



**Q1
Report**

Dear Unitholders,

We are pleased to report strong operating and financial results for the first quarter ended March 31, 2026.

During Q1, Killam generated same property apartment net operating income (NOI) growth of 4.0%, driven by same property revenue growth of 3.6%. Our portfolio continues to demonstrate resilience, supported by strong demand for our apartments across our Atlantic markets. With these results, we have increased both our same property revenue and NOI growth targets for the year.

Atlantic Canada once again led Killam's portfolio for earnings growth, while market conditions in Ontario and Alberta remain more competitive. Rental rate growth remains healthy across the majority of our markets, and we are seeing indications of increasing market rents as we progress through this important spring leasing season. We remain selective and market-specific in our leasing approach, aligning pricing discipline with long-term value creation. Same-property apartment revenue increased 3.6% year-over-year, and with an average mark-to-market opportunity of 10% across our portfolio, we expect to continue to capture positive rental rate spreads on turnover. Leasing activity trending into spring suggests rental rates have normalized, supporting a stable rental market that enables top-line growth of 3.0% to 4.0% annually.

Funds from operations (FFO) increased by 3.0% in the first quarter, which was primarily driven by consolidated same property NOI growth of 3.9% and positive contributions from the lease-up of The Carrick. These gains were partially offset by higher interest expense; however, as we look ahead,

year-over-year interest expense growth is expected to begin stabilizing in 2028, allowing a greater portion of NOI gains to flow through to FFO.

During Q1, we deployed over \$6.0 million under our Normal Course Issuer Bid (NCIB), repurchasing units at a meaningful discount to our estimated net asset value. We expect NCIB activity to increase for the remainder of 2026, alongside continued capital recycling. Given the persistent valuation disconnect, we suspended our Dividend Reinvestment Plan (DRIP) and increased our disposition target to up to \$150 million. We view capital recycling as a recurring component of our strategy, which enables us to crystallize value and redeploy capital to optimize our portfolio and improve unitholder returns.

Higher-for-longer interest rates reinforce the importance of balance sheet discipline and capital allocation. We believe our balanced approach positions Killam to deliver sustainable FFO per unit growth while maintaining flexibility as market conditions evolve.

On behalf of everyone at Killam, we thank you, our unitholders, for your continued support and investment in Killam Apartment REIT.

Yours truly,



Philip Fraser
President and Chief Executive Officer

Q1-2026 Management's Discussion and Analysis

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

TABLE OF CONTENTS

PART I		PART VI	
Business Overview and Strategy	2	Per Unit Calculations	20
Basis of Presentation	2	Funds from Operations	21
Declaration of Trust	2	Adjusted Funds from Operations	22
Forward-Looking Statements Disclaimer	3		
Non-IFRS Financial Measures	4		
PART II		PART VII	
Key Performance Indicators	5	Liquidity and Capital Resources	23
Financial and Operational Highlights	6	Mortgages and Other Loans	25
Summary of Q1-2026 Results and Operations	7	Investment Properties	28
Strategic Targets	8	Investment Properties Under Construction	29
Outlook	8	Land for Development	29
		Capital Improvements	31
		Unitholders' Equity	33
PART III		PART VIII	
Portfolio Summary	10	Summary of Selected Consolidated Quarterly Results	34
		Risks and Uncertainties	34
		Critical Accounting Policies and Significant Accounting Judgments, Estimates and Assumptions	35
		Disclosure Controls, Procedures and Internal Controls	35
		Subsequent Events	35
PART IV			
Q1-2026 Operational and Financial Results	11		
-Consolidated Results	11		
-Apartment Results	12		
-MHC Results	17		
-Commercial Results	17		
PART V			
Other Income and Expenses and Net Income	18		
-Net Income and Other Comprehensive Income	18		
-Financing Costs	18		
-Administration Expenses	19		
-Fair Value Adjustments	19		
-Income Taxes	20		

Q1-2026 Management's Discussion and Analysis

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

PART I

Business Overview and Strategy

Killam Apartment REIT ("Killam," the "Trust," or the "REIT"), based in Halifax, Nova Scotia (NS), is a Canadian multi-residential property owner, owning, operating, managing and developing a \$5.5 billion portfolio of apartments, manufactured home communities (MHCs) and commercial properties across seven provinces. Killam was founded in 2000 to create value through the consolidation of apartments in Atlantic Canada and MHCs across Canada. Killam entered the Ontario (ON) apartment market in 2010, the Alberta (AB) apartment market in 2014, and the British Columbia (BC) apartment market in 2020. Killam broke ground on its first development in 2010 and has completed 19 projects to date, with projects in Waterloo, ON, and Halifax, NS, currently under construction.

Killam's long-term 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 91.0% of Killam's net operating income (NOI) for the three months ended March 31, 2026. As at March 31, 2026, Killam's apartment portfolio consisted of 17,963 units, including 739 units jointly owned with institutional partners. Killam's 203 apartment properties 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 apartments and plans to continue increasing its presence outside Atlantic Canada through acquisitions and developments; however, it will continue to invest strategically in Atlantic Canada to maintain its market presence.

In addition, Killam owns 5,805 sites in 38 MHCs, also known as land-lease communities or trailer parks, in Ontario and Atlantic Canada. Killam owns the land and infrastructure supporting these communities and leases sites to tenants who own their own homes and pay Killam site rent. The MHC portfolio accounted for 3.9% of Killam's NOI for the three months ended March 31, 2026. Killam also owns 975,115 square feet (SF) of stand-alone commercial space that accounted for 5.1% of Killam's NOI for the three months ended March 31, 2026.

Basis of Presentation

The following Management's Discussion and Analysis (MD&A) has been prepared by Management and focuses on key statistics from the annual consolidated financial statements, including the notes thereto, and pertains to known risks and uncertainties. This MD&A should be read in conjunction with the Trust's audited consolidated financial statements for the years ended December 31, 2025 and 2024, and in conjunction with the Trust's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2026 and 2025, 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 2025 Annual Information Form (AIF), are available on SEDAR+ at www.sedarplus.ca.

The discussions in this MD&A are based on information available as at May 6, 2026. This MD&A has been reviewed and approved by Management and the REIT's Board of Trustees.

Declaration of Trust

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

Investment Guidelines

- The Trust will acquire, hold, develop, maintain, improve, lease or manage income-producing real estate properties 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 March 31, 2026, Killam was in compliance with all investment guidelines and operating policies.

Q1-2026 Management's Discussion and Analysis

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

Forward-Looking Statements Disclaimer

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

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

Such forward-looking statements contained in this MD&A may include, among other things, statements regarding: Killam's expectations for market demand, rental rates and rent growth, operating costs and other expenses, occupancy levels, same property revenue, revenue growth, turnover rates, NOI growth, supply, 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); 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, and the factors impacting Killam's ability to achieve such targets and the timing thereof; rental and renewal rates and Killam's ability to capture spreads; Killam's ability to realize mark-to-market opportunities; the impact of federal defence infrastructure and investment on Killam's business; 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 Killam Trust Unit (Trust 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; the repositioning of Westmount Place, its impact on NOI and the timing thereof; 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 Killam's MD&A for the year ended December 31, 2025, under the "Risk Factors" section of Killam's most recent AIF, and identified in other documents Killam files from time to time with securities regulatory authorities in Canada, available on SEDAR+ at www.sedarplus.ca. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements contained, or incorporated by reference, in this MD&A.

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

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

Market and Industry Data

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

Q1-2026 Management's Discussion and Analysis

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

Non-IFRS Measures

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

Non-IFRS Financial Measures

- FFO is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. FFO, and applicable per unit amounts and payout ratios, are calculated by Killam as net income adjusted for fair value gains (losses), interest expense on Exchangeable Units, gains (losses) on dispositions, internal commercial leasing costs, depreciation on an owner-occupied building, and land lease adjustments. FFO is calculated in accordance with the REALPAC definition. A reconciliation between net income and FFO is included on page 21.
- 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 22.
- Adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA) is calculated by Killam as net income before fair value adjustments, gains (losses) on dispositions, financing costs, restructuring costs, and depreciation. A reconciliation is included on page 24.
- 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. In addition, adjustments have been made to eliminate earnings associated with properties sold in the last 12 months. A reconciliation is included on page 24.
- 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. A reconciliation is included on page 24.

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 24.
- 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 24.
- Per unit calculations are calculated using the applicable non-IFRS financial measures noted above, i.e., FFO and/or AFFO, 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 and/or AFFO.
- Debt to normalized adjusted EBITDA is calculated by dividing net debt by normalized adjusted EBITDA. The calculation is included on page 24.

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 2026 and 2025. Same property revenue is a supplementary financial measure defined as revenue for stabilized properties that Killam has owned for equivalent periods in 2026 and 2025. 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 2026 and 2025. Same property results represent 97.1% of the fair value of Killam's investment property portfolio as at March 31, 2026. Excluded from same property results in 2026 are acquisitions, dispositions and developments completed in 2025 and 2026.
- 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 2026 and 2025. 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. This measure is reconciled in note 21 of the unaudited condensed consolidated interim financial statements.

Q1-2026 Management's Discussion and Analysis

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

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 and AFFO payout ratios and targets lower payout ratios. 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.

Q1-2026 Management's Discussion and Analysis

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

Financial and Operational Highlights

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

	Three months ended March 31,		
	2026	2025	Change ⁽¹⁾
Operating Performance			
Property revenue	\$96,676	\$93,024	3.9%
Net operating income	\$61,979	\$58,995	5.1%
Net income	\$50,265	\$101,912	(50.7)%
FFO ⁽²⁾	\$35,253	\$34,241	3.0%
FFO per unit – diluted ⁽²⁾	\$0.28	\$0.28	—%
AFFO ⁽²⁾⁽³⁾	\$29,568	\$28,482	3.8%
AFFO per unit – diluted ⁽²⁾⁽³⁾	\$0.24	\$0.23	4.3%
Weighted average number of units outstanding – diluted (000s)	125,257	123,967	1.0%
Distributions paid per unit	\$0.18	\$0.18	—%
AFFO payout ratio – diluted ⁽²⁾⁽³⁾	76%	78%	(200) bps
AFFO payout ratio – rolling 12 months ⁽²⁾⁽³⁾	68%	70%	(200) bps
Portfolio Performance			
Same property NOI ⁽²⁾	\$58,929	\$56,708	3.9%
Same property NOI margin	63.9%	63.8%	10 bps
Same property apartment occupancy ⁽²⁾	97.0%	97.4%	(40) bps
Same property apartment weighted average rental increase ⁽²⁾⁽⁴⁾	4.0%	6.6%	(260) bps

As at	March 31, 2026	December 31, 2025	Change ⁽¹⁾
Leverage Ratios and Metrics			
Total debt as a percentage of total assets ⁽²⁾	42.2%	41.9%	30 bps
Debt to normalized EBITDA ⁽²⁾	9.71x	9.66x	0.5%
Interest coverage ⁽²⁾	2.90x	2.93x	(1.0)%
Debt service coverage ⁽²⁾	1.59x	1.59x	—%
Weighted average years to debt maturity	3.9	3.6	0.3 years
Weighted average mortgage interest rate	3.60%	3.58%	2 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 apartment 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) The maintenance capital expenditures for the three months ended March 31, 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.

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

Q1-2026 Management's Discussion and Analysis

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

Summary of Q1-2026 Results and Operations

Achieved Same Property NOI Growth of 3.9%

Killam delivered same property NOI growth of 3.9% during the quarter, driven by a 3.6% increase in same property revenue. Revenue growth reflected a 4.0% year-over-year increase in same property apartment rental rates and higher ancillary revenue, partially offset by a 40 bps decline in same property occupancy to 97.0% compared to Q1-2025. Occupancy within Killam's same property apartment portfolio dipped in January to 96.7% but improved throughout the quarter, ending at 97.3% in March.

The weighted average rental rate increase on units that renewed and turned during the quarter was 3.6%, compared to a combined 5.1% increase in Q1-2025. This quarter's combined increase was comprised of a 5.0% increase on unit turnovers and a 3.2% increase on renewals. Rental incentives as a percentage of revenue increased by 30 bps year-over-year; however, they continued to represent a small portion of revenue, totalling less than 0.9% of same property apartment revenue in Q1-2026 (Q1-2025 – less than 0.6%).

Total same property operating expenses increased 3.2% in the quarter. Same property tax expense rose 5.0%, reflecting higher assessments and mill rate increases across the portfolio. Same property general operating expenses increased by 5.6%, primarily due to higher wage costs resulting from the timing of new hires compared to Q1-2025, as well as the timing of preventative maintenance costs. These increases were partially offset by a 2.3% decrease in same property utility and fuel costs, which were driven by lower natural gas costs related to the removal of the consumer carbon tax and lower commodity pricing in Alberta. These were partially offset by higher water and electricity costs.

Generated AFFO per Unit Growth of 4.3%

During Q1-2026, Killam generated FFO growth of 3.0% and AFFO growth of 3.8% compared to Q1-2025. FFO per unit (diluted) was \$0.28, consistent with Q1-2025, while AFFO per unit (diluted) grew 4.3% to \$0.24, up from \$0.23 in the same period in 2025. The growth in FFO and AFFO was driven by same property NOI, contributions from The Carrick, a recently completed development, and lower administrative costs, partially offset by higher interest expense. The increase in AFFO per unit highlights the effectiveness of Killam's capital recycling strategy, which is focused on disposing of older, capital-intensive properties and reinvesting in newer, more efficient assets, and in Killam's NCIB program.

NCIB Activity and Suspension of Dividend Reinvestment Plan

During the first quarter of 2026, Killam increased its NCIB activity, repurchasing 400,601 Trust Units for cancellation at a weighted average purchase price of \$16.44 per unit, reflecting a meaningful discount to Killam's net asset value per unit during the quarter. This represents the most active quarter of NCIB activity in Killam's history. In addition, Killam suspended its Dividend Reinvestment Plan (DRIP) effective April 24, 2026, until further notice.

Earned Net Income of \$50.3 Million

In Q1-2026, Killam earned net income of \$50.3 million, compared to \$101.9 million in Q1-2025. The decrease in net income was primarily driven by lower fair value gains on investment properties of \$14.9 million recognized in the quarter, compared to fair value gains of \$70.2 million in Q1-2025. This was partially offset by a \$3.0 million increase in NOI, as well as \$0.8 million in unrealized fair value gains on the mark-to-market adjustments on Killam's unit-based compensation and Exchangeable Units, compared to fair value losses of \$1.7 million for the same period in 2025.

Developments Contribute to FFO Growth

The Carrick, Killam's 139-unit development in Waterloo, ON, which opened in June 2025, is fully leased and contributed to FFO growth during the first quarter. Brightwood (150 Wissler), a 128-unit affordable development in Waterloo, ON, was completed in 16 months, ahead of schedule and below budget, and has received its occupancy permit. The property is now in lease-up, with approximately 23% of units leased, and is welcoming its first tenants in May.

