Killam home for all

THREE AND NINE MONTHS ENDED

September 30, 2026

Q3 Report



Message to Unitholders

Killam delivered another quarter of solid operating performance, generating 2.2% consolidated same-property net operating income growth and 3.0% same-property NOI growth in our apartment portfolio. Apartment revenue increased 3.3%, supported by 97.3% occupancy and a 3.5% weighted-average rental increase on suites that turned or renewed during the quarter. Through the first nine months of 2026, apartment same-property NOI increased 3.8%, positioning us to meet our increased full-year target of greater than 3.5%.

Funds from operations were $0.34 per unit, consistent with the third quarter of 2025, as same-property growth and contributions from our development program offset higher financing costs and the vacancy at Westmount Place. Per-unit results benefited from repurchases under Killam's Normal Course Issuer Bid (NCIB) program. During the third quarter, Killam repurchased and cancelled 2.35 million Trust Units at an average price of $18.41 per unit, making it the most active quarter for NCIB activity in Killam's history. Through the end of October, we had invested approximately $88.7 million to repurchase 4.9 million Trust Units in 2026.

Our portfolio remains well positioned as we head into 2027. The apartment portfolio continues to benefit from strong occupancy, ongoing rental growth and an estimated mark-to-market opportunity of approximately 10%. Atlantic Canada remains our strongest-performing region. Halifax continues to be a strong market, where same-property apartment revenue increased 5.6% during the quarter and 6.0% year-to-date. Our well-located Halifax portfolio, with average two-bedroom rents of $1,646, remains affordable relative to much of the new supply entering the market. Over the longer term, significant defence-related investment and other major projects are expected to support employment, population growth and rental housing demand across the region.

We continued to advance our capital recycling strategy during and subsequent to the quarter. In August, we completed the $50.5 million disposition of 746 manufactured home community sites. A further 1,354 MHC sites are under agreement for $50.0 million, with closing expected in November, and we have entered into an agreement to sell an additional 3,021 sites for $93.8 million, with closing anticipated in Q1-2027. These transactions are intended to improve the portfolio's quality and growth profile, enhance financial flexibility, and provide capacity to pursue opportunities that offer compelling long-term value.

The lease-up of Brightwood, our 128-unit apartment development in Waterloo completed in June, is now 69% leased as of early November. Eventide, our 55-unit development in Halifax, is nearing completion and is 38% pre-leased.

As we progress toward our 2026 strategic targets, our focus remains on disciplined capital allocation, portfolio quality and sustainable per-unit growth.

On behalf of the Board of Trustees and management team, thank you for your continued support and investment in Killam Apartment REIT. I would also like to thank our employees across Canada for their hard work and continued commitment to our residents and unitholders.

Yours truly,



Philip Fraser
President and Chief Executive Officer

Q3-2026 Management's Discussion and Analysis

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

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PART I

Business Overview and Strategy

Killam Apartment REIT ("Killam," the "Trust," or the "REIT"), based in Halifax, Nova Scotia (NS), is a Canadian multi-residential property owner, owning, operating, managing and developing a $5.5 billion portfolio of apartments, manufactured home communities (MHCs) and commercial properties across seven provinces. Killam was founded in 2000 to create value through the consolidation of apartments in Atlantic Canada and MHCs across Canada. Killam entered the Ontario (ON) apartment market in 2010, the Alberta (AB) apartment market in 2014, and the British Columbia (BC) apartment market in 2020. Killam broke ground on its first development in 2010 and has completed 20 projects to date, with a project in 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 89.6% of Killam's net operating income (NOI) for the nine months ended September 30, 2026. As at September 30, 2026, Killam's apartment portfolio consisted of 18,091 units, including 739 units jointly owned with institutional partners. Killam's 204 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 5,059 sites in 29 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 6.0% of Killam's NOI for the nine months ended September 30, 2026. Killam also owns 994,502 square feet (SF) of stand-alone commercial space that accounted for 4.4% of Killam's NOI for the nine months ended September 30, 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 and nine months ended September 30, 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 November 4, 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 September 30, 2026, Killam was in compliance with all investment guidelines and operating policies.

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, rent control rates, operating cash flow, and its key performance indicators; the amount and timing of rental incentives; Management's focus on growing funds from operations (FFO) and adjusted funds from operations (AFFO); increases in Killam's FFO and the factors contributing thereto; 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; the expansion of Killam's business in Ontario, Alberta and British Columbia and related contribution to NOI; 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 growth in same property apartment revenue, growth in same property apartment and consolidated NOI, capital recycling, development of high-quality properties, debt and leverage optimization, and strategic investment in renewable energy, and the factors impacting Killam’s ability to achieve such targets and the timing thereof; Killam's future capital recycling targets; 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 and 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 capitalization rates (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; redevelopment opportunities at Westmount Place, including the scope, costs, timing, feasibility and potential outcomes of any redevelopment, and the impact thereof on the property's long-term value and NOI; 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 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.

Q3-2026 Management's Discussion and Analysis

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

Non-IFRS Measures

Management believes the following non-International Financial Reporting Standards (IFRS) financial measures, ratios and supplementary information are relevant measures of the ability of Killam to earn revenue and to evaluate Killam's financial performance. Non-IFRS measures should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS Accounting Standards, or 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 (as described on page 23), 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 25.
- 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 26.
- Adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA) is calculated by Killam as net income before fair value adjustments, gains (losses) on dispositions, financing costs, restructuring costs, and depreciation. A reconciliation is included on page 28.
- Normalized adjusted EBITDA is calculated by Killam as adjusted EBITDA that has been normalized for a full year of stabilized earnings from recently completed acquisitions, dispositions and developments, on a forward-looking basis. In addition, adjustments have been made to eliminate earnings associated with properties sold in the last 12 months. A reconciliation is included on page 28.
- Net debt is a non-IFRS measure used by Management in the computation of debt to normalized adjusted EBITDA. Net debt is calculated as the sum of 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 28.

Non-IFRS Ratios

- Interest coverage is calculated by dividing adjusted EBITDA by mortgage, loan and construction loan interest and interest on credit facilities. The calculation is included on page 28.
- Debt service coverage is calculated by dividing adjusted EBITDA by mortgage loan and construction loan interest, interest on credit facilities and principal mortgage repayments. The calculation is included on page 28.
- Per unit calculations are calculated using the applicable non-IFRS financial measures noted above, i.e., FFO 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 28.

Supplementary Financial Measures

- Same property NOI is a supplementary financial measure defined as NOI for stabilized properties that Killam has owned for equivalent periods in 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 supplementary 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 96.2% of the fair value of Killam's investment property portfolio as at September 30, 2026. Excluded from same property results in 2026 are acquisitions, dispositions and developments completed in 2025 and 2026.
- Same property weighted 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, excluding right-of-use assets. This measure is reconciled in note 22 of the unaudited condensed consolidated interim financial statements.

PART II

Key Performance Indicators

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

1) FFO per unit – A standard measure of earnings for real estate entities. Management is focused on growing FFO per unit.
2) AFFO per unit – A standard measure of earnings for real estate entities. Management is focused on growing AFFO per unit.
3) Payout Ratio – Killam monitors its FFO 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.

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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 September 30,			Nine months ended September 30,		
Operating Performance	**2026**	2025	Change [1]	**2026**	2025	Change [1]
Property revenue	**$100,835**	$98,473	2.4%	**$296,671**	$287,142	3.3%
Net operating income	**$69,326**	$67,785	2.3%	**$198,458**	$190,856	4.0%
Net income	**$51,556**	$41,860	23.2%	**$165,111**	$176,907	(6.7)%
FFO [2]	**$41,197**	$41,877	(1.6)%	**$116,052**	$115,517	0.5%
FFO per unit – diluted [2]	**$0.34**	$0.34	—%	**$0.93**	$0.93	—%
AFFO [2][3]	**$35,524**	$36,152	(1.7)%	**$98,818**	$98,210	0.6%
AFFO per unit – diluted [2][3]	**$0.29**	$0.29	—%	**$0.80**	$0.79	1.3%
Weighted average number of units outstanding – diluted (000s)	**122,484**	124,745	(1.8)%	**124,204**	124,371	(0.1)%
Distributions paid per unit	**$0.18**	$0.18	—%	**$0.54**	$0.54	—%
AFFO payout ratio – diluted [2][3]	**62%**	62%	— bps	**68%**	68%	— bps
AFFO payout ratio – rolling 12 months [2][3]	**69%**	71%	(200) bps			
Portfolio Performance						
Same property NOI [2]	**$65,489**	$64,055	2.2%	**$186,139**	$180,758	3.0%
Same property NOI margin	**68.8%**	68.9%	(10) bps	**66.6%**	66.6%	— bps
Same property apartment occupancy [2]	**97.3%**	97.2%	10 bps			
Same property apartment weighted average rental increase [2][4]	**3.3%**	5.2%	(190) bps			

As at	September 30, 2026	December 31, 2025	Change [1]
Leverage Ratios and Metrics			
Total debt as a percentage of total assets [2]	**42.8%**	41.9%	90 bps
Debt to normalized adjusted EBITDA [2]	**9.87x**	9.66x	2.2%
Interest coverage [2]	**2.82x**	2.93x	(3.8)%
Debt service coverage [2]	**1.59x**	1.59x	—%
Weighted average years to debt maturity	**3.7**	3.6	0.1 years
Weighted average mortgage interest rate	**3.65%**	3.58%	7 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 adjusted 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 weighted 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 Measures").

(3) The maintenance capital expenditures for the three and nine months ended September 30, 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 September 30.

Summary of Q3-2026 Results and Operations

Earned Same Property NOI Growth of 2.2%
Same property NOI increased 2.2% in Q3-2026 compared to Q3-2025, reflecting revenue growth of 2.4% and continued management of operating costs. The improvement in revenue was attributable to higher same property apartment rental rates and improved occupancy. Same property apartment weighted average rental rates increased 3.3% compared to Q3-2025, while occupancy improved 10 bps to 97.3%. These gains were moderated by higher rental incentives and a decline in same property commercial revenue following the departure of a major office tenant at Westmount Place in Waterloo, ON, in April 2026.

Rental rate growth remained relatively consistent with the first half of the year. Apartment units that renewed and turned during Q3-2026 generated a weighted average increase of 3.5%, compared to 3.6% during the first six months of 2026. Rental rate growth on unit turns averaged 5.6%, while renewal increases averaged 2.8%. Rental incentives were higher than in the prior year period but remained modest, representing less than 1.0% of same property apartment revenue in Q3-2026, compared to less than 0.7% in Q3-2025.

Same property operating expenses increased 2.9% compared to Q3-2025. Same property utility and fuel costs rose 5.3%, primarily reflecting higher water rates, particularly in Halifax, and increased natural gas costs, partially offset by lower electricity costs. Same property general operating expenses increased 3.4%, largely due to the timing of preventative maintenance activity as well as higher advertising and contract service costs. Same property tax expense increased 1.1%, reflecting higher assessments and mill rates across the portfolio, partially offset by the capitalization of property taxes related to the portion of Westmount Place under redevelopment.

Maintained FFO per Unit of $0.34
FFO per unit (diluted) was $0.34 in Q3-2026, consistent with Q3-2025, and AFFO per unit (diluted) also remained unchanged at $0.29. Total FFO and AFFO declined by 1.6% and 1.7%, respectively, compared to Q3-2025. Quarterly results were impacted by the departure of a major office tenant at Westmount Place, which reduced FFO by approximately $0.8 million during the quarter. Excluding the impact of this vacancy, FFO per unit would have increased by 2.2% compared to Q3-2025.

Per-unit results benefited from continued repurchases under Killam's NCIB program. During the quarter, Killam repurchased and cancelled 2,347,838 Trust Units at a weighted average purchase price of $18.41 per unit. The units were repurchased at a meaningful discount to net asset value per unit, providing an accretive use of capital and supporting FFO and AFFO on a per-unit basis. Q3-2026 represented the most active quarter of NCIB activity in Killam's history.

Generated Net Income of $51.6 Million
In Q3-2026, Killam generated net income of $51.6 million compared to $41.9 million in Q3-2025. The increase was driven by fair value gains on investment properties of $10.0 million, compared to fair value losses of $4.8 million in Q3-2025. The fair value gains recognized during the quarter were supported by a $1.5 million year-over-year improvement in NOI. Net income was also impacted by unrealized fair value gains of $2.1 million on the mark-to-market adjustments related to Killam's unit-based compensation and to recent unit price decreases of Exchangeable Units, compared to fair value gains of $6.3 million in Q3-2025.

Advancing Portfolio Optimization Through $50.5 Million MHC Disposition
Killam completed the disposition of 746 MHC sites in Ontario during the quarter for gross proceeds of $50.5 million, the net proceeds of which were used to fund NCIB activity. The disposition aligns with Killam's capital recycling strategy, which is focused on streamlining the portfolio and recycling capital from non-core, slower-growth and more capital-intensive assets.

Killam Advances ESG Performance with Improved GRESB Score
In Q3-2026, Killam received its 2026 GRESB results, based on performance for the 2025 reporting year. Killam achieved a score of 83.9 out of 100, representing a 2.2-point improvement year-over-year in its ESG performance. The improvement reflects continued progress across Killam's ESG initiatives related to energy consumption, greenhouse gas emissions, renewable energy generation and enhanced waste management practices.

Q3-2026 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 nine months ended September 30, 2026. Based on recent operating performance, Killam remains on track to meet its increased full-year same property apartment revenue growth target for 2026.
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 3.8%, and consolidated same property NOI growth of 3.0% for the nine months ended September 30, 2026. Based on recent operating performance, Killam remains on track to meet its increased same property apartment and consolidated NOI growth targets for 2026.
Capital Recycling	
2026 Target	Sell $150 million of non-core assets. *(Original 2026 target: Sell $50.0 million of non-core assets, which was increased to a range of $100 million to $150 million in Q1-2026.)*
2026 Performance to Date	Killam continues to advance its capital recycling strategy. In Q3-2026, Killam completed the disposition of 746 MHC sites in Ontario for gross proceeds of $50.5 million. Additionally, conditions have been waived on the sale of 1,354 MHC sites in Nova Scotia for gross proceeds of $50.0 million, with closing expected in Q4-2026. Killam also signed a purchase and sale agreement to sell an additional 3,021 MHC sites for gross proceeds of $93.8 million, expected to close in early 2027. Including this sale, Killam is on track to achieve its increased 2026 disposition target.
Development of High-Quality Properties	
2026 Target	Complete construction of two development projects in 2026.
2026 Performance to Date	Killam is on track to achieve its 2026 development completion target. Brightwood (150 Wissler), a 128-unit development located in Waterloo, ON, reached substantial completion in June 2026. Killam is also nearing completion of Eventide, a 55-unit development in Halifax, NS, which is expected to open to tenants in December 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 9.87x as at September 30, 2026 (December 31, 2025 – 9.66x). The increase reflects the sale of 746 MHC sites, which had a lower loan to value, coupled with Killam's increased NCIB activity in Q3-2026.
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	Year-to-date, Killam has invested $4.6 million in energy initiatives, including the installation of solar PV panels at various properties, as well as the addition of building automation systems, heat pumps and other building upgrades. Killam remains on track to meet its $6.0 million investment target.

