

Acquisition Update



CURRENT ACQUISITION PIPELINE

All Island Equity REIT Limited Partnership (“AIE REIT LP”), and indirectly All Island Equity REIT (“AIE REIT”), is scheduled to close on several acquisition opportunities in the fall of 2021 and is in the process of negotiating several other acquisition opportunities.

By the end of 2021, AIE REIT LP will have 123 apartment units in Comox, 253 apartment units in Courtenay, 125 apartment units in Campbell River, and over 58,000 square feet of leasable commercial space.

An exciting aspect of the current acquisition pipeline is that AIE REIT LP has properties under contract in an additional three communities, including Victoria, Kelowna, and Penticton.

VICTORIA PORTFOLIO



AIE REIT LP entered into a purchase and sale agreement dated June 25, 2021 to acquire the freehold interest of a 307-unit multi-family apartment portfolio comprising five buildings located in downtown Victoria for a purchase price of \$32,000,000, plus closing costs. The total BC Assessments value of this portfolio is \$69,391,000, split \$36,463,000 and \$32,928,000 between land and buildings, respectively. AIE REIT LP has removed conditions on four of the properties and is completing due diligence investigations on the fifth building.

VICTORIA PORTFOLIO CONTINUED

The properties are located in high value locations in Victoria as illustrated on the map on page 5.

One building containing 31 units is a standard rental apartment. Each of the remaining four buildings (containing a total of 276 units) have prepaid long-term leases registered on title between the registered owner and a company related to the registered owner (the “Long-Term Leases” and each referred to as a “Long-Term Lease”). Each of the Long-Term Leases expires on December 31, 2073 with all interest in the lands and buildings reverting back to the registered owner upon expiration.



The Long-Term Leases in respect of 189 units have been assigned to individual third parties for the balance of the term. Accordingly, such individual third parties have the right to occupy their respective units until December 31, 2073, paying a proportionate share of operating expenses and capital expenditures, but otherwise without payment of rent. The Long-Term Leases in respect of the other 87 units in these four buildings have not been assigned and are rented to tenants who pay rent in the same manner as a standard rental apartment. Companies controlled by AIE REIT LP will become the lessee and lessor of the Long-Term Lease for each building on closing.



The portfolio of properties is made up of a mixture of Studio, 1-bed, 2-bed, and 3-bed apartments, with a large majority being 1- and 2-bed apartments. The in-place rents range from 18 - 23% below market rents.

The breakdown of suites is as follows:

