management's Discussion and Analysis

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

Additionally, the chart below highlights that the total capital investment per unit is less for newer properties (built in the last 10 years), averaging \$1,925 per unit, compared to \$5,180 per unit for buildings over 40 years old.



### Building Improvements

Of the \$70.0 million total capital invested in the apartment segment for the year ended December 31, 2025, approximately 48% was invested in building improvements. These investments included major 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. Capital invested in building improvements decreased 6.6% compared to 2024, primarily due to the timing of multi-phase building envelope projects and the disposition of more capital-intensive properties over the past 12 months.

### Unit Renovations and Repositionings

For the year ended December 31, 2025, Killam invested \$22.8 million in unit renovations, in line with the total investment of \$22.7 million in 2024. Killam has continued to focus on renovations in order to maximize occupancy and rental growth. Killam targets a minimum ROI of 10% for its unit renovations, earning rental growth of 10%–40%. The timing of unit renovation investment is influenced by tenant turnover, market conditions and individual property requirements. The length of time that Killam has owned a property and the age of the property also impact capital requirements. In 2025, Killam repositioned 263 units, down slightly from 286 units in 2024. The repositionings had an average investment of approximately \$36,300 per unit, generating an average ROI of 18% when compared to in-place rents.

### Energy

Killam continues to invest in energy-efficiency initiatives, with a focus on reducing operating costs and improving building performance. In 2025, Killam invested \$6.8 million in energy-related capital projects, consistent with the level of investment in 2024. These initiatives included the installation of solar PV panels at select properties, window replacements, building envelope and insulation upgrades, and the installation of new boilers and heat pumps across multiple buildings. Management expects to continue investing in energy-efficient projects in 2026, supporting Killam’s long-term sustainability objectives and enhancing asset performance over time.

# 2025 Management's Discussion and Analysis

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

## MHC Portfolio

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

For the year ended December 31,

	2025	2024	% Change
Water and sewer upgrades	\$1,547	\$2,630	(41.2)%
Site expansion and land improvements	2,090	3,458	(39.6)%
Other	549	2,313	(76.3)%
Roads and paving	615	412	49.3%
Equipment	263	124	112.1%
Total capital invested – MHCs	\$5,064	\$8,937	(43.3)%
Average number of sites	5,862	5,975	(1.9)%
Capital invested – \$ per site	\$864	\$1,496	(42.2)%

Management expects to invest between \$850 and \$1,100 per MHC site annually. Consistent with the apartment portfolio, a portion of the MHC capital is considered maintenance capital and a portion is considered value enhancing. Maintenance capital includes costs to support the existing infrastructure, and value-enhancing capital includes improvements to roadways, work to accommodate future expansion, and various community enhancements. A portion of MHC capital may be recovered through above-guideline increases in provinces with rent control, leading to increased NOI from the investments.

Total capital invested for the year ended December 31, 2025, was \$5.1 million, down from \$8.9 million in 2024. The year-over-year decline is primarily attributable to the \$2.0 million, 26-site expansion at Killam's MHC community in Listowel, ON, which was undertaken in 2024 and completed in early 2025. Ongoing MHC capital investment includes a range of community enhancements, such as building and land improvements, equipment upgrades, and water and sewer infrastructure projects, many of which contribute to reduced water consumption over time. Similar to the apartment portfolio, the timing and level of MHC capital investment varies depending on the specific needs and priorities of each community.

## Commercial Portfolio

During the year ended December 31, 2025, Killam invested \$5.1 million in its commercial portfolio, compared to \$8.1 million for the year ended December 31, 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 year-over-year 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 annually depending on the timing and scope of tenant turnover and lease-up activity.

# 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, *Financial Instruments: Presentation* (IAS 32).

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

Unitholders have the right to redeem their units at the lesser of (i) 90% of the market price of the Trust Unit (market price is defined as the weighted average trading price of the previous 10 trading days), and (ii) the most recent closing market price (closing market price is defined as the weighted average trading price on the specified date) at the time of the redemption. The redemption price will be satisfied by cash, up to a limit of \$50 thousand for all redemptions in a calendar month, or a note payable. For the year ended December 31, 2025, no unitholders redeemed 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 Trust Units on the TSX preceding the relevant distribution date, which typically is on or about the 15th day of the month following the distribution declaration.

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

### Distribution Reinvestment Plan and Net Distributions Paid

For the years ended December 31,

	2025	2024	% Change
Distributions declared on Trust Units	<b>\$87,663</b>	\$84,413	3.9%
Distributions declared on Exchangeable Units	<b>2,550</b>	2,742	(7.0)%
Distributions declared on awards outstanding under RTU Plan	<b>463</b>	355	30.4%
Total distributions declared	<b>\$90,676</b>	\$87,510	3.6%
Less:			
Distributions on Trust Units reinvested	<b>(\$24,413)</b>	(\$23,469)	4.0%
Distributions on RTUs reinvested	<b>(463)</b>	(355)	30.4%
Net distributions paid	<b>\$65,800</b>	\$63,686	3.3%
Percentage of distributions reinvested	<b>27.4%</b>	27.2%	

### 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 year ended December 31, 2025, 152,530 Trust Units were purchased for cancellation under Killam's previous NCIB at a weighted average purchase price of \$16.28 per unit.