Outlook

Capital Recycling Supports NCIB Strategy
With Killam's Trust Units trading at a discount to its net asset value, unit repurchases remain attractive. From January 1, 2026 through October 31, 2026, Killam repurchased $88.7 million of Trust Units (4,889,514 Trust Units) under its NCIB programs. Capital recycling will continue to support this strategy, including the pending sales of 1,354 MHC sites in Nova Scotia for $50.0 million and an additional 3,021 MHC sites for gross proceeds of $93.8 million which is expected to close in early 2027. Including these transactions, Killam is on track to achieve its $150 million capital recycling target.

Atlantic Region Continues to Outperform
Atlantic Canada continues to be Killam's strongest performing region, supported by high occupancy and above-average rental rate growth. Same property occupancy remained above 97.5% during the quarter, while rental increases on unit turns continued to outperform the broader portfolio. Supported by strong leasing activity and limited reliance on rental incentives, Management expects Atlantic Canada to continue to lead portfolio revenue growth heading into 2027.

Outside Atlantic Canada, Management is pleased with the performance of its Ottawa and KWC-GTA properties, as well as its Alberta and Vancouver Island properties. These regions have stabilized and are seeing improved occupancy levels and healthy demand. Killam's London, ON, market is the only market with same property vacancy above 5%. Looking ahead to 2027 and beyond, Management expects its Ontario, Alberta and BC portfolios to make a greater contribution to same property NOI growth compared to the past year.

Defence Investment Supports Long-Term Growth in Halifax
Halifax, Killam's largest market, is expected to benefit from a significant increase in federal defence spending and related economic activity. Canada's 2025 federal budget committed $81.8 billion over five years to rebuild, rearm, and modernize the Canadian Armed Forces, including $9 billion in 2025-26 to achieve NATO's 2% defence spending target. Canada has also committed to increasing defence and security-related investment to 5% of GDP by 2035.

Halifax is well positioned to benefit from this multi-year investment, given its significant naval and defence presence. Based on currently announced projects and Management's estimates, approximately 3,500–5,000 incremental defence-related jobs could be created in Halifax at peak activity, expected around 2030–2033, excluding potential growth in Canadian Armed Forces personnel. Including approximately 1,000 jobs expected from other major employers locating or expanding in Halifax and potential growth in Navy personnel, Management estimates total incremental employment in Halifax could reach approximately 5,500–8,000 positions over the coming years.

Importantly, a meaningful portion of the defence-related employment is expected to be longer-term, supported by shipbuilding, submarine fleet sustainment, defence technology and naval operations. Management believes the resulting employment and population growth will support rental housing demand over the longer term and reinforce Halifax's position as an attractive market for residential investment.

Strong Leasing Activity Supports Revenue Growth Outlook
Management estimates that the current mark-to-market spread across Killam's apartment portfolio remains approximately 10%, consistent with Q2-2026. Killam's ability to realize this mark-to-market opportunity will depend on the pace and mix of unit turnover. While rental incentives remain in use in select markets, they track at less than one percent of same property revenue and remain targeted to regions and properties where competitive positioning is required.

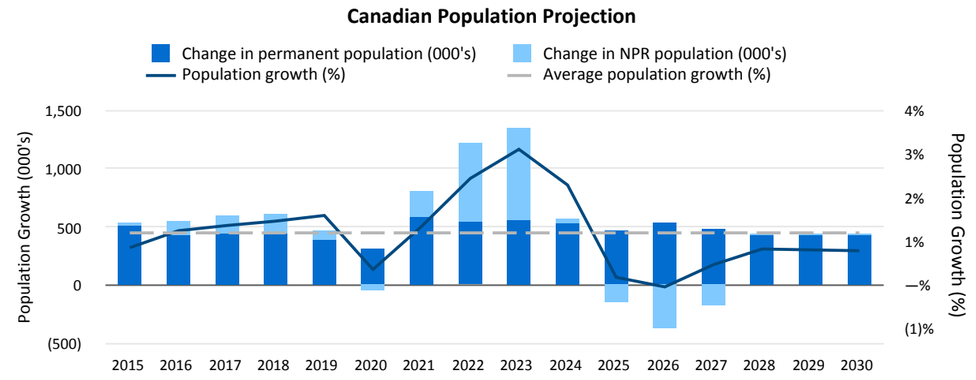
Killam's same property occupancy remained strong at 97.3% throughout Q3-2026, compared to 97.6% in Q2-2026, reflecting healthy renter demand across Killam's core markets. Management remains confident in its expectation that same property apartment revenue growth will exceed 3.5% in 2026. Looking ahead to 2027, strong occupancy, continued rental rate growth and mark-to-market opportunities are expected to support further revenue growth across the apartment portfolio.

Positive NOI Momentum Expected to Continue
Killam's year-to-date operating performance is consistent with expectations and supports Management's outlook for NOI growth in 2026. Killam expects positive same property NOI momentum to continue through the remainder of 2026 and into 2027, supported by above-average revenue growth in Atlantic Canada, disciplined expense management and ongoing operating efficiencies. Killam continues to invest in energy management initiatives, including solar PV installations, which are expected to support long-term operating efficiencies. Based on current market conditions and operating trends, Management anticipates same property apartment NOI growth in 2027 to be broadly consistent with 2026 levels.

Q3-2026 Management's Discussion and Analysis

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

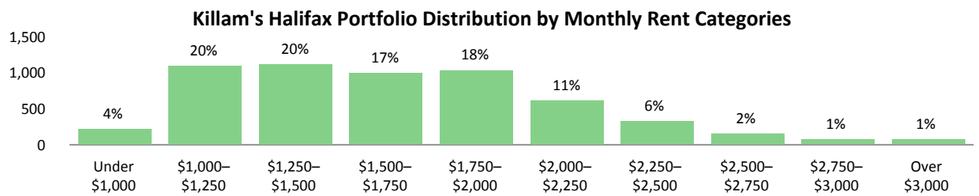
Future Population Growth Trends Support Long-term Rental Housing Demand
The chart below illustrates Canada's population growth trend from 2015 through 2030. While population growth for 2025 was initially assumed to be flat, recent updates from Statistics Canada show an increase of 467,000 people in 2025. Based on current projections, a decline in non-permanent residents (NPR) is expected to keep population growth relatively flat in 2026; however, population growth is expected to increase throughout the forecast period, rising by about 0.5% in 2027 and 0.8% annually from 2028 to 2030. Management believes these longer-term demographic trends continue to support rental housing demand across Killam's core markets.



Source: Statistics Canada, Office of the Parliamentary Budget Officer (PBO). Values from 2015 to 2024 are historical data, while 2025 to 2030 represent PBO projections.

Well Positioned in Market of Increased Supply
While rental construction activity remains elevated in Halifax, headline figures on units under construction can mask important differences by location, building age, and rent level. CMHC anticipates the Halifax and Dartmouth zones, where Killam operates, will deliver approximately 3,000 units per year over the next four years. However, select new developments in Halifax's urban core reflect redevelopment and densification, which reduces net supply as existing rental housing is removed through conversions, demolitions, or units leaving the rental market. According to CMHC, approximately 5,437 completions translated into only 3,275 net additions between 2021 and 2023, implying 2,162 units exited the rental universe, limiting effective supply growth.

In Halifax, vacancy remains tightest in the areas where Killam's assets are located. Newer buildings are seeing more vacancy, while older purpose-built units remain tight, and the most affordable rental units remain the most constrained. Killam's geographic positioning, combined with more affordable average rents across its Halifax portfolio, supports continued competitiveness despite the forecast for elevated supply over the next four years. While population growth has cooled from peak levels, the recent surge created significant demand that continues to pressure housing, and a sustained supply response offers the best opportunity to support expected population growth in the region.



Most new apartment supply in Halifax is leasing at rents of $2,500 and above for two-bedroom units. This compares favourably to Killam's average two-bedroom rent of $1,646 in Halifax.

PART III

Portfolio Summary

The following table summarizes Killam's apartment, MHC and commercial portfolios by market as at September 30, 2026:

Apartment Portfolio				
	Units [1]	Number of Properties	NOI ($) [2]	NOI [2] (% of Total)
Nova Scotia				
Halifax	5,709	67	$57,532	29.0%
Ontario				
KWC-GTA	2,193	15	$24,809	12.5%
Ottawa	1,447	9	$16,167	8.1%
London	523	5	$4,997	2.5%
	4,163	29	$45,973	23.1%
New Brunswick				
Moncton	2,246	39	$18,052	9.1%
Fredericton	1,643	26	$14,735	7.4%
Saint John	898	12	$6,994	3.5%
	4,787	77	$39,781	20.0%
Alberta				
Calgary	998	5	$10,427	5.3%
Edmonton	882	6	$9,126	4.6%
	1,880	11	$19,553	9.9%
Newfoundland and Labrador				
St. John's	958	13	$7,724	3.9%
British Columbia				
Vancouver Island	517	5	$6,567	3.3%
Prince Edward Island				
Charlottetown	77	2	$756	0.4%
Total Apartments	**18,091**	**204**	**$177,886**	**89.6%**

Manufactured Home Community Portfolio				
	Sites	Number of Communities	NOI ($) [2]	NOI [2] (% of Total)
Ontario [3]	1,538	8	$6,113	3.1%
Nova Scotia	2,850	18	$4,949	2.5%
New Brunswick [3]	671	3	$860	0.4%
Total MHCs	**5,059**	**29**	**$11,922**	**6.0%**

Commercial Portfolio [4]				
	Square Footage	Number of Properties	NOI ($) [2]	NOI [2] (% of Total)
Prince Edward Island [5]	422,263	1	$3,430	1.7%
Nova Scotia [6]	213,754	6	$2,418	1.2%
Ontario [7]	317,336	3	$2,253	1.2%
New Brunswick	41,149	1	$549	0.3%
Total Commercial	**994,502**	**11**	**$8,650**	**4.4%**
Total Portfolio		**244**	**$198,458**	**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 nine months ended September 30, 2026.
(3) New Brunswick and Ontario MHC communities include seasonal operations, which commence in mid-May and run through the end of October.
(4) Killam has 161,957 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.
(7) The Ontario commercial portfolio's NOI was impacted by the short-term impact of the redevelopment of Westmount Place.

PART IV

Q3-2026 Operational and Financial Results

Consolidated Results

For the three months ended September 30,

	Total Portfolio			Same Property [1]		
	2026	2025	% Change	**2026**	2025	% Change
Property revenue	**$100,835**	$98,473	2.4%	**$95,198**	$92,925	2.4%
Property operating expenses						
General operating expenses	**14,671**	14,180	3.5%	**13,756**	13,300	3.4%
Utility and fuel expenses	**5,553**	5,384	3.1%	**5,414**	5,142	5.3%
Property taxes	**11,285**	11,124	1.4%	**10,539**	10,428	1.1%
Total operating expenses	**$31,509**	$30,688	2.7%	**$29,709**	$28,870	2.9%
NOI	**$69,326**	$67,785	2.3%	**$65,489**	$64,055	2.2%
Operating margin %	**68.8%**	68.8%	— bps	**68.8%**	68.9%	(10) bps

For the nine months ended September 30,

	Total Portfolio			Same Property [1]		
	2026	2025	% Change	**2026**	2025	% Change
Property revenue	**$296,671**	$287,142	3.3%	**$279,362**	$271,577	2.9%
Property operating expenses						
General operating expenses	**42,933**	41,222	4.2%	**40,573**	38,986	4.1%
Utility and fuel expenses	**21,532**	22,298	(3.4)%	**20,886**	20,871	0.1%
Property taxes	**33,748**	32,766	3.0%	**31,764**	30,962	2.6%
Total operating expenses	**$98,213**	$96,286	2.0%	**$93,223**	$90,819	2.6%
NOI	**$198,458**	$190,856	4.0%	**$186,139**	$180,758	3.0%
Operating margin %	**66.9%**	66.5%	40 bps	**66.6%**	66.6%	— 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 and nine months ended September 30, 2026, NOI contributions from acquisitions, dispositions and developments completed in 2025 and 2026 were $3.8 million and $11.6 million. For the three and nine months ended September 30, 2025, the NOI contributions from acquisitions, dispositions and developments completed in 2025 were $2.3 million and $6.3 million.

For the three and nine months ended September 30, 2026, Killam generated revenue growth of 2.4% and 3.3%, respectively. Total operating expenses increased by 2.7% during the quarter and 2.0% year-to-date due to higher general operating expenses and property taxes. Total utility and fuel costs increased 3.1% in the quarter but declined 3.4% year-to-date due to the elimination of the consumer carbon tax and lower natural gas prices in Alberta during the first half of the year. As a result, NOI increased by 2.3% and 4.0% for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025.

Same property results include properties owned during comparable periods in 2026 and 2025, and represented 96.2% of the fair value of Killam's investment property portfolio as at September 30, 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 2.4% and 2.9% for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. Growth was driven by higher rental rates, increased ancillary revenue, and a 10 bps improvement in occupancy, which increased to 97.3% from 97.2%. These gains were partially offset by higher rental incentives and lower same property commercial revenue following the departure of a major office tenant at Westmount Place on April 1, 2026.

Total same property operating expenses increased 2.9% for the three months ended September 30, 2026, primarily due to a 5.3% increase in utility and fuel costs, a 3.4% increase in general operating expenses and a 1.1% increase in property tax expense. Higher utility costs reflected increased water rates, while the increase in general operating expenses was primarily attributable to higher advertising costs and the timing of preventative maintenance activities. The increase in property taxes reflected higher assessments and mill rates across the portfolio, partially offset by the capitalization of property taxes associated with the area under redevelopment at Westmount Place. For the nine months ended September 30, 2026, total same property operating expenses increased by 2.6% due to a 4.1% increase in general operating expenses, a 2.6% rise in property taxes and a modest 0.1% increase in utility and fuel costs.

Overall, same property NOI increased by 2.2% and 3.0% for the three and nine months ended September 30, 2026, respectively.

Apartment Results

For the three months ended September 30,

	Total			Same Property		
	2026	2025	% Change	**2026**	2025	% Change
Property revenue	**$88,778**	$85,030	4.4%	**$83,822**	$81,108	3.3%
Property operating expenses						
General operating expenses	**12,291**	11,728	4.8%	**11,479**	11,031	4.1%
Utility and fuel expenses	**4,777**	4,503	6.1%	**4,559**	4,352	4.8%
Property taxes	**10,370**	9,893	4.8%	**9,622**	9,230	4.2%
Total operating expenses	**$27,438**	$26,124	5.0%	**$25,660**	$24,613	4.3%
NOI	**$61,340**	$58,906	4.1%	**$58,162**	$56,495	3.0%
Operating margin %	**69.1%**	69.3%	(20) bps	**69.4%**	69.7%	(30) bps

For the nine months ended September 30,

	Total			Same Property		
	2026	2025	% Change	**2026**	2025	% Change
Property revenue	**$263,699**	$252,418	4.5%	**$249,618**	$240,937	3.6%
Property operating expenses						
General operating expenses	**36,184**	34,746	4.1%	**34,287**	33,017	3.8%
Utility and fuel expenses	**19,005**	19,580	(2.9)%	**18,304**	18,405	(0.5)%
Property taxes	**30,624**	29,103	5.2%	**28,714**	27,425	4.7%
Total operating expenses	**$85,813**	$83,429	2.9%	**$81,305**	$78,847	3.1%
NOI	**$177,886**	$168,989	5.3%	**$168,313**	$162,090	3.8%
Operating margin %	**67.5%**	66.9%	60 bps	**67.4%**	67.3%	10 bps

Apartment Revenue

Total apartment revenue for the three and nine months ended September 30, 2026, was $88.8 million and $263.7 million, an increase of 4.4% and 4.5% over the same periods in 2025. Revenue growth reflects rent growth as well as contributions from properties acquired and developed over the past two years, partially offset by apartment property dispositions completed throughout 2025.