Q1-2026 Management's Discussion and Analysis

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

Strategic Targets

Growth in Same Property Apartment Revenue	
2026 Target	Achieve same property apartment revenue growth above 3.5%. (Original 2026 target: Achieve same property apartment revenue growth above 3.0%)
2026 Performance to Date	Killam achieved same property apartment revenue growth of 3.6% for the three months ended March 31, 2026. Based on performance to date, and a robust spring leasing season, Killam anticipates same property apartment revenue growth for 2026 to exceed earlier expectations and has increased its target to be above 3.5%.
Growth in Same Property Apartment and Consolidated NOI	
2026 Target	Achieve same property apartment NOI growth above 3.5% and consolidated same property NOI growth above 2.5%. (Original 2026 target: Achieve same property apartment NOI growth above 3.0% and consolidated same property NOI growth above 2.0%)
2026 Performance to Date	Killam achieved same property apartment NOI growth of 4.0%, and consolidated same property NOI growth of 3.9% for the three months ended March 31, 2026. Based on recent trending, Killam has increased its targets and anticipates same property apartment NOI growth to exceed 3.5% and consolidated NOI growth to exceed 2.5% during 2026.
Capital Recycling	
2026 Target	Sell up to \$150 million of non-core assets. (Original 2026 target: \$50.0 million)
2026 Performance to Date	Killam continues to advance its capital recycling strategy and increased its 2026 disposition target from \$50 million to a range of \$100–\$150 million. Killam remains on track to achieve its updated 2026 disposition target, with activity expected to occur in the second half of 2026.
Development of High-Quality Properties	
2026 Target	Complete construction of two development projects in 2026.
2026 Performance to Date	Killam is on track to meet this target. Brightwood (150 Wissler), Killam's 128-unit development project located in Waterloo, ON, welcomed its first tenants on May 1, 2026. In addition, Killam is progressing with the construction of Eventide, a 55-unit development located in Halifax, which is expected to be completed in Q4-2026.
Debt and Leverage Optimization	
2026 Target	Maintain conservative debt levels, and decrease debt to normalized adjusted EBITDA below 9.6x.
2026 Performance to Date	Debt to normalized adjusted EBITDA was 9.71x as at March 31, 2026 (December 31, 2025 – 9.66x). The increase reflects the timing of construction financing draws related to Brightwood and is expected to decrease in Q2-2026 as Brightwood reaches substantial completion and the associated NOI is included in the calculation of the metric.
Strategic Investment in Renewable Energy	
2026 Target	Invest a minimum of \$6.0 million in energy initiatives in 2026, with a continued focus on the installation of solar PV panels.
2026 Performance to Date	In Q1-2026, Killam has invested \$0.7 million in energy initiatives, including the installation of solar PV panels at Brightwood (150 Wissler), as well as the addition of building automation systems, heat pumps and other building upgrades across the portfolio. Killam remains on track to meet its \$6.0 million investment target.

Outlook

Capital Allocation to Focus on NCIB

In March, Killam increased its 2026 capital recycling target up to \$150 million, up from \$50 million originally forecasted. The increase reflects active deals underway. Disposition activity is focused on the MHC portfolio, with sales expected to occur in the second half of 2026. Based on the current discount to net asset value of Killam's Trust Units, Management will prioritize unit buybacks with the use of proceeds through Killam's NCIB program. Longer term, Killam expects to continue with its annual disposition program targeting up to \$200 million in dispositions annually.

Q1-2026 Management's Discussion and Analysis

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

Strong Leasing Momentum Reinforces Confidence in Same Property Revenue Growth Target

Management estimates that the current mark-to-market spread across Killam's apartment portfolio is approximately 10%, up from 9% at December 31, 2025. Killam's ability to realize this mark-to-market opportunity will depend on the pace and mix of unit turnover. Based on recent leasing activity, Management continues to see healthy renter demand across its core markets for competitively priced apartment units. While rental incentives are expected to remain throughout 2026, their use continues to be targeted to select regions and properties where competitive positioning is required.

Consistent with historical seasonal trends across Killam's portfolio, leasing demand typically strengthens through the spring and summer months. We are seeing this in 2026, with April occupancy at 97.6%, a 60 bps increase from Killam's occupancy in Q1-2026. Occupancy has improved each month year-to-date, and based on this positive spring leasing momentum, Management's outlook for same property revenue growth has improved and is expected to exceed earlier expectations. As a result, Killam updated its 2026 target to achieve same property apartment revenue growth above 3.5%.

Same Property NOI Growth Target Remains on Track

Above-average top-line performance from properties in Atlantic Canada, combined with moderate expense growth, is expected to support same property NOI growth throughout the year. Property tax expense is anticipated to increase by approximately 5% to 6% in 2026, reflecting higher assessments and mill rate increases; however, Killam will continue to actively review and challenge assessments where appropriate to help mitigate these increases. Killam also continues to invest in energy-management initiatives, including solar PV panels, which are expected to support further operating efficiencies. Expenses in the first quarter have been generally in line with expectations. Based on this outlook Killam has updated its 2026 target to achieve same property apartment NOI growth above 3.5% and consolidated NOI growth above 2.5%.

Atlantic Region Continues to Lead Portfolio Performance

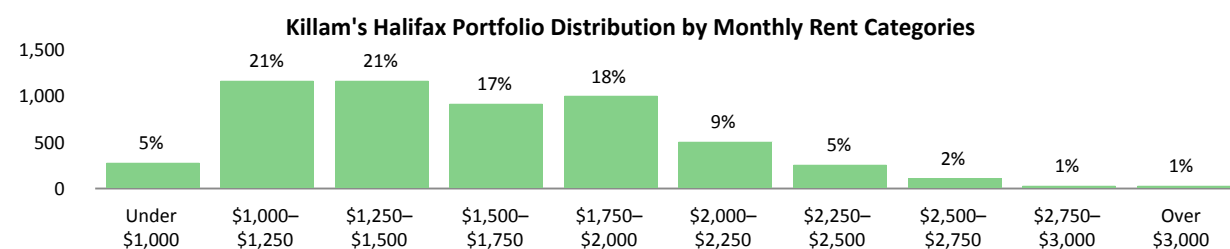
Management expects Atlantic Canada to continue to lead Killam's portfolio revenue growth in 2026. Current performance reflects strong market fundamentals in Killam's Atlantic Canadian markets relative to Ontario and Western Canada. Rent increases on unit turns have remained above average, with limited requirements for rental incentives. Same property occupancy across Atlantic Canada continues to outperform the broader portfolio, remaining at or above 97.5%. In addition, Killam's diversified portfolio in the region reduces exposure to any single rent category, renter profile or provincial economy. In Halifax, Killam's largest market, economic fundamentals continue to strengthen, supported by increased federal defence investment. Significant infrastructure upgrades are underway at the Halifax naval base to support the Royal Canadian Navy's new fleet and growing employee count. The Department of National Defence remains Halifax's largest employer, with the city hosting the largest Canadian Forces Base by personnel, providing a stable employment base and supporting long-term rental demand.

Well Positioned in Market of Increased Supply

Rental construction activity in Halifax remains elevated relative to historical levels; however, Management expects the impact on Killam's portfolio to be limited given that Killam's properties are concentrated on the peninsula, mainland Halifax, and Dartmouth sub-markets. While CMHC estimates approximately 3,500 rental units will be completed annually in Halifax in 2026 and 2027, approximately 25% of this new supply will be delivered in areas where Killam does not own existing assets. Rental conditions within established urban locations remain supported by strong demand.

Recent increases in vacancy in Halifax have been largely concentrated in newly completed, higher-priced rental buildings undergoing initial lease-up. In contrast, older, well-located purpose-built rental properties continue to experience tight market conditions. Additionally, a portion of new development within Halifax's urban core reflects redevelopment and densification activity, which results in attrition of net supply as existing rental housing is removed through conversions, demolitions, or units leaving the rental market.

Killam's geographic positioning, combined with more affordable average rents across its Halifax portfolio, as illustrated in the graph below, supports continued competitiveness in the market despite the forecast for elevated supply over the next three years.



Most new apartment supply in Halifax is leasing at rents of \$2,500 and above for a two-bedroom unit. This compares favorably to Killam's average two-bedroom rent of \$1,588 in Halifax, and to Killam's total average rent of \$1,612 in the city.

Longer-Term Population Trends Support Rental Housing Demand

While near-term population growth is expected to moderate through 2026–2027 as non-permanent resident volumes decline, the medium to longer-term outlook for Canada remains supportive of housing demand. Federal policy continues to target stable levels of permanent immigration, and demographic projections from Statistics Canada and the Parliamentary Budget Officer indicate that population growth resumes and stabilizes beyond 2027, driven primarily by permanent immigration. In parallel, recent federal initiatives aimed at strengthening domestic investment and diversifying economic growth are expected to support employment over time. Viewed beyond near-term, these factors support a return to positive population growth and long-term demand for rental housing.

Q1-2026 Management's Discussion and Analysis

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

PART III

Portfolio Summary

The following table summarizes Killam's apartment, MHC and commercial portfolios by market as at March 31, 2026:

Apartment Portfolio				
	Units ⁽¹⁾	Number of Properties	NOI (\$) ⁽²⁾	NOI (%) ⁽²⁾ of Total
Nova Scotia				
Halifax	5,709	67	\$17,829	28.8%
Ontario				
KWC-GTA	2,065	14	\$7,669	12.4%
Ottawa	1,447	9	\$5,298	8.5%
London	523	5	\$1,738	2.8%
	4,035	28	\$14,705	23.7%
New Brunswick				
Moncton	2,246	39	\$5,741	9.3%
Fredericton	1,643	26	\$4,728	7.6%
Saint John	898	12	\$2,169	3.5%
	4,787	77	\$12,638	20.4%
Alberta				
Calgary	998	5	\$3,383	5.5%
Edmonton	882	6	\$2,991	4.8%
	1,880	11	\$6,374	10.3%
Newfoundland and Labrador				
St. John's	958	13	\$2,433	3.9%
British Columbia				
Victoria	517	5	\$2,196	3.5%
Prince Edward Island				
Charlottetown	77	2	\$244	0.4%
Total Apartments	17,963	203	\$56,419	91.0%
Manufactured Home Community Portfolio				
	Sites	Number of Communities	NOI (\$) ⁽²⁾	NOI (%) ⁽²⁾ of Total
Nova Scotia	2,850	18	\$1,533	2.5%
Ontario ⁽³⁾	2,284	17	\$897	1.4%
New Brunswick ⁽³⁾	671	3	(\$23)	—%
Total MHCs	5,805	38	\$2,407	3.9%
Commercial Portfolio ⁽⁴⁾				
	Square Footage	Number of Properties	NOI (\$) ⁽²⁾	NOI (%) ⁽²⁾ of Total
Ontario	317,336	3	\$1,307	2.1%
Prince Edward Island ⁽⁵⁾	410,175	1	\$1,008	1.6%
Nova Scotia ⁽⁶⁾	214,389	6	\$681	1.1%
New Brunswick	33,215	1	\$157	0.3%
Total Commercial	975,115	11	\$3,153	5.1%
Total Portfolio		252	\$61,979	100.0%

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

(2) For the three months ended March 31, 2026.

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

(4) Killam has 167,052 SF of ancillary commercial space in various residential properties across the portfolio, which is included in apartment results.

(5) Square footage represents 100% of the commercial property located in Prince Edward Island (PEI), of which Killam owns a 75% interest.

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

Q1-2026 Management's Discussion and Analysis

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

PART IV

Q1-2026 Operational and Financial Results

Consolidated Results

For the three months ended March 31,

	Total Portfolio			Same Property ⁽¹⁾		
	2026	2025	% Change	2026	2025	% Change
Property revenue	\$96,676	\$93,024	3.9%	\$92,170	\$88,927	3.6%
Property operating expenses						
General operating expenses	14,066	13,444	4.6%	13,528	12,805	5.6%
Utility and fuel expenses	9,265	9,883	(6.3)%	9,000	9,211	(2.3)%
Property taxes	11,366	10,702	6.2%	10,713	10,203	5.0%
Total operating expenses	\$34,697	\$34,029	2.0%	\$33,241	\$32,219	3.2%
NOI	\$61,979	\$58,995	5.1%	\$58,929	\$56,708	3.9%
Operating margin %	64.1%	63.4%	70 bps	63.9%	63.8%	10 bps

(1) Same property results exclude acquisitions, dispositions and developments completed during 2026 and 2025, which are classified as non-same property. For the three months ended March 31, 2026, NOI contributions from acquisitions, dispositions and developments completed in 2025 and 2026 were \$2.8 million. For the three months ended March 31, 2025, the NOI contributions from acquisitions, dispositions and developments completed in 2025 were \$2.0 million.

For the three months ended March 31, 2026, Killam delivered strong overall portfolio performance, achieving revenue growth of 3.9%. Total operating expenses increased by 2.0% during the quarter, primarily driven by a 6.2% increase in property taxes and a 4.6% rise in general operating expenses. These increases were partially offset by a 6.3% decline in total utility and fuel costs, driven by the removal of the consumer carbon tax, and lower natural gas costs in Alberta. Overall, NOI increased by 5.1% for the three months ended March 31, 2026, compared to the same period in 2025.

Same property results include properties owned during comparable periods in 2026 and 2025, and represented 97.1% of the fair value of Killam's investment property portfolio as at March 31, 2026. Non-same property results include acquisitions, dispositions and developments completed in 2025 and 2026, as well as assets slated for future residential development.

Same property revenue increased by 3.6% for the three months ended March 31, 2026, compared to the same period in 2025. This growth was driven by rental rate increases and higher ancillary revenue, partially offset by an increase in vacancy and rental incentives. Same property occupancy decreased by 40 bps year-over-year from 97.4% to 97.0%.

Total same property operating expenses increased by 3.2% for the three months ended March 31, 2026, primarily driven by a 5.0% increase in property tax expense and a 5.6% rise in general operating expenses. These increases were partially offset by a 2.3% decline in utility and fuel expenses. The increase in operating expenses reflects higher salary expense resulting from the timing of staffing turnover compared to Q1-2025, as well as the timing of preventative maintenance costs. The increase in property tax expense was driven by higher assessments and mill rates across the portfolio.

In total, same property NOI increased by 3.9% for the three months ended March 31, 2026.

Q1-2026 Management's Discussion and Analysis

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

Apartment Results

For the three months ended March 31,

	Total			Same Property		
	2026	2025	% Change	2026	2025	% Change
Property revenue	\$86,766	\$83,335	4.1%	\$82,337	\$79,456	3.6%
Property operating expenses						
General operating expenses	12,004	11,469	4.7%	11,473	10,842	5.8%
Utility and fuel expenses	8,247	8,888	(7.2)%	7,982	8,226	(3.0)%
Property taxes	10,096	9,499	6.3%	9,447	9,016	4.8%
Total operating expenses	\$30,347	\$29,856	1.6%	\$28,902	\$28,084	2.9%
NOI	\$56,419	\$53,479	5.5%	\$53,435	\$51,372	4.0%
Operating margin %	65.0%	64.2%	80 bps	64.9%	64.7%	20 bps

Apartment Revenue

Total apartment revenue for the three months ended March 31, 2026, was \$86.8 million, an increase of 4.1% over the same period in 2025. Revenue growth reflects contributions from properties acquired and developed over the past two years as well as rent growth, partially offset by property dispositions completed throughout 2025.

Same property apartment revenue increased by 3.6% for the three months ended March 31, 2026, compared to the same period in 2025. This growth was primarily driven by a 4.0% year-over-year increase in same property average rent as at March 31, 2026, and higher ancillary revenue, partially offset by a 40 bps decline in same property apartment occupancy and higher rental incentives.

