



REIT Q2 2021 Investor Newsletter

September 14, 2021

Message from Management

The positive momentum with which 2021 started has continued through Q2 and beyond. Both in terms of financial results, we are tracking ahead of budget and expect to end the year as such, and our acquisition targets.

In addition to the two purchases in Campbell River totalling \$9.6M for 59 additional units in Q1, we also have a robust pipeline of acquisition opportunities that we are either in the process of closing or conducting due diligence on. In addition to the newsletter and financial statements, Management has prepared an Acquisition Update to share more details on these opportunities. After completing its due diligence, Management opted not to release conditions on the potential Nanaimo purchase mentioned in the previous newsletter. One commercial building and two residential buildings were sold in Q2, all above their carrying value. The effect of these sales are not reflected in the financial statements at this time, but more details will be distributed to unitholders in the future.

To raise the capital required for these acquisitions Management is embarking on a roadshow with the help of our exclusive agent, Integral Wealth Securities. The roadshow is scheduled to occur through to October, with two tranches expected to close in mid-October and early November respectively.

Management continues to believe in the fundamentals of investing in Vancouver Island and is focusing 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 - June 30, 2021

- Residential vacancy was effectively 0% for the last three months.
- Commercial vacancy was at 8.2% as of June 30, 2021.

Capital Update

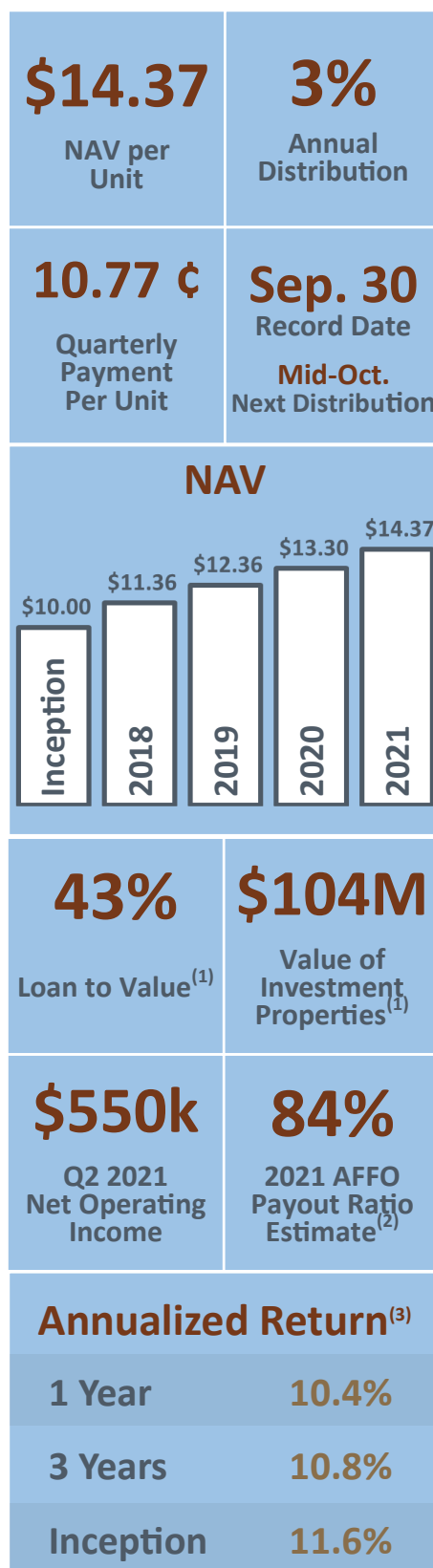
- AIE REIT completed a \$4.8M equity close on August 24, 2021.
- Mortgage financing will be raised for all new property purchases.
- Select mortgage that are coming due in 2022 are being accelerated to take advantage of interest rates, economies of scale, and to generate some additional capital to redeploy into the acquisition pipeline.

August Rent Collection

- Less than 1% of residential rents are outstanding due to late payments and/or COVID-19 related deferrals.
- Rent was received for 13 of 13 commercial tenants in August.

Unitholder Distributions

- A quarterly distribution of 10.77 cents per Unit was made in July.
- The next quarterly distribution is expected to be made in October, for unitholders on record on September 30, 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 \$104 million of assets in the Comox Valley and Campbell River. The portfolio consists of 463 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.

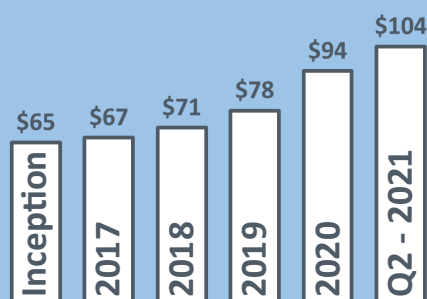
Trust or AIE REIT: All Island Equity REIT, a Real Estate Investment Trust.

- (1) As of June 30, 2021. Excludes property dispositions.
- (2) AFFO Payout ratio is a subjective 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.

Legal Disclaimers

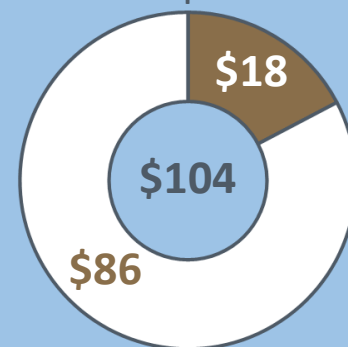
These materials are not to be distributed, reproduced or communicated to a third party without the express written consent of All Island Equity REIT. These materials should be read in conjunction with the Trust's Offering Memorandum dated March 15, 2021 and as amended on August 18, 2021, including the risk factors identified therein. This letter 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 letter 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 the 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. NAV and AFFO are not measures recognized under IFRS and does not have standardized meaning prescribed by IFRS. The Trust's calculation of NAV, AFFO, and Annualize Returns may differ from other REITs and may change from time to time.

Investment Property



Portfolio (millions)

Residential | Commercial



**Unaudited Income Statement - June 30, 2021**

	<i>Year to Date</i>
Total Operating Revenues	3,744,473
Expenses	
Utilities	255,634
Real Estate Taxes	368,724
Maintenance Expenses	238,889
Insurance	392,219
Site Staff Wages	236,602
Property Management Fees	101,539
Total Operating Expenses	1,593,607
Net operating income	2,150,866
Less General & Administrative	328,562
EBITDA	1,822,304
Less Mortgage Interest	666,706
Less Amortization - Financing Cost	88,194
Net Income	1,067,405

Unaudited Balance Sheet - June 30, 2021

Assets	
Current Assets	1,400,326
Cash and Cash Equivalents	10,408,107
Equipment	-
Properties	104,185,953
Total Assets	115,994,387
Liabilities	
Payables, Accruals and Prepaid Rent	515,205
Security Deposits Held	298,783
Vancity Line of Credit	(25)
Mortgages and Loans	44,978,130
Total Liabilities	45,792,093
Owner's Equity	
Net Investor Equity	69,135,538
Current Earnings	1,066,756
Total Equity	70,202,294
Total Liabilities & Equity	115,994,387