



ALL
ISLAND
EQUITY

REIT

UNITHOLDER LETTER

Mid Year Report 2024

Message from the CEO

Dear All Island Equity REIT Unitholders,

All Island Equity REIT (the Trust) is off to a successful start in 2024. The Trust's strategy allowed Management to capitalize on strong market fundamentals within the multifamily sector, driving positive operational and financial performance across the Trust's income-producing portfolio. As of June 2024, Class F DRIP unitholders were rewarded with an 8.55% trailing twelve-month total return.

Net Asset Value per Unit Update

As of June 20th, 2024, the Net Asset Value ("NAV") per Unit was **increased from \$17.12 to \$17.20**. With the increase in unit price, \$100,000 invested in Class F DRIP units since inception has a value of \$208,857 yielding an annualized return of 10.55%.

Investment Strategy

Board and Management ascribe to a conservative investment approach that is focused on providing a stable, passive investment with a targeted annual return between 8% and 12%. The Trust's primary investment region is Vancouver Island and Management intends to leverage its knowledge of the region to take advantage of opportunities to grow unitholder value.

Management's strategy is geared towards creating optionality in our core markets and establishing a clear path to achieving accretive value growth for our unitholders:

- **Distribution:** Unitholders receive an annual distribution of 3.5% of Unit value, payable quarterly.
- **Property Appreciation:** By growing rental revenue, reducing operating expenses, and creating operational efficiencies, Management targets 4.5% or more in annual return growth through property appreciation.
- **Property Repositioning and Strategic Partnerships:** By increasing property values through improvements to the properties such as rezoning to increase density, completing small infill developments to increase cash flow, and buying back lessee suites in our leasehold properties, Management targets 2.0% or more in annual return growth.

Since inception, Management has believed in the strength of our core markets and has committed to positively impacting these communities. As per the U-Haul Growth Index¹, British Columbia was second only to Alberta in one-way U-Haul transactions in 2023. The lifestyle communities that the Trust is based in make up four of the top ten growth cities in Canada (Kelowna - 4th, Courtenay - 5th, Penticton - 6th, and Campbell River - 8th), with Victoria included in the top twenty at 18th and named the most livable city in Canada by the Globe and Mail². The lifestyle benefits that our core communities provide continue to attract new residents and Management intends to play an important role in increasing the supply of quality rental housing and complimentary commercial space in these communities.

For the remainder of 2024, Management will seek to grow the Trust's footprint in its core markets, especially the Comox Valley where the Trust holds 47% of its portfolio³. Our expanding influence in our core markets will enhance our ability to control our own destiny, mitigate our reliance on the external real estate market, and yield consistent returns for our unitholders.

About All Island Equity REIT

AIE REIT is a diversified real estate investment trust with the primary mandate of owning income producing properties in British Columbia with over \$223 million of assets in Vancouver Island and the interior. The portfolio consists of 870 apartment units and 58,000 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: www.allislandequityreit.com

References

Class F DRIP Units: Unitholders receive distributions in the form of additional units through the Distribution Reinvestment Plan (DRIP). See Offering Memorandum dated April 8, 2024 for more details.

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.

Management: Management of All Island Equity REIT.

Net Asset Value (NAV): Aggregate value of the trust's properties 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 <https://www.uhaul.com/Articles/About/U-Haul-Announces-Top-Canadian-Migration-Cities-And-Provinces-Of-2023-30662/>

² <https://www.theglobeandmail.com/investing/article-canada-most-livable-city-victoria-bc/?login=true>

³ Based on Gross Asset Value under management as at December 31, 2024

Unaudited Income Statement

	Year to Date March 31, 2024
Total Operating Revenues	3,739,193
Expenses	
Utilities	282,784
Real Estate Taxes	282,978
Maintenance Expenses	355,616
Insurance	145,919
Site Staff Wages	227,779
Property Management Fees	282,684
Total Operating Expenses	<u>1,577,760</u>
Net operating income	2,161,433
Less General & Administrative	481,088
EBITDA	<u>1,680,345</u>
Less Mortgage Interest	(760,758)
Less Amortization - Financing Cost	(118,257)
Net Income	<u><u>801,330</u></u>

Unaudited Balance Sheet

	As At March 31, 2024
Assets	
Current Assets	2,520,527
Cash and Cash Equivalents	489,508
Properties	223,108,497
Total Assets	<u><u>226,118,532</u></u>
Liabilities	
Payables, Accruals and Prepaid Rent	2,018,557
Security Deposits Held	720,319
Vancity Line of Credit	1,274,977
Mortgages and Loans	103,148,925
Total Liabilities	<u><u>107,162,778</u></u>
Owner's Equity	
Net Investor Equity	118,154,424
Current Earnings	801,330
Total Equity	<u><u>118,955,754</u></u>
Total Liabilities & Equity	<u><u>226,118,532</u></u>

INVESTING IN LIFESTYLE COMMUNITIES

All Island Equity Real Estate Investment Trust (the "REIT"), through its investment in All Island Equity REIT LP, invests in multi-family residential and commercial real estate assets located in Canadian lifestyle communities. The REIT seeks to provide investors with stable quarterly cash distributions and an opportunity for capital appreciation by investing in centrally-located assets with below market rents or low capital expenditure requirements and long term development potential.