Same property apartment revenue increased by 3.3% and 3.6% for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. This growth was driven by a 3.3% year-over-year increase in same property weighted average rent as at September 30, 2026, higher ancillary revenue, and a 10 bps improvement in same property apartment occupancy. These gains were partially offset by higher rental incentives.

The operating margin on Killam's same property apartment portfolio declined by 30 bps in the quarter to 69.4% and improved 10 bps for the nine months ended September 30, 2026, to 67.4%. The decline in the quarter was due to a 4.3% increase in same property operating expenses, driven by higher utility and fuel costs, while the year-to-date improvement reflects more moderate same property operating expense growth over the nine-month period.

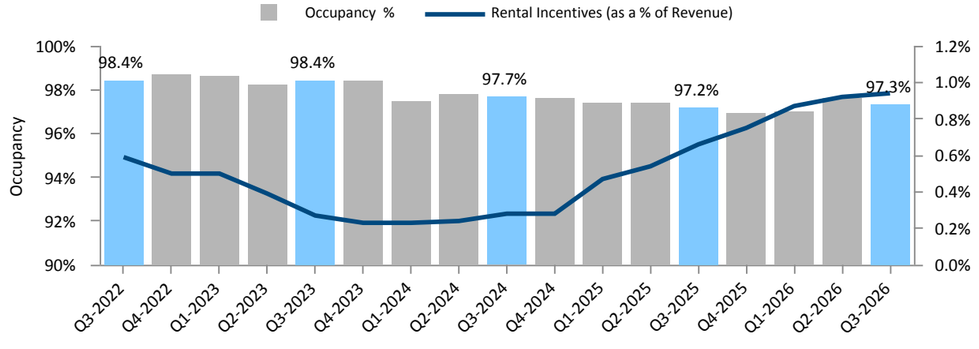
Q3-2026 Management's Discussion and Analysis
Dollar amounts in thousands of Canadian dollars (except as noted)

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

		Total Occupancy			Same Property Occupancy		
For the three months ended September 30,	# of Units	**2026**	2025	Change (bps)	**2026**	2025	Change (bps)
Nova Scotia							
Halifax	5,709	**97.6%**	97.9%	(30)	**97.6%**	97.9%	(30)
Ontario							
KWC-GTA (2)(3)	2,193	**93.7%**	91.8%	190	**97.4%**	96.8%	60
Ottawa	1,447	**96.7%**	96.7%	—	**96.8%**	96.3%	50
London (4)	523	**90.8%**	96.5%	(570)	**90.8%**	96.5%	(570)
New Brunswick							
Moncton	2,246	**98.5%**	98.4%	10	**98.5%**	98.4%	10
Fredericton	1,643	**98.4%**	98.0%	40	**98.3%**	97.9%	40
Saint John	898	**97.9%**	98.0%	(10)	**97.9%**	98.0%	(10)
Alberta							
Calgary	998	**97.2%**	95.4%	180	**97.2%**	95.4%	180
Edmonton	882	**95.5%**	95.2%	30	**95.5%**	95.2%	30
Newfoundland and Labrador							
St. John's	958	**97.9%**	98.5%	(60)	**97.9%**	98.5%	(60)
British Columbia							
Vancouver Island	517	**96.3%**	94.0%	230	**96.3%**	94.0%	230
Prince Edward Island							
Charlottetown	77	**99.1%**	99.0%	10	**98.6%**	99.4%	(80)
Total Apartments (weighted average)	**18,091**	**96.8%**	96.6%	20	**97.3%**	97.2%	10

(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 Q3-2026 occupancy for KWC-GTA was impacted by Brightwood, a 128-unit development that was substantially completed in June 2026 and is undergoing initial lease-up.
(3) Total Q3-2025 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.
(4) Total and same property Q3-2026 occupancy for London was impacted by short-term vacancy at one property.

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 1.0% of Killam's total same property apartment revenue in Q3-2026. During the quarter, Ontario and Alberta accounted for 42% and 36% of total rental incentives, respectively. Killam strategically uses targeted rental incentives in select regions to support occupancy levels and reduces their use where market conditions allow. Rental incentives are expected to continue throughout Q4-2026 and into 2027 in select markets and properties.

Year-Over-Year Average Rent Analysis by Core Market

As at September 30,

		Average Rent			Same Property Average Rent		
	# of Units	**2026**	2025	% Change	**2026**	2025	% Change
Nova Scotia							
Halifax	5,709	**$1,661**	$1,565	6.1%	**$1,659**	$1,568	5.8%
Ontario							
KWC-GTA	2,193	**$1,892**	$1,856	1.9%	**$1,839**	$1,813	1.4%
Ottawa	1,447	**$2,304**	$2,289	0.7%	**$2,293**	$2,276	0.7%
London	523	**$1,724**	$1,684	2.4%	**$1,724**	$1,684	2.4%
New Brunswick							
Moncton	2,246	**$1,358**	$1,318	3.0%	**$1,358**	$1,318	3.0%
Fredericton	1,643	**$1,473**	$1,425	3.4%	**$1,464**	$1,416	3.4%
Saint John	898	**$1,333**	$1,272	4.8%	**$1,333**	$1,272	4.8%
Alberta							
Calgary	998	**$1,617**	$1,688	(4.2)%	**$1,617**	$1,688	(4.2)%
Edmonton	882	**$1,697**	$1,664	2.0%	**$1,697**	$1,664	2.0%
Newfoundland and Labrador							
St. John's	958	**$1,263**	$1,173	7.7%	**$1,263**	$1,173	7.7%
British Columbia							
Vancouver Island	517	**$1,992**	$1,972	1.0%	**$1,992**	$1,970	1.1%
Prince Edward Island							
Charlottetown [1]	77	**$1,589**	$1,483	7.1%	**$1,339**	$1,316	1.7%
Total Apartments (weighted average)	**18,091**	**$1,645**	$1,590	3.5%	**$1,622**	$1,570	3.3%

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

Q3-2026 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 and nine months ended September 30, 2026, whereas rental increases in the previous section reflect the year-over-year change in average rent by region as at September 30, 2026, compared to September 30, 2025.

In 2025, Killam's turnover was 21.6%, up from 18.3% in 2024, reflecting an increase following several years of decline. Turnover has increased in 2026, at 18.0% for the first nine months of the year compared to 16.3% for the same period in 2025. The increase has been 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 Q3-2026, Killam's same property weighted average rental rate increase on units that turned or renewed was 3.5%, compared to 3.6% in Q2-2026 and 4.7% in Q3-2025. The decline from Q3 last year was due to lower rental increases on unit turns, which averaged 5.6% during the quarter, down from 9.2% for the same period in 2025. Rental increases on renewals were also lower at 2.8%, compared to 3.4% in Q3-2025. Despite the year-over-year decline, rental rate growth remained relatively stable compared to Q2-2026.

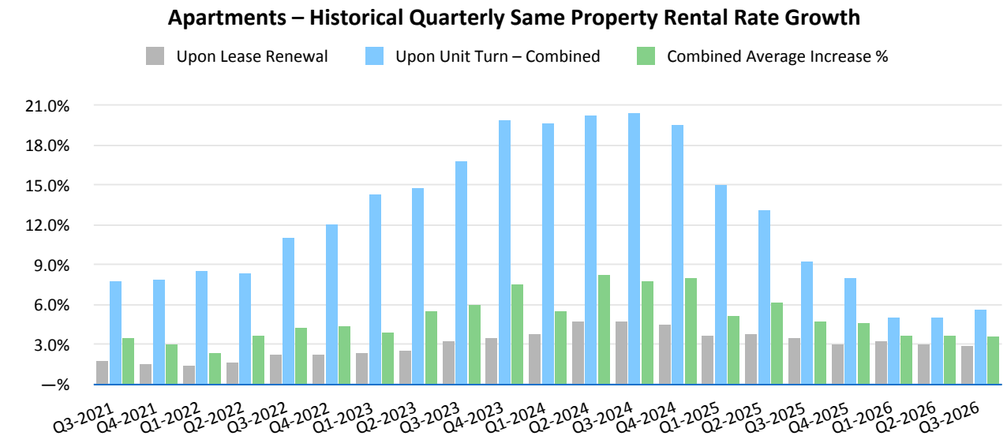
Year-to-date, the weighted average rental rate increase was 3.5%, compared to 5.2% for the nine months ended September 30, 2025. The decrease was driven by lower rental increases on unit turns, which averaged 5.2% in the first nine months of 2026, compared to 11.8% in the same period of 2025. Renewal increases were also lower, decreasing 50 bps to 3.0% from 3.5% in the prior year period.

The weighted average rental increase is typically lower in the first half of the year due to the large number of lease renewals on January 1, which are subject to rent control. The chart below summarizes the rental increases earned during the three and nine months ended September 30, 2026 and 2025.

	For the three months ended September 30,				For the nine months ended September 30,			
	2026		2025		**2026**		2025	
	Rental Increases	Turnovers & Renewals [1]	Rental Increases	Turnovers & Renewals [1]	Rental Increases	Turnovers & Renewals [1]	Rental Increases	Turnovers & Renewals [1]
Lease renewal [2]	**2.8%**	**25.1%**	3.4%	26.7%	**3.0%**	**69.4%**	3.5%	74.6%
Unit turn	**5.6%**	**7.4%**	9.2%	6.8%	**5.2%**	**18.0%**	11.8%	16.3%
(weighted average)	**3.5%**		4.7%		**3.5%**		5.2%	

(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 and nine months ended September 30, 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.



Apartment Expenses

Total operating expenses for the three and nine months ended September 30, 2026, were $27.4 million and $85.8 million, representing increases of 5.0% and 2.9%, respectively, compared to the same periods 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 4.3% and 3.1% for the three and nine months ended September 30, 2026, respectively. Property tax expense increased by 4.2% and 4.7%, while general operating expenses rose by 4.1% and 3.8%. Utility and fuel expenses increased 4.8% in the quarter, due to higher water costs, and decreased 0.5% year-to-date, reflecting lower electricity and natural gas costs. The year-to-date reduction in utility and fuel expenses was primarily realized in the first quarter following the elimination of the consumer carbon tax on natural gas.

General Operating Expenses

General operating expenses for the apartment portfolio include repairs and maintenance, contract services, insurance, property management wages and benefits, uncollectible accounts, marketing, general and administrative, advertising and leasing costs. The increase in same property general operating expenses of 4.1% and 3.8% for the three and nine months ended September 30, 2026, respectively, was attributable to the timing of preventative maintenance activities, higher advertising and contract service expenses, and increased wage costs resulting from salary increases and the filling of vacant positions.

Same Property Utility and Fuel Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2026	2025	% Change	**2026**	2025	% Change
Natural gas	**$702**	$623	12.7%	**$6,318**	$6,756	(6.5)%
Electricity	**1,620**	1,721	(5.9)%	**5,465**	5,663	(3.5)%
Water	**2,198**	1,977	11.2%	**6,278**	5,791	8.4%
Oil & propane	**28**	20	40.0%	**207**	162	27.8%
Other	**11**	11	—%	**36**	33	9.1%
Total utility and fuel expenses	**$4,559**	$4,352	4.8%	**$18,304**	$18,405	(0.5)%

Killam's apartment portfolio is heated with natural gas (57%), electricity (34%), geothermal (6%), oil (2%), district heat and propane (both less than 1%). Since electricity costs are typically paid for by tenants, Killam's electricity costs are limited primarily to common areas, which reduces Killam's exposure to changes in electricity costs in the majority of Killam's 6,110 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 18% and 23% of Killam's total apartment same property operating expenses for the three and nine months ended September 30, 2026. Total same property utility and fuel expenses increased 4.8% and declined 0.5% in the three and nine months ended September 30, 2026, compared to the same periods in 2025.

Same property natural gas expenses increased 12.7% and declined 6.5% in the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. The increase in the quarter was the result of higher variable natural gas costs across the portfolio compared to Q3-2025, while the year-to-date decline was primarily driven by lower natural gas costs resulting from the elimination of the consumer carbon tax effective April 1, 2025.

Electricity costs decreased by 5.9% and 3.5% in the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. The quarterly decrease was primarily driven by favourable market pricing in Ontario, which more than offset higher electricity rates in other regions. Solar panel installations at several properties across the portfolio contributed to lower consumption; however, year-to-date savings were partially offset by higher consumption due to colder winter temperatures in Q1-2026.

Water expenses increased by 11.2% and 8.4% for the three and nine months ended September 30, 2026, respectively. The increase was primarily driven by a 9.6% rise in water rates during the quarter, while consumption remained relatively consistent with the prior year. The impact of higher water rates (most notably in Halifax) was partially offset by consumption savings achieved through the installation of sub-metering on unit turns at select Ontario properties.

Property Taxes

Same property tax expense for the three and nine months ended September 30, 2026, was $9.6 million and $28.7 million, up 4.2% and 4.7%, respectively, from the same periods in 2025. These increases reflect higher assessments and mill rates across the portfolio. Killam actively reviews its property tax assessments and appeals tax assessment increases wherever possible.