# 2025 Management's Discussion and Analysis

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

## PART VIII

### Quarterly Results & Discussion of Q4 Operations

#### Summary of Quarterly Results

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

	2025				2024			
	Q4	Q3 <sup>(1)</sup>	Q2 <sup>(1)</sup>	Q1 <sup>(1)</sup>	Q4	Q3 <sup>(2)</sup>	Q2 <sup>(2)</sup>	Q1 <sup>(2)</sup>
Property revenue	\$96,258	\$98,473	\$95,646	\$93,024	\$92,581	\$93,788	\$90,776	\$87,505
NOI	\$63,973	\$67,785	\$64,075	\$58,995	\$61,119	\$64,416	\$59,923	\$55,020
Net (loss) income	(\$147,494)	\$41,860	\$33,134	\$101,912	\$363,419	\$62,732	\$114,452	\$127,240
FFO	\$37,258	\$41,877	\$39,400	\$34,241	\$36,393	\$40,468	\$36,673	\$31,380
FFO per unit – diluted	\$0.30	\$0.34	\$0.32	\$0.28	\$0.29	\$0.33	\$0.30	\$0.26
AFFO	\$31,672	\$36,152	\$33,576	\$28,482	\$30,579	\$34,724	\$30,846	\$25,579
AFFO per unit – diluted	\$0.25	\$0.29	\$0.27	\$0.23	\$0.25	\$0.28	\$0.25	\$0.21
Weighted average units – diluted (000s)	125,070	124,745	124,396	123,967	123,600	123,294	122,980	122,610

(1) The maintenance capital expenditures used to calculate AFFO and AFFO per unit (diluted) for Q1-2025, Q2-2025 and Q3-2025 were updated to reflect the maintenance capex reserve of \$1,110 per apartment unit, \$310 per MHC site and \$1.20 per SF for commercial properties that were used in the calculation for the year ended December 31, 2025.

(2) 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 year ended December 31, 2024.

#### Q4 Consolidated Results

For the three months ended December 31,

	Total Portfolio			Same Property <sup>(1)</sup>		
	2025	2024	% Change	2025	2024	% Change
Property revenue	\$96,258	\$92,581	4.0%	\$90,270	\$86,678	4.1%
Property operating expenses						
General operating expenses	15,347	14,600	5.1%	14,381	13,672	5.2%
Utility and fuel expenses	6,076	6,618	(8.2)%	5,842	6,132	(4.7)%
Property taxes	10,862	10,244	6.0%	10,289	9,702	6.1%
Total operating expenses	\$32,285	\$31,462	2.6%	\$30,512	\$29,506	3.4%
NOI	\$63,973	\$61,119	4.7%	\$59,758	\$57,172	4.5%
Operating margin %	66.5%	66.0%	50 bps	66.2%	66.0%	20 bps

(1) Same property results exclude acquisitions, dispositions and developments completed during the comparable 2025 and 2024 periods, which are classified as non-same property. For the three months ended December 31, 2025, NOI contributions from acquisitions, dispositions and developments completed in 2025 and 2024 were \$2.8 million. For the three months ended December 31, 2024, NOI contributions from acquisitions, dispositions and developments completed in 2024 were \$0.2 million.

For the three months ended December 31, 2025, Killam generated consolidated NOI growth of 4.7%. Property revenue increased 4.0%, driven by growth within the existing portfolio along with contributions from acquisitions and completed developments. These gains were partially offset by the impact of dispositions completed over the past year. Total operating expenses rose 2.6% during the quarter, primarily due to higher property tax expenses and increased salary costs, offset by lower natural gas costs.

Consolidated same property revenue increased 4.1% for the three months ended December 31, 2025, compared to Q4-2024, driven by a higher weighted average rental rate during the quarter. Total same property operating expenses rose 3.4%, resulting in consolidated same property NOI growth of 4.5% in Q4-2025 compared to the same period in 2024.