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

For the three months ended March 31,	# of Units	Total Occupancy			Same Property Occupancy		
		2026	2025	Change (bps)	2026	2025	Change (bps)
Nova Scotia							
Halifax	5,709	97.5%	98.1%	(60)	97.5%	98.1%	(60)
Ontario							
KWC-GTA ⁽²⁾	2,065	96.3%	97.2%	(90)	96.9%	97.2%	(30)
Ottawa	1,447	96.8%	95.7%	110	96.7%	95.7%	100
London	523	96.1%	97.1%	(100)	96.1%	97.1%	(100)
New Brunswick							
Moncton	2,246	97.8%	98.8%	(100)	97.8%	98.8%	(100)
Fredericton	1,643	97.9%	98.3%	(40)	97.8%	98.3%	(50)
Saint John	898	98.6%	98.3%	30	98.6%	98.8%	(20)
Alberta							
Calgary	998	94.1%	94.6%	(50)	94.1%	94.6%	(50)
Edmonton	882	94.6%	95.2%	(60)	94.6%	95.2%	(60)
Newfoundland and Labrador							
St. John's	958	97.5%	98.5%	(100)	97.5%	98.8%	(130)
British Columbia							
Victoria	517	95.9%	94.4%	150	95.9%	94.4%	150
Prince Edward Island							
Charlottetown	77	97.6%	97.5%	10	98.7%	98.7%	—
Total Apartments (weighted average)	17,963	96.9%	97.4%	(50)	97.0%	97.4%	(40)

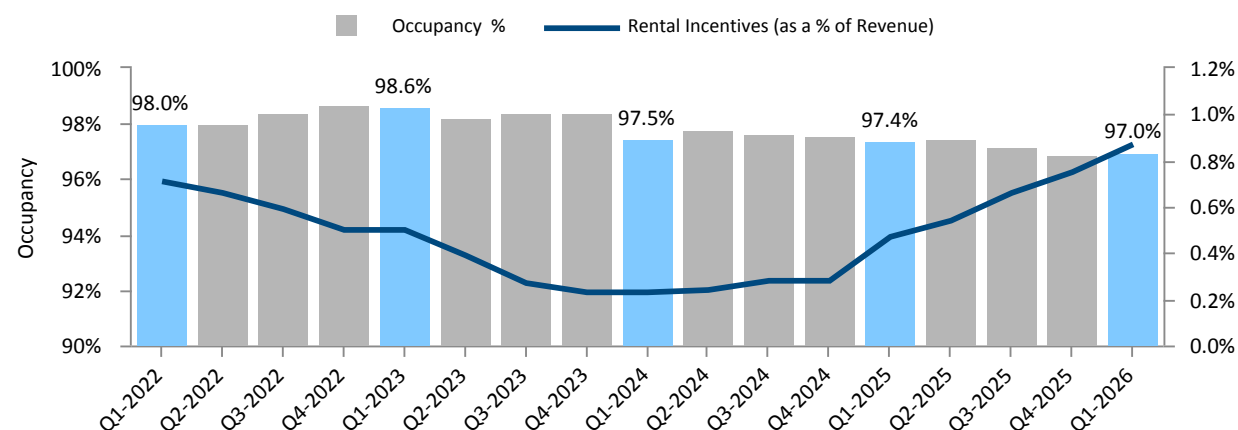
(1) Occupancy as a percentage of residential rent is calculated as gross potential residential rent, less vacancy (in dollars), divided by gross potential residential rent for the period.

(2) Total Q1-2026 occupancy for KWC-GTA was impacted by The Carrick, a 139-unit development that was substantially completed in July 2025 and was undergoing initial lease-up.

Q1-2026 Management's Discussion and Analysis

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

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



While Killam continues to see a rise in rental incentives as a percentage of total revenue, such incentives represented less than 0.9% of Killam's total same property apartment revenue in Q1-2026. During the quarter, Ontario and Alberta accounted for 42% and 38% of total rental incentives, respectively. Killam strategically uses targeted rental incentives in select regions to support occupancy levels and reducing their use where market conditions allow. Rental incentives are expected to continue throughout 2026 in select markets and properties.

Year-Over-Year Average Rent Analysis by Core Market

	# of Units	Average Rent			Same Property Average Rent		
		2026	2025	% Change	2026	2025	% Change
		As at March 31,					
Nova Scotia							
Halifax	5,709	\$1,612	\$1,505	7.1%	\$1,609	\$1,508	6.7%
Ontario							
KWC-GTA	2,065	\$1,876	\$1,799	4.3%	\$1,835	\$1,799	2.0%
Ottawa	1,447	\$2,298	\$2,260	1.7%	\$2,287	\$2,260	1.2%
London	523	\$1,731	\$1,665	4.0%	\$1,731	\$1,665	4.0%
New Brunswick							
Moncton	2,246	\$1,336	\$1,287	3.8%	\$1,336	\$1,287	3.8%
Fredericton	1,643	\$1,448	\$1,378	5.1%	\$1,437	\$1,378	4.3%
Saint John	898	\$1,296	\$1,224	5.9%	\$1,296	\$1,227	5.6%
Alberta							
Calgary	998	\$1,651	\$1,679	(1.7)%	\$1,651	\$1,679	(1.7)%
Edmonton	882	\$1,676	\$1,643	2.0%	\$1,676	\$1,643	2.0%
Newfoundland and Labrador							
St. John's	958	\$1,211	\$1,103	9.8%	\$1,211	\$1,133	6.9%
British Columbia							
Victoria	517	\$1,986	\$1,967	1.0%	\$1,986	\$1,966	1.0%
Prince Edward Island							
Charlottetown ⁽¹⁾	77	\$1,581	\$1,258	25.7%	\$1,335	\$1,312	1.8%
Total Apartments (weighted average)	17,963	\$1,616	\$1,514	6.7%	\$1,595	\$1,534	4.0%

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

Q1-2026 Management's Discussion and Analysis

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

Same Property Rental Increases – Tenant Renewals versus Unit Turns

The table below reflects rental increases achieved on units renewed and turned (released) for the three months ended March 31, 2026, whereas rental increases in the previous section reflect the year-over-year change in average rent by region as at March 31, 2026, compared to March 31, 2025.

Killam historically turned approximately 30% to 32% of its units annually; however, turnover levels trended lower over the past five years. In 2025, turnover was 21.6%, up from 18.3% in 2024, reflecting an upward shift following several years of declines. 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.

In Q1-2026, Killam's same property weighted average rental rate increased 3.6% for units that turned or renewed, representing a 150 bps decrease from 5.1% in Q1-2025. The decline was primarily driven by lower rental increases on unit turns, which averaged 5.0% for the three months ended March 31, 2026, compared to 15.0% for the same period in 2025. Rental increases on renewals were 3.2% during the quarter, down slightly from 3.6% in Q1-2025.

The weighted average rental increase is typically lower in the first half of the year due to the large number of lease renewals on January 1, which are subject to rent control. The chart below summarizes the rental increases earned during the three months ended March 31, 2026 and 2025.

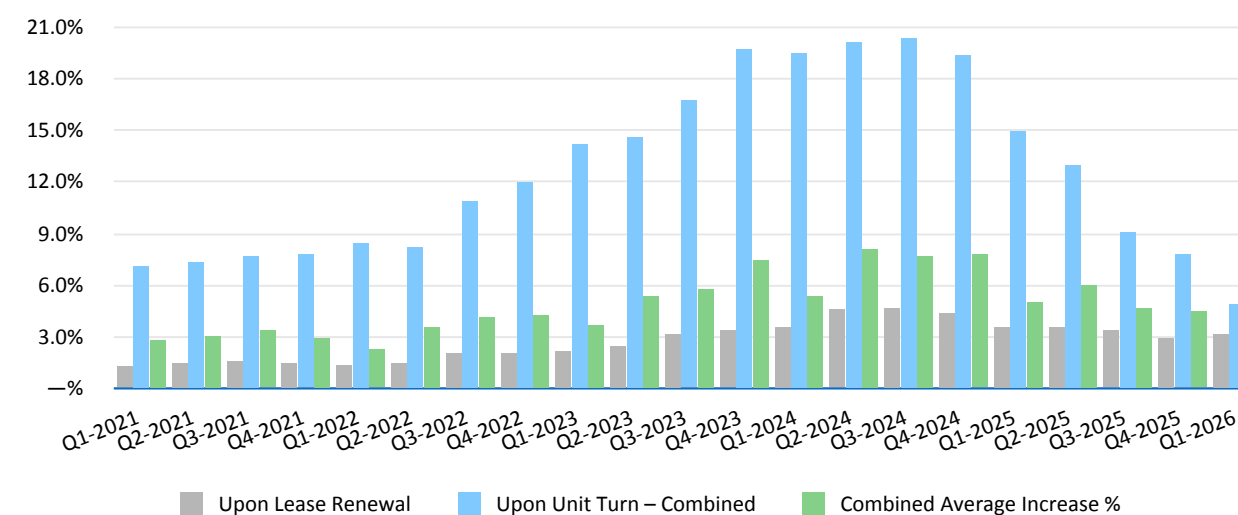
	For the three months ended March 31,			
	2026		2025	
	Rental Increases	Turnovers & Renewals ⁽¹⁾	Rental Increases	Turnovers & Renewals ⁽¹⁾
Lease renewal ⁽²⁾	3.2%	27.5%	3.6%	30.9%
Unit turn	5.0%	5.0%	15.0%	4.2%
Rental increase (weighted average)	3.6%		5.1%	

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

(2) The large weighting of renewals during the three months ended March 31, 2026 and 2025, is due to many leases across the portfolio renewing on January 1.

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

Apartments – Historical Quarterly Same Property Rental Rate Growth



The weighted average rental rate increase of 3.6% in Q1-2026 is below the 4.5% achieved in Q4-2025. The decrease reflects a higher percentage of leases renewing in the first quarter, coupled with lower rental rate increases achieved on unit turns (5.0% in Q1-2026 versus 7.9% in Q4-2025).

Q1-2026 Management's Discussion and Analysis

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

Apartment Expenses

Total operating expenses for the three months ended March 31, 2026, were \$30.3 million, a 1.6% increase compared to the same period in 2025. The increase was primarily attributable to higher property tax expense, driven by higher assessments and mill rates across the portfolio, along with higher general operating expenses.

Total same property operating expenses increased by 2.9% for the three months ended March 31, 2026. This includes a 5.8% increase in general operating expenses, a 4.8% rise in property tax expense, and a 3.0% reduction in utility and fuel expenses, reflecting lower natural gas costs compared to Q1-2025 due to the removal of the consumer carbon tax.

General Operating Expenses

General operating expenses for the apartment portfolio include repairs and maintenance, contract services, insurance, property management wages and benefits, uncollectible accounts, marketing, general and administrative, advertising and leasing costs. The increase in same property general operating expenses of 5.8% for the three months ended March 31, 2026, was primarily due to higher wage costs resulting from the timing of staff turnover compared to Q1-2025, as well as the timing of preventative maintenance costs.

Same Property Utility and Fuel Expenses

	Three months ended March 31,		
	2026	2025	% Change
Natural gas	\$3,579	\$4,008	(10.7)%
Electricity	2,309	2,212	4.4%
Water	1,984	1,909	3.9%
Oil & propane	96	86	11.6%
Other	14	11	27.3%
Total utility and fuel expenses	\$7,982	\$8,226	(3.0)%

Killam's apartment portfolio is heated with natural gas (58%), electricity (34%), 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 5,985 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 28% of Killam's total apartment same property operating expenses for the three months ended March 31, 2026. Total same property utility and fuel expenses declined 3.0% in the three months ended March 31, 2026, compared to the same period in 2025.

Same property natural gas expenses decreased 10.7% in the three months ended March 31, 2026, primarily due to the removal of the consumer carbon tax pricing effective April 1, 2025. Excluding this impact, natural gas variable costs in Q1-2026 increased by 36% in Nova Scotia, 17% in New Brunswick, 10% in British Columbia, were flat in Ontario, and decreased by 6% in Alberta, compared to Q1-2025.

Electricity costs increased 4.4% in the three months ended March 31, 2026. The increase in the quarter reflects a 3.0% rise in electricity pricing across the portfolio mainly driven by higher pricing in Ontario and New Brunswick, combined with an increase in electricity consumption due to colder winter temperatures. These increases were partially offset by consumption savings from the installation of solar panels at a number of properties across the portfolio.

Water expenses increased by 3.9% for the three months ended March 31, 2026, driven by a 5.5% increase in water rates during the quarter, partially mitigated by a reduction in water consumption from the installation of sub-metering on unit turns at select properties in Ontario.

Property Taxes

Same property tax expense for the three months ended March 31, 2026, was \$9.4 million, up 4.8% from the same period in 2025, reflecting higher assessments and mill rates across the portfolio. Killam actively reviews its property tax assessments and appeals tax assessment increases wherever possible.

Q1-2026 Management's Discussion and Analysis

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

Apartment Same Property NOI by Region

For the three months ended March 31,

	Property Revenue			Property Expenses			Net Operating Income		
	2026	2025	% Change	2026	2025	% Change	2026	2025	% Change
Nova Scotia									
Halifax	\$27,380	\$25,814	6.1%	(\$9,987)	(\$9,480)	5.3%	\$17,393	\$16,334	6.5%
	27,380	25,814	6.1%	(9,987)	(9,480)	5.3%	17,393	16,334	6.5%
Ontario									
KWC-GTA	11,023	10,852	1.6%	(3,957)	(3,824)	3.5%	7,066	7,028	0.5%
Ottawa	5,412	5,336	1.4%	(1,606)	(1,595)	0.7%	3,806	3,741	1.7%
London	2,657	2,592	2.5%	(929)	(905)	2.7%	1,728	1,687	2.4%
	19,092	18,780	1.7%	(6,492)	(6,324)	2.7%	12,600	12,456	1.2%
New Brunswick									
Moncton	9,440	9,145	3.2%	(3,716)	(3,583)	3.7%	5,724	5,562	2.9%
Fredericton	6,724	6,453	4.2%	(2,346)	(2,288)	2.5%	4,378	4,165	5.1%
Saint John	3,579	3,381	5.9%	(1,409)	(1,408)	0.1%	2,170	1,973	10.0%
	19,743	18,979	4.0%	(7,471)	(7,279)	2.6%	12,272	11,700	4.9%
Alberta									
Calgary	4,981	5,047	(1.3)%	(1,603)	(1,530)	4.8%	3,378	3,517	(4.0)%
Edmonton	4,425	4,368	1.3%	(1,439)	(1,670)	(13.8)%	2,986	2,698	10.7%
	9,406	9,415	(0.1)%	(3,042)	(3,200)	(4.9)%	6,364	6,215	2.4%
Newfoundland and Labrador									
St. John's	3,504	3,322	5.5%	(1,063)	(979)	8.6%	2,441	2,343	4.2%
	3,504	3,322	5.5%	(1,063)	(979)	8.6%	2,441	2,343	4.2%
British Columbia									
Victoria	2,969	2,908	2.1%	(776)	(747)	3.9%	2,193	2,161	1.5%
	2,969	2,908	2.1%	(776)	(747)	3.9%	2,193	2,161	1.5%
Prince Edward Island									
Charlottetown	243	238	2.1%	(71)	(75)	(5.3)%	172	163	5.5%
	243	238	2.1%	(71)	(75)	(5.3)%	172	163	5.5%
	\$82,337	\$79,456	3.6%	(\$28,902)	(\$28,084)	2.9%	\$53,435	\$51,372	4.0%

Q1-2026 Management's Discussion and Analysis

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

MHC Results

For the three months ended March 31,

	Total Portfolio			Same Property		
	2026	2025	% Change	2026	2025	% Change
Property revenue	\$4,138	\$4,082	1.4%	\$4,122	\$3,892	5.9%
Property operating expenses	1,731	1,663	4.1%	1,746	1,672	4.4%
NOI	\$2,407	\$2,419	(0.5)%	\$2,376	\$2,220	7.0%
Operating margin %	58.2%	59.3%	(110) bps	57.6%	57.0%	60 bps

Killam's MHC portfolio generated \$2.4 million, or 3.9%, of Killam's total NOI for the three months ended March 31, 2026. The MHC business generates its highest revenue and NOI during the second and third quarters of each year due to the contribution from its nine seasonal resorts that earn approximately 60% of their NOI between July and October.

In aggregate, same property NOI from the MHC portfolio grew by 7.0% for the three months ended March 31, 2026. Revenue grew by 5.9%, driven by a 6.6% increase in permanent MHC lot rents to \$340, up from \$319 in Q1-2025. This growth was partially offset by higher same property operating expenses, which increased 4.4% compared to the same period in 2025, primarily due to higher water consumption, contract service costs, and the timing of repairs and maintenance expenses.

Commercial Results

For the three months ended March 31,

	Total Portfolio			Same Property		
	2026	2025	% Change	2026	2025	% Change
Property revenue	\$5,772	\$5,607	2.9%	\$5,711	\$5,579	2.4%
Property operating expenses	2,619	2,510	4.3%	2,593	2,463	5.3%
NOI	\$3,153	\$3,097	1.8%	\$3,118	\$3,116	0.1%

Killam's commercial property portfolio contributed \$3.2 million, or 5.1%, of Killam's total NOI for the three months ended March 31, 2026.

Killam's commercial property portfolio totals 975,115 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 142,525 SF retail and office property in downtown Halifax; as well as other smaller properties located in Halifax, Moncton and Ottawa adjacent to apartment buildings owned by Killam. Total commercial occupancy was 94.0% in Q1-2026, a modest 30 bps reduction compared to 94.3% in Q1-2025. Same property results do not include properties that were recently acquired or disposed of, or those that are slated for redevelopment and are not operating as stabilized properties.

