



# REIT Q4 2020 Investor Newsletter

March 17, 2021

## Message from Management

As AIE REIT reflects on the past year, we continue to see mostly stabilized operations after the uncertainty caused by the COVID-19 pandemic. Interest in residential apartments remains strong, even though there are fewer turnovers than previous years. There has been a noticeable uptick in commercial tenancy enquiries. Management is confident in the processes that were put in place to deal with COVID-19 and remains vigilant as we head into the next phase of the pandemic.

Management is pleased to present our audited financial statements for the year, which are included in this newsletter. AIE REIT grew its net operating income to \$2.0M up from \$1.6M the year before. Combined with an increase in demand for similar properties in our markets (which has a positive impact on the appraisal metrics), Management and our auditors recognised a revaluation gain of \$4M. After \$11M in new acquisitions and almost \$1M in continued investment in our existing properties, AIE REIT's Investment Properties increased from \$78M to \$94M. The new year started strong with the acquisition of two properties in Campbell River, for a total 58 additional units. AIE REIT is also embarking on an infill development project on one of its existing residential properties.

Management continues to believe in the fundamentals of investing in Vancouver Island and is focussing on growing the portfolio by taking advantage of low interest rates and our operational efficiencies in our core markets. **If you are aware of a larger real estate acquisition opportunity in the Duncan to Campbell River region – let us know.**

## Portfolio Overview - December 31, 2020

- Residential vacancy was effectively 0% for the last three months.
- Commercial vacancy was at 10.8% but dropped to 8.6% in March 2021 due to the a new long-term tenancy that commenced March 1st.

## Capital and Acquisition Update

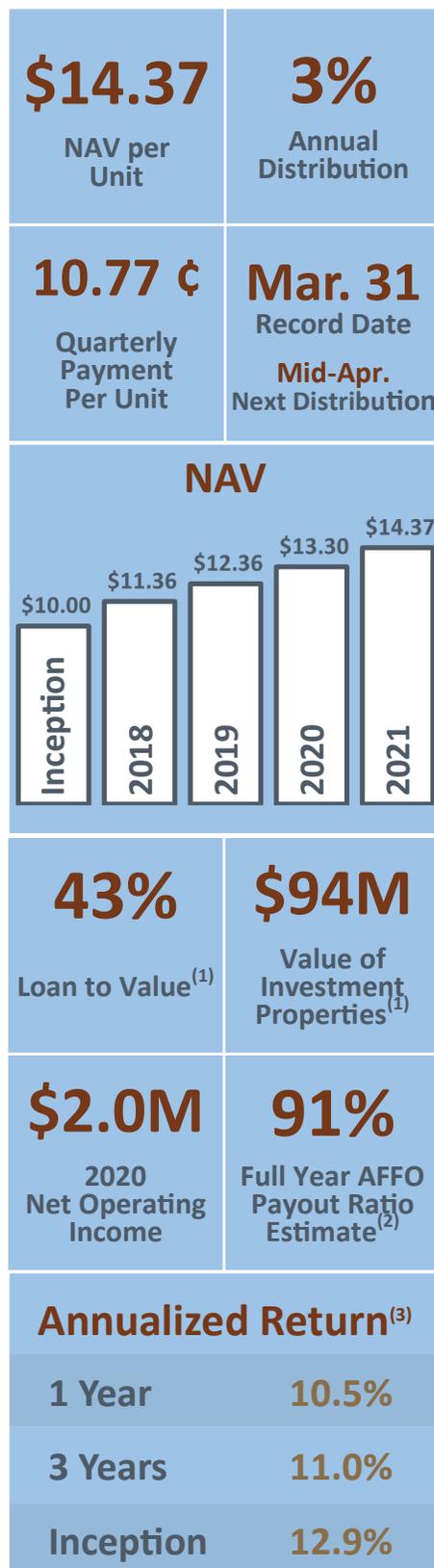
- Management closed a \$4.3M CMHC financing with National Bank in February at a 10-year fixed rate of 1.95%.
- Our current cash balance is at \$2.5M, after completing two acquisitions so far in 2021:
  - \* \$7.8M 48-unit multi-family building in Campbell River
  - \* \$1.8M 11-unit multi-family building in Campbell River
- Additional cash will be raised through debt and equity markets, allowing for further expansion through accretive purchases.

## February Rent Collection

- Less than 1% of residential rents are outstanding due to late payments and/or COVID-19 related deferrals.
- Rent was received for 16 of 17 commercial tenants in February.

## Unitholder Distributions

- A quarterly distribution of 9.975 cents per Unit was made in December.
- The next quarterly distribution is expected to be made in April, for unitholders on record on March 31, 2021.



## About All Island Equity REIT

AIE REIT is a diversified real estate investment trust with the primary mandate of owning income producing properties on Vancouver Island with \$94 million of assets in the Comox Valley and Campbell River. The portfolio consists of 405 apartment units and 66,953 square feet of commercial space.

The REIT is a tax-efficient investment vehicle that aims to pay a steady stream of distributions primarily generated through rental income on stabilized real estate assets. In addition to distributions, the value of REIT units is directly linked to the underlying value of the portfolio, which is independently appraised annually.

To contact us and find out more visit: <http://allislandequityreit.com/>

## Glossary of Terms

**Available Funds from Operation (AFFO):** Net Operating Income less General and Administrative Expenses, Net Interest, and Maintenance Capital Expenditure.

**AFFO Payout Ratio:** Estimated full year AFFO as a percentage of estimated full year distributions made to unitholders.

**Inception:** AIE REIT was established in May 2017 with the acquisition of a \$65 million portfolio in the Comox Valley, excluding two commercial properties that were sold shortly after completion.

**Loan to value (LTV):** Aggregate of mortgage balances, net of financing fees, plus outstanding line of credit, divided by carrying value of investment properties, based on IFRS accounting standards.

**Management:** Management of All Island Equity REIT.

**Net Asset Value (NAV):** Aggregate value of the trust Property, less the aggregate value of the trust's liabilities, subject to valuation rules set and estimates made by the trust from time to time.

**Trust or AIE REIT:** All Island Equity REIT, a Real Estate Investment Trust.

## Investment Property Value (millions)



26 26 26 28 33  
Property Count

## Portfolio (millions)

Residential | Commercial



(1) As of December 31, 2020.

(2) AFFO Payout ratio is a non-IFRS measure used to evaluate the Trust's ability to cover its distributions.

(3) An annualized return based on a single unit investment in the AIE REIT, inclusive of unit price changes and distributions.

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