- Studio = 8
- 1-bed = 216
- 2-bed = 82
- 3-bed = 1

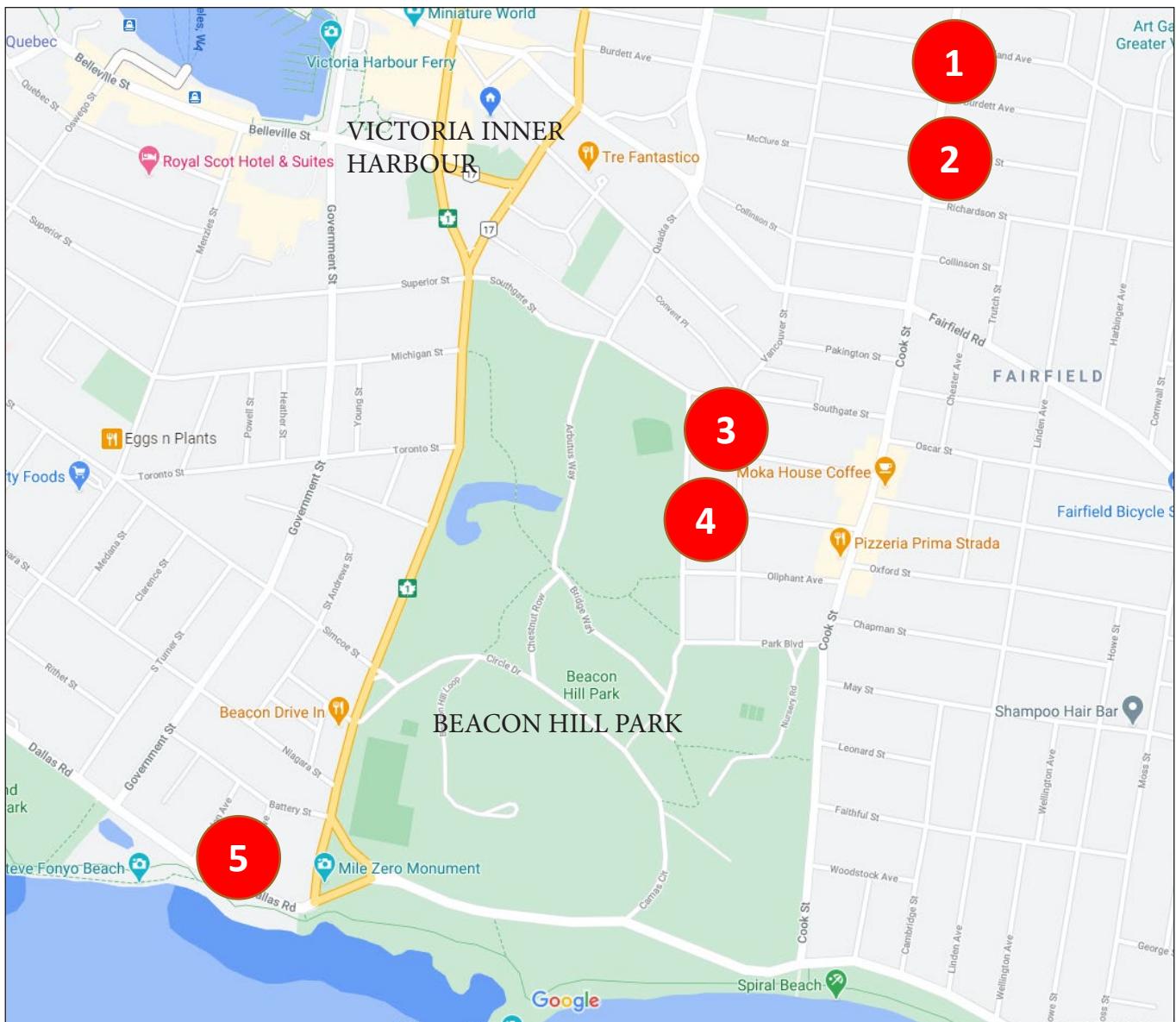
VICTORIA PORTFOLIO CONTINUED



AIE REIT LP expects to use cash on hand together with mortgage and other financing to complete the acquisition. A CMHC-backed mortgage of approximately \$5,100,000 is expected on the rental apartment. Conventional financing of approximately \$12,300,000 is expected on the leasehold properties. An estimated \$16,000,000 in equity is required to complete the acquisition. Closing is scheduled for mid-November 2021.



VICTORIA PORTFOLIO CONTINUED



1. FIRWOOD APARTMENTS - 915 COOK STREET
2. EL MIRADOR - 777 COOK STREET
3. EDGEMONT VILLA - 909 PENDERGAST STREET
4. VILLA ROYALE - 964 HEYWOOD AVENUE
5. OCEAN VILLA - 20 OLYMPIA AVENUE

OCEANVIEW APARTMENTS - CAMPBELL RIVER



AIE REIT LP entered into an agreement of purchase and sale dated July 23, 2021 with a vendor of a 13-unit multi-family rental apartment building located at 490 9th Avenue, Campbell River for a purchase price of \$2,125,000, plus closing costs. AIE REIT LP has removed conditions on the property. The property will be pooled with other unencumbered properties in Campbell River as part of a CMHC-backed mortgage application. AIE REIT LP will draw on the Vancity Line of Credit as a bridge facility until CMHC financing is obtained. Closing is expected in October 2021.