The increase in NOI during the three months ended March 31, 2026, relates to higher rental rates on renewals coupled with increased cost recoveries. In Q1-2026, Killam successfully leased 13,180 SF of commercial space at \$26.1 per SF and renewed 38,950 SF at a weighted average increase of 8.8%.

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

Killam's commercial investments continue to complement its apartment portfolio. Westmount Place in Waterloo, ON, is well positioned for redevelopment on its 16.8-acre site following the departure of an office tenant occupying 197,000 SF, effective April 1, 2026. This transition presents 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. Management is actively engaged with several office tenants, with space requirements ranging from 5,000 to 130,000 SF, as well as multiple retail tenants with space requirements ranging from 10,000 to 20,000 SF. During the repositioning period, Westmount's NOI is expected to decline by approximately \$2.5 million in 2026 (or \$3.0 million annualized), subject to the timing of re-leasing. The repositioned property is expected to contribute to earnings growth beginning in 2028. Killam expects to invest approximately \$6.5 million in 2026 and \$8.5 million in 2027 to reposition the property.

Q1-2026 Management's Discussion and Analysis

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

PART V

Other Income and Expenses and Net Income

Net Income and Other Comprehensive Income

	Three months ended March 31,		
	2026	2025	% Change
Net operating income	\$61,979	\$58,995	5.1%
Other income	424	551	(23.0)%
Financing costs	(22,041)	(20,186)	9.2%
Depreciation	(268)	(270)	(0.7)%
Administration	(5,448)	(5,648)	(3.5)%
Fair value adjustment on unit-based compensation	205	(77)	(366.2)%
Fair value adjustment on Exchangeable Units	576	(1,598)	(136.0)%
Fair value adjustment on investment properties	14,860	70,212	(78.8)%
Loss on disposition	(22)	(67)	(67.2)%
Net income and comprehensive income	\$50,265	\$101,912	(50.7)%

Net income and comprehensive income decreased by \$51.6 million for the three months ended March 31, 2026. This decline was primarily due to lower fair value gains on investment properties. Killam recognized fair value gains of \$14.9 million in Q1-2026, compared to gains of \$70.2 million for the same period in 2025. The decline reflects more modest residential rent growth, along with a fair value loss on Westmount Place based on the expected capital investment required for redevelopment.

This was partially offset by a \$3.0 million increase in NOI, driven by same property NOI growth and contributions from completed developments and acquisitions. Additionally, net income was impacted by \$0.8 million in unrealized fair value gains on the mark-to-market adjustments on Killam's unit-based compensation and Exchangeable Units, compared to fair value losses of \$1.7 million for the same period in 2025. These unrealized fair value adjustments fluctuate quarterly due to fluctuations in the market price of the underlying Trust Units.

Financing Costs

	Three months ended March 31,		
	2026	2025	% Change
Mortgage, loan and construction loan interest	\$20,402	\$18,477	10.4%
Interest on credit facilities	633	716	(11.6)%
Interest on Exchangeable Units	494	702	(29.6)%
Amortization of deferred financing costs	992	1,004	(1.2)%
Amortization of fair value adjustments on assumed debt	9	56	(83.9)%
Interest on lease liabilities	164	124	32.3%
Capitalized interest	(653)	(893)	(26.9)%
	\$22,041	\$20,186	9.2%

Total financing costs increased \$1.9 million, or 9.2%, for the three months ended March 31, 2026, compared to Q1-2025. Mortgage, loan and construction loan interest expense was \$20.4 million for the three months ended March 31, 2026, representing an increase of \$1.9 million, or 10.4%, compared to the same period in 2025.

Killam's mortgage, loan and construction loan liability balance increased by \$105.0 million over the past 12 months, as Killam upfinanced maturing mortgages within its existing portfolio, completed the acquisition of \$198.4 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 2025.

The average interest rate on refinancings for the three months ended March 31, 2026, was 3.57%, 142 bps higher than the average interest rate on expiring debt.

Interest on credit facilities decreased \$0.1 million, or 11.6%, for the three months ended March 31, 2026, compared to the same period in 2025. The decline reflects a lower average balance and lower average interest rate on the credit facility during Q1-2026, compared to Q1-2025. Interest expense related to credit facilities is expected to decrease further in 2026, as refinancings from Killam's mortgage renewal program and development financings will be used to reduce the outstanding line of credit balance.

Q1-2026 Management's Discussion and Analysis

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

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

Capitalized interest decreased 26.9% for the three months ended March 31, 2026, compared to the same period in 2025. The decline was primarily driven by a lower number of ongoing development projects during Q1-2026. Capitalized interest will vary depending on the number of development projects underway and their stages in the development cycle. Interest costs associated with development projects are capitalized to the respective development property until substantial completion.

Administration Expenses

	Three months ended March 31,		
	2026	2025	% Change
Administration	\$5,448	\$5,648	(3.5)%
As a percentage of total revenue	5.6%	6.0%	(40) bps

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

For the three months ended March 31, 2026, total administration expenses decreased by \$0.2 million, or 3.5%, compared to the same period in 2025. Administration expenses represented 5.6% of total revenue in Q1-2026, a 40 bps decrease compared to Q1-2025. The decrease was primarily driven by lower compensation-related costs, including lower costs associated with performance- and non-performance-based Restricted Trust Unit (RTU) grants, as well as lower travel expenses. These decreases were partially offset by higher software and technology-related expenses.

Fair Value Adjustments

	Three months ended March 31,		
	2026	2025	% Change
Investment properties	\$14,860	\$70,212	(78.8)%
Deferred unit-based compensation	205	(77)	(366.2)%
Exchangeable Units	576	(1,598)	(136.0)%
	\$15,641	\$68,537	(77.2)%

Killam recognized fair value gains of \$14.9 million related to its investment properties for the three months ended March 31, 2026, compared to fair value gains of \$70.2 million for the same period in 2025. The fair value gains recognized in Q1-2026 reflect the stabilization of revenue and NOI growth compared to Q1-2025.

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 three months ended March 31, 2026, there was an unrealized fair value gain of \$0.2 million, compared to a fair value loss of \$0.1 million for the same period in 2025, due to fluctuations in the market price of the underlying 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 for 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 Trust Units. For the three months ended March 31, 2026, Killam recorded an unrealized gain on remeasurement of \$0.6 million, compared to an unrealized loss of \$1.6 million for the same period in 2025. The unrealized gain in the quarter reflects a decrease in Killam's unit price as at March 31, 2026, compared to December 31, 2025.

Q1-2026 Management's Discussion and Analysis

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

Income Taxes

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

PART VI

Per Unit Calculations

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

	Weighted Average Number of Units (000s)			Outstanding Number of Units (000s) as at March 31, 2026
	Three months ended March 31,			
	2026	2025	% Change	
Trust Units	122,090	119,803	1.9%	122,073
Exchangeable Units	2,835	3,898	(27.3)%	2,746
Basic number of units	124,925	123,701	1.0%	124,819
Plus:				
Units under RTU Plan ⁽¹⁾	332	266	24.8%	—
Diluted number of units	125,257	123,967	1.0%	124,819

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

As at May 6, 2026, 122,126,262 Trust Units, 2,746,007 Exchangeable Units and 742,985 RTUs outstanding.

Q1-2026 Management's Discussion and Analysis

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

Funds from Operations

FFO is recognized as an industry-wide standard measure of a real estate entity's operating performance, and Management considers FFO per unit to be a key measure of operating performance. REALPAC, Canada's senior national industry association for owners and managers of investment real estate, has recommended guidelines for a standard industry calculation of FFO based on IFRS Accounting Standards. Killam calculates FFO in accordance with the REALPAC definition. Notwithstanding the foregoing, FFO does not have a standardized meaning under IFRS Accounting Standards and is considered a non-IFRS financial measure; therefore, it may not be comparable to similarly titled measures presented by other publicly traded companies. FFO for the three months ended March 31, 2026 and 2025, are calculated as follows:

	Three months ended March 31,		
	2026	2025	% Change
Net income	\$50,265	\$101,912	(50.7)%
Fair value adjustments	(15,641)	(68,537)	(77.2)%
Internal commercial leasing costs	100	75	33.3%
Interest expense on Exchangeable Units	494	702	(29.6)%
Loss on disposition	22	67	(67.2)%
Depreciation on owner-occupied building	23	24	(4.2)%
Land lease adjustment	(10)	(2)	400.0%
FFO	\$35,253	\$34,241	3.0%
FFO per unit – diluted	\$0.28	\$0.28	—%
FFO payout ratio – diluted	64%	64%	— bps
Weighted average number of units – diluted (000s)	125,257	123,967	1.0%

Killam earned FFO of \$35.3 million, or \$0.28 per unit (diluted), for the three months ended March 31, 2026, compared to \$34.2 million, or \$0.28 per unit (diluted), for the same period in 2025. Rounding to three decimals, FFO per unit increased 1.8% year-over-year.

FFO growth of 3.0% in the first quarter was primarily driven by same property NOI growth, the lease-up of The Carrick, a recently completed development, and lower administrative costs. These gains were partially offset by higher interest expense. FFO per unit was also impacted by a modest increase in the weighted average number of units outstanding.

Q1-2026 Management's Discussion and Analysis

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

Adjusted Funds from Operations

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

Killam uses a rolling three-year historical average of actual maintenance capex for its apartment and MHC portfolios to calculate AFFO. For 2025, this included a maintenance capex reserve of \$1,110 per apartment unit, \$310 per MHC site and \$1.20 per SF for commercial properties. Details regarding the maintenance capex calculations are included in Killam's MD&A for the year ended December 31, 2025. The same reserves have been applied in 2025, and these amounts will be updated at year-end based on the revised three-year averages.

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

	Three months ended March 31,		
	2026	2025 ⁽¹⁾	% Change
FFO	\$35,253	\$34,241	3.0%
Maintenance capital expenditures	(5,594)	(5,691)	(1.7)%
Commercial straight-line rent adjustment	(6)	(19)	(68.4)%
Internal and external commercial leasing costs	(85)	(49)	73.5%
AFFO	\$29,568	\$28,482	3.8%
AFFO per unit – diluted	\$0.24	\$0.23	4.3%
AFFO payout ratio – diluted	76%	78%	(200) bps
AFFO payout ratio – rolling 12 months ⁽²⁾	68%	70%	(200) bps
Weighted average number of units – diluted (000s)	125,257	123,967	1.0%

(1) The maintenance capital expenditures for the three months ended March 31, 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) Based on Killam's annual distribution of \$0.72000 for the 12-month period ended March 31, 2026, and \$0.70831 for the 12-month period ended March 31, 2025.

The payout ratio of 76% in Q1-2026, compared to the rolling 12-month payout ratio of 68%, reflects the seasonality of Killam's business. The first quarter typically has the highest payout ratio due to the lower operating margin driven by higher heating costs during the winter months. In addition, the MHC portfolio typically generates its highest revenue and NOI during the second and third quarters due to contributions from Killam's seasonal resorts that generate approximately 60% of annual NOI between July and October each year.

Killam recognized AFFO per unit (diluted) of \$0.24 in Q1-2026, representing a 4.3% increase compared to Q1-2025. This growth was driven by increases in same property NOI, contributions from The Carrick, a recently completed development, and lower administrative costs. The year-over-year reduction in maintenance capital expenditures reflects the continued impact of Killam's capital recycling program.

The 200 bps improvement in the AFFO payout ratio for the three months ended March 31, 2026, compared to the same period in 2025, was supported by AFFO growth of 3.8%.

Q1-2026 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 issuances.

Management expects to have sufficient liquidity for the foreseeable future based on its evaluation of the following capital resources:

- Cash flows from operating activities are expected to be sufficient to fund the current level of distributions and maintenance capex.
- Killam currently has capacity of approximately \$148.0 million of capital under its credit facilities and cash on hand.
- Mortgage refinancings and construction loans are expected to be sufficient to fund value-enhancing capex, principal repayments and developments. Killam has \$229.3 million of mortgage debt scheduled for refinancing in the remainder of 2026, which is expected to lead to upfinancing opportunities of \$125–\$135.0 million.
- Upcoming mortgage maturities are expected to be renewed through Killam's mortgage program.
- Killam has unencumbered assets of approximately \$210.0 million, on which debt could be placed.

Killam is in compliance with all financial covenants contained in the DOT and through its credit facilities. Under the DOT, total indebtedness of Killam is limited to 70% of GBV, determined as the greater of (i) the value of Killam's assets as shown on the most recent condensed consolidated interim statement of financial position, and (ii) the historical cost of Killam's assets. Total debt as a percentage of total assets as at March 31, 2026, was 42.2%.

Killam has financial covenants on its credit facilities. The covenants require Killam to maintain a leverage limit of not more than 70% of debt to total assets, debt to service coverage of not less than 1.3 times and unitholders' equity of not less than \$900.0 million. As at May 6, 2026, Killam was in compliance with said covenants.

The table below outlines Killam's key debt metrics:

As at	March 31, 2026	December 31, 2025	Change
Total debt as a percentage of total assets	42.2%	41.9%	30 bps
Debt to normalized EBITDA	9.71x	9.66x	0.5%
Interest coverage	2.90x	2.93x	(1.0)%
Debt service coverage	1.59x	1.59x	—%
Weighted average years to debt maturity	3.9	3.6	0.3 years
Weighted average mortgage interest rate	3.60%	3.58%	2 bps
Weighted average interest rate of total debt	3.63%	3.60%	3 bps

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

As at	March 31, 2026	December 31, 2025
Mortgages and loans payable	\$2,255,733	\$2,216,592
Credit facilities	82,751	74,754
Construction loans	12,229	10,340
Total interest-bearing debt	\$2,350,713	\$2,301,686
Total assets ⁽¹⁾	\$5,570,772	\$5,495,668
Total debt as a percentage of total assets	42.2%	41.9%

(1) Excludes right-of-use asset of \$16.2 million as at March 31, 2026 (December 31, 2025 – \$16.3 million).

Total debt as a percentage of total assets was 42.2% as at March 31, 2026, up slightly from 41.9% as at December 31, 2025. Management is focused on maintaining conservative debt levels. Total debt to total assets is sensitive to changes in the fair value of investment properties, in particular cap rate changes and NOI growth.

Q1-2026 Management's Discussion and Analysis

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

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

Cap Rate Sensitivity Increase (Decrease)	Fair Value of Investment Properties ⁽¹⁾	Total Assets	Total Debt as % of Total Assets	Change (bps)
(0.50)%	\$6,120,068	\$6,173,120	38.1%	(410)
(0.25)%	\$5,795,084	\$5,848,137	40.2%	(200)
—%	\$5,517,719	\$5,570,772	42.2%	—
0.25%	\$5,241,209	\$5,294,262	44.4%	220
0.50%	\$5,003,269	\$5,056,322	46.5%	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 (DCF) method. The sensitivity for commercial assets is calculated using an implied cap rate based on the stabilized net operating income (SNOI) of the properties.