REIT DETAILS**

REIT Manager: AIE Management Inc.
Investment Type: Mutual Fund Trust
Inception Date: May 2017
AUM: \$224m[§]
LTV: 48%[§]
WA Interest Rate: 2.83%[§]
Unit Price: \$17.20
Distributions Yield per Unit: 3.5%ⁱ
Minimum Investment Size: \$25,000
Redemptions: Monthly
Targeted Annual Net Return: 8-12%
Third Party Appraisals: Annual
Auditor: MNP LLP
Governance: Majority Independent Board
Management fee: 0.50% of GAVⁱ

** Refer to the Offering Memorandum for full details.

[§] As at December 31, 2023

ⁱ Per annum, payable quarterly

WHY INVEST IN PRIVATE REITS



Attainable Ownership of Real Estate

REIT units allow a pro rata investment in the underlying properties



Tax Efficient Distributions

Distributions are generally 100% return of capital for tax purposes



Registered Fund Eligible

Units qualify for registered plans such as RRSPs, RRIFs, TFSA's, and RESPs



DRIP or Cash

Investors can elect to receive their distributions in cash or through the Distribution Reinvestment Plan ("DRIP")



Stable Pricing, Low Volatility

Private REITs are not actively traded and therefore unit value is not exposed to public market volatility

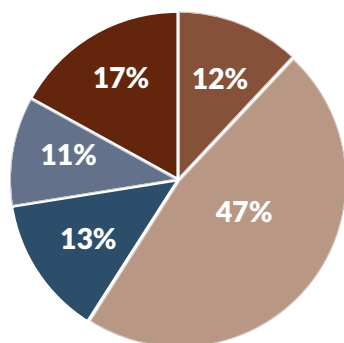
PORTFOLIO (ASSET VALUE)

Vancouver Island

- Comox Valley
- Victoria
- Campbell River

Okanagan Valley

- Kelowna
- Penticton



REIT RESULTS

ANNUAL CALENDAR RETURNS (%)

Unit Class	2019	2020	2021	2022	2023	YTD 2024
Class A - DRIP	10.98	9.76	10.21	13.00	5.08	5.79
Class F - DRIP	12.07	10.83	11.29	14.11	6.10	6.05

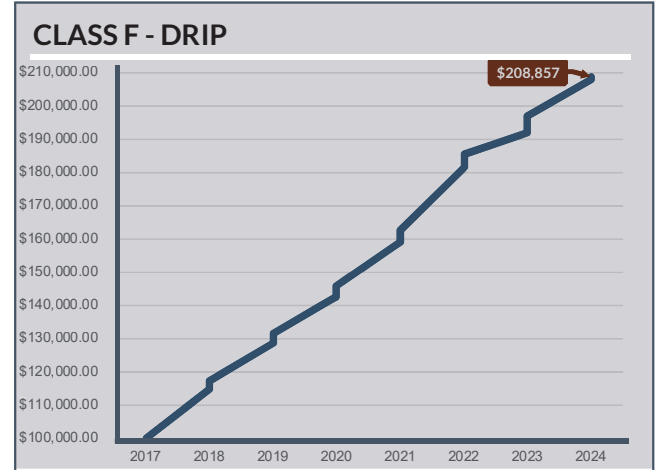
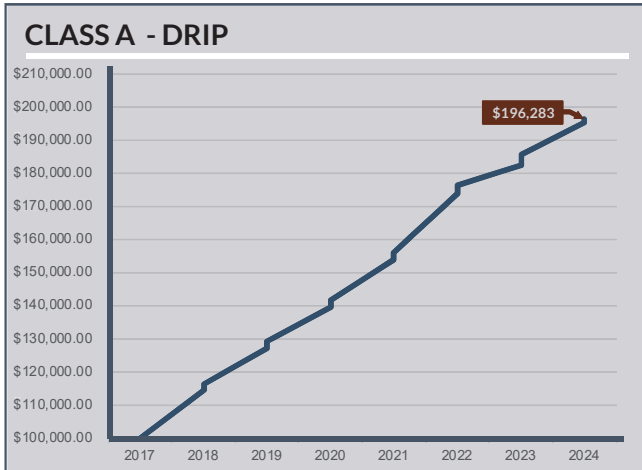
NET TRAILING RETURNS (%)

Unit Class	YTD	1 Year	3 Year	5 Year	Since Inception
Class A - DRIP	5.79	7.54	8.21	8.67	9.82
Class F - DRIP	6.05	8.55	9.14	9.51	10.55

Note: Figures shown are past results and are not indicative of future results; Current and future results may be lower or higher than those shown. Figures presented are as at June 20, 2024

PERFORMANCE HISTORY

Growth of \$100,000 invested in the REIT since inception



ADDITIONAL INFORMATION

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Certain information set forth in this letter may contain "forward-looking information" as defined under applicable securities legislation. Forward-looking information herein includes statements regarding the REIT's targeted returns and targeted distributions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Forward-looking statements are based on a number of assumptions. Although forward-looking statements are based upon what management believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove accurate, as actual results and future events may differ materially. Management undertakes no obligation to update any such forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The information on which this letter is based has been obtained from various sources considered reliable. All Island Equity REIT makes no representations, declarations or warranties, express or implied, as to the accuracy or completeness of the information or statements contained herein or otherwise and such information or statements should not be relied upon by you without independent investigation and verification. All Island Equity REIT expressly disclaims any and all liability for any errors or omissions in this letter or any other written or oral communication transmitted or made available to you.

PAST PERFORMANCE MAY NOT BE REPEATED: Figures shown are past results and are not predictive of future results. Current and future results may be lower or higher than those shown. Target returns and target distributions disclosed herein are for illustrative and informational purposes only and no assurance, representation, or warranty is made by any person that such targets will be achieved.

Assets under management ("AUM") represents total assets. Loan to Value ("LTV") and Weighted Average Interest Rate ("WA Interest Rate") have been calculated based on the audited financial statements as at December 31, 2023. Management Expense Ratio ("MER") is the total of the REIT's management fee, directors fees, and other fund costs. MER is presented using the trailing two-year average for years ending December 31st. The Asset Management Fee is .50% of Gross Asset Value ("GAV") see Offering Memorandum for additional details on Management Fees.