Q3-2026 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 September 30,

	Property Revenue			Property Expenses			Net Operating Income		
	2026	2025	% Change	**2026**	2025	% Change	**2026**	2025	% Change
Nova Scotia									
Halifax	**$28,203**	$26,708	5.6%	**($8,254)**	($7,665)	7.7%	**$19,949**	$19,043	4.8%
	28,203	26,708	5.6%	**(8,254)**	(7,665)	7.7%	**19,949**	19,043	4.8%
Ontario									
KWC-GTA	**11,151**	10,909	2.2%	**(3,501)**	(3,466)	1.0%	**7,650**	7,443	2.8%
Ottawa	**5,427**	5,367	1.1%	**(1,609)**	(1,631)	(1.3)%	**3,818**	3,736	2.2%
London	**2,485**	2,600	(4.4)%	**(940)**	(863)	8.9%	**1,545**	1,737	(11.1)%
	19,063	18,876	1.0%	**(6,050)**	(5,960)	1.5%	**13,013**	12,916	0.8%
New Brunswick									
Moncton	**9,634**	9,327	3.3%	**(3,292)**	(3,259)	1.0%	**6,342**	6,068	4.5%
Fredericton	**6,886**	6,617	4.1%	**(2,136)**	(2,069)	3.2%	**4,750**	4,548	4.4%
Saint John	**3,637**	3,466	4.9%	**(1,164)**	(1,209)	(3.7)%	**2,473**	2,257	9.6%
	20,157	19,410	3.8%	**(6,592)**	(6,537)	0.8%	**13,565**	12,873	5.4%
Alberta									
Calgary	**5,025**	5,170	(2.8)%	**(1,532)**	(1,354)	13.1%	**3,493**	3,816	(8.5)%
Edmonton	**4,499**	4,403	2.2%	**(1,422)**	(1,392)	2.2%	**3,077**	3,011	2.2%
	9,524	9,573	(0.5)%	**(2,954)**	(2,746)	7.6%	**6,570**	6,827	(3.8)%
Newfoundland and Labrador									
St. John's	**3,651**	3,418	6.8%	**(955)**	(903)	5.8%	**2,696**	2,515	7.2%
	3,651	3,418	6.8%	**(955)**	(903)	5.8%	**2,696**	2,515	7.2%
British Columbia									
Vancouver Island	**2,980**	2,881	3.4%	**(789)**	(740)	6.6%	**2,191**	2,141	2.3%
	2,980	2,881	3.4%	**(789)**	(740)	6.6%	**2,191**	2,141	2.3%
Prince Edward Island									
Charlottetown	**244**	242	0.8%	**(66)**	(62)	6.5%	**178**	180	(1.1)%
	244	242	0.8%	**(66)**	(62)	6.5%	**178**	180	(1.1)%
	$83,822	$81,108	3.3%	**($25,660)**	($24,613)	4.3%	**$58,162**	$56,495	3.0%

For the nine months ended September 30,

	Property Revenue			Property Expenses			Net Operating Income		
	2026	2025	% Change	**2026**	2025	% Change	**2026**	2025	% Change
Nova Scotia									
Halifax	**$83,530**	$78,792	6.0%	**($27,318)**	($25,822)	5.8%	**$56,212**	$52,970	6.1%
	83,530	78,792	6.0%	**(27,318)**	(25,822)	5.8%	**56,212**	52,970	6.1%
Ontario									
KWC-GTA	**33,335**	32,641	2.1%	**(10,779)**	(10,671)	1.0%	**22,556**	21,970	2.7%
Ottawa	**16,245**	16,045	1.2%	**(4,744)**	(4,824)	(1.7)%	**11,501**	11,221	2.5%
London	**7,719**	7,758	(0.5)%	**(2,735)**	(2,627)	4.1%	**4,984**	5,131	(2.9)%
	57,299	56,444	1.5%	**(18,258)**	(18,122)	0.8%	**39,041**	38,322	1.9%
New Brunswick									
Moncton	**28,615**	27,713	3.3%	**(10,571)**	(10,310)	2.5%	**18,044**	17,403	3.7%
Fredericton	**20,411**	19,619	4.0%	**(6,772)**	(6,621)	2.3%	**13,639**	12,998	4.9%
Saint John	**10,824**	10,267	5.4%	**(3,838)**	(3,886)	(1.2)%	**6,986**	6,381	9.5%
	59,850	57,599	3.9%	**(21,181)**	(20,817)	1.7%	**38,669**	36,782	5.1%
Alberta									
Calgary	**15,077**	15,449	(2.4)%	**(4,652)**	(4,345)	7.1%	**10,425**	11,104	(6.1)%
Edmonton	**13,427**	13,116	2.4%	**(4,313)**	(4,453)	(3.1)%	**9,114**	8,663	5.2%
	28,504	28,565	(0.2)%	**(8,965)**	(8,798)	1.9%	**19,539**	19,767	(1.2)%
Newfoundland and Labrador									
St. John's	**10,757**	10,099	6.5%	**(3,001)**	(2,846)	5.4%	**7,756**	7,253	6.9%
	10,757	10,099	6.5%	**(3,001)**	(2,846)	5.4%	**7,756**	7,253	6.9%
British Columbia									
Vancouver Island	**8,943**	8,718	2.6%	**(2,379)**	(2,230)	6.7%	**6,564**	6,488	1.2%
	8,943	8,718	2.6%	**(2,379)**	(2,230)	6.7%	**6,564**	6,488	1.2%
Prince Edward Island									
Charlottetown	**735**	720	2.1%	**(203)**	(212)	(4.2)%	**532**	508	4.7%
	735	720	2.1%	**(203)**	(212)	(4.2)%	**532**	508	4.7%
	$249,618	$240,937	3.6%	**($81,305)**	($78,847)	3.1%	**$168,313**	$162,090	3.8%

MHC Results

For the three months ended September 30,

	Total Portfolio			Same Property		
	2026	2025	% Change	**2026**	2025	% Change
Property revenue	**$7,217**	$7,780	(7.2)%	**$6,554**	$6,216	5.4%
Property operating expenses	**2,075**	2,359	(12.0)%	**2,050**	2,082	(1.5)%
NOI	**$5,142**	$5,421	(5.1)%	**$4,504**	$4,134	9.0%
Operating margin %	**71.2%**	69.7%	150 bps	**68.7%**	66.5%	220 bps

For the nine months ended September 30,

	Total Portfolio			Same Property		
	2026	2025	% Change	**2026**	2025	% Change
Property revenue	**$17,548**	$17,773	(1.3)%	**$14,652**	$13,936	5.1%
Property operating expenses	**5,626**	5,893	(4.5)%	**5,225**	5,106	2.3%
NOI	**$11,922**	$11,880	0.4%	**$9,427**	$8,830	6.8%
Operating margin %	**67.9%**	66.8%	110 bps	**64.3%**	63.4%	90 bps

Killam's MHC portfolio generated NOI of $5.1 million and $11.9 million for the three and nine months ended September 30, 2026, representing 7.4% and 6.0% of Killam's total NOI, respectively. The MHC business is seasonal in nature, and generates its highest revenue and NOI during the second and third quarters of each year. This seasonality is driven by Killam's nine seasonal resorts, which generate approximately 60% of their annual NOI between July and October.

Same property NOI from the MHC portfolio increased by 9.0% and 6.8% for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. Revenue increased by 5.4% and 5.1%, primarily driven by a 4.1% increase in MHC lot rents, which rose to $303 from $291 in Q3-2025. Property operating expenses decreased by 1.5% and increased by 2.3% for the three and nine months ended September 30, 2026. The quarterly decrease was driven by lower salary costs, while the year-to-date increase was attributable to higher water consumption, increased contract service costs and the timing of repairs and maintenance activities.

MHC Same Property

For the three months ended September 30,

	Property Revenue			Property Expenses			Net Operating Income		
	2026	2025	% Change	**2026**	2025	% Change	**2026**	2025	% Change
Permanent MHCs	**$2,892**	$2,733	5.8%	**($908)**	($912)	(0.4)%	**$1,984**	$1,821	9.0%
Seasonal resorts	**3,662**	3,483	5.1%	**(1,142)**	(1,170)	(2.4)%	**2,520**	2,313	8.9%
	$6,554	$6,216	5.4%	**($2,050)**	($2,082)	(1.5)%	**$4,504**	$4,134	9.0%

For the nine months ended September 30,

	Property Revenue			Property Expenses			Net Operating Income		
	2026	2025	% Change	**2026**	2025	% Change	**2026**	2025	% Change
Permanent MHCs	**$8,692**	$8,326	4.4%	**($3,013)**	($2,877)	4.7%	**$5,679**	$5,449	4.2%
Seasonal resorts	**5,960**	5,610	6.2%	**(2,212)**	(2,229)	(0.8)%	**3,748**	3,381	10.9%
	$14,652	$13,936	5.1%	**($5,225)**	($5,106)	2.3%	**$9,427**	$8,830	6.8%

For the three and nine months ended September 30, 2026, same property permanent MHCs delivered NOI growth of 9.0% and 4.2%, respectively. Average rent increased 5.0% in Q3-2026 to $313 per site, up from $298 in Q3-2025. Occupancy remained strong at 98.4% in the quarter, reflecting a 10 bps increase year-over-year. Revenue and NOI growth also benefited from MHC site expansions and home sales.

Killam's seasonal resort portfolio achieved same property revenue growth of 5.1% and 6.2% for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. Same property operating expenses decreased by 2.4% and 0.8%, respectively, due to lower salary costs and reduced repairs and maintenance activity in the quarter. As a result, same property seasonal MHC NOI increased by 8.9% in the quarter and 10.9% year-to-date.

Commercial Results

For the three months ended September 30,

	Total Portfolio			Same Property		
	2026	2025	% Change	**2026**	2025	% Change
Property revenue	**$4,840**	$5,663	(14.5)%	**$4,822**	$5,601	(13.9)%
Property operating expenses	**1,996**	2,205	(9.5)%	**1,999**	2,175	(8.1)%
NOI	**$2,844**	$3,458	(17.8)%	**$2,823**	$3,426	(17.6)%

For the nine months ended September 30,

	Total Portfolio			Same Property		
	2026	2025	% Change	**2026**	2025	% Change
Property revenue	**$15,424**	$16,951	(9.0)%	**$15,092**	$16,704	(9.7)%
Property operating expenses	**6,774**	6,964	(2.7)%	**6,693**	6,866	(2.5)%
NOI	**$8,650**	$9,987	(13.4)%	**$8,399**	$9,838	(14.6)%

Killam's commercial property portfolio consists of 994,502 SF of retail and office space located in four of Killam's core markets. The portfolio includes Westmount Place, a 305,060 SF retail and office complex in Waterloo; Royalty Crossing, a 422,263 SF shopping mall in PEI in which Killam holds a 75% interest and serves as property manager; the Brewery Market, a 141,890 SF retail and office property in downtown Halifax; Dieppe Village, a 41,149 SF stand-alone grocery property in Moncton, as well as other smaller properties adjacent to apartment buildings owned by Killam in Halifax and Ottawa.

For the three and nine months ended September 30, 2026, Killam's commercial portfolio contributed NOI of $2.8 million and $8.7 million, representing 4.1% and 4.4% of Killam's total NOI, respectively.

Same property commercial revenue decreased by 13.9% and 9.7% for the three and nine months ended September 30, 2026, respectively, while NOI declined by 17.6% and 14.6% compared to the same periods in 2025. The decrease was attributable to the departure of a major office tenant at Westmount Place effective April 1, 2026, which resulted in a decline in Killam's commercial occupancy to 77.1% from 95.0% in Q3-2025. Occupancy across the remainder of the commercial portfolio was 93.3% in Q3-2026. Excluding the impact of the Westmount Place redevelopment, same property commercial NOI growth would have been 11.4% for the three months ended September 30, 2026.

During Q3-2026, Killam successfully leased 10,515 SF of commercial space at $16.97 per SF and renewed 79,100 SF at a weighted average increase of 12.2%.

New Retail and Office Opportunities at Westmount Place, Waterloo, ON
Westmount Place in Waterloo, ON, is well positioned for redevelopment on its 16.8-acre site following the April 1, 2026, departure of an office tenant that occupied 197,000 SF. This transition presents an opportunity to reposition the property 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 $6.0 million in 2026 and $8.5 million in 2027 to reposition the property.

The reconfiguration of 50 Westmount Place will include the demolition of approximately 50,500 SF of existing ground-floor space and the addition of 11,500 SF of new retail space. Although the redevelopment will reduce the overall commercial footprint, a portion of the removed ground-floor area is expected to be repositioned into higher-value retail space with the potential to achieve rental rates up to two times those historically realized from the former office tenant.

These changes are expected to enhance the property's long-term value by increasing income-generating potential and creating a more complementary mix of services and amenities for residents of the adjacent apartment communities and the 800 additional suites planned for the site.

The redevelopment is expected to significantly improve the building's ground-floor commercial tenant mix, shifting it from approximately 30% retail and 70% office space to an anticipated 55% retail and 45% modern office space. It will also streamline the overall site configuration by removing underutilized building areas, improving circulation and sightlines, and increasing flexibility for future residential intensification.

PART V

Other Income and Expenses and Net Income

Net Income and Other Comprehensive Income

	Three months ended September 30,			Nine months ended September 30,		
	2026	2025	% Change	**2026**	2025	% Change
Net operating income	**$69,326**	$67,785	2.3%	**$198,458**	$190,856	4.0%
Other income	**550**	525	4.8%	**1,369**	1,780	(23.1)%
Financing costs	**(23,711)**	(21,680)	9.4%	**(68,663)**	(62,121)	10.5%
Depreciation	**(260)**	(265)	(1.9)%	**(793)**	(802)	(1.1)%
Administration	**(5,315)**	(5,193)	2.3%	**(16,140)**	(16,438)	(1.8)%
Fair value adjustment on unit-based compensation	**(802)**	750	(206.9)%	**58**	(59)	(198.3)%
Fair value adjustment on Exchangeable Units	**2,938**	5,515	(46.7)%	**(3,625)**	(3,204)	13.1%
Fair value adjustment on investment properties	**9,953**	(4,793)	(307.7)%	**55,622**	69,205	(19.6)%
Loss on disposition	**(1,123)**	(784)	43.2%	**(1,175)**	(2,310)	(49.1)%
Net income and comprehensive income	**$51,556**	$41,860	23.2%	**$165,111**	$176,907	(6.7)%

Net income and comprehensive income increased by $9.7 million and decreased by $11.8 million for the three and nine months ended September 30, 2026, respectively. The increase in the quarter was driven by higher fair value gains on investment properties, while the year-to-date decline reflected lower fair value gains on investment properties compared to the first nine months of 2025. Killam recorded fair value gains of $10.0 million and $55.6 million during the three and nine months ended September 30, 2026, compared to fair value losses of $4.8 million and gains of $69.2 million for the same periods in 2025. The fair value gains recognized related to investment properties during the quarter were supported by apartment NOI growth.

Net income was further supported by NOI growth of $1.5 million and $7.6 million for the three and nine months ended September 30, 2026, respectively. NOI growth was driven by same property performance and contributions from acquisitions and completed developments, partially offset by the impact of dispositions completed over the last 12 months. Net income was also impacted by the unrealized mark-to-market gains of $2.1 million and losses of $3.6 million related to Killam's unit-based compensation and Exchangeable Units, compared to gains of $6.3 million and losses of $3.3 million in the corresponding periods of 2025. These non-cash fair value adjustments fluctuate with changes in the market price of Killam's Trust Units.

Financing Costs

	Three months ended September 30,			Nine months ended September 30,		
	2026	2025	% Change	**2026**	2025	% Change
Mortgage, loan and construction loan interest	**$21,737**	$19,873	9.4%	**$63,318**	$57,167	10.8%
Interest on credit facilities	**499**	826	(39.6)%	**1,725**	2,073	(16.8)%
Interest on Exchangeable Units	**494**	605	(18.3)%	**1,483**	1,945	(23.8)%
Amortization of deferred financing costs	**1,345**	1,065	26.3%	**3,382**	3,114	8.6%
Amortization of fair value adjustments on assumed mortgages	**37**	(47)	(178.7)%	**90**	66	36.4%
Interest on lease liabilities	**159**	126	26.2%	**485**	374	29.7%
Capitalized interest	**(560)**	(768)	(27.1)%	**(1,820)**	(2,618)	(30.5)%
	$23,711	$21,680	9.4%	**$68,663**	$62,121	10.5%

Total financing costs increased $2.0 million, or 9.4%, for the three months ended September 30, 2026, compared to Q3-2025. For the nine months ended September 30, 2026, financing costs increased $6.5 million, or 10.5%, compared to the same period in 2025. The increases were driven by higher interest rates on refinancings and a reduction in capitalized interest.

Mortgage, loan and construction loan interest expense was $21.7 million and $63.3 million for the three and nine months ended September 30, 2026, an increase of $1.9 million and $6.2 million, or 9.4% and 10.8%, compared to the same periods in 2025. Killam's mortgage, loan and construction loan liability balance increased by $146.0 million over the past 12 months, as Killam upfinanced maturing mortgages within its existing portfolio and advanced its development projects with construction financing. These increases were partially offset by ongoing principal repayments and the repayment of mortgages associated with MHC properties sold in Q3-2026.