Normalized Adjusted EBITDA

The following table reconciles Killam's net income to normalized adjusted EBITDA for the 12 months ended March 31, 2026, and December 31, 2025:

12 months ended,	March 31, 2026	December 31, 2025	% Change
Net (loss) income	\$(22,235)	\$29,412	(175.6)%
Financing costs	86,305	84,451	2.2%
Depreciation	1,015	1,017	(0.2)%
Loss on disposition	2,478	2,523	(1.8)%
Restructuring costs	466	466	—%
Fair value adjustment on unit-based compensation	(1,222)	(941)	29.9%
Fair value adjustment on Exchangeable Units	(4,249)	(2,075)	104.8%
Fair value adjustment on investment properties	175,819	120,467	45.9%
Adjusted EBITDA	238,377	235,320	1.3%
Normalizing adjustment ⁽¹⁾	2,661	1,961	35.7%
Normalized adjusted EBITDA	\$241,038	\$237,281	1.6%
Total interest-bearing debt	\$2,350,713	\$2,301,686	2.1%
Cash and cash equivalents	(9,323)	(9,876)	(5.6)%
Net debt	\$2,341,390	\$2,291,810	2.2%
Debt to normalized adjusted EBITDA	9.71x	9.66x	0.5%

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

Interest and Debt Service Coverage

Rolling 12 months ending,	March 31, 2026	December 31, 2025	% Change
NOI	\$258,573	\$254,828	1.5%
Other income	1,342	2,229	(39.8)%
Administration	(21,538)	(21,737)	(0.9)%
Adjusted EBITDA	238,377	235,320	1.3%
Interest expense ⁽¹⁾	82,153	80,312	2.3%
Interest coverage ratio	2.90x	2.93x	(1.0)%
Principal repayments	67,588	67,320	0.4%
Interest expense	82,153	80,312	2.3%
Debt service coverage ratio	1.59x	1.59x	—%

(1) Interest expense includes mortgage, loan and construction loan interest and interest on credit facilities, as presented in note 16 to the condensed consolidated interim financial statements.

Q1-2026 Management's Discussion and Analysis

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

Mortgages and Other Loans

Killam's long-term debt consists of fixed-rate, long-term mortgages. Mortgages are secured by a first or second charge against individual properties. Killam's weighted average interest rate on mortgages as at March 31, 2026, was 3.60%, a 2 bps increase compared to the rate as at December 31, 2025.

Refinancings

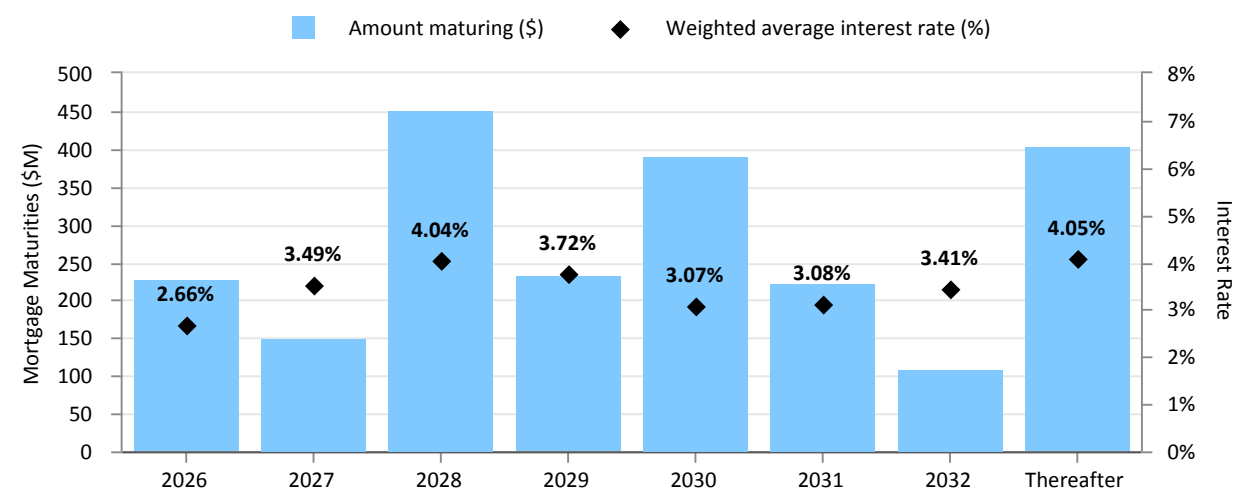
For the three months ended March 31, 2026, Killam refinanced the following mortgages:

	Mortgage Debt Maturities		Mortgage Debt on Refinancing		Weighted Average Term	Net Proceeds
Apartments	\$65,432	2.15%	\$80,766	3.57%	5.0 years	\$15,334
	\$65,432	2.15%	\$80,766	3.57%	5.0 years	\$15,334

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

Year of Maturity	Apartments			MHCs and Commercial		Total	
	Balance March 31	Weighted Avg Int. Rate %	% CMHC Insured	Balance March 31	Weighted Avg Int. Rate %	Balance March 31	Weighted Avg Int. Rate %
2026	\$228,504	2.66%	72.6%	\$4,701	2.65%	\$233,205	2.66%
2027	150,324	3.49%	76.3%	40,360	5.13%	190,684	3.84%
2028	453,372	4.04%	93.3%	23,375	5.25%	476,747	4.10%
2029	234,783	3.72%	95.3%	42,664	4.92%	277,447	3.91%
2030	392,597	3.07%	100.0%	—	—%	392,597	3.07%
Thereafter	738,704	3.67%	100.0%	3,617	3.31%	742,321	3.66%
	\$2,198,284	3.53%	93.6%	\$114,717	4.92%	\$2,313,001	3.60%

Apartment Mortgage Maturities by Year



Q1-2026 Management's Discussion and Analysis

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

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

As at March 31, 2026, approximately 93.6% of Killam's apartment mortgages were CMHC insured (89.0% of total mortgages, as MHC and commercial mortgages are not eligible for CMHC insurance) (December 31, 2025 – 90.9% and 85.8%). The weighted average interest rate on the CMHC-insured mortgages was 3.46% as at March 31, 2026 (December 31, 2025 – 3.48%).

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

Remaining 2026 Debt Maturities	Number of Properties	Estimated NOI	Principal Balance (at maturity)
Apartments with debt maturing	34	\$34,242	\$224,683
MHCs and commercial with debt maturing	2	892	4,638
	36	\$35,134	\$229,321

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
	28	\$24,165	\$181,510

Future Contractual Debt Obligations

As at March 31, 2026, the timing of Killam's future contractual debt obligations is as follows:

For the 12 months ending March 31,	Mortgages and Loans Payable	Construction Loans	Credit Facilities	Lease Liabilities	Total
2027	\$319,009	\$12,229	\$82,751	\$730	\$414,719
2028	316,323	—	—	775	317,098
2029	358,432	—	—	399	358,831
2030	349,177	—	—	76	349,253
2031	398,910	—	—	100	399,010
Thereafter	571,150	—	—	14,535	585,685
	\$2,313,001	\$12,229	\$82,751	\$16,615	\$2,424,596
Unamortized deferred financing costs	(57,200)				
Unamortized mark-to-market adjustments	(68)				
	\$2,255,733	\$12,229	\$82,751	\$16,615	\$2,367,328

Q1-2026 Management's Discussion and Analysis

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

Credit Facilities

As at March 31, 2026, Killam had access to three credit facilities with credit limits of \$155.0 million (\$175.0 million with the accordion feature), \$25.0 million and \$22.5 million (December 31, 2025 – two facilities with credit limits of \$155.0 million [\$175.0 million with the accordion feature] and \$25.0 million) that can be used for acquisition and general business purposes. Subsequent to quarter end Killam increased the maximum capacity of the \$25.0 million facility to \$50.0 million, further increasing liquidity.

The \$155.0 million facility includes a \$30.0 million demand revolver and a \$125.0 million committed revolver, as well as an accordion option to increase the facility by an additional \$20.0 million. This facility matures November 14, 2028.

Killam was in compliance with all covenants and undertakings related to its credit facilities as at March 31, 2026.

As at March 31, 2026	Maximum Loan Amount ⁽¹⁾	Amount Drawn	Letters of Credit	Amount Available
\$155.0 million facility ⁽²⁾	\$175,000	\$45,000	\$—	\$130,000
\$25.0 million facility ⁽³⁾	25,000	16,219	1,333	7,448
\$22.5 million facility ⁽²⁾	22,500	21,532	—	968
Total	\$222,500	\$82,751	\$1,333	\$138,416

As at December 31, 2025	Maximum Loan Amount ⁽¹⁾	Amount Drawn	Letters of Credit	Amount Available
\$155.0 million facility ⁽²⁾	\$175,000	\$60,000	\$—	\$115,000
\$25.0 million facility ⁽³⁾	25,000	14,754	1,673	8,573
Total	\$200,000	\$74,754	\$1,673	\$123,573

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

(2) The credit facilities bear interest at floating rates linked to the Canadian Overnight Repo Rate Average (CORRA) or the prime rate, plus applicable margins, with stated CORRA-based margins ranging from 150 bps to 155 bps.

(3) The \$25.0 million demand facility bears interest at the prime rate plus 75 bps on advances and 135 bps on issuances of letters of credit, in addition to a 50 bps per annum fee.

Construction Loans

As at March 31, 2026, Killam had access to two variable-rate construction loans totalling \$37.6 million (December 31, 2025 – \$26.2 million), of which \$12.2 million was drawn (December 31, 2025 – \$10.3 million). Payments on these loans are made monthly on an interest-only basis during the construction period. The construction loans bear interest at floating rates linked to CORRA, plus applicable margins. The weighted average contractual interest rate on amounts outstanding as at March 31, 2026, was 4.03% (December 31, 2025 – 4.04%). Once construction is complete and rental targets are achieved, the loans are expected to be repaid in full and replaced with conventional CMHC-insured mortgage financing.

Q1-2026 Management's Discussion and Analysis

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

Investment Properties

As at	March 31, 2026	December 31, 2025	% Change
Investment properties	\$5,364,109	\$5,307,421	1.1%
Investment properties under construction (IPUC)	78,965	67,882	16.3%
Land for development	74,645	73,713	1.3%
	\$5,517,719	\$5,449,016	1.3%

Continuity of Investment Properties

As at	March 31, 2026	December 31, 2025	% Change
Balance, beginning of period	\$5,307,421	\$5,225,102	1.6%
Fair value adjustment – Apartments	24,501	(117,412)	(120.9)%
Fair value adjustment – MHCs	1,223	6,430	(81.0)%
Fair value adjustment – Commercial	(10,189)	(3,233)	215.2%
Acquisitions	30,182	170,391	(82.3)%
Dispositions	—	(143,027)	(100.0)%
Capital expenditures and development costs ⁽¹⁾	10,960	80,224	(86.3)%
Transfer from IPUC to investment properties	—	83,565	(100.0)%
Land lease reassessment	—	5,252	(100.0)%
Interest capitalized	11	129	(91.5)%
Balance, end of period	\$5,364,109	\$5,307,421	1.1%

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

Killam reviewed its valuation of investment properties as at March 31, 2026, 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 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 March 31, 2026 and 2025, and December 31, 2025, is as follows:

	March 31, 2026			December 31, 2025			March 31, 2025		
	Low	High	Effective Weighted Average	Low	High	Effective Weighted Average	Low	High	Effective Weighted Average
Apartments	4.25%	6.20%	4.76%	4.25%	6.20%	4.76%	4.00%	6.50%	4.65%
Halifax ⁽¹⁾	4.40%	6.10%	4.69%	4.40%	6.10%	4.69%	4.10%	6.10%	4.56%
Ontario ⁽¹⁾	4.25%	5.00%	4.47%	4.25%	5.00%	4.47%	4.00%	5.00%	4.17%
Moncton ⁽¹⁾	4.50%	6.20%	5.11%	4.50%	6.20%	5.11%	4.25%	6.20%	5.07%
Fredericton	4.95%	5.50%	5.19%	4.95%	5.50%	5.19%	5.10%	5.35%	5.20%
Saint John ⁽¹⁾	5.25%	5.35%	5.33%	5.25%	5.35%	5.33%	5.25%	5.35%	5.33%
Alberta ⁽¹⁾	4.75%	5.00%	4.83%	4.75%	5.00%	4.83%	4.75%	5.00%	4.81%
St. John's	5.25%	5.75%	5.53%	5.25%	5.75%	5.53%	5.25%	6.50%	5.61%
British Columbia	4.25%	4.50%	4.42%	4.25%	4.50%	4.42%	4.00%	4.00%	4.00%
Charlottetown	5.50%	5.60%	5.57%	5.50%	5.60%	5.57%	5.35%	5.85%	5.67%
MHCs	5.50%	6.75%	6.02%	5.50%	6.75%	6.02%	5.50%	6.75%	6.02%

(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 weighted average cap rates as at March 31, 2026, were 4.76% for its apartment portfolio and 6.02% for its MHC portfolio, consistent with the cap rates as at December 31, 2025.

Q1-2026 Management's Discussion and Analysis

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

Fair Value Sensitivity

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

	Change in SNOI ⁽¹⁾					
	(2.00)%	(1.00)%	— %	1.00%	2.00%	
	(0.50)%	496,942	556,607	616,271	675,936	735,600
	(0.25)%	178,458	234,873	291,288	347,703	404,117
Change in Capitalization Rate	—%	(107,004)	(53,502)	—	53,502	107,004
	0.25%	(364,340)	(313,464)	(262,588)	(211,712)	(160,836)
	0.50%	(597,521)	(549,024)	(500,527)	(452,031)	(403,534)

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

2026 Acquisition

Property	Location	Acquisition Date	Ownership Interest	Property Type	Units	Purchase Price ⁽¹⁾
211 Willet St	Halifax, NS	26-Jan-26	100%	Apartment	109	\$29,600
Total Acquisitions					109	\$29,600

(1) Purchase price does not include transaction costs.

Investment Properties Under Construction

As at	March 31, 2026	December 31, 2025	% Change
Balance, beginning of period	\$67,882	\$91,114	(25.5)%
Fair value adjustment	(675)	(6,252)	(89.2)%
Capital expenditures	11,419	62,438	(81.7)%
Transfer to investment properties	—	(83,565)	(100.0)%
Transfer from land for development	—	2,039	(100.0)%
Interest capitalized	339	2,108	(83.9)%
Balance, end of period	\$78,965	\$67,882	16.3%

Land for Development

As at	March 31, 2026	December 31, 2025	% Change
Balance, beginning of period	\$73,713	\$68,504	7.6%
Acquisitions	—	2,745	(100.0)%
Dispositions	—	(5,325)	(100.0)%
Capital expenditures	629	8,429	(92.5)%
Transfer to IPUC	—	(2,039)	(100.0)%
Interest capitalized	303	1,399	(78.3)%
Balance, end of period	\$74,645	\$73,713	1.3%

Q1-2026 Management's Discussion and Analysis

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

Killam's development projects currently underway as at March 31, 2026, include the following:

Property	Location	Ownership	Number of Units	Project Budget (millions)	Start Date	Estimated Completion	Anticipated All-Cash Yield
Brightwood (150 Wissler)	Waterloo, ON	100%	128	\$55.8	Q4-2024	May 2026	5.15%
Eventide	Halifax, NS	100%	55	\$36.0	Q1-2024	Q4-2026	4.00%–4.50%
Total ⁽¹⁾			183	\$91.8			

(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 2027. Killam has a commitment in place to purchase the third phase, following completion of construction and the achievement of certain conditions.

Brightwood (150 Wissler)

Brightwood (150 Wissler) is a 128-unit building located adjacent to Killam's Northfield Gardens in Waterloo, ON. Building construction commenced in January 2025 and was completed in 16 months. Killam welcomed its first tenants on May 1, 2026, with approximately 23% of the units leased to date.

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.

Future Development Pipeline

Killam has a development pipeline, with over 70% of future projects located outside of Atlantic Canada. Advancement of future developments will be dependent upon Killam achieving its expected targeted yield of at least 100 bps higher than the expected market cap rate on completion. Below is a listing of land currently available for future development:

Property	Location	Killam's Interest	Development Potential (# of Units) ⁽¹⁾	Status
Victoria Gardens Phase I	Halifax, NS	100%	95	Building permit approvals
Harlington Phase I	Halifax, NS	100%	138	Building permit approvals
Westmount Place Phase 2	Waterloo, ON	100%	250	Building permit approvals
105 Elmira Rd North	Guelph, ON	70%	127	Planning approvals
425 5 St SW	Calgary, AB	50%	235	Future development
Nolan Hill Phase 4 ⁽²⁾	Calgary, AB	10%	200	Future development
Medical Arts	Halifax, NS	100%	198	Concept design
Hollis Street	Halifax, NS	100%	130	Concept design
Christie Point	Victoria, BC	100%	312	Future development
Quiet Place	Waterloo, ON	100%	160	Future development
Westmount Place (Phases 3–5)	Waterloo, ON	100%	700	Future development
Gloucester City Centre	Ottawa, ON	100%	200	Future development
Kanata Lakes	Ottawa, ON	50%	80	Future development
St. George Street	Moncton, NB	100%	60	Future development
Topsail Road	St. John's, NL	100%	225	Future development
Block 4	St. John's, NL	100%	80	Future development
Total Development Opportunities ⁽³⁾			3,190	

(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) 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.