# 2025 Management's Discussion and Analysis

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

## Q4 Net (Loss) Income and Comprehensive (Loss) Income

For the three months ended December 31,

	2025	2024	% Change
Net operating income	\$63,973	\$61,119	4.7%
Other income	449	585	(23.2)%
Financing costs	(22,330)	(20,543)	8.7%
Depreciation	(215)	(258)	(16.7)%
Administration	(5,299)	(5,289)	0.2%
Restructuring costs	(466)	(5,904)	(92.1)%
Fair value adjustment on unit-based compensation	1,001	1,420	(29.5)%
Fair value adjustment on Exchangeable Units	5,280	14,579	(63.8)%
Fair value adjustment on investment properties	(189,673)	(749)	N/A
Loss on dispositions	(214)	(1,446)	(85.2)%
<b>(Loss) income before income taxes</b>	<b>(147,494)</b>	43,514	N/A
Deferred tax recovery	—	319,905	(100.0)%
<b>Net (loss) income and comprehensive (loss) income</b>	<b>(\$147,494)</b>	\$363,419	N/A

Net income decreased by \$510.9 million for the three months ended December 31, 2025, compared to Q4-2024. The decline was primarily driven by the absence of the \$319.9 million deferred tax recovery in Q4-2024, which arose from the completion of the Arrangement, as described on page 29. Additionally, Killam recognized \$189.7 million in fair value losses on its investment properties in Q4-2025, compared to fair value losses of \$0.7 million in Q4-2024.

Killam also recorded \$6.3 million in fair value gains related to mark-to-market adjustments on unit-based compensation and Exchangeable Units in the quarter, compared to gains of \$16.0 million in Q4-2024. These impacts were partially offset by quarter-over-quarter NOI growth of \$2.9 million, supported by same property NOI growth and contributions from completed developments.



# 2025 Management's Discussion and Analysis

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

## Q4 Same Property NOI

For the three months ended December 31,

	Apartments			MHCs			Commercial		
	2025	2024	% Change	2025	2024	% Change	2025	2024	% Change
Property revenue	\$79,633	\$76,510	4.1%	\$4,959	\$4,627	7.2%	\$5,678	\$5,541	2.5%
Property operating expenses									
General operating expenses	12,052	11,414	5.6%	1,205	1,215	(0.8)%	1,124	1,043	7.8%
Utility and fuel expenses	5,113	5,382	(5.0)%	418	460	(9.1)%	311	290	7.2%
Property taxes	9,118	8,561	6.5%	192	216	(11.1)%	979	925	5.8%
Total operating expenses	\$26,283	\$25,357	3.7%	\$1,815	\$1,891	(4.0)%	\$2,414	\$2,258	6.9%
NOI	\$53,350	\$51,153	4.3%	\$3,144	\$2,736	14.9%	\$3,264	\$3,283	(0.6)%
Operating margin	67.0%	66.9%	10 bps	63.4%	59.1%	430 bps	57.5%	59.2%	(170) bps

## Apartment Same Property

Killam's same property apartment portfolio generated NOI growth of 4.3% for the three months ended December 31, 2025, compared to the same period in 2024. This growth was driven by a 4.1% increase in revenue, attributable to a 4.8% year-over-year increase in the average rental rate, partially offset by a 60 bps decline in occupancy, down from 97.5% in Q4-2024 to 96.9% in Q4-2025.

Total same property operating expenses increased 3.7% in the quarter. General operating expenses rose 5.6%, reflecting higher salary costs, increased contract services, higher repairs and maintenance spending, and additional advertising costs. These pressures were partially offset by lower insurance premiums.

Utility and fuel expenses declined 5.0% in Q4-2025 compared to the prior year, driven by reductions in natural gas and electricity costs, which were down 11.0% and 7.8%, respectively. These decreases were partially offset by a 2.9% increase in water costs. Higher utility recoveries further contributed to lower net utility and fuel expenses.

Property tax expense increased 6.5% for the three months ended December 31, 2025, reflecting higher property tax assessments and mill rate increases across the portfolio.

## Q4-2025 Occupancy

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

For the three months ended December 31,	# of Units	Total Occupancy			Same Property Occupancy		
		2025	2024	Change (bps)	2025	2024	Change (bps)
Halifax	5,600	97.7%	98.3%	(60)	97.7%	98.3%	(60)
KWC-GTA <sup>(2)</sup>	2,065	94.5%	97.5%	(300)	96.4%	97.5%	(110)
Ottawa	1,447	96.2%	96.1%	10	96.3%	96.1%	20
London	523	96.5%	97.6%	(110)	96.5%	97.6%	(110)
Moncton	2,246	97.3%	98.6%	(130)	97.3%	98.6%	(130)
Fredericton	1,643	97.7%	98.9%	(120)	97.7%	98.9%	(120)
Saint John	898	98.3%	98.1%	20	98.3%	98.2%	10
Calgary <sup>(3)</sup>	998	93.0%	89.5%	350	93.3%	92.2%	110
Edmonton	882	95.0%	96.3%	(130)	95.0%	96.3%	(130)
St. John's	958	97.9%	98.5%	(60)	97.9%	98.7%	(80)
Victoria	516	95.4%	93.8%	160	95.4%	93.8%	160
Charlottetown	77	96.6%	98.3%	(170)	97.0%	99.3%	(230)
<b>Total Apartments (weighted average)</b>	<b>17,853</b>	<b>96.6%</b>	<b>97.3%</b>	<b>(70)</b>	<b>96.9%</b>	<b>97.5%</b>	<b>(60)</b>

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

(2) Total Q4-2025 occupancy for KWC-GTA was impacted by The Carrick, a 139-unit development that was substantially completed in July 2025 and is currently undergoing initial lease-up.