The purchase further adds to AIE REIT LP's growing portfolio in Campbell River. The apartment was managed by a resident owner and boasts spectacular ocean views.

The in-place rents are well below market. The average 1-bedroom rents are \$827 and the average 2-bedroom rents are \$936. Depending on renovation quality and amenities, market rents for the neighbourhood range from \$1,000 - \$1,350 for 1-beds and \$1,350 - \$1,825 for 2-beds.

THE PINES - COURtenay



AIE REIT LP entered into an agreement of purchase and sale dated May 4, 2021 with the vendor of a 33-unit multi-family rental apartment building located at 1055 10th Street, Courtenay for a purchase price of \$5,250,000, plus closing costs. Pursuant to the agreement of purchase and sale, conditions were removed on July 14, 2021. AIE REIT LP expects to use cash on hand together with amounts drawn on the Vancity Line of Credit to complete the acquisition. A CMHC-backed mortgage of \$2,800,000 is expected to be obtained on this property. The property will be pooled with other properties in the Comox Valley with mortgages close to maturity in a single mortgage application scheduled to close in December 2021. Total equity required to complete the acquisition is approximately \$2,500,000. Closing is expected to occur on or before October 15, 2021.

The purchase adds to AIE REIT LP's current portfolio in the Comox Valley. The apartment building is well maintained and a large majority of the tenants are seniors. Situated in central Courtenay, the property is two blocks from three of AIE REIT LP's existing properties.

The in-place rents are well below market. The average 1-bedroom rent at closing was \$826 and the average 2-bedroom rent at closing was \$893. Depending on renovation quality and amenities, market rents for the neighbourhood range from \$1,050 - \$1,395 for 1-beds and \$1,395 - \$1,695 for 2-beds.

UNDER DUE DILIGENCE - OKANAGAN PORTFOLIO



AIE REIT LP has entered into a purchase and sale agreement dated September 14, 2021 with the vendor of a 212-unit multi-family rental apartment portfolio comprising four rental buildings located in Kelowna and Penticton for a purchase price of \$45,000,000, plus closing costs.



UNDER DUE DILIGENCE - OKANAGAN PORTFOLIO CONTINUED



Although this purchase falls outside of the historical geographic area of AIE REIT, the Okanagan region shares similar investment characteristics with the Mid-Island Area. In addition, AIE REIT LP's property manager already manages properties in Kelowna on behalf of other owners. AIE REIT LP is still conducting its due diligence review of the portfolio. If conditions are removed, AIE REIT LP expects to complete the acquisition with cash on hand together with mortgage financing in the range of approximately \$27,000,000 to \$33,750,000, which would consist of a combination of bridge and CMHC-backed financing. An estimated \$16,000,000 to \$20,000,000 in equity would be required to complete the acquisition.



LEGAL DISCLAIMER

These materials are not to be distributed, reproduced or communicated to a third party without the express written consent of All Island Equity REIT. These materials should be read in conjunction with the Trust's Offering Memorandum dated March 15, 2021, and the Amendment to the Offering Memorandum dated August 18, 2021, including the risk factors identified therein. This acquisition update has been provided for general information purposes only and is not intended to be a solicitation to purchase Units of AIE REIT or advice regarding the suitability of the investment for specific investors. This acquisition update contains forward-looking statements. These statements relate to future events or the Trust's views or predictions of possible future performance, operations, acquisitions and strategy based on assumptions and expectations which may not prove to be accurate. Such forward-looking statements involve risks, uncertainties and other factors, including the impact, severity and duration, of COVID-19, which may cause actual results, performance or achievements of AIE REIT to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. For more information on these risks and uncertainties, you should refer to the Trust's most recent Offering Memorandum. Any opinions expressed herein are effective as at the date of this document letter. Management does not undertake to notify the reader of any subsequent change of circumstance or opinion unless required by law. Past results are not indicative of future performance. There is no assurance that the properties acquired by the Trust will perform as expected.