The weighted average interest rate on refinancings for the nine months ended September 30, 2026, was 3.74%, 79 bps higher than the weighted average interest rate on expiring debt.

Interest on credit facilities decreased by $0.3 million in both the three and nine months ended September 30, 2026, representing decreases of 39.6% and 16.8%, respectively, compared to the same periods in 2025. The decrease was driven by proceeds from dispositions and Killam's mortgage refinancing program being used to reduce the credit facility balance. Interest expense related to credit facilities is expected to decrease further in Q4-2026.

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 27.1% and 30.5% for the three and nine months ended September 30, 2026, compared to the same periods in 2025. The decline was driven by the completion of Brightwood and a lower number of ongoing development projects. 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 September 30,			Nine months ended September 30,		
	2026	2025	% Change	**2026**	2025	% Change
Administration	**$5,315**	$5,193	2.3%	**$16,140**	$16,438	(1.8)%
As a percentage of total revenue	**5.2%**	5.2%	— bps	**5.4%**	5.7%	(30) bps

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

For the three and nine months ended September 30, 2026, total administration expenses increased by $0.1 million, or 2.3%, and decreased by $0.3 million, or 1.8%, respectively, compared to the same periods in 2025. Administration expenses represented 5.2% of total revenue in Q3-2026, in line with Q3-2025. The increase in the quarter was primarily driven by higher professional and legal costs and increased compensation-related costs.

Fair Value Adjustments

	Three months ended September 30,			Nine months ended September 30,		
	2026	2025	% Change	**2026**	2025	% Change
Investment properties	**$9,953**	($4,793)	(307.7)%	**$55,622**	$69,205	(19.6)%
Deferred unit-based compensation	**(802)**	750	(206.9)%	**58**	(59)	(198.3)%
Exchangeable Units	**2,938**	5,515	(46.7)%	**(3,625)**	(3,204)	13.1%
	$12,089	$1,472	721.3%	**$52,055**	$65,942	(21.1)%

Killam recognized fair value gains of $10.0 million and $55.6 million related to its investment properties for the three and nine months ended September 30, 2026, compared to fair value losses of $4.8 million and gains of $69.2 million for the same periods in 2025. The fair value gains recognized in Q3-2026 reflect apartment NOI growth.

Restricted Trust Units (RTUs) governed by Killam's RTU Plan are awarded to certain members of Management as a portion of their compensation. Non-executive members of the Board have the right to receive a percentage of their annual retainer in the form of RTUs. This aligns the interests of Management and the Trustees with those of Killam's unitholders. For the three and nine months ended September 30, 2026, there was an unrealized fair value loss of $0.8 million and gain of $0.1 million, compared to a fair value gain of $0.8 million and loss of $0.1 million for the same periods 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 and nine months ended September 30, 2026, there was an unrealized gain on remeasurement of $2.9 million and loss of $3.6 million, compared to an unrealized gain of $5.5 million and loss of $3.2 million for the same periods in 2025. The unrealized gain in the quarter reflects a decrease in Killam's Trust Unit price as at September 30, 2026, compared to June 30, 2026.

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Income Taxes

Killam converted to a real estate investment trust (REIT) effective January 1, 2016, and as such qualifies as a REIT pursuant to the Tax Act. The Tax Act contains legislation affecting the tax treatment of publicly traded trusts (the "SIFT Legislation") and the criteria for qualifying for the 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 September 30,
	Three months ended September 30,			Nine months ended September 30,			
	2026	2025	% Change	**2026**	2025	% Change	**2026**
Trust Units	**119,429**	121,084	(1.4)%	**121,108**	120,475	0.5%	**118,205**
Exchangeable Units	**2,746**	3,363	(18.3)%	**2,775**	3,610	(23.1)%	**2,746**
Basic number of units	**122,175**	124,447	(1.8)%	**123,883**	124,085	(0.2)%	**120,951**
Plus:							
Units under RTU Plan [(1)]	**309**	298	3.7%	**321**	286	12.2%	**—**
Diluted number of units	**122,484**	124,745	(1.8)%	**124,204**	124,371	(0.1)%	**120,951**

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

As at November 4, 2026, 117,770,734 Trust Units, 2,746,007 Exchangeable Units and 681,401 RTUs were outstanding.

Funds from Operations

FFO is recognized as an industry-wide standard measure of a real estate entity's operating performance, and Management considers FFO per unit to be a key measure of operating performance. REALPAC, Canada's senior national industry association for owners and managers of investment real estate, has recommended guidelines for a standard industry calculation of FFO based on IFRS Accounting Standards. Killam calculates FFO in accordance with the REALPAC definition. Notwithstanding the foregoing, FFO does not have a standardized meaning under IFRS Accounting Standards and is considered a non-IFRS financial measure; therefore, it may not be comparable to similarly titled measures presented by other publicly traded companies. FFO for the three and nine months ended September 30, 2026 and 2025, is calculated as follows:

	Three months ended September 30,			**Nine months ended September 30,**		
	2026	2025	% Change	**2026**	2025	% Change
Net income	**$51,556**	$41,860	23.2%	**$165,111**	$176,907	(6.7)%
Fair value adjustments	**(12,089)**	(1,472)	721.3%	**(52,055)**	(65,942)	(21.1)%
Internal commercial leasing costs	**100**	75	33.3%	**300**	225	33.3%
Interest expense on Exchangeable Units	**494**	605	(18.3)%	**1,483**	1,945	(23.8)%
Loss on disposition	**1,123**	784	43.2%	**1,175**	2,310	(49.1)%
Depreciation on owner-occupied building	**23**	24	(4.2)%	**69**	70	(1.4)%
Land lease adjustment	**(10)**	1	N/A	**(31)**	2	N/A
FFO	**$41,197**	$41,877	(1.6)%	**$116,052**	$115,517	0.5%
FFO per unit – diluted	**$0.34**	$0.34	—%	**$0.93**	$0.93	—%
FFO payout ratio – diluted	**53%**	53%	— bps	**58%**	58%	— bps
Weighted average number of units – diluted (000s)	**122,484**	124,745	(1.8)%	**124,204**	124,371	(0.1)%

Killam earned FFO of $41.2 million, or $0.34 per unit (diluted), for the three months ended September 30, 2026, compared to $41.9 million, or $0.34 per unit (diluted), in Q3-2025. Killam earned FFO of $116.1 million, or $0.93 per unit (diluted), for the nine months ended September 30, 2026, compared to $115.5 million, or $0.93 per unit (diluted), for the same period in 2025.

FFO in the quarter was supported by same property NOI growth and the full lease-up of Killam's development The Carrick, which contributed approximately $0.5 million in growth in Q3-2026. This was offset by the departure of a major office tenant at Westmount Place, which reduced FFO by approximately $0.8 million during the quarter; the impact of Brightwood's initial lease-up following substantial completion in June 2026; as well as higher interest expense. Following recent NCIB activity, FFO per unit benefited from a 1.8% decrease in the weighted average number of units outstanding compared to the same period last year, supporting flat FFO per unit growth for the quarter.

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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 were applied in 2026, 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 September 30,			**Nine months ended September 30,**		
	2026	2025 [(1)]	% Change	**2026**	2025 [(1)]	% Change
FFO	**$41,197**	$41,877	(1.6)%	**$116,052**	$115,517	0.5%
Maintenance capital expenditures	**(5,598)**	(5,575)	0.4%	**(16,791)**	(16,909)	(0.7)%
Commercial straight-line rent adjustment	**(47)**	(10)	370.0%	**(98)**	(75)	30.7%
Internal and external commercial leasing costs	**(28)**	(140)	(80.0)%	**(345)**	(323)	6.8%
AFFO	**$35,524**	$36,152	(1.7)%	**$98,818**	$98,210	0.6%
AFFO per unit – diluted	**$0.29**	$0.29	—%	**$0.80**	$0.79	1.3%
AFFO payout ratio – diluted	**62%**	62%	— bps	**68%**	68%	— bps
AFFO payout ratio – rolling 12 months [(2)]	**69%**	71%	(200) bps			
Weighted average number of units – diluted (000s)	**122,484**	124,745	(1.8)%	**124,204**	124,371	(0.1)%

(1) The maintenance capital expenditures for the three and nine months ended September 30, 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 September 30, 2026, and $0.71833 for the 12-month period ended September 30, 2025.

Killam recognized AFFO per unit (diluted) of $0.29 in Q3-2026, consistent with Q3-2025, and $0.80 year-to-date, up 1.3% from the same period in 2025. The year-to-date growth was driven by increases in same property NOI, contributions from The Carrick, and a reduction in the weighted-average units outstanding through share repurchases under Killam's NCIB program. The year-over-year reduction in maintenance capital expenditures reflects the continued impact of Killam's capital recycling program.

The AFFO payout ratio remained at 62% in the quarter and 68% year-to-date, consistent with Q3-2025, while the rolling 12-month payout ratio improved by 200 bps compared to Q3-2025.

The payout ratio of 62% in Q3-2026, compared to the rolling 12-month payout ratio of 69%, 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.

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:

(i) Cash flows from operating activities are expected to be sufficient to fund the current level of distributions and maintenance capex.

(ii) Killam currently has capacity of approximately $193.0 million of capital under its credit facilities and cash on hand.

(iii) Mortgage refinancings and construction loans are expected to be sufficient to fund value-enhancing capex, principal repayments and developments. Killam has $90.7 million of mortgage debt scheduled for refinancing in the remainder of 2026, which is expected to lead to upfinancing opportunities of $40.0–$45.0 million.

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

(v) Killam has unencumbered assets of approximately $212.0 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 September 30, 2026, was 42.8%.

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 service coverage of not less than 1.3 times and unitholders' equity of not less than $900.0 million. As at November 4, 2026, Killam was in compliance with said covenants.

The table below outlines Killam's key debt metrics:

As at	September 30, 2026	December 31, 2025	Change
Total debt as a percentage of total assets	**42.8%**	41.9%	90 bps
Debt to normalized adjusted EBITDA	**9.87x**	9.66x	2.2%
Interest coverage	**2.82x**	2.93x	(3.8)%
Debt service coverage	**1.59x**	1.59x	—%
Weighted average years to debt maturity	**3.7**	3.6	0.1 years
Weighted average mortgage interest rate	**3.65%**	3.58%	7 bps
Weighted average interest rate of total debt	**3.67%**	3.60%	7 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	September 30, 2026	December 31, 2025
Mortgages and loans payable	**$2,343,236**	$2,216,592
Credit facilities	**39,789**	74,754
Construction loans	**23,056**	10,340
Total interest-bearing debt	**$2,406,081**	$2,301,686
Total assets [1]	**$5,620,295**	$5,490,962
Total debt as a percentage of total assets	**42.8%**	41.9%

(1) Excludes right-of-use assets of $15.9 million as at September 30, 2026 (December 31, 2025 – $16.3 million).

Total debt as a percentage of total assets was 42.8% as at September 30, 2026, up 90 bps from 41.9% as at December 31, 2025, and consistent with June 30, 2026. 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.

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)%	$6,146,655	$6,244,262	38.5%	(430)
(0.25)%	$5,817,607	$5,915,214	40.7%	(210)
—%	$5,522,688	$5,620,295	42.8%	—
0.25%	$5,256,838	$5,354,445	44.9%	210
0.50%	$5,015,949	$5,113,557	47.1%	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 September 30, 2026, and December 31, 2025:

12 months ended,	September 30, 2026	December 31, 2025	% Change
Net income	**$17,617**	$29,412	(40.1)%
Financing costs	**90,994**	84,451	7.7%
Depreciation	**1,007**	1,017	(1.0)%
Loss on disposition	**1,389**	2,523	(44.9)%
Restructuring costs	**466**	466	—%
Fair value adjustment on unit-based compensation	**(1,059)**	(941)	12.5%
Fair value adjustment on Exchangeable Units	**(1,654)**	(2,075)	(20.3)%
Fair value adjustment on investment properties	**134,050**	120,467	11.3%
Adjusted EBITDA	**242,810**	235,320	3.2%
Normalizing adjustment [1]	**135**	1,961	(93.1)%
Normalized adjusted EBITDA	**$242,945**	$237,281	2.4%
Total interest-bearing debt	**$2,406,081**	$2,301,686	4.5%
Cash and cash equivalents	**(7,016)**	(9,876)	(29.0)%
Net debt	**$2,399,065**	$2,291,810	4.7%
Debt to normalized adjusted EBITDA	**9.87x**	9.66x	2.2%

(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 SNOI over the next 12 months.

Interest and Debt Service Coverage

Rolling 12 months ending,	September 30, 2026	December 31, 2025	% Change
NOI	**$262,433**	$254,828	3.0%
Other income	**1,818**	2,229	(18.4)%
Administration	**(21,441)**	(21,737)	(1.4)%
Adjusted EBITDA	**242,810**	235,320	3.2%
Interest expense [1]	**86,115**	80,312	7.2%
Interest coverage ratio	**2.82x**	2.93x	(3.8)%
Principal repayments	**67,010**	67,320	(0.5)%
Interest expense	**86,115**	80,312	7.2%
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 17 to the condensed consolidated interim financial statements.

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 September 30, 2026, was 3.65%, a 7 bps increase compared to the rate as at December 31, 2025.

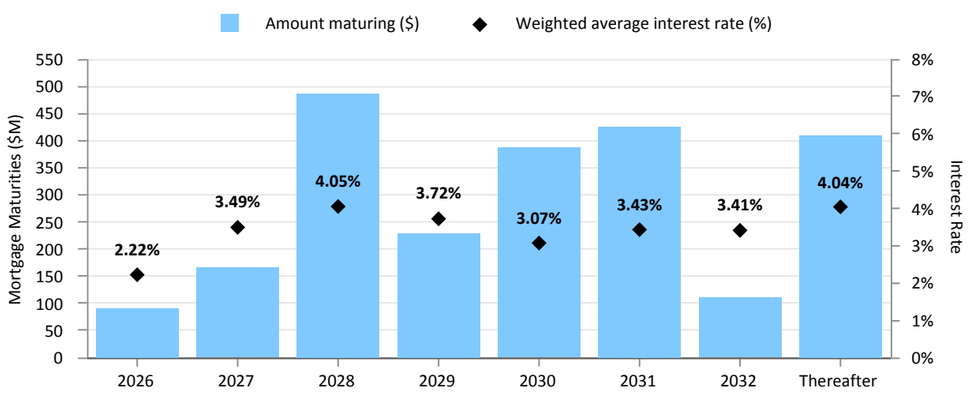
Refinancings

For the nine months ended September 30, 2026, Killam refinanced the following mortgages:

	Mortgage Debt Maturities		Mortgage Debt on Refinancing		Weighted Average Term	Net Proceeds
Apartments	$192,544	2.95%	$321,591	3.74%	4.4 years	$129,047
	$192,544	**2.95%**	**$321,591**	**3.74%**	**4.4 years**	**$129,047**

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:

	Apartments			MHCs and Commercial		Total	
Year of Maturity	Balance September 30	Weighted Avg Int. Rate %	% CMHC Insured	Balance September 30	Weighted Avg Int. Rate %	Balance September 30	Weighted Avg Int. Rate %
2026	$91,179	2.22%	83.4%	$—	—%	$91,179	2.22%
2027	166,230	3.49%	67.5%	39,743	5.13%	205,973	3.80%
2028	485,169	4.05%	93.8%	14,662	5.27%	499,831	4.08%
2029	230,123	3.72%	95.2%	42,170	4.92%	272,293	3.91%
2030	387,111	3.07%	100.0%	—	—%	387,111	3.07%
Thereafter	944,680	3.69%	100.0%	3,557	3.31%	948,237	3.69%
	$2,304,492	**3.59%**	**95.2%**	**$100,132**	**5.00%**	**$2,404,624**	**3.65%**



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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 September 30, 2026, approximately 95.2% of Killam's apartment mortgages were CMHC insured (91.2% 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 3.55% as at September 30, 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	16	$12,269	$90,730
	16	**$12,269**	**$90,730**

2027 Debt Maturities	Number of Properties	Estimated NOI	Principal Balance (at maturity)
Apartments with debt maturing	23	$21,409	$161,290
MHCs and commercial with debt maturing	8	5,513	38,707
	31	**$26,922**	**$199,997**

Future Contractual Debt Obligations

As at September 30, 2026, the timing of Killam's future contractual debt obligations is as follows:

For the 12 months ending September 30,	Mortgages and Loans Payable	Construction Loans	Credit Facilities	Lease Liabilities	Total
2027	$282,324	$23,056	$39,789	$752	$345,921
2028	436,646	—	—	712	437,358
2029	387,243	—	—	117	387,360
2030	375,466	—	—	92	375,558
2031	457,087	—	—	103	457,190
Thereafter	465,858	—	—	14,492	480,350
	$2,404,624	$23,056	$39,789	$16,268	$2,483,737
Unamortized deferred financing costs	(61,400)				
Unamortized mark-to-market adjustments	12				
	$2,343,236	$23,056	$39,789	$16,268	$2,422,349

Credit Facilities

As at September 30, 2026, Killam had access to three credit facilities with credit limits of $155.0 million ($175.0 million with the accordion feature), $50.0 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 $50.0 million demand revolver and a $105.0 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 September 30, 2026.