(3) Total Q4-2024 occupancy for Calgary was impacted by Nolan Hill Phase II, a recently completed 234-unit development undergoing initial lease-up, which is located in the same area of the city as an additional 391 units owned and managed by Killam.

Overall total apartment occupancy decreased by 70 bps to 96.6% in Q4-2025, compared to 97.3% in Q4-2024. Same property occupancy was 96.9%, a 60 bps decline compared to the fourth quarter of 2024. This change in occupancy is reflective of an increasingly competitive rental market in Canada due to a decline in population growth and an increase in new supply in select markets.

# 2025 Management's Discussion and Analysis

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

## Apartment Same Property NOI by Region

Three months ended December 31,

	Property Revenue			Property Expenses			Net Operating Income		
	2025	2024	% Change	2025	2024	% Change	2025	2024	% Change
<b>Nova Scotia</b>									
Halifax	\$26,396	\$24,796	6.5%	(\$8,594)	(\$8,128)	5.7%	\$17,802	\$16,668	6.8%
	26,396	24,796	6.5%	(8,594)	(8,128)	5.7%	17,802	16,668	6.8%
<b>Ontario</b>									
KWC-GTA	10,878	10,663	2.0%	(3,594)	(3,540)	1.5%	7,284	7,123	2.3%
Ottawa	5,367	5,307	1.1%	(1,622)	(1,596)	1.6%	3,745	3,711	0.9%
London	2,617	2,556	2.4%	(868)	(854)	1.6%	1,749	1,702	2.8%
	18,862	18,526	1.8%	(6,084)	(5,990)	1.6%	12,778	12,536	1.9%
<b>New Brunswick</b>									
Moncton	9,341	9,040	3.3%	(3,533)	(3,417)	3.4%	5,808	5,623	3.3%
Fredericton	6,670	6,411	4.0%	(2,272)	(2,092)	8.6%	4,398	4,319	1.8%
Saint John	3,530	3,319	6.4%	(1,287)	(1,257)	2.4%	2,243	2,062	8.8%
	19,541	18,770	4.1%	(7,092)	(6,766)	4.8%	12,449	12,004	3.7%
<b>Alberta</b>									
Calgary	3,780	3,649	3.6%	(1,255)	(1,096)	14.5%	2,525	2,553	(1.1)%
Edmonton	4,442	4,390	1.2%	(1,413)	(1,553)	(9.0)%	3,029	2,837	6.8%
	8,222	8,039	2.3%	(2,668)	(2,649)	0.7%	5,554	5,390	3.0%
<b>Newfoundland and Labrador</b>									
St. John's	3,446	3,273	5.3%	(1,031)	(969)	6.4%	2,415	2,304	4.8%
	3,446	3,273	5.3%	(1,031)	(969)	6.4%	2,415	2,304	4.8%
<b>Prince Edward Island</b>									
Charlottetown	236	236	—%	(65)	(75)	(13.3)%	171	161	6.2%
	236	236	—%	(65)	(75)	(13.3)%	171	161	6.2%
<b>British Columbia</b>									
Victoria	2,930	2,870	2.1%	(749)	(780)	(4.0)%	2,181	2,090	4.4%
	2,930	2,870	2.1%	(749)	(780)	(4.0)%	2,181	2,090	4.4%
	\$79,633	\$76,510	4.1%	(\$26,283)	(\$25,357)	3.7%	\$53,350	\$51,153	4.3%

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

Upon turn, Killam will typically generate rental increases by moving rental rates to market and, where market demand exists, by upgrading units for unlevered returns of a minimum of 10% on capital invested. In Q4-2025, Killam's same property weighted average rental rate increased 4.5% for units that turned or renewed, down from 7.9% in Q4-2024. The decline was primarily driven by lower rental increases on unit turns, which averaged 7.9% for the three months ended December 31, 2025, compared to 19.5% for the same period in 2024. Rental increases on renewals were 3.0% during the quarter, down slightly from 4.4% in Q4-2024.

The chart below summarizes the rental increases achieved during the three months ended December 31, 2025 and 2024.

For the three months ended December 31,	2025		2024	
	Rental Increases	Turnovers & Renewals <sup>(1)</sup>	Rental Increases	Turnovers & Renewals <sup>(1)</sup>
Lease renewal	3.0%	14.9%	4.4%	14.1%
Unit turn	7.9%	4.2%	19.5%	4.2%
Rental increase (weighted average)	4.5%		7.9%	

(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.