Q1-2026 Management's Discussion and Analysis

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

Capital Improvements

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

Killam invested \$11.0 million in capital improvements during the three months ended March 31, 2026, representing a decrease of 4.2% compared to the same period in 2025. The decrease in capital investment reflects the timing of larger, multi-phase capital projects.

	Three months ended March 31,		
	2026	2025	% Change
Apartments	\$10,160	\$10,897	(6.8)%
MHCs	495	344	43.9%
Commercial	305	204	49.5%
	\$10,960	\$11,445	(4.2)%

Apartments – Capital Investment

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

	Three months ended March 31,		
	2026	2025	% Change
Suite renovations and repositionings	\$4,409	\$5,254	(16.1)%
Building improvements	4,173	3,652	14.3%
Appliances	786	920	(14.6)%
Energy	726	754	(3.7)%
Common area	66	317	(79.2)%
Total capital invested	\$10,160	\$10,897	(6.8)%
Average number of units outstanding ⁽¹⁾	17,594	17,897	(1.7)%
Capital invested – \$ per unit	\$577	\$609	(5.3)%

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

Killam invested \$577 per unit for the three months ended March 31, 2026, compared to \$609 per unit for the same period in 2025. The year-over-year decrease reflects the timing of larger, multi-phase capital projects aimed at enhancing building resiliency, as well as the disposition of capital-intensive properties over the past 12 months.

Killam'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.

Suite Renovations and Repositionings

Killam invested \$4.4 million in suite renovations during the three months ended March 31, 2026, representing a decrease of 16.1% compared to the total investment of \$5.3 million during Q1-2025.

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 Q1-2026, Killam repositioned 26 units, down from 60 units in Q1-2025. The repositionings had an average investment of \$36,100 per unit, generating an average ROI of 16% when compared to in-place rents.

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. The change in building investments for the three months ended March 31, 2026, compared to the same period in 2025, relates primarily to the timing of multi-phase building envelope projects.

Q1-2026 Management's Discussion and Analysis

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

Energy

Killam continues to invest in energy-efficiency initiatives, augmenting its sustainability programs with a focus on reducing operating expenses and improving building performance. Killam is committed to continuously lowering and reporting on its greenhouse gas emissions and also completing benchmarking using third-party validation. During Q1-2026, Killam invested \$0.7 million in energy initiatives, including the installation of solar PV panels at its newest development, Brightwood (150 Wissler), as well as building automation systems, heat pumps and building upgrades across the portfolio. Additional projects planned for 2026 include the completion of in-progress PV solar installations, targeted window and insulation upgrades, as well as boiler and heat pump installations.

MHCs – Capital Investment

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

	Three months ended March 31,		
	2026	2025	% Change
Water and sewer upgrades	\$212	\$92	130.4%
Site expansion and land improvements	142	57	149.1%
Other	92	195	(52.8)%
Equipment	49	—	N/A
Total capital invested – MHCs	\$495	\$344	43.9%
Average number of sites	5,805	5,975	(2.8)%
Capital invested – \$ per site	\$85	\$58	46.6%

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 was \$0.5 million during Q1-2026, compared to \$0.3 million for the same period in 2025. Capital invested in the first quarter focused on community enhancements, including water and sewer upgrades, as well as building and land improvements. Similar to the apartment portfolio, the timing of capital expenditures for MHCs varies based on the specific needs of each community.

Commercial – Capital Investment

During the three months ended March 31, 2026, Killam invested \$0.3 million in its commercial portfolio, up from \$0.2 million during the same period in 2025. 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. Capital investment may fluctuate annually depending on the timing and scope of tenant turnover and lease-up activity.

Q1-2026 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*.

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

Holders of Trust Units have the right to redeem their units at the lesser of (i) 90% of the market price of the Trust Unit (market price is defined as the weighted average trading price of the previous 10 trading days), and (ii) the most recent closing market price (closing market price is defined as the weighted average trading price on the specified date) at the time of the redemption. The redemption price will be satisfied by cash, up to a limit of \$50 thousand for all redemptions in a calendar month, or a note payable. For the three months ended March 31, 2026, no unitholders redeemed Trust Units.

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

Effective April 24, 2026, Killam suspended its DRIP until further notice. Unitholders enrolled in the DRIP will receive future distributions in cash, commencing with the previously announced distribution to be paid on May 15, 2026, to unitholders of record on April 30, 2026.

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

Distribution Reinvestment Plan and Net Distributions Paid

	Three months ended March 31,		
	2026	2025	% Change
Distributions declared on Trust Units	\$22,159	\$21,763	1.8%
Distributions declared on Exchangeable Units	494	702	(29.6)%
Distributions declared on awards outstanding under RTU Plan	138	114	21.1%
Total distributions declared	\$22,791	\$22,579	0.9%
Less:			
Distributions on Trust Units reinvested	(5,726)	(6,404)	(10.6)%
Distributions on RTUs reinvested	(138)	(114)	21.1%
Net distributions paid	\$16,927	\$16,061	5.4%
Percentage of distributions reinvested	25.7%	28.9%	

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 three months ended March 31, 2026, 400,601 Trust Units were purchased for cancellation under Killam's NCIB at a weighted average purchase price of \$16.44 per unit.

Q1-2026 Management's Discussion and Analysis

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

Cash Provided by Operating Activities and Distributions Declared

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

	Three months ended March 31,	
	2026	2025
Net income	\$50,265	\$101,912
Cash provided by operating activities	\$30,371	\$25,011
Total distributions declared	\$22,791	\$22,579
Excess of net income over total distributions declared	\$27,474	\$79,333
Excess of net income over net distributions paid	\$33,338	\$85,851
Excess of cash provided by operating activities over total distributions declared	\$7,580	\$2,432

PART VIII

Summary of Selected Consolidated Quarterly Results

	Q1-2026	Q4-2025	Q3-2025 ⁽¹⁾	Q2-2025 ⁽¹⁾	Q1-2025 ⁽¹⁾	Q4-2024	Q3-2024 ⁽²⁾	Q2-2024 ⁽²⁾
Property revenue	\$96,676	\$96,258	\$98,473	\$95,646	\$93,024	\$92,581	\$93,788	\$90,776
NOI	\$61,979	\$63,973	\$67,785	\$64,075	\$58,995	\$61,119	\$64,416	\$59,923
Net income (loss)	\$50,265	(\$147,494)	\$41,860	\$33,134	\$101,912	\$363,419	\$62,732	\$114,452
FFO	\$35,253	\$37,258	\$41,877	\$39,400	\$34,241	\$36,393	\$40,468	\$36,673
FFO per unit – diluted	\$0.28	\$0.30	\$0.34	\$0.32	\$0.28	\$0.29	\$0.33	\$0.30
AFFO	\$29,568	\$31,672	\$36,152	\$33,576	\$28,482	\$30,579	\$34,724	\$30,846
AFFO per unit – diluted	\$0.24	\$0.25	\$0.29	\$0.27	\$0.23	\$0.25	\$0.28	\$0.25
Weighted average units – diluted (000s)	125,257	125,070	124,745	124,396	123,967	123,600	123,294	122,980

(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 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.

Risks and Uncertainties

Killam faces a variety of risks, the majority of which are common to real estate entities. These are described in detail in the MD&A of Killam's 2025 Annual Report and in Killam's AIF, both filed on SEDAR+ at www.sedarplus.ca. These factors continue to exist and remain relatively unchanged.

Q1-2026 Management's Discussion and Analysis

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

Critical Accounting Policies and Significant Accounting Judgments, Estimates and Assumptions

The condensed consolidated interim financial statements should be read in conjunction with Killam's most recently issued Annual Report, which includes information necessary or useful to understanding Killam's business and financial statement presentation. In particular, Killam's material accounting policies were presented in note 3 to the audited consolidated financial statements for the year ended December 31, 2025, and any changes in the accounting policies applied have been described in note 3 to the condensed consolidated interim financial statements for the three months ended March 31, 2026.

The preparation of financial statements in conformity with IFRS Accounting Standards requires Management to make estimates and assumptions. Significant areas of judgment, estimates and assumptions are set out in note 3 to the audited consolidated financial statements found in Killam's 2025 Annual Report. The most significant estimates relate to the fair value of investment properties and deferred income taxes.

The condensed consolidated interim financial statements have been prepared considering the impact of the current economic environment, including interest rates, the potential for government intervention and how increased uncertainty could impact the valuation of investment properties. Killam has used the best information available as at March 31, 2026, in determining its estimates and the assumptions that affect the carrying amounts of assets, liabilities and earnings for the period. Actual results could differ from those estimates. Killam considers the estimates that could be most significantly impacted to include those underlying the valuation of investment properties and the estimated credit losses on accounts receivable.

Disclosure Controls, Procedures and Internal Controls

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

Subsequent Events

On April 15, 2026, Killam announced a distribution of \$0.06000 per unit, payable on May 15, 2026, to unitholders of record on April 30, 2026. As a result of the suspension of Killam's DRIP effective April 24, 2026, unitholders enrolled in the DRIP will receive cash in respect of such distribution.

On April 24, 2026, Killam increased the maximum capacity of its \$25.0 million facility to \$50.0 million.

Condensed Consolidated Interim Statements of Financial Position

*In thousands of Canadian dollars,
[unaudited]*

	Note	March 31, 2026	December 31, 2025
ASSETS			
Non-current assets			
Investment properties	[4]	\$5,517,719	\$5,449,016
Property and equipment		8,795	8,915
Other non-current assets	[6]	9,377	9,342
		\$5,535,891	\$5,467,273
Current assets			
Cash and cash equivalents	[6]	\$9,323	\$9,876
Rent and other receivables		9,591	8,696
Other current assets	[6]	32,187	21,458
		51,101	40,030
TOTAL ASSETS		\$5,586,992	\$5,507,303
EQUITY AND LIABILITIES			
Unitholders' equity	[12]	\$3,102,451	\$3,063,647
Total equity		\$3,102,451	\$3,063,647
Non-current liabilities			
Mortgages and loans payable	[7]	\$1,936,724	\$1,859,629
Lease liabilities		15,933	16,094
Deferred unit-based compensation	[14]	5,431	6,940
		\$1,958,088	\$1,882,663
Current liabilities			
Mortgages and loans payable	[7]	\$319,009	\$356,963
Credit facilities	[8]	82,751	74,754
Construction loans	[9]	12,229	10,340
Accounts payable and accrued liabilities	[10]	68,665	63,783
Exchangeable Units	[11]	43,799	55,153
		526,453	560,993
Total liabilities		\$2,484,541	\$2,443,656
TOTAL EQUITY AND LIABILITIES		\$5,586,992	\$5,507,303
Commitments and contingencies	[22]		
Financial guarantees	[23]		

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

Approved on behalf of the Board of Trustees

(signed) "Karine L. MacIndoe"
Trustee

(signed) "Philip D. Fraser"
Trustee

Condensed Consolidated Interim Statements of Income and Comprehensive Income

In thousands of Canadian dollars,
[unaudited]

	Note	Three months ended March 31,	
		2026	2025
Property revenue	[15]	\$96,676	\$93,024
Property operating expenses			
Operating expenses		(14,066)	(13,444)
Utility and fuel expenses		(9,265)	(9,883)
Property taxes		(11,366)	(10,702)
		(34,697)	(34,029)
Net operating income		\$61,979	\$58,995
Other income		424	551
Financing costs	[16]	(22,041)	(20,186)
Depreciation		(268)	(270)
Administration		(5,448)	(5,648)
Fair value adjustment on unit-based compensation	[14]	205	(77)
Fair value adjustment on Exchangeable Units	[11]	576	(1,598)
Fair value adjustment on investment properties	[4]	14,860	70,212
Loss on disposition		(22)	(67)
Net income and comprehensive income		\$50,265	\$101,912

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

Condensed Consolidated Interim Statements of Changes in Equity

In thousands of Canadian dollars,
[unaudited]

Three months ended March 31, 2026		Note	Trust Units	Retained Earnings	Total Equity	
As at January 1, 2026			\$1,434,093	\$1,629,554	\$3,063,647	
Units issued on exchange of Exchangeable Units		[12]	10,778	—	10,778	
Distribution reinvestment plan		[12]	5,631	—	5,631	
Deferred unit-based compensation		[12]	874	—	874	
Repurchased through normal course issuer bid		[12]	(4,708)	(1,877)	(6,585)	
Net income and comprehensive income		[12]	—	50,265	50,265	
Distributions declared and paid		[13]	—	(14,780)	(14,780)	
Distributions payable		[13]	—	(7,379)	(7,379)	
As at March 31, 2026			\$1,446,668	\$1,655,783	\$3,102,451	
Three months ended March 31, 2025		Note	Trust Units	Contributed Surplus	Retained Earnings	Total Equity
As at January 1, 2025			\$1,401,460	\$608	\$1,687,884	\$3,089,952
Distribution reinvestment plan		[12]	6,164	—	—	6,164
Deferred unit-based compensation		[12]	561	—	—	561
Repurchased through normal course issuer bid		[12]	(362)	(139)	—	(501)
Net income and comprehensive income		[12]	—	—	101,912	101,912
Distributions declared and paid		[13]	—	—	(14,501)	(14,501)
Distributions payable		[13]	—	—	(7,262)	(7,262)
As at March 31, 2025			\$1,407,823	\$469	\$1,768,033	\$3,176,325

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

Condensed Consolidated Interim Statements of Cash Flows

In thousands of Canadian dollars,
[unaudited]

	Note	Three months ended March 31,	
		2026	2025
OPERATING ACTIVITIES			
Net income		\$50,265	\$101,912
Add (deduct) items not affecting cash			
Fair value adjustments		(15,641)	(68,537)
Depreciation		268	270
Amortization of deferred financing		992	1,004
Non-cash compensation expense		864	970
Amortization of fair value adjustments on assumed mortgages		9	56
Interest expense on lease liability		164	124
Loss on disposition		22	67
Straight-line rent		(6)	(18)
Net change in non-cash operating activities	[18]	(6,566)	(10,837)
Cash provided by operating activities		\$30,371	\$25,011
FINANCING ACTIVITIES			
Deferred financing costs paid		(5,248)	(2,301)
Trust Units repurchased through normal course issuer bid		(6,585)	(500)
Cash paid on redemption of restricted Units		(1,296)	(878)
Cash paid on lease liabilities		(336)	(277)
Mortgage financing		125,705	71,733
Mortgages repaid		(65,432)	(35,300)
Mortgage principal repayments		(16,884)	(16,928)
Credit facility proceeds (repayments)		7,997	(8,683)
Proceeds from construction loans		1,889	5,422
Distributions to Unitholders		(16,525)	(15,568)
Cash provided by (used in) financing activities		\$23,285	(\$3,280)
INVESTING ACTIVITIES			
Change in restricted cash		(210)	142
Acquisition of investment properties, net of debt assumed		(29,380)	—
Proceeds on disposition of property and equipment		—	4
Development of investment properties		(12,690)	(11,376)
Capital expenditures		(11,929)	(11,808)
Cash used in investing activities		(\$54,209)	(\$23,038)
Net decrease in cash		(553)	(1,307)
Cash and cash equivalents, beginning of period		9,876	13,211
Cash and cash equivalents, end of period		\$9,323	\$11,904

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

Notes to the Condensed Consolidated Interim Financial Statements

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

1. Organization of the Trust

Killam Apartment Real Estate Investment Trust ("Killam," or the "Trust") is an unincorporated open-ended mutual fund trust created pursuant to the amended and restated Declaration of Trust (DOT), dated November 30, 2024, under the laws of the Province of Ontario. Killam specializes in the acquisition, management and development of multi-residential apartment buildings, manufactured home communities (MHCs) and commercial properties in Canada.