As at September 30, 2026	**Maximum Loan Amount**	**Amount Drawn**	**Letters of Credit**	**Amount Available**
$155.0 million facility [1][2]	**$155,000**	**$30,000**	**$—**	**$125,000**
$50.0 million facility [2]	**50,000**	**9,789**	**1,325**	**38,886**
$22.5 million facility [2]	**22,500**	**—**	**—**	**22,500**
Total	**$227,500**	**$39,789**	**$1,325**	**$186,386**

As at December 31, 2025	Maximum Loan Amount	Amount Drawn	Letters of Credit	Amount Available
$155.0 million facility [1][2]	$155,000	$60,000	$—	$95,000
$25.0 million facility [3]	25,000	14,754	1,673	8,573
Total	$180,000	$74,754	$1,673	$103,573

(1) The credit agreement includes a $20.0 million accordion option, over and above the $155.0 million.
(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 225 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 September 30, 2026, Killam had access to two variable-rate construction loans totalling $37.6 million (December 31, 2025 – $26.2 million), of which $23.1 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 September 30, 2026, was 4.04% (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.

Investment Properties

As at	**September 30, 2026**	December 31, 2025	% Change
Investment properties	**$5,403,670**	$5,307,421	1.8%
Investment properties under construction (IPUC)	**40,574**	67,882	(40.2)%
Land for development	**78,444**	73,713	6.4%
	$5,522,688	$5,449,016	1.4%

Continuity of Investment Properties

As at	**September 30, 2026**	December 31, 2025	% Change
Balance, beginning of period	**$5,307,421**	$5,225,102	1.6%
Fair value adjustment on investment properties	**58,265**	(114,215)	(151.0)%
Acquisitions	**30,182**	170,391	(82.3)%
Dispositions	**(50,233)**	(143,027)	(64.9)%
Capital expenditures and development costs [1]	**56,635**	80,224	(29.4)%
Transfer from IPUC to investment properties	**51,339**	83,565	(38.6)%
Transfer to assets held for sale	**(50,000)**	—	N/A
Land lease reassessment	**—**	5,252	(100.0)%
Interest capitalized	**61**	129	(52.7)%
Balance, end of period	**$5,403,670**	$5,307,421	1.8%

(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 September 30, 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 September 30, 2026 and 2025, and December 31, 2025, is as follows:

Capitalization Rates

	September 30, 2026			December 31, 2025			September 30, 2025		
	Low	**High**	**Effective Weighted Average**	Low	High	Effective Weighted Average	Low	High	Effective Weighted Average
Apartments	**4.25%**	**6.30%**	**4.76%**	4.25%	6.20%	4.76%	4.00%	6.20%	4.61%
Halifax [1]	**4.40%**	**6.10%**	**4.69%**	4.40%	6.10%	4.69%	4.20%	6.10%	4.58%
Ontario [1]	**4.25%**	**5.00%**	**4.48%**	4.25%	5.00%	4.47%	4.00%	5.00%	4.17%
Moncton [1]	**4.50%**	**6.30%**	**5.13%**	4.50%	6.20%	5.11%	4.25%	6.20%	5.07%
Fredericton	**5.00%**	**5.50%**	**5.20%**	4.95%	5.50%	5.19%	4.95%	5.50%	5.21%
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%	4.83%
St. John's	**5.25%**	**5.75%**	**5.50%**	5.25%	5.75%	5.53%	5.25%	5.75%	5.54%
British Columbia	**4.25%**	**4.75%**	**4.48%**	4.25%	4.50%	4.42%	4.00%	4.00%	4.00%
Charlottetown	**5.50%**	**5.60%**	**5.56%**	5.50%	5.60%	5.57%	5.60%	5.85%	5.67%
MHCs	**5.50%**	**7.75%**	**6.37%**	5.50%	6.75%	6.02%	5.50%	6.75%	6.00%

(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 September 30, 2026, were 4.76% for its apartment portfolio, unchanged from December 31, 2025, and 6.37% for its MHC portfolio, compared to 6.02% as at December 31, 2025. The expansion in the MHC portfolio's weighted average cap rate was attributable to Killam's seasonal resort portfolio and the impact of MHC dispositions completed in Q3-2026.

Fair Value Sensitivity

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

		Change in SNOI [1]				
		(2.00)%	**(1.00)%**	**— %**	**1.00%**	**2.00%**
Change in Capitalization Rate	**(0.50)%**	$503,174	$563,570	$623,967	$684,363	$744,759
	(0.25)%	180,707	237,813	294,919	352,024	409,130
	—%	(108,313)	(54,157)	—	54,157	108,313
	0.25%	(368,847)	(317,349)	(265,850)	(214,352)	(162,854)
	0.50%	(604,917)	(555,828)	(506,739)	(457,649)	(408,560)

(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 cap rate based on the SNOI of the properties.

2026 Acquisition

Property	Location	Acquisition Date	Ownership Interest	Property Type	Units	Purchase Price [1]
211 Willett St	Halifax, NS	26-Jan-26	100%	Apartment	109	**$29,600**
Total Acquisitions					109	**$29,600**

(1) Purchase price does not include transaction costs.

2026 Dispositions

Property	Location	Disposition Date	Ownership Interest	Property Type	Units/ Sites	Sale Price	Net Cash Proceeds [1]
Ontario MHC Portfolio [2]	Ontario	04-Aug-26	100%	MHC	746	**$50,490**	**$40,300**
Total Dispositions					**746**	**$50,490**	**$40,300**

(1) Net cash proceeds do not include transaction costs.
(2) In addition, two MHC homes were sold for $0.4 million.

Investment Properties Under Construction

As at

	September 30, 2026	December 31, 2025	% Change
Balance, beginning of period	**$67,882**	$91,114	(25.5)%
Fair value adjustment	**(2,643)**	(6,252)	(57.7)%
Capital expenditures	**25,956**	62,438	(58.4)%
Transfer to investment properties	**(51,339)**	(83,565)	(38.6)%
Transfer from land for development	**—**	2,039	(100.0)%
Interest capitalized	**718**	2,108	(65.9)%
Balance, end of period	**$40,574**	$67,882	(40.2)%

Land for Development

As at

	September 30, 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	**3,690**	8,429	(56.2)%
Transfer to IPUC	**—**	(2,039)	(100.0)%
Interest capitalized	**1,041**	1,399	(25.6)%
Balance, end of period	**$78,444**	$73,713	6.4%

Q3-2026 Management's Discussion and Analysis

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

During the nine months ended September 30, 2026, Killam completed the following:

Property	Location	Completion Date	Ownership Interest	Property Type	Units	Development Cost [1]
Brightwood (150 Wissler)	Waterloo, ON	01-Jun-26	100%	Apartment	128	**$55,100**
Total Development					**128**	**$55,100**

(1) Development cost excludes capitalized interest.

Brightwood is a 128-unit building located adjacent to Killam's Northfield Gardens in Waterloo, ON. The development was substantially completed on June 1, 2026, below budget and ahead of schedule, and approximately 69% of the units are leased to date.

Killam's development project currently underway as at September 30, 2026, is as follows:

Property	Location	Ownership	Number of Units	Project Budget (millions)	Start Date	Estimated Completion	Anticipated All-Cash Yield
Eventide	Halifax, NS	100%	55	$36.0	Q1-2024	Q4-2026	4.00%–4.50%
Total [1]			**55**	**$36.0**			

(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.

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 approximately 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%	550	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]			**3,040**	

(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.

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 $26.0 million and $56.6 million in capital improvements during the three and nine months ended September 30, 2026, respectively, representing a decrease of 4.3% and an increase of 5.7% compared to the same periods in 2025. The year-to-date increase in capital investment reflects the timing of larger, multi-phase capital projects, including building envelope upgrades at several properties across the portfolio.

	Three months ended September 30,			Nine months ended September 30,		
	2026	2025	% Change	**2026**	2025	% Change
Apartments	**$20,779**	$23,091	(10.0)%	**$47,769**	$47,423	0.7%
MHCs	**653**	1,028	(36.5)%	**2,275**	2,292	(0.7)%
Commercial	**4,590**	3,060	50.0%	**6,591**	3,887	69.6%
	$26,022	$27,179	(4.3)%	**$56,635**	$53,602	5.7%

Apartments – Capital Investment

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

	Three months ended September 30,			Nine months ended September 30,		
	2026	2025	% Change	**2026**	2025	% Change
Suite renovations and repositionings	**$5,124**	$5,475	(6.4)%	**$13,643**	$16,596	(17.8)%
Building improvements	**11,204**	13,128	(14.7)%	**25,300**	22,316	13.4%
Appliances	**849**	762	11.4%	**2,359**	2,458	(4.0)%
Energy	**2,687**	3,047	(11.8)%	**4,565**	4,699	(2.9)%
Common area	**915**	679	34.8%	**1,902**	1,354	40.5%
Total capital invested	**$20,779**	$23,091	(10.0)%	**$47,769**	$47,423	0.7%
Average number of units outstanding [(1)]	**17,722**	17,521	1.1%	**17,640**	17,723	(0.5)%
Capital invested – $ per unit	**$1,172**	$1,318	(11.1)%	**$2,708**	$2,676	1.2%

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

Killam invested $1,172 and $2,708 per unit for the three and nine months ended September 30, 2026, compared to $1,318 and $2,676 per unit for the same periods in 2025. The decrease in the quarter reflects the timing of larger, multi-phase capital projects aimed at enhancing building resiliency.

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. Twenty-nine 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 31 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 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.

Killam invested $5.1 million and $13.6 million in suite renovations during the three and nine months ended September 30, 2026, representing decreases of 6.4% and 17.8% compared to the total investment of $5.5 million and $16.6 million for the same periods in 2025. Year-to-date, Killam repositioned 97 units, down from 184 units completed during the same period in 2025. The repositionings had an average investment of $35,200 per unit, generating an average ROI of 16% when compared to in-place rents. The decrease in repositioning activity reflects Killam's disciplined approach to capital allocation. In some cases, market conditions have enabled Killam to achieve attractive rental increases with limited capital investment, reducing the need for full unit repositionings.

Q3-2026 Management's Discussion and Analysis

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

Building Improvements

These investments included major projects, such as exterior cladding and brick work, balcony refurbishments, roof replacements, plumbing upgrades, fire and life safety improvements, security system enhancements, and window replacements. The change in building investment spending for the three and nine months ended September 30, 2026, compared to the same periods in 2025, was attributable to the timing of larger multi-phase building envelope projects undertaken at a number of properties across the portfolio.

Energy

Killam continues to invest in energy-efficiency initiatives, augmenting its sustainability objectives while reducing operating costs and improving building performance. Killam remains committed to reducing and reporting greenhouse gas emissions and completing third-party validated building benchmarking. During Q3-2026, Killam invested $2.7 million in energy initiatives, including solar PV installations, building automation systems and boiler upgrades, heat pumps, and other building efficiency upgrades across the portfolio. Planned investments for the remainder of 2026 include the completion of in-progress solar PV projects, and additional boiler and heat pump installations.

MHCs – Capital Investment

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

	Three months ended September 30,			Nine months ended September 30,		
	2026	2025	% Change	**2026**	2025	% Change
Water and sewer upgrades	**$158**	$390	(59.5)%	**$1,124**	$614	83.1%
Site expansion and land improvements	**158**	237	(33.3)%	**395**	634	(37.7)%
Other	**249**	377	(34.0)%	**548**	969	(43.4)%
Roads and paving	**13**	14	(7.1)%	**26**	39	(33.3)%
Equipment	**75**	10	650.0%	**182**	36	405.6%
Total capital invested – MHCs	**$653**	$1,028	(36.5)%	**$2,275**	$2,292	(0.7)%
Average number of sites	**5,343**	5,805	(8.0)%	**5,649**	5,881	(3.9)%
Capital invested – $ per site	**$122**	$177	(31.1)%	**$403**	$390	3.3%

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 $0.7 million during Q3-2026 and $2.3 million year-to-date, compared to $1.0 million and $2.3 million for the same periods in 2025, representing decreases of 36.5% and 0.7%, respectively. The reduction in the quarter relates to the MHC dispositions completed and planned in the remainder of 2026. Capital investment remains focused on water and sewer upgrades, as well as building and land improvements for the remaining portfolio.

Commercial – Capital Investment

During the three and nine months ended September 30, 2026, Killam invested $4.6 million and $6.6 million respectively, in its commercial portfolio, compared to $3.1 million and $3.9 million during the same periods in 2025. The increase was primarily driven by the redevelopment of Westmount Place, where Killam has invested $2.3 million year-to-date. Other investments related to property upgrades, expansions and tenant improvements to support 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.

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 and nine months ended September 30, 2026, no unitholders redeemed Trust Units.

Effective April 24, 2026, Killam suspended its Distribution Reinvestment Plan until further notice.