# 2025 Management's Discussion and Analysis

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

## MHC Results

For the three months ended December 31,

	Total Portfolio			Same Property		
	2025	2024	% Change	2025	2024	% Change
Property revenue	<b>\$4,993</b>	\$4,803	4.0%	<b>\$4,959</b>	\$4,627	7.2%
Property operating expenses	<b>1,819</b>	1,946	(6.5)%	<b>1,815</b>	1,891	(4.0)%
NOI	<b>\$3,174</b>	\$2,857	11.1%	<b>\$3,144</b>	\$2,736	14.9%
Operating margin %	<b>63.6%</b>	59.5%	410 bps	<b>63.4%</b>	59.1%	430 bps

Killam's total MHC portfolio delivered revenue growth of 4.0% in the quarter compared to the same period in 2024, while property operating expenses declined 6.5%. Together, these factors contributed to an 11.1% increase in NOI for the quarter. The lower total revenue growth relative to the 7.2% increase in same property MHC revenue reflects the impact of two MHC dispositions completed in May 2025.

Same property revenue for the MHC portfolio increased 7.2% in the Q4-2025, driven by a 7.4% rise in rental rates. Same property operating expenses declined 4.0% quarter-over-quarter, reflecting lower repairs and maintenance costs, reduced bad det expense, and lower general operating expenses. As a result, the same property MHC portfolio generated a 14.9% increase in NOI in the fourth quarter.

## Commercial Results

For the three months ended December 31,

	Total Portfolio			Same Property		
	2025	2024	% Change	2025	2024	% Change
Property revenue	<b>\$5,946</b>	\$5,627	5.7%	<b>\$5,678</b>	\$5,541	2.5%
Property operating expenses	<b>2,399</b>	2,215	8.3%	<b>2,414</b>	2,258	6.9%
NOI	<b>\$3,547</b>	\$3,412	4.0%	<b>\$3,264</b>	\$3,283	(0.6)%

Killam's total commercial portfolio generated revenue growth of 5.7% in Q4-2025 compared to the same period in 2024. This increase was partially offset by an 8.3% rise in property operating expenses, resulting in a 4.0% increase in NOI during the quarter.

The same property commercial portfolio for Q4-2025 included Westmount Place in Waterloo; Royalty Crossing in PEI, where Killam holds a 75% interest and serves as property manager; the Brewery Market in downtown Halifax; and several smaller commercial assets. Same property commercial revenue grew by 2.5% during the quarter, supported by rental rate growth and partially offset by a modest rise in vacancy. Same property operating expenses increased 6.9%, reflecting higher salary costs, elevated electricity expenses, and increased property taxes. Overall, same property NOI decreased 0.6% in Q4-2025 compared to the same period in 2024.

# 2025 Management's Discussion and Analysis

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

## Q4 FFO

For the three months ended December 31,	2025	2024	% Change
Net (loss) income	(\$147,494)	\$363,419	(140.6)%
Fair value adjustment on unit-based compensation	(1,001)	(1,420)	(29.5)%
Fair value adjustment on Exchangeable Units	(5,280)	(14,579)	(63.8)%
Fair value adjustment on investment properties	189,673	749	N/A
Internal commercial leasing costs	74	54	37.0%
Deferred tax recovery	—	(319,905)	(100.0)%
Restructuring costs	466	5,904	(92.1)%
Interest expense related to Exchangeable Units	605	695	(12.9)%
Loss on dispositions	214	1,446	(85.2)%
Depreciation on owner-occupied building	23	24	(4.2)%
Land lease adjustment	(22)	6	(466.7)%
FFO	\$37,258	\$36,393	2.4%
FFO per unit – diluted	\$0.30	\$0.29	3.4%
Weighted average number of units – diluted (000s)	125,070	123,600	1.2%

Killam earned FFO of \$37.3 million, or \$0.30 per unit (diluted), for the three months ended December 31, 2025, compared to \$36.4 million, or \$0.30 per unit (diluted), for the same period in 2024. FFO growth is primarily attributable to strong NOI growth from Killam's same property portfolio, partially offset by higher interest expense and administrative costs. A 1.2% increase in the weighted average number of units outstanding also impacted the per unit earnings. FFO has been adjusted for costs incurred in 2025 and 2024 to complete the Arrangement and resulted in the reversal of Killam's deferred tax liability in 2024. These costs were unique to Killam's corporate structure and therefore have been removed for FFO purposes.