The condensed consolidated interim financial statements comprise the financial statements of Killam and its subsidiaries as at and for the three months ended March 31, 2026. Killam's head office operations are located at 3700 Kempt Road, Halifax, Nova Scotia, B3K 4X8.

2. Material Accounting Policies

(A) Statement of Compliance

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

The condensed consolidated interim financial statements of the Trust for the three months ended March 31, 2026, were authorized for issue in accordance with a resolution of the Board of Trustees of Killam on May 6, 2026.

(B) Basis of Presentation

The condensed consolidated interim financial statements of Killam have been prepared on a historical cost basis, except for investment properties, deferred unit-based compensation and Exchangeable Units, which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The condensed consolidated interim financial statements have been prepared on a going concern basis and are presented in Canadian dollars, which is Killam's functional currency, and all values are rounded to the nearest thousand (\$000), except per unit amounts or as noted. The operating results for the three months ended March 31, 2026, are not necessarily indicative of results that may be expected for the full year ending December 31, 2026, due to seasonal variations in property expenses and other factors.

The condensed consolidated interim financial statements should be read in conjunction with the most recently issued consolidated financial statements, which include information necessary or useful to understanding the Trust's business and financial statement presentation. In particular, Killam's material accounting policies were presented in note 3 to the consolidated financial statements for the year ended December 31, 2025, and have been consistently applied in the preparation of these condensed consolidated interim financial statements.

Judgments and Estimates

The condensed consolidated interim financial statements have been prepared considering the impact of the current economic environment including interest rates and potential for government intervention and how increased uncertainty could impact the valuation of investment properties. Killam has used the best information available as at March 31, 2026, in determining its estimates and the assumptions that affect the carrying amounts of assets and liabilities, and earnings for the period. Actual results could differ from those estimates. Killam considers the estimates that could be most significantly impacted to include those underlying the valuation of investment properties and the estimated credit losses on receivables.

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

Effective January 1, 2026, Killam adopted amendments to IFRS 9 and IFRS 7 related to the derecognition of financial liabilities and the determination of the settlement date for payments made through electronic payment systems.

Killam has elected the accounting policy choice permitted under the amendments to derecognize certain financial liabilities upon initiation of payment when Killam no longer has the practical ability to withdraw, stop, or cancel the payment. Adoption of the amendments did not have a material impact on Killam's consolidated financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

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

3. Future Accounting Policy Changes

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

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

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

4. Investment Properties

As at March 31, 2026

	Apartments	MHCs	Commercial	IPUC	Land for Development	Total
Balance, beginning of period	\$4,890,318	\$241,825	\$175,278	\$67,882	\$73,713	\$5,449,016
Fair value adjustment on investment properties	24,501	1,223	(10,189)	(675)	—	14,860
Acquisitions	30,182	—	—	—	—	30,182
Capital expenditures	10,160	495	305	11,419	629	23,008
Interest capitalized	—	—	11	339	303	653
Balance, end of period	\$4,955,161	\$243,543	\$165,405	\$78,965	\$74,645	\$5,517,719

As at December 31, 2025

	Apartments	MHCs	Commercial	IPUC	Land for Development	Total
Balance, beginning of year	\$4,819,484	\$235,132	\$170,486	\$91,114	\$68,504	\$5,384,720
Fair value adjustment on investment properties	(117,412)	6,430	(3,233)	(6,252)	—	(120,467)
Acquisitions	168,966	—	1,425	—	2,745	173,136
Dispositions	(138,226)	(4,801)	—	—	(5,325)	(148,352)
Capital expenditures	70,029	5,064	5,131	62,438	8,429	151,091
Transfer from IPUC to investment properties ⁽¹⁾	87,525	—	—	(87,525)	—	—
Transfer from investment properties to IPUC	—	—	(3,960)	3,960	—	—
Transfer from land for development to IPUC	—	—	—	2,039	(2,039)	—
Transfer between apartment and commercial segment	(5,300)	—	5,300	—	—	—
Land lease reassessment	5,252	—	—	—	—	5,252
Interest capitalized	—	—	129	2,108	1,399	3,636
Balance, end of year	\$4,890,318	\$241,825	\$175,278	\$67,882	\$73,713	\$5,449,016

(1) The Carrick, a 139-unit development substantially completed in July 2025, was transferred from investment property under construction (IPUC) to investment properties.

During the three months ended March 31, 2026, Killam acquired the following property:

Property	Location	Acquisition Date	Ownership Interest	Property Type	Units	Purchase Price ⁽¹⁾
211 Willet St	Halifax, NS	26-Jan-26	100%	Apartment	109	29,600
Total Acquisitions					109	\$29,600

(1) Purchase price does not include transaction costs.

Notes to the Condensed Consolidated Interim Financial Statements

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

4. Investment Properties (continued)

During the three months ended March 31, 2026, Killam capitalized salaries of \$2.0 million (three months ended March 31, 2025 – \$2.0 million) as part of its project improvement, suite renovation and development programs. For the three months ended March 31, 2026, interest costs associated with the general corporate borrowings used to fund development were capitalized to the respective development projects using Killam's weighted average borrowing rate of 3.63% (March 31, 2025 – 3.51%). Interest costs associated with development-specific loans were capitalized to the respective developments using the actual borrowing rate associated with the loan.

Investment properties with a fair value of \$5.1 billion as at March 31, 2026 (December 31, 2025 – \$5.1 billion), have been pledged as collateral against Killam's mortgages, construction loans and credit facilities.

Valuation Basis

Using the direct income capitalization method, the apartment properties were valued using cap rates in the range of 4.25% to 6.20%, applied to a stabilized net operating income (SNOI) of \$235.8 million (December 31, 2025 – 4.25% to 6.20% and \$235.8 million), resulting in an overall weighted average effective cap rate of 4.76% (December 31, 2025 – 4.76%). The stabilized occupancy rates used in the calculation of SNOI were in the range of 95.0% to 100.0% (December 31, 2025 – 94.0% to 100.0%). Using the direct income capitalization method, the MHC properties were valued using cap rates in the range of 5.50% to 6.75%, applied to a SNOI of \$14.4 million (December 31, 2025 – 5.50% to 6.75% and \$14.3 million), resulting in an overall weighted average effective cap rate of 6.02% (December 31, 2025 – 6.02%). The stabilized occupancy rate used in the calculation of SNOI was 98.4% (December 31, 2025 – 98.4%). The commercial properties were valued using the discounted cash flow (DCF) method. Fair value is estimated using assumptions regarding benefits and liabilities of ownership over the asset's life, including a terminal value. This method involves the projection of stabilized cash flows on each individual property, with market-derived discount rates and terminal capitalization rates applied to the stabilized cash flow to establish the present value of the income stream associated with the asset. Using a DCF model, the stabilized commercial properties were valued using key inputs determined by management based on a review of asset performance and comparable assets in relevant markets. The weighted average discount rate applied in the period was 7.51% (December 31, 2025 – 7.49%), and the weighted average terminal cap rate was 6.82% (December 31, 2025 – 6.80%).

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

	March 31, 2026			December 31, 2025		
	Low	High	Effective Weighted Average	Low	High	Effective Weighted Average
Apartments	4.25%	6.20%	4.76%	4.25%	6.20%	4.76%
MHCs	5.50%	6.75%	6.02%	5.50%	6.75%	6.02%

Fair Value Sensitivity

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

	Change in Stabilized NOI ⁽¹⁾					
	(2.00)%	(1.00)%	—%	1.00%	2.00%	
	(0.50)%	\$496,942	\$556,607	\$616,271	\$675,936	\$735,600
	(0.25)%	178,458	234,873	291,288	347,703	404,117
Change in Capitalization Rate	—%	(107,004)	(53,502)	—	53,502	107,004
	0.25%	(364,340)	(313,464)	(262,588)	(211,712)	(160,836)
	0.50%	(597,521)	(549,024)	(500,527)	(452,031)	(403,534)

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

Notes to the Condensed Consolidated Interim Financial Statements

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

5. Joint Operations

Killam has interests in properties and land for future development that are subject to joint control and are joint operations. Accordingly, the condensed consolidated interim statements of financial position and condensed consolidated interim statements of income and comprehensive income include Killam's rights to and obligations for the related assets, liabilities, revenue and expenses. As at March 31, 2026, the fair value of the investment properties subject to joint control was \$242.1 million (December 31, 2025 – \$242.1 million).

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

Cash and Cash Equivalents

As at March 31, 2026, Killam had \$9.3 million (December 31, 2025 – \$9.9 million) in cash and cash equivalents, consisting of \$1.6 million in operating cash and \$7.7 million in security deposits (December 31, 2025 – \$2.8 million and \$7.1 million).

Other Current Assets

As at	March 31, 2026	December 31, 2025
Restricted cash	\$813	\$603
Deposits	5,836	3,483
Prepaid expenses	16,603	8,749
Inventory	1,584	1,272
Loans receivable	7,351	7,351
	\$32,187	\$21,458

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

Residential inventory consists of assets acquired or developed that Killam does not intend to use for rental income purposes and plans to sell in the ordinary course of business. Killam expects to earn a return on such assets through a combination of property operating income earned during the holding period and sale proceeds. As at March 31, 2026, residential inventory consists of MHC home inventory intended for resale.

Other Current and Non-current Assets

As at March 31, 2026, other current assets included three vendor take-back (VTB) mortgages receivable totalling \$7.4 million (December 31, 2025 – \$7.4 million), and other non-current assets included five VTB mortgages receivable totalling \$9.4 million (December 31, 2025 – \$9.3 million) related to property acquisitions and dispositions. The VTB mortgages receivable bear interest at 4.0%–7.0% (December 31, 2025 – 4.0%–7.0%), and the weighted average interest rate is 5.1% (December 31, 2025 – 5.1%). Full repayment of the loans is due within 36–60 months from the initial advances.

Notes to the Condensed Consolidated Interim Financial Statements

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

7. Mortgages and Loans Payable

As at	March 31, 2026		December 31, 2025	
	Weighted Average Interest	Debt Balance	Weighted Average Interest	Debt Balance
Mortgages and loans payable				
Fixed rate	3.60%	\$2,255,733	3.58%	\$2,216,592
Total		\$2,255,733		\$2,216,592
Current		319,009		356,963
Non-current		1,936,724		1,859,629
		\$2,255,733		\$2,216,592

Mortgages have a first or second charge on the properties of Killam. As at March 31, 2026, unamortized deferred financing costs of \$57.2 million (December 31, 2025 – \$52.9 million) and mark-to-market adjustments on mortgages assumed on acquisitions of \$0.1 million (December 31, 2025 – \$0.1 million) are netted against mortgages and loans payable.

As at March 31, 2026, Killam had two interest-only loans totalling \$102.2 million (December 31, 2025 – one loan totalling \$62.4 million). The loans are classified within non-current mortgages and loans payable, and bears interest-only payments until the properties reaches defined revenue thresholds, after which principal payments become due.

Estimated future principal payments and maturities required to meet mortgage obligations by the 12-month period ending March 31 are as follows:

	Principal Amount	% of Total Principal
2027	\$319,009	13.8%
2028	316,323	13.7%
2029	358,432	15.5%
2030	349,177	15.1%
2031	398,910	17.2%
Subsequent to 2031	571,150	24.7%
	\$2,313,001	100.0%
Unamortized deferred financing costs	(57,200)	
Unamortized mark-to-market adjustments	(68)	
	\$2,255,733	

Notes to the Condensed Consolidated Interim Financial Statements

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

8. Credit Facilities

As at March 31, 2026, Killam had access to three credit facilities with credit limits of \$155.0 million (\$175.0 million with the accordion feature), \$25.0 million and \$22.5 million (December 31, 2025 – two facilities with credit limits of \$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 includes a \$30.0 million demand revolver and a \$125.0 million committed revolver, as well as an accordion option to increase the facility by an additional \$20.0 million. This facility matures November 14, 2028.

Killam was in compliance with all covenants and undertakings related to its credit facilities as at March 31, 2026.

As at March 31, 2026	Maximum Loan Amount ⁽¹⁾	Amount Drawn	Letters of Credit	Amount Available
\$155.0 million facility ⁽²⁾	\$175,000	\$45,000	\$—	\$130,000
\$25.0 million facility ⁽³⁾	25,000	16,219	1,333	7,448
\$22.5 million facility ⁽²⁾	22,500	21,532	—	968
Total	\$222,500	\$82,751	\$1,333	\$138,416

As at December 31, 2025	Maximum Loan Amount ⁽¹⁾	Amount Drawn	Letters of Credit	Amount Available
\$155.0 million facility ⁽²⁾	\$175,000	\$60,000	\$—	\$115,000
\$25.0 million facility ⁽³⁾	25,000	14,754	1,673	8,573
Total	\$200,000	\$74,754	\$1,673	\$123,573

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

(2) The credit facilities bear interest at floating rates linked to the Canadian Overnight Repo Rate Average (CORRA) or the prime rate, plus applicable margins, with stated CORRA-based margins ranging from 150 basis points (bps) to 155 bps.

(3) The \$25.0 million demand facility bears interest at the prime rate plus 75 bps on advances and 135 bps on issuances of letters of credit, in addition to a 50 bps per annum fee and was increased subsequent to quarter end to \$50.0 million.

9. Construction Loans

As at March 31, 2026, Killam had access to two variable-rate construction loans totalling \$37.6 million (December 31, 2025 – \$26.2 million), of which \$12.2 million was drawn (December 31, 2025 – \$10.3 million). Payments on these loans are made monthly on an interest-only basis during the construction period. The construction loans bear interest at floating rates linked to CORRA, plus applicable margins. The weighted average contractual interest rate on amounts outstanding as at March 31, 2026, was 4.03% (December 31, 2025 – 4.04%). Once construction is complete and rental targets are achieved, the loans are expected to be repaid in full and replaced with conventional Canada Mortgage Housing Corporation (CMHC)-insured mortgage financing.

10. Accounts Payable and Accrued Liabilities

As at	March 31, 2026	December 31, 2025
Accounts payable and other accrued liabilities	\$39,294	\$35,161
Distributions payable	7,544	7,541
Mortgage interest payable	6,612	6,260
Security deposits	15,215	14,821
	\$68,665	\$63,783

Notes to the Condensed Consolidated Interim Financial Statements

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

11. Exchangeable Units

	Number of Exchangeable Units	Value
Balance, December 31, 2025	3,362,958	\$55,153
Exchangeable Units exchanged for Trust Units	(616,951)	(10,778)
Fair value adjustment	—	(576)
Balance, March 31, 2026	2,746,007	\$43,799

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

12. Unitholders' Equity

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

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

Unitholders have the right to redeem their Units at the lesser of (i) 90% of the market price of the Trust Unit (market price is defined as the weighted average trading price of the previous 10 trading days) and (ii) the most recent closing market price (closing market price is defined as the weighted average trading price on the specified date) at the time of the redemption. The redemption price will be satisfied by cash, up to a limit of \$50 thousand for all redemptions in a calendar month, or a note payable. For the three months ended March 31, 2026, no unitholders redeemed Units.

The Units issued and outstanding are as follows:

	Number of Trust Units	Value
Balance, December 31, 2025	121,458,303	\$1,434,093
Units issued on exchange of Exchangeable Units	616,951	10,778
Distribution reinvestment plan	329,543	5,631
Restricted Trust Units redeemed	68,491	874
Repurchased through normal course issuer bid	(400,601)	(4,708)
Balance, March 31, 2026	122,072,687	\$1,446,668

Distribution Reinvestment Plan (DRIP)

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

Effective April 24, 2026, Killam suspended its DRIP until further notice. Unitholders enrolled in the DRIP will receive future distributions in cash, commencing with any distribution declared in April 2026.

Notes to the Condensed Consolidated Interim Financial Statements

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

[unaudited]

12. Unitholders' Equity (continued)

Normal Course Issuer Bid (NCIB)

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

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

During the three months ended March 31, 2026, 400,601 Trust Units were purchased for cancellation under Killam's NCIB at a weighted average purchase price of \$16.44 per unit.