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

Distribution Reinvestment Plan and Net Distributions Paid

	Three months ended September 30,			Nine months ended September 30,		
	2026	2025	% Change	**2026**	2025	% Change
Distributions declared on Trust Units	**$21,417**	$21,985	(2.6)%	**$65,435**	$65,648	(0.3)%
Distributions declared on Exchangeable Units	**494**	605	(18.3)%	**1,483**	1,945	(23.8)%
Distributions declared on awards outstanding under RTU Plan	**120**	117	2.6%	**386**	345	11.9%
Total distributions declared	**$22,031**	$22,707	(3.0)%	**$67,304**	$67,938	(0.9)%
Less:						
Distributions on Trust Units reinvested	**—**	(6,172)	(100.0)%	**(5,726)**	(19,064)	(70.0)%
Distributions on RTUs reinvested	**(120)**	(117)	2.6%	**(386)**	(345)	11.9%
Net distributions paid	**$21,911**	$16,418	33.5%	**$61,192**	$48,529	26.1%
Percentage of distributions reinvested	**0.5%**	27.7%		**9.1%**	28.6%	

Normal Course Issuer Bid

In June 2026, 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 July 2, 2026. Pursuant to the notice, Killam is permitted to acquire up to 11,894,721 Trust Units commencing on July 3, 2026, and ending on July 2, 2027. 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 96,845 Trust Units, other than block purchase exemptions. Any Trust Units acquired under the NCIB will be cancelled.

On July 3, 2026, 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 nine months ended September 30, 2026, 4,455,454 Trust Units were purchased for cancellation under Killam's current and previous NCIB programs at a weighted average purchase price of $18.21 per unit (nine months ended September 30, 2025 – 30,848 Trust Units at $16.21 per unit).

Q3-2026 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 September 30,		Nine months ended September 30,	
	2026	2025	**2026**	2025
Net income	**$51,556**	$41,860	**$165,111**	$176,907
Cash provided by operating activities	**$51,347**	$37,576	**$105,231**	$94,004
Total distributions declared	**$22,031**	$22,707	**$67,304**	$67,938
Excess of net income over total distributions declared	**$29,525**	$19,153	**$97,807**	$108,969
Excess of net income over net distributions paid	**$29,645**	$25,442	**$103,919**	$128,378
Excess of cash provided by operating activities over total distributions declared	**$29,316**	$14,869	**$37,927**	$26,066

PART VIII

Summary of Selected Consolidated Quarterly Results

	Q3-2026	**Q2-2026**	**Q1-2026**	**Q4-2025**	**Q3-2025 (1)**	**Q2-2025 (1)**	**Q1-2025 (1)**	**Q4-2024**
Property revenue	**$100,835**	$99,161	$96,676	$96,258	$98,473	$95,646	$93,024	$92,581
NOI	**$69,326**	$67,155	$61,979	$63,973	$67,785	$64,075	$58,995	$61,119
Net income (loss)	**$51,556**	$63,293	$50,265	($147,494)	$41,860	$33,134	$101,912	$363,419
FFO	**$41,197**	$39,604	$35,253	$37,258	$41,877	$39,400	$34,241	$36,393
FFO per unit – diluted	**$0.34**	$0.32	$0.28	$0.30	$0.34	$0.32	$0.28	$0.29
AFFO	**$35,524**	$33,720	$29,568	$31,672	$36,152	$33,576	$28,482	$30,579
AFFO per unit – diluted	**$0.29**	$0.27	$0.24	$0.25	$0.29	$0.27	$0.23	$0.25
Weighted average units – diluted (000s)	**122,484**	124,794	125,257	125,070	124,745	124,396	123,967	123,600

(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.

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.

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 2 to the condensed consolidated interim financial statements for the three and nine months ended September 30, 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 4 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 unit-based compensation.

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 September 30, 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

Subsequent to September 30, 2026, and up to October 31, 2026, Killam repurchased 434,060 Trust Units for cancellation under its NCIB at a weighted average purchase price of $17.29 per Trust Unit.

On October 9, 2026, Killam entered into a purchase and sale agreement to sell 3,021 MHC sites for gross proceeds of $93.8 million. The sale is expected to close in early 2027.

On October 16, 2026, Killam announced a distribution of $0.06 per unit, payable on November 16, 2026, to unitholders of record on October 30, 2026.

Condensed Consolidated Interim Statements of Financial Position

In thousands of Canadian dollars, [unaudited]

	Note	September 30, 2026	December 31, 2025
ASSETS			
Non-current assets			
Investment properties	[4]	**$5,522,688**	$5,449,016
Property and equipment		**8,386**	8,915
Other non-current assets	[7]	**6,689**	9,342
		$5,537,763	$5,467,273
Current assets			
Cash and cash equivalents	[7]	**$7,016**	$9,876
Rent and other receivables		**10,964**	8,696
Other current assets	[7]	**30,489**	21,458
		48,469	40,030
Assets held for sale	[5]	**50,000**	—
TOTAL ASSETS		**$5,636,232**	$5,507,303
EQUITY AND LIABILITIES			
Unitholders' equity	[13]	**$3,101,107**	$3,063,647
Total equity		**$3,101,107**	$3,063,647
Non-current liabilities			
Mortgages and loans payable	[8]	**$2,060,912**	$1,859,629
Lease liabilities		**15,562**	16,094
Deferred unit-based compensation	[15]	**6,258**	6,940
		$2,082,732	$1,882,663
Current liabilities			
Mortgages and loans payable	[8]	**$282,324**	$356,963
Credit facilities	[9]	**39,789**	74,754
Construction loans	[10]	**23,056**	10,340
Accounts payable and accrued liabilities	[11]	**59,224**	63,783
Exchangeable Units	[12]	**48,000**	55,153
		452,393	560,993
Total liabilities		**$2,535,125**	$2,443,656
TOTAL EQUITY AND LIABILITIES		**$5,636,232**	$5,507,303
Commitments and contingencies	[23]		
Financial guarantees	[24]		

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 September 30, 2026	2025	Nine months ended September 30, 2026	2025
Property revenue	[16]	**$100,835**	$98,473	**$296,671**	$287,142
Property operating expenses					
Operating expenses		**(14,671)**	(14,180)	**(42,933)**	(41,222)
Utility and fuel expenses		**(5,553)**	(5,384)	**(21,532)**	(22,298)
Property taxes		**(11,285)**	(11,124)	**(33,748)**	(32,766)
		(31,509)	(30,688)	**(98,213)**	(96,286)
Net operating income		**$69,326**	$67,785	**$198,458**	$190,856
Other income		**550**	525	**1,369**	1,780
Financing costs	[17]	**(23,711)**	(21,680)	**(68,663)**	(62,121)
Depreciation		**(260)**	(265)	**(793)**	(802)
Administration		**(5,315)**	(5,193)	**(16,140)**	(16,438)
Fair value adjustment on unit-based compensation	[15]	**(802)**	750	**58**	(59)
Fair value adjustment on Exchangeable Units	[12]	**2,938**	5,515	**(3,625)**	(3,204)
Fair value adjustment on investment properties	[4]	**9,953**	(4,793)	**55,622**	69,205
Loss on disposition		**(1,123)**	(784)	**(1,175)**	(2,310)
Net income and comprehensive income		**$51,556**	$41,860	**$165,111**	$176,907

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]

Nine months ended September 30, 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	[13]	**10,778**	**—**	**10,778**
Distribution reinvestment plan	[13]	**7,512**	**—**	**7,512**
Deferred unit-based compensation	[13]	**2,085**	**—**	**2,085**
Repurchased through normal course issuer bid	[13]	**(52,754)**	**(29,837)**	**(82,591)**
Net income and comprehensive income	[13]	**—**	**165,111**	**165,111**
Distributions declared and paid	[14]	**—**	**(58,343)**	**(58,343)**
Distributions payable	[14]	**—**	**(7,092)**	**(7,092)**
As at September 30, 2026		**$1,401,714**	**$1,699,393**	**$3,101,107**

Nine months ended September 30, 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
Units issued on exchange of Exchangeable Units		9,428	—	—	9,428
Distribution reinvestment plan	[13]	19,003	—	—	19,003
Deferred unit-based compensation	[13]	649	—	—	649
Repurchased through normal course issuer bid	[13]	(362)	(139)	—	(501)
Net income and comprehensive income	[13]	—	—	176,907	176,907
Distributions declared and paid	[14]	—	—	(58,317)	(58,317)
Distributions payable	[14]	—	—	(7,331)	(7,331)
As at September 30, 2025		$1,430,178	$469	$1,799,143	$3,229,790

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 September 30, 2026	Three months ended September 30, 2025	Nine months ended September 30, 2026	Nine months ended September 30, 2025
OPERATING ACTIVITIES					
Net income		**$51,556**	$41,860	**$165,111**	$176,907
Add (deduct) items not affecting cash					
Fair value adjustments		**(12,089)**	(1,472)	**(52,055)**	(65,942)
Depreciation		**260**	265	**793**	802
Amortization of deferred financing costs		**1,345**	1,065	**3,382**	3,114
Non-cash compensation expense		**924**	839	**2,756**	2,817
Amortization of fair value adjustments on assumed mortgages		**37**	(47)	**90**	66
Interest expense on lease liability		**159**	126	**485**	374
Loss on disposition		**1,123**	784	**1,175**	2,310
Straight-line rent		**(48)**	(9)	**(98)**	(71)
Net change in non-cash operating activities	[19]	**8,080**	(5,835)	**(16,408)**	(26,373)
Cash provided by operating activities		**$51,347**	$37,576	**$105,231**	$94,004
FINANCING ACTIVITIES					
Deferred financing costs paid		**(1,626)**	(629)	**(11,839)**	(7,557)
Trust Units repurchased through normal course issuer bid		**(43,232)**	—	**(81,154)**	(501)
Cash paid on redemption of Restricted Trust Units		**(270)**	(2)	**(1,571)**	(885)
Cash paid on lease liabilities		**(337)**	(275)	**(1,010)**	(827)
Mortgage financing		**56,881**	26,551	**349,082**	209,772
Mortgages repaid		**(27,512)**	(19,515)	**(154,279)**	(146,752)
Mortgage principal repayments		**(16,524)**	(16,872)	**(49,975)**	(50,596)
Credit facility (repayments) proceeds		**(10,301)**	29,856	**(34,965)**	12,533
Proceeds from construction loans		**4,267**	20,923	**12,716**	33,398
Distributions to Unitholders		**(21,558)**	(15,706)	**(58,201)**	(46,570)
Cash (used in) provided by financing activities		**($60,212)**	$24,331	**($31,196)**	$2,015
INVESTING ACTIVITIES					
Change in restricted cash		**391**	(202)	**88**	(62)
Acquisition of investment properties, net of debt assumed		**—**	(75,580)	**(29,380)**	(75,580)
Proceeds on disposition of investment properties and assets held for sale, net of transaction costs		**39,564**	58,605	**39,564**	80,843
Proceeds on disposition of property and equipment		**—**	—	**34**	4
Repayment on loan receivable		**125**	500	**1,825**	2,293
Development of investment properties		**(7,646)**	(20,430)	**(31,405)**	(54,470)
Capital expenditures		**(26,179)**	(26,210)	**(57,621)**	(52,842)
Cash provided by (used in) investing activities		**$6,255**	($63,317)	**($76,895)**	($99,814)
Net decrease in cash		**(2,610)**	(1,410)	**(2,860)**	(3,795)
Cash and cash equivalents, beginning of period		**9,626**	10,826	**9,876**	13,211
Cash and cash equivalents, end of period		**$7,016**	$9,416	**$7,016**	$9,416

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 and nine months ended September 30, 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 and nine months ended September 30, 2026, were authorized for issue in accordance with a resolution of the Board of Trustees of Killam on November 4, 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 and nine months ended September 30, 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 September 30, 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.

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 September 30, 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	**80,355**	**(11,831)**	**(10,259)**	**(2,643)**	**—**	**55,622**
Acquisitions	**30,182**	**—**	**—**	**—**	**—**	**30,182**
Dispositions	**—**	**(50,233)**	**—**	**—**	**—**	**(50,233)**
Capital expenditures	**47,769**	**2,275**	**6,591**	**25,956**	**3,690**	**86,281**
Transfer from IPUC to investment properties [1]	**51,339**	**—**	**—**	**(51,339)**	**—**	**—**
Transfer to assets held for sale	**—**	**(50,000)**	**—**	**—**	**—**	**(50,000)**
Interest capitalized	**—**	**—**	**61**	**718**	**1,041**	**1,820**
Balance, end of period	**$5,099,963**	**$132,036**	**$171,671**	**$40,574**	**$78,444**	**$5,522,688**

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 [2]	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) Brightwood, a 128-unit development substantially completed in June 2026, was transferred from investment property under construction (IPUC) to investment properties.
(2) The Carrick, a 139-unit development substantially completed in July 2025, was transferred from IPUC to investment properties.

4. Investment Properties (continued)

During the nine months ended September 30, 2026, Killam acquired the following property:

Property	Location	Acquisition Date	Ownership Interest	Property Type	Units	Purchase Price [1]
211 Willett St	Halifax, NS	26-Jan-26	100%	Apartment	109	**$29,600**
Total Acquisitions					**109**	**$29,600**

(1) Purchase price does not include transaction costs.

During the nine months ended September 30, 2026, Killam completed the following disposition:

Property	Location	Disposition Date	Ownership Interest	Property Type	Units/ Sites	Sale Price	Net Cash Proceeds [1]
Ontario MHC Portfolio [2]	Ontario	04-Aug-26	100%	MHC	746	**$50,490**	**$40,300**
Total Dispositions					**746**	**$50,490**	**$40,300**

(1) Net cash proceeds do not include transaction costs.
(2) In addition, two MHC homes were sold for $0.4 million.

During the three and nine months ended September 30, 2026, Killam capitalized salaries of $2.1 million and $6.2 million (three and nine months ended September 30, 2025 – $2.0 million and $6.1 million) as part of its project improvement, suite renovation and development programs. For the three months ended September 30, 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 3.67% (September 30, 2025 – 3.60%). Interest costs associated with development-specific loans were capitalized to the respective developments using the actual borrowing rate associated with the loan.

Investment properties with a fair value of $5.2 billion as at September 30, 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 capitalization rates (cap rates) in the range of 4.25% to 6.30%, applied to a stabilized net operating income (SNOI) of $241.8 million (December 31, 2025 – 4.25% to 6.20% and $232.9 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 95.5% 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 7.75%, applied to a SNOI of $11.6 million (December 31, 2025 – 5.50% to 6.75% and $14.3 million), resulting in an overall weighted average effective cap rate of 6.37% (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 cap 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 7.44% (December 31, 2025 – 7.49%), and the weighted average terminal cap rate was 6.69% (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:

	September 30, 2026			December 31, 2025		
	Low	**High**	**Effective Weighted Average**	Low	High	Effective Weighted Average
Apartments	**4.25%**	**6.30%**	**4.76%**	4.25%	6.20%	4.76%
MHCs	**5.50%**	**7.75%**	**6.37%**	5.50%	6.75%	6.02%

4. Investment Properties (continued)

Fair Value Sensitivity

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

		Change in SNOI [1]				
		(2.00)%	**(1.00)%**	**—%**	**1.00%**	**2.00%**
Change in Capitalization Rate	**(0.50)%**	$503,174	$563,570	$623,967	$684,363	$744,759
	(0.25)%	180,707	237,813	294,919	352,024	409,130
	—%	(108,313)	(54,157)	—	54,157	108,313
	0.25%	(368,847)	(317,349)	(265,850)	(214,352)	(162,854)
	0.50%	(604,917)	(555,828)	(506,739)	(457,649)	(408,560)

(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 cap rate based on the SNOI of the properties.

5. Assets Held for Sale

As at September 30, 2026, nine MHCs totalling $50.0 million were classified as assets held for sale. Management had committed to a plan to sell the properties, and the sale is expected to close in the fourth quarter of 2026.