## Q4 AFFO

For the three months ended December 31,	2025	2024	% Change
FFO	\$37,258	\$36,393	2.4%
Maintenance capital expenditures	(5,527)	(5,650)	(2.2)%
Commercial straight-line rents	50	(18)	(377.8)%
Internal and external commercial leasing costs	(109)	(146)	(25.3)%
AFFO	\$31,672	\$30,579	3.6%
AFFO per unit – diluted	\$0.25	\$0.25	—%
AFFO payout ratio – diluted	71%	72%	(100) bps
Weighted average number of units – diluted (000s)	125,070	123,600	1.2%

The AFFO payout ratio for the three months ended December 31, 2025 was 71%, a decrease of 100 bps compared to Q4-2024. The improvement was primarily driven by a 3.6% increase in AFFO, driven by same property NOI growth and contributions from recently completed developments. AFFO per unit (diluted) remained consistent with the prior-year period at \$0.25, as a 1.2% increase in the weighted average number of units outstanding offset the growth in total AFFO.

# 2025 Management's Discussion and Analysis

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

## PART IX

### Selected Consolidated Financial Information

For the years ended December 31,	2025	2024	2023
Property revenue	\$383,401	\$364,650	\$348,150
Net income	\$29,412	\$667,844	\$266,333
FFO	\$152,776	\$144,914	\$139,755
FFO per unit – diluted	\$1.23	\$1.18	\$1.15
Investment properties	\$5,449,016	\$5,384,720	\$5,027,806
Total assets	\$5,507,303	\$5,440,350	\$5,085,114
Total liabilities	\$2,443,656	\$2,350,398	\$2,602,514
Distribution per unit	\$0.72	\$0.70	\$0.70

## Risk Management

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

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

Killam is exposed to other risks, as outlined below:

### Rent Control Risk

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

Ontario capped residential rents on existing tenants at 2.5% for 2025 and 2.1% for 2026, and British Columbia capped residential rent increases on existing tenants at 3.0% for 2025 and 2.3% for 2026. Nova Scotia currently has temporary rent control measures in place, limiting the maximum allowable rental increase on renewal. The increase was limited to 2.0% for 2021–2023 and 5.0% for 2024–2026. These temporary measures in Nova Scotia are expected to be in place until the end of 2027.

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

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

### Inflation Risk

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

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

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## Interest Rate Risk

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

As at December 31, 2025, Killam had \$85.1 million of variable rate debt outstanding (December 31, 2024 – \$54.7 million), consisting of \$10.3 million in construction loans and \$74.8 million drawn on its credit facilities. These facilities bear interest at prime plus 0.65%–0.75% or 155–180 bps above CORRA (December 31, 2024 – prime plus 0.55%–0.75% or 155–180 bps above CORRA) and therefore expose Killam to short-term interest rate fluctuations. A 100 bps increase in variable interest rates would increase Killam's annual financing costs by approximately \$0.9 million.

Killam also has \$301.8 million of fixed-rate mortgage debt maturing within the next 12 months. Assuming these mortgages are refinanced at similar terms except for a 100 bps increase in interest rates, annual financing costs would increase by approximately \$3.0 million.

## Liquidity Risk

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

## Cybersecurity Risk

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

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

## Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill the commitments of their lease. Killam mitigates the risk of credit loss through the diversification of its existing portfolio and limiting its exposure to any one tenant. Credit assessments are conducted for all new leases, and Killam also obtains a security deposit to assist in potential recovery requirements. Killam's bad debt expense has historically been less than 0.3% of revenues, and none of Killam's tenants account for more than 4% of tenant receivables as at December 31, 2025 or 2024. Any credit risk that materializes may have a material adverse effect on Killam's business, financial condition and results of operations.

## Increased Supply Risk

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

## Development Risk

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

# 2025 Management's Discussion and Analysis

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

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## **Capitalization Rate Risk**

The fair market property valuation process is dependent on several inputs, including the discount rates and terminal capitalization rates. Risks associated with Killam's property valuation model include fluctuations in these rates which can significantly impact the value of Killam's investment properties, which in turn, could impact financial covenants in the DOT and through Killam's credit facilities.

## **Market for Securities and Price Volatility**

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

## **Climate Change and Environmental Laws**

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

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

## **Taxation-Related Risks**

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

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

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

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

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

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

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

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

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

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

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

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



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

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## **Other Canadian Tax Matters**

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

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

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

## **Utility, Energy and Property Tax Risk**

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

## **Legal and Litigation Risk**

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

## **International Trade Risk**

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

## **Supply Chain Risk**

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

# 2025 Management's Discussion and Analysis

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

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## **General Uninsured Losses**

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

## **Fluctuation and Availability of Cash Distributions**

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

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

## **Ability of Unitholders to Redeem Trust Units**

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

## **Exchangeable Units**

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

## **Competition for Real Property Investments**

Killam competes for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) that are presently seeking, or that may seek in the future, real property investments similar to those desired by Killam. Many of these investors will have greater financial resources than those of the Trust. An increase in the availability of investment funds, and an increase in interest of real property investments, may increase competition for real property investments, thereby increasing purchase prices and reducing yields therefrom. In addition, Killam may require additional financing to complete future real property acquisitions, which may not be available on terms acceptable to Killam. Competition for acquisitions of real properties is intense, and some competitors may have the ability or inclination to acquire properties at higher prices or on terms less favourable than those that Killam is prepared to accept.