13. Distributions

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

For the three months ended March 31, 2026, the distributions declared related to the Trust Units were \$22.2 million (three months ended March 31, 2025 – \$21.8 million). For the three months ended March 31, 2026, distributions declared related to the Exchangeable Units were \$0.5 million (three months ended March 31, 2025 – \$0.7 million). The distributions on the Exchangeable Units are recorded in financing costs.

14. Deferred Unit-based Compensation

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

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

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

The RTUs are considered a financial liability because there is a contractual obligation for the Trust to deliver Trust Units (which are accounted for as liabilities, but presented as equity instruments under IAS 32) upon conversion of the RTUs. The RTUs are measured at fair value with changes flowing through the condensed consolidated interim statements of income and comprehensive income. The fair value of the vested RTUs as at March 31, 2026, is \$5.4 million, which includes \$1.1 million related to RTUs subject to performance conditions (December 31, 2025 – \$6.9 million and \$1.8 million). For the three months ended March 31, 2026, compensation expense of \$0.9 million (three months ended March 31, 2025 – \$1.0 million) has been recognized in respect of the RTUs.

Notes to the Condensed Consolidated Interim Financial Statements

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

[unaudited]

14. Deferred Unit-based Compensation (continued)

The details of the RTUs issued are shown below:

	Three months ended March 31, 2026		Year ended December 31, 2025	
	Number of RTUs	Weighted Average Issue Price	Number of RTUs	Weighted Average Issue Price
Outstanding, beginning of period	672,803	\$18.66	524,707	\$19.11
Granted	231,058	17.61	247,611	16.80
Redeemed	(145,051)	16.91	(105,084)	16.59
Forfeited	(23,896)	16.52	(21,058)	16.88
Additional Restricted Trust Unit distributions	8,071	17.09	26,627	17.42
Outstanding, end of period	742,985	\$18.72	672,803	\$18.66

15. Revenue

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

	Three months ended March 31,	
	2026	2025
Rental revenue ⁽¹⁾	\$72,653	\$69,601
Property expense recoveries	19,629	19,442
Ancillary revenue ⁽²⁾	4,394	3,981
	\$96,676	\$93,024

(1) Includes base rent, realty taxes, insurance recoveries, and straight-line rent for commercial properties that are outside the scope of IFRS 15.

(2) Includes parking, laundry, storage, commission revenue and management fees.

16. Financing Costs

	Three months ended March 31,	
	2026	2025
Mortgage, loan and construction loan interest	\$20,402	\$18,477
Interest on credit facilities	633	716
Interest on Exchangeable Units	494	702
Amortization of deferred financing costs	992	1,004
Amortization of fair value adjustments on assumed debt	9	56
Interest on lease liabilities	164	124
Capitalized interest	(653)	(893)
	\$22,041	\$20,186

Notes to the Condensed Consolidated Interim Financial Statements

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

17. Segmented Information

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

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

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

The accounting policies of these reportable segments are the same as those described in the summary of material accounting policies described in note 3 to the consolidated financial statements for the year ended December 31, 2025. Reportable segment performance is analyzed based on net operating income. The operating results, and selected assets and liabilities, of the reportable segments are as follows:

Three months ended March 31, 2026	Apartments	MHCs	Commercial	Total
Property revenue	\$86,766	\$4,138	\$5,772	\$96,676
Property operating expenses	(30,347)	(1,731)	(2,619)	(34,697)
Net operating income	\$56,419	\$2,407	\$3,153	\$61,979

Three months ended March 31, 2025	Apartments	MHCs	Commercial	Total
Property revenue	\$83,335	\$4,082	\$5,607	\$93,024
Property operating expenses	(29,856)	(1,663)	(2,510)	(34,029)
Net operating income	\$53,479	\$2,419	\$3,097	\$58,995

Selected statement of financial position items ⁽¹⁾

As at March 31, 2026	Apartments	MHCs	Commercial	Total
Investment properties	\$5,108,771	\$243,543	\$165,405	\$5,517,719
Mortgages and loans payable/construction loans	\$2,153,717	\$75,708	\$38,537	\$2,267,962

As at December 31, 2025	Apartments	MHCs	Commercial	Total
Investment properties	\$5,031,913	\$241,825	\$175,278	\$5,449,016
Mortgages and loans payable/construction loans	\$2,111,942	\$76,112	\$38,878	\$2,226,932

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

Notes to the Condensed Consolidated Interim Financial Statements

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

18. Supplemental Cash Flow Information

	Three months ended March 31,	
	2026	2025
Interest paid (financing activities)		
Interest paid on mortgages payable and other	\$20,287	\$18,634
Interest paid on credit facilities	633	716
	\$20,920	\$19,350
Net change in non-cash operating assets and liabilities		
Rent and other receivables	(\$895)	(\$65)
Other current assets	(10,553)	(8,989)
Accounts payable and other liabilities	4,882	(1,783)
	(\$6,566)	(\$10,837)

19. Financial Instruments and Fair Value Measurement

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

Fair Value of Financial Instruments

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of interest-bearing financial assets and liabilities is determined by discounting contractual principal and interest payments using current market interest rates for instruments with similar terms and credit risk. For financial instruments with short-term maturities, including rent and other receivables, loans receivable, construction loans, credit facilities, and accounts payable and accrued liabilities, the carrying value approximates fair value due to their short-term nature. As such, these items are not included in the table below. The fair values of the Trust's financial instruments were determined as follows:

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

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

The significant financial instruments and their carrying values as at March 31, 2026, and December 31, 2025, are as follows:

Classification	March 31, 2026		December 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities carried at amortized cost:				
Mortgages and loans payable	\$2,255,733	\$2,299,524	\$2,216,592	\$2,263,919
Financial liabilities carried at fair value through profit or loss:				
Exchangeable Units	\$43,799	\$43,799	\$55,153	\$55,153
Deferred unit-based compensation	\$5,431	\$5,431	\$6,940	\$6,940

Notes to the Condensed Consolidated Interim Financial Statements

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

19. Financial Instruments and Fair Value Measurement (continued)

The interest rates used to discount the estimated cash flows, when applicable, are based on a blended rate using the three-year and five-year government yield curve as at the reporting date, which is in line with Killam's weighted average years to maturity of 3.9 years, plus an adequate credit spread, and were as follows:

As at	March 31, 2026	December 31, 2025
Mortgages - Apartments	3.76%	3.62%
Mortgages - MHCs	4.66%	4.47%

Assets and Liabilities Measured at Fair Value

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

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data.

Level 3: Valuation techniques for which any significant input is not based on observable market data.

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

As at	March 31, 2026			December 31, 2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investment properties	—	—	\$5,517,719	—	—	\$5,449,016
Liabilities						
Exchangeable Units	—	\$43,799	—	—	\$55,153	—
Deferred unit-based compensation	—	\$5,203	\$228	—	\$6,393	\$547

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 during the three months ended March 31, 2026.

20. Risk Management

Risk Management

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

(i) Interest Rate Risk

Killam is exposed to interest rate risk arising from its mortgages and loans payable. Management mitigates this risk by maintaining the majority of its debt in fixed-rate, fixed-term arrangements and, where appropriate, entering into cash flow hedges. In addition, Killam staggers debt maturities to limit exposure to interest rate volatility in any single period.

As at March 31, 2026, Killam had \$95.0 million of variable rate debt outstanding (December 31, 2025 – \$85.1 million), consisting of \$12.2 million in construction loans and \$82.8 million drawn on its credit facilities. These facilities bear interest at floating rates linked to prime or 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 \$263.4 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 \$2.6 million.

Notes to the Condensed Consolidated Interim Financial Statements

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

20. Risk Management (continued)

(ii) Liquidity Risk

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

During the three months ended March 31, 2026, Killam refinanced \$65.5 million of maturing apartment mortgages with new mortgages totalling \$80.8 million, generating net proceeds of \$15.3 million. The following table presents the principal payments (excluding interest) and maturities of Killam's liabilities for the next five years and thereafter:

For the 12 months ending March 31,	Mortgages and Loans Payable	Construction Loans	Credit Facilities	Lease Liabilities	Total
2027	\$319,009	\$12,229	\$82,751	\$730	\$414,719
2028	316,323	—	—	775	317,098
2029	358,432	—	—	399	358,831
2030	349,177	—	—	76	349,253
2031	398,910	—	—	100	399,010
Thereafter	571,150	—	—	14,535	585,685
	\$2,313,001	\$12,229	\$82,751	\$16,615	\$2,424,596
Unamortized deferred financing costs	(57,200)				
Unamortized mark-to-market adjustments	(68)				
	\$2,255,733	\$12,229	\$82,751	\$16,615	\$2,367,328

(iii) Credit Risk

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

Credit assessments are conducted for all prospective tenants, and Killam also obtains a security deposit to assist in potential recoveries. In addition, receivables balances are monitored on an ongoing basis. Killam's bad debt expense experience has historically been less than 0.3% of revenue. None of Killam's tenants account for more than 4% of the tenant receivables as at March 31, 2026, or December 31, 2025.

Notes to the Condensed Consolidated Interim Financial Statements

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

21. Capital Management

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

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

As at	March 31, 2026	December 31, 2025
Mortgages and loans payable	\$2,255,733	\$2,216,592
Credit facilities	82,751	74,754
Construction loans	12,229	10,340
Total interest-bearing debt	\$2,350,713	\$2,301,686
Total assets ⁽¹⁾	\$5,570,772	\$5,495,668
Total debt as a percentage of total assets	42.2%	41.9%

(1) Excludes right-of-use assets of \$16.2 million as at March 31, 2026 (December 31, 2025 – \$16.3 million).

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

Cap Rate Sensitivity Increase (Decrease)	Fair Value of Investment Properties ⁽¹⁾	Total Assets	Total Debt as % of Total Assets	Change (bps)
(0.50)%	\$6,120,068	\$6,173,120	38.1%	(410)
(0.25)%	\$5,795,084	\$5,848,137	40.2%	(200)
—%	\$5,517,719	\$5,570,772	42.2%	—
0.25%	\$5,241,209	\$5,294,262	44.4%	220
0.50%	\$5,003,269	\$5,056,322	46.5%	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 DCF method. The sensitivity for commercial assets is calculated using an implied capitalization rate based on the SNOI of the properties.

22. Commitments and Contingencies

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

Killam purchased a 10% interest in a planned four-phase 829-unit development project in Calgary, Alberta, in 2018. Phase I and Phase II were completed in January 2021 and December 2023. Killam purchased the remaining 90% interest in the first two phases on January 21, 2021, and December 12, 2023. Construction of Phase III commenced in 2025, and Killam has a \$139.0 million commitment in place to purchase the property following completion of construction and the achievement of certain conditions, which are expected to occur in 2027.

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

Area	Utility	Usage Coverage	Term	Cost
Alberta	Electricity	50%	January 1, 2025 – December 31, 2026	\$67.01/MWh
Ontario	Gas	25%	April 1, 2026 – October 31, 2026	\$4.04/GJ

Notes to the Condensed Consolidated Interim Financial Statements

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

23. Financial Guarantees

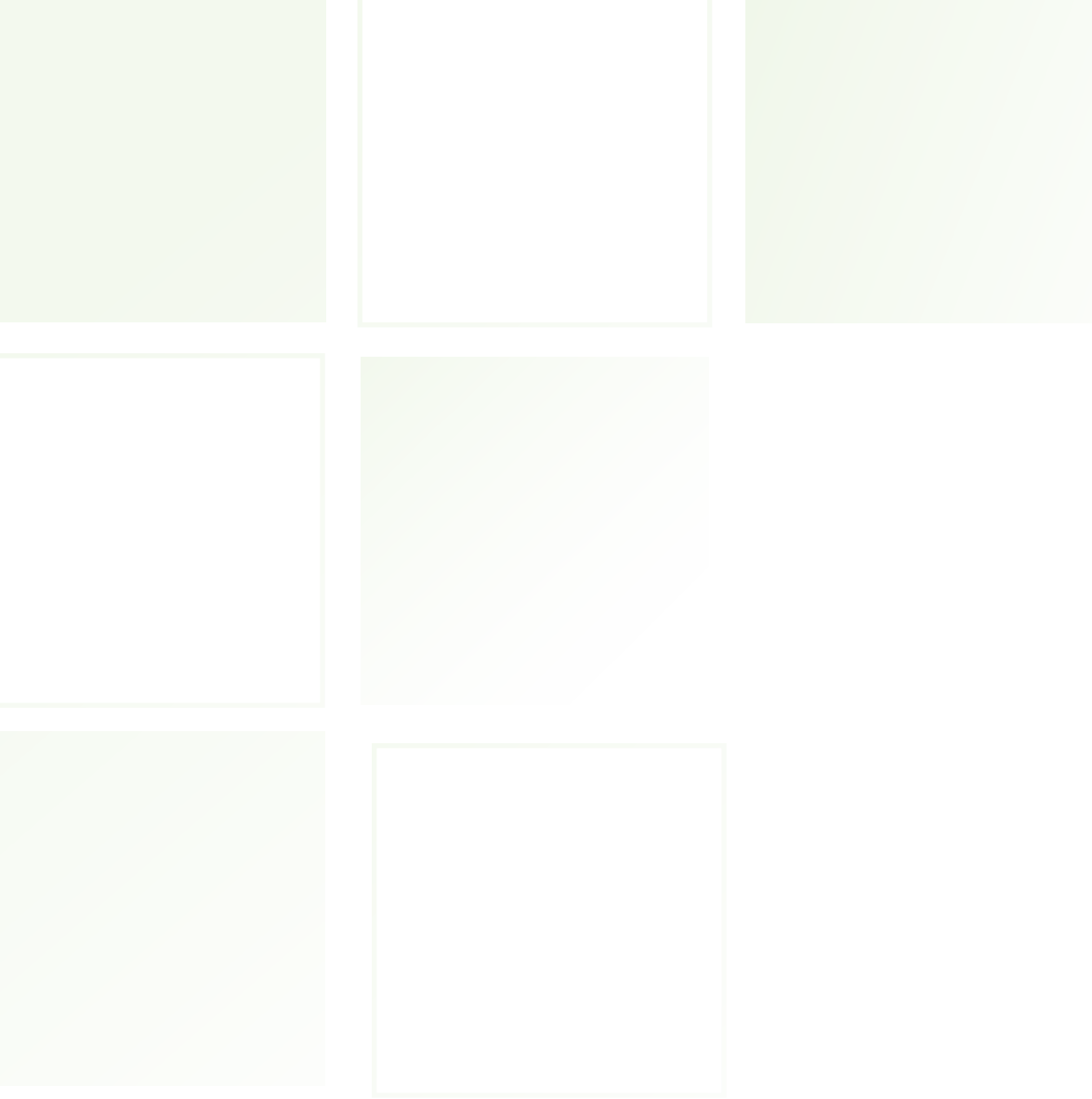
Killam is the guarantor on a joint and several basis for certain mortgage debt held through its joint operations. As at March 31, 2026, the maximum potential obligation resulting from these guarantees is \$63.5 million, related to long-term mortgage financing (December 31, 2025 – \$64.1 million). The loans held through its joint operations are secured by a first-ranking mortgage over the associated investment properties. Killam's portion of the total mortgages for these properties is recorded as a mortgage liability on the condensed consolidated interim statements of financial position.

Management has reviewed the contingent liability associated with its financial guarantee contracts and, as at March 31, 2026, determined that a provision is not required to be recognized in the condensed consolidated interim statements of financial position (December 31, 2025 – \$nil).

24. Subsequent Events

On April 15, 2026, Killam announced a distribution of \$0.06000 per unit, payable on May 15, 2026, to unitholders of record on April 30, 2026. As a result of the suspension of Killam's DRIP effective April 24, 2026, unitholders enrolled in the DRIP will receive cash in respect of such distribution.

On April 24, 2026, Killam increased the maximum capacity of its \$25.0 million demand facility to \$50.0 million.



Killam Apartment REIT
Suite 100, 3700 Kempt Road
Halifax, Nova Scotia B3K 4X8

1.866.453.8900
killamreit.com
TSX: KMP.UN