6. 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 September 30, 2026, the fair value of the investment properties subject to joint control was $249.9 million (December 31, 2025 – $242.1 million).

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

Cash and Cash Equivalents

As at September 30, 2026, Killam had $7.0 million (December 31, 2025 – $9.9 million) in cash and cash equivalents.

Other Current Assets

As at	**September 30, 2026**	December 31, 2025
Restricted cash	**$515**	$603
Deposits	**5,883**	3,483
Prepaid expenses	**15,835**	8,749
Inventory	**1,193**	1,272
Loans receivable	**7,063**	7,351
	$30,489	$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. Inventory consists of MHC home inventory intended for resale.

Other Current and Non-current Assets

As at September 30, 2026, other current assets included three vendor take-back (VTB) mortgages receivable totalling $7.1 million (December 31, 2025 – three VTB mortgages receivable totalling $7.4 million), and other non-current assets included three VTB mortgages receivable totalling $6.7 million (December 31, 2025 – five VTB mortgages receivable totalling $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 4.8% (December 31, 2025 – 5.1%).

8. Mortgages and Loans Payable

As at	**September 30, 2026**		December 31, 2025	
	Weighted Average Interest	**Debt Balance**	Weighted Average Interest	Debt Balance
Mortgages and loans payable				
Fixed rate	**3.65%**	**$2,343,236**	3.58%	$2,216,592
Total		**$2,343,236**		$2,216,592
Current		**282,324**		356,963
Non-current		**2,060,912**		1,859,629
		$2,343,236		$2,216,592

Mortgages have a first or second charge on the properties of Killam. As at September 30, 2026, unamortized deferred financing costs of $61.4 million (December 31, 2025 – $52.9 million) and mark-to-market adjustments on mortgages assumed on acquisitions of $nil (December 31, 2025 – $0.1 million) are netted against mortgages and loans payable.

As at September 30, 2026, Killam had two interest-only loans totalling $109.3 million (December 31, 2025 – one loan totalling $62.4 million). The loans are classified within non-current mortgages and loans payable, and bear interest-only payments until the properties reach 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 September 30 are as follows:

	Principal Amount	**% of Total Principal**
2027	$282,324	11.7%
2028	436,646	18.2%
2029	387,243	16.1%
2030	375,466	15.6%
2031	457,087	19.0%
Subsequent to 2031	465,858	19.4%
	$2,404,624	100.0%
Unamortized deferred financing costs	(61,400)	
Unamortized mark-to-market adjustments	12	
	$2,343,236	

9. Credit Facilities

As at September 30, 2026, Killam had access to three credit facilities with credit limits of $155.0 million ($175.0 million with the accordion feature), $50.0 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 $50.0 million demand revolver and a $105.0 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 September 30, 2026.

As at September 30, 2026	**Maximum Loan Amount**	**Amount Drawn**	**Letters of Credit**	**Amount Available**
$155.0 million facility [(1)(2)]	**$155,000**	**$30,000**	**$—**	**$125,000**
$50.0 million facility [(2)]	**50,000**	**9,789**	**1,325**	**38,886**
$22.5 million facility [(2)]	**22,500**	**—**	**—**	**22,500**
Total	**$227,500**	**$39,789**	**$1,325**	**$186,386**

As at December 31, 2025	Maximum Loan Amount	Amount Drawn	Letters of Credit	Amount Available
$155.0 million facility [(1)(2)]	$155,000	$60,000	$—	$95,000
$25.0 million facility [(3)]	25,000	14,754	1,673	8,573
Total	$180,000	$74,754	$1,673	$103,573

(1) The credit agreement includes a $20.0 million accordion option, over and above the $155.0 million.
(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 225 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.

10. Construction Loans

As at September 30, 2026, Killam had access to two variable-rate construction loans totalling $37.6 million (December 31, 2025 – $26.2 million), of which $23.1 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 September 30, 2026, was 4.04% (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 and Housing Corporation (CMHC)-insured mortgage financing.

11. Accounts Payable and Accrued Liabilities

As at	**September 30, 2026**	December 31, 2025
Accounts payable and other accrued liabilities	**$29,562**	$35,161
Distributions payable	**7,257**	7,541
Mortgage interest payable	**6,886**	6,260
Security deposits	**15,519**	14,821
	$59,224	$63,783

12. 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	—	3,625
Balance, September 30, 2026	**2,746,007**	**$48,000**

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

13. Unitholders' Equity

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

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

Unitholders have the right to redeem their Units at the lesser of (i) 90% of the market price of the Trust Unit (market price is defined as the weighted average trading price of the previous 10 trading days) and (ii) the most recent closing market price (closing market price is defined as the weighted average trading price on the specified date) at the time of the redemption. The redemption price will be satisfied by cash, up to a limit of $50 thousand for all redemptions in a calendar month, or a note payable. For the nine months ended September 30, 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	444,039	7,512
Restricted Trust Units redeemed	140,955	2,085
Repurchased through normal course issuer bid	(4,455,454)	(52,754)
Balance, September 30, 2026	**118,204,794**	**$1,401,714**

Effective April 2026, Killam suspended its distribution reinvestment plan until further notice.

Normal Course Issuer Bid (NCIB)

In June 2026, Killam received the Toronto Stock Exchange (TSX)'s acceptance of its notice of intention to proceed with an NCIB for its Trust Units, following expiry of the previous NCIB on July 2, 2026. Pursuant to the notice, Killam is permitted to acquire up to 11,894,721 Trust Units commencing on July 3, 2026, and ending on July 2, 2027. 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 96,845 Trust Units, other than block purchase exemptions. Any Trust Units acquired under the NCIB will be cancelled.

On July 3, 2026, 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 nine months ended September 30, 2026, 4,455,454 Trust Units were purchased for cancellation under Killam's current and previous NCIB programs at a weighted average purchase price of $18.21 per unit (nine months ended September 30, 2025 – 30,848 Trust Units at $16.21 per unit).

14. Distributions

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

For the three and nine months ended September 30, 2026, the distributions declared related to the Trust Units were $21.4 million and $65.4 million (three and nine months ended September 30, 2025 – $22.0 million and $65.6 million). For the three and nine months ended September 30, 2026, distributions declared related to the Exchangeable Units were $0.5 million and $1.5 million (three and nine months ended September 30, 2025 – $0.6 million and $1.9 million). The distributions on the Exchangeable Units are recorded in financing costs.

15. Deferred Unit-based Compensation

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

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

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

The RTUs are considered a financial liability because there is a contractual obligation for the Trust to deliver Trust Units (which are accounted for as liabilities, but presented as equity instruments under IAS 32) upon conversion of the RTUs. The RTUs are measured at fair value with changes flowing through the condensed consolidated interim statements of income and comprehensive income. The fair value of the vested RTUs as at September 30, 2026, is $6.3 million, which includes $1.8 million related to RTUs subject to performance conditions (December 31, 2025 – $6.9 million and $1.8 million). For the three and nine months ended September 30, 2026, compensation expense of $0.9 million and $2.8 million (three and nine months ended September 30, 2025 – $0.8 million and $2.8 million) has been recognized in respect of the RTUs.

The details of the RTUs issued are shown below:

	Nine months ended September 30, 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	**241,783**	**17.61**	247,611	16.80
Redeemed	**(233,624)**	**17.13**	(105,084)	16.59
Forfeited	**(23,896)**	**16.52**	(21,058)	16.88
Additional Restricted Trust Unit distributions	**21,963**	**17.56**	26,627	17.42
Outstanding, end of period	**679,029**	**$18.85**	672,803	$18.66

16. Revenue

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2026	2025	**2026**	2025
Rental revenue [1]	**$75,779**	$73,677	**$222,953**	$214,839
Property expense recoveries	**20,473**	20,581	**60,235**	60,013
Ancillary revenue [2]	**4,583**	4,215	**13,483**	12,290
	$100,835	$98,473	**$296,671**	$287,142

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

17. Financing Costs

	Three months ended September 30,		**Nine months ended September 30,**	
	2026	2025	**2026**	2025
Mortgage, loan and construction loan interest	**$21,737**	$19,873	**$63,318**	$57,167
Interest on credit facilities	**499**	826	**1,725**	2,073
Interest on Exchangeable Units	**494**	605	**1,483**	1,945
Amortization of deferred financing costs	**1,345**	1,065	**3,382**	3,114
Amortization of fair value adjustments on assumed mortgages	**37**	(47)	**90**	66
Interest on lease liabilities	**159**	126	**485**	374
Capitalized interest	**(560)**	(768)	**(1,820)**	(2,618)
	$23,711	$21,680	**$68,663**	$62,121

18. 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 September 30, 2026	**Apartments**	**MHCs**	**Commercial**	**Total**
Property revenue	**$88,778**	**$7,217**	**$4,840**	**$100,835**
Property operating expenses	**(27,438)**	**(2,075)**	**(1,996)**	**(31,509)**
Net operating income	**$61,340**	**$5,142**	**$2,844**	**$69,326**

Three months ended September 30, 2025	Apartments	MHCs	Commercial	Total
Property revenue	$85,030	$7,780	$5,663	$98,473
Property operating expenses	(26,124)	(2,359)	(2,205)	(30,688)
Net operating income	$58,906	$5,421	$3,458	$67,785

Nine months ended September 30, 2026	**Apartments**	**MHCs**	**Commercial**	**Total**
Property revenue	**$263,699**	**$17,548**	**$15,424**	**$296,671**
Property operating expenses	**(85,813)**	**(5,626)**	**(6,774)**	**(98,213)**
Net operating income	**$177,886**	**$11,922**	**$8,650**	**$198,458**

Nine months ended September 30, 2025	Apartments	MHCs	Commercial	Total
Property revenue	$252,418	$17,773	$16,951	$287,142
Property operating expenses	(83,429)	(5,893)	(6,964)	(96,286)
Net operating income	$168,989	$11,880	$9,987	$190,856

Selected statement of financial position items [(1)]

As at September 30, 2026	**Apartments**	**MHCs**	**Commercial**	**Total**
Investment properties	**$5,218,981**	**$132,036**	**$171,671**	**$5,522,688**
Mortgages and loans payable/construction loans	**$2,266,475**	**$61,968**	**$37,849**	**$2,366,292**

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.

19. Supplemental Cash Flow Information

	Three months ended September 30,		**Nine months ended September 30,**	
	2026	2025	**2026**	2025
Interest paid (financing activities)				
Interest paid on mortgages payable and other	**$21,429**	$20,195	**$62,630**	$57,633
Interest paid on credit facilities	**499**	826	**1,726**	2,073
	$21,928	$21,021	**$64,356**	$59,706
Net change in non-cash operating assets and liabilities				
Rent and other receivables	**($1,088)**	($17)	**($2,268)**	($719)
Other current assets	**5,348**	3,249	**(9,581)**	(9,875)
Accounts payable and other liabilities	**3,820**	(9,067)	**(4,559)**	(15,779)
	$8,080	($5,835)	**($16,408)**	($26,373)

20. 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 September 30, 2026, and December 31, 2025, are as follows:

As at	**September 30, 2026**		December 31, 2025	
Classification	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial liabilities carried at amortized cost:				
Mortgages and loans payable	**$2,343,236**	**$2,353,692**	$2,216,592	$2,263,919
Financial liabilities carried at fair value through profit or loss:				
Exchangeable Units	**$48,000**	**$48,000**	$55,153	$55,153
Deferred unit-based compensation	**$6,258**	**$6,258**	$6,940	$6,940

20. 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 3.7 years, plus an adequate credit spread, and were as follows:

As at	**September 30, 2026**	December 31, 2025
Mortgages - Apartments	**4.38%**	3.62%
Mortgages - MHCs	**5.28%**	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	**September 30, 2026**			December 31, 2025		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets						
Investment properties	**—**	**—**	**$5,522,688**	—	—	$5,449,016
Assets held for sale	**—**	**—**	**50,000**	—	—	—
Liabilities						
Exchangeable Units	**—**	**$48,000**	**—**	—	$55,153	—
Deferred unit-based compensation	**—**	**$5,808**	**$450**	—	$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 and nine months ended September 30, 2026.

21. 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 September 30, 2026, Killam had $62.9 million of variable-rate debt outstanding (December 31, 2025 – $85.1 million), consisting of $23.1 million in construction loans and $39.8 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 $0.6 million.

Killam also has $225.6 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 $2.3 million.

21. 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 nine months ended September 30, 2026, Killam refinanced $192.5 million of maturing apartment mortgages with new mortgages totalling $321.6 million, generating net proceeds of $129.1 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 September 30,	**Mortgages and Loans Payable**	**Construction Loans**	**Credit Facilities**	**Lease Liabilities**	**Total**
2027	$282,324	$23,056	$39,789	$752	$345,921
2028	436,646	—	—	712	437,358
2029	387,243	—	—	117	387,360
2030	375,466	—	—	92	375,558
2031	457,087	—	—	103	457,190
Thereafter	465,858	—	—	14,492	480,350
	$2,404,624	$23,056	$39,789	$16,268	$2,483,737
Unamortized deferred financing costs	(61,400)				
Unamortized mark-to-market adjustments	12				
	$2,343,236	$23,056	$39,789	$16,268	$2,422,349

(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 September 30, 2026, or December 31, 2025.

22. 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	September 30, 2026	December 31, 2025
Mortgages and loans payable	**$2,343,236**	$2,216,592
Credit facilities	**39,789**	74,754
Construction loans	**23,056**	10,340
Total interest-bearing debt	**$2,406,081**	$2,301,686
Total assets [(1)]	**$5,620,295**	$5,490,962
Total debt as a percentage of total assets	**42.8%**	41.9%

(1) Excludes right-of-use assets of $15.9 million as at September 30, 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)%	$6,146,655	$6,244,262	38.5%	(430)
(0.25)%	$5,817,607	$5,915,214	40.7%	(210)
—%	$5,522,688	$5,620,295	42.8%	—
0.25%	$5,256,838	$5,354,445	44.9%	210
0.50%	$5,015,949	$5,113,557	47.1%	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 cap 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]

23. 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
Alberta	Electricity	30%	January 1, 2027 – December 31, 2027	$50.50/MWh
Alberta	Electricity	20%	January 1, 2027 – December 31, 2028	$58.00/MWh
Alberta	Gas	25%	November 1, 2026 – March 31, 2027	$2.29/GJ
Ontario	Gas	25%	April 1, 2026 – October 31, 2026	$4.04/GJ
Ontario	Gas	25%	November 1, 2026 – March 31, 2027	$4.39/GJ

24. Financial Guarantees

Killam is the guarantor on a joint and several basis for certain mortgage debt held through its joint operations. As at September 30, 2026, the maximum potential obligation resulting from these guarantees is $76.3 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 September 30, 2026, determined that a provision is not required to be recognized in the condensed consolidated interim statements of financial position (December 31, 2025 – $nil).

25. Subsequent Events

Subsequent to September 30, 2026, and up to October 31, 2026, Killam repurchased 434,060 Trust Units for cancellation under its NCIB at a weighted average purchase price of $17.29 per Trust Unit.

On October 9, 2026, Killam entered into a purchase and sale agreement to sell 3,021 MHC sites for gross proceeds of $93.8 million. The sale is expected to close in early 2027.

On October 16, 2026, Killam announced a distribution of $0.06 per unit, payable on November 16, 2026, to unitholders of record on October 30, 2026.



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