## **Zoning and Approval**

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

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

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## Acquisitions and Dispositions

The success of Killam's capital recycling initiatives will depend in large part on identifying suitable disposition and acquisition opportunities that meet Killam's investment criteria and satisfy its due diligence process. In addition, acquisitions will be affected by purchase price, ability to obtain adequate financing or financing on reasonable terms, consummating acquisitions (including obtaining necessary consents) and effectively integrating and operating the acquired properties. Unitholders will have no advance opportunity to evaluate the merits and risks of any future acquisitions of real property investments made by Killam and will need to rely on the experience and judgment of Management. There can be no assurance that any such acquisitions will be successfully completed and acquired properties may not meet financial or operational expectations due to unexpected costs associated with acquiring the property, as well as the general investment risks inherent in any real estate investment or acquisition, including future refinancing risks. Acquired properties may also be subject to unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of Killam. Representations and warranties given by third parties to Killam may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Moreover, newly acquired properties may require significant management attention or property capital investments that would otherwise be allocated to other properties. If Killam is unable to manage its capital recycling initiatives and integrate its acquisitions effectively, its business, operating results and financial condition could be adversely affected.

Killam regularly considers and undertakes strategic property dispositions in order to recycle its capital and improve its portfolio composition, focusing on the disposition of non-core and lower-growth properties, or those that are more capital intensive. Failure to execute on dispositions may inhibit Killam's ability to fund other strategic priorities. Additionally, failure to receive appropriate pricing on dispositions may adversely impact Killam's ability to redeploy the capital and replace the disposition cash flows. Failure to dispose of certain assets not aligned with Killam's capital recycling program may adversely affect its operations and financial performance. Management and the Board will have responsibility for and substantial discretion in the making of such acquisitions and dispositions. Therefore, the future profitability of Killam will depend upon the ability of Management to identify and complete commercially viable transactions.

## Dependence on Key Personnel

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

## Co-ownership

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

## Ground Leases

Four of Killam's properties, including 6101 South Street and Chapter House located in Halifax, Oceanic Camping located in Shediac, New Brunswick, and 1033 Queen Street West in Toronto, are subject to long-term ground leases in which the underlying land is owned by an arm's length third party and leased to Killam. Under the terms of the ground lease, Killam must pay rent for the use of the land and is generally responsible for all the costs and expenses associated with the building, as well as improvements. Unless the lease term is extended, the land, together with all of the improvements made, will revert to the owner of the land upon the expiration of the lease. The leases are scheduled to expire in 2040 (there is an option for a ten-year renewal), 2080, 2105 and 2059, respectively. The total ground lease payments for the year ended December 31, 2025, were \$0.4 million (December 31, 2024 – \$0.4 million). There is no assurance that any lease will be extended or renewed on terms acceptable to Killam or at all. The extension or renewal of any ground lease on terms less favourable to Killam or the expiration of any ground lease may have a material adverse effect on Killam's business, financial condition and results of operations.

## ESG Targets and Commitments

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

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

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

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

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As a result of amendments to the *Competition Act* (Canada), certain public representations by a business regarding the benefits of the work it is doing to protect or restore the environment or mitigate the environmental and ecological causes or effects of climate change may violate the *Competition Act* (Canada)'s deceptive marketing practices provisions. These amendments include substantial financial penalties and a private right of action that permits private parties to seek an order from the Competition Tribunal under the deceptive marketing practices provisions. Although amendments to the *Competition Act* (Canada) were proposed in the 2025 federal budget, which would have the effect of limiting a business's risk with respect to public representations, the scope and timing of these amendments remain uncertain. Ongoing uncertainty surrounding the interpretation and enforcement of this legislation may expose Killam to increased litigation and financial penalties, the outcome and impacts of which can be difficult to assess or quantify, and may have a material adverse effect on Killam's business, reputation, financial condition, and results.

## **International Conflict**

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

## **Legal Rights Normally Associated with the Ownership of Shares of a Corporation**

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

## **Pandemic Risk and Economic Downturn**

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

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

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

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

### Critical Judgments in Applying Accounting Policies

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

#### (i) Income taxes

The Trust applies judgment in determining the tax rates applicable to its corporate subsidiaries and identifying the temporary differences in each of such legal subsidiaries in respect of which deferred income taxes are recognized. Deferred taxes related to temporary differences arising from its corporate subsidiaries are measured based on the tax rates that are expected to apply in the year when the asset is realized or the liability is settled. Temporary differences are differences that are expected to reverse in the future and arise from differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax bases.

#### (ii) Investment property and internal capital program

The Trust's accounting policy relating to investment properties is described in note 3(G). In applying this policy, judgment is applied in determining the extent and frequency of utilizing independent, third-party appraisals, as well as the use of internal valuation processes, to measure the fair value of the Trust's investment properties.

Additionally, judgment is applied in determining the appropriate classes of investment properties in order to measure fair value. The Trust also undertakes internal capital improvements and upgrades. Such work is specifically identified, and the Trust applies judgment in the estimated amount of directly attributable salaries to be allocated to capital improvements and upgrades of its investment properties. Judgment is also applied in determining whether expenditures meet the criteria for capitalization under IAS 40, *Investment Property*, or should be expensed as incurred.

#### (iii) Financial instruments

The Trust's accounting policies relating to financial instruments are described in note 3(M). Critical judgments inherent in these policies related to applying the criteria set out in IFRS 9, *Financial Instruments*, and IAS 32, *Financial Instruments: Presentation*, to determine the appropriate recognition model, i.e. fair value through profit or loss, etc., assess the effectiveness of hedging relationships and determine the identification of embedded derivatives, if any, that are subject to fair value measurement.

#### (iv) Basis of consolidation

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

#### (v) Revenue recognition

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

### Key Accounting Estimates and Assumptions

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

#### (i) Valuation of investment properties

The choice of valuation method and the critical estimates and assumptions underlying the fair value determination of investment properties are set out in note 6. Significant estimates used in determining the fair value of the Trust's investment properties include capitalization rates and stabilized NOI used in the overall capitalization rate valuation method. A change to any one of these inputs could significantly alter the fair value of an investment property. Please refer to note 6 for sensitivity analysis.

IPUC and land held for development are also valued at fair value, using similar valuation techniques and assumptions.

#### (ii) Deferred unit-based compensation

The compensation costs relating to deferred unit-based compensation are based on estimates of how many deferred units will be awarded, how many will actually vest and be exercised, as well as valuation models, which by their nature are subject to measurement uncertainty, and actual results may differ from those estimates.

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

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## Future Accounting Policy Changes

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

### **IFRS 18, *Presentation and Disclosure in Financial Statements***

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

### **IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures***

In September 2025, the IASB issued amendments to IFRS 9 and IFRS 7 that clarify the derecognition requirements for financial liabilities and introduce guidance on determining the "settlement date." The amendments also permit an accounting policy choice, to derecognize a financial liability before the formal settlement date when payment is initiated through an electronic payment system and specific criteria are met.

Under the amendments, a financial liability is considered extinguished when the entity has transferred cash or other financial assets to the counterparty and no longer has the practical ability to withdraw, stop, or cancel the payment. Additional disclosure requirements in IFRS 7 apply to entities electing the accounting policy choice, including information about the payment systems used, how derecognition conditions are met, and the nature and magnitude of liabilities derecognized prior to the settlement date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted. Killam is evaluating the impact of these amendments and does not expect them to have a material effect on its consolidated financial statements. Killam intends to adopt the amendments on the required effective date.

## Disclosure Controls, Procedures and Internal Controls

Management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that Killam's disclosure controls and procedures and internal controls will prevent or detect all error and all fraud. Because of the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within Killam have been detected.

### **Disclosure Controls and Procedures**

As of December 31, 2025, Management evaluated the effectiveness of the operation of its disclosure controls and procedures ("Disclosure Controls"), as defined under rules adopted by the Canadian Securities Administrators. This evaluation was performed under the supervision of, and with the participation of, the Chief Executive Officer and the Chief Financial Officer, with the assistance of Management.

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

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

### **Internal Controls over Financial Reporting**

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

As at December 31, 2025, Killam's President and Chief Executive Officer and its Chief Financial Officer, with the assistance of Management, assessed the effectiveness of the ICFR using the criteria set forth in *Internal Control - Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on that assessment, Killam determined that the ICFR were designed and operating effectively as at December 31, 2025, and did not make any changes to the design of the ICFR in 2025 that have materially affected, or are reasonably likely to materially affect, the ICFR.

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## Related Party Transactions

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

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

For the years ended December 31,	2025	2024
Salaries, Board compensation and incentives	<b>\$7,350</b>	\$7,732
Deferred unit-based compensation	<b>3,309</b>	3,002
Total	<b>\$10,659</b>	\$10,734

## Subsequent Events

On January 15, 2026, Killam announced a distribution of \$0.06000 per unit, payable on February 17, 2026, to unitholders of record on January 31, 2026.

On January 26, 2026, Killam completed the acquisition of a 109-unit property located in Halifax, NS, for a purchase price of \$29.6 million.