

A Message from the CEO

Dear All Island REIT Unitholders,

We are pleased to share our Q3 2025 results and provide an update on the continued progress we are making toward delivering strong, long-term value for our unitholders.

Net Asset Value (NAV) Update

Management engaged a third-party appraiser to support the repricing of the NAV per unit at December 31, 2025. Based on this review and strong revenue growth across the portfolio, the NAV per unit has increased from **\$18.35 to \$18.87**.

This increase reflects ongoing value creation and represents a one-year annualized return of **10.14% for Class F DRIP units, or 10.85% since inception** (annualized).

Year to Date September 30, 2025 Results

Financial Highlights

- All Island REIT generated strong year-over-year rental growth, increasing rental revenue by \$2,266,000 (19.91%) compared to the prior year, primarily due to the significant acquisitions completed earlier this year. Excluding these acquisitions, rental revenue grew by \$660,000 (5.76%), reflecting strong rental growth on turnover and stabilized vacancy.
- All Island REIT increased its net operating income by \$1,611,000 (23.41%), or \$431,700 (6.31%) excluding acquisitions, outpacing revenue growth and highlighting our focus on driving efficiencies and reducing operating expenses in the portfolio.
- Net income, excluding fair value increases, decreased by \$364,000 (12.07%) in comparison to the prior year due to bridge financing costs associated with the Q1 acquisitions and investments in our brand and capital raising platform. These are one-time costs incurred primarily in Q1. Net income for the three months ended September 30, 2025 increased \$31,600 (3.90%) from the prior year.

Operational Highlights

- Vacancy improved materially: economic vacancy fell from its 6.26% peak in Q1 to 2.17% in Q3, reflecting healthy demand and effective leasing execution
- Annual rent increases and stronger turnover rents contributed to a 5.76% year-over-year uplift in same-property rental revenues

Acquisitions

- We continue to execute on our strategy to acquire individual leasehold units as they come onto the market. Year-to-date, we have purchased five units totaling \$1,575,000. These units are estimated to add \$92,800 in annual net operating income to the portfolio, generating a yield of 5.90%, which significantly outpaces the Victoria rental market (4.00%).

Distribution Policy Update

All Island REIT has historically used a percentage of NAV to calculate its quarterly distribution. As the NAV per unit was updated annually in March, cash distributions remained consistent quarter over quarter. With the NAV per unit now updated quarterly, and in order to ensure predictable cash flow and to align us with industry practice, management will transition to a fixed \$/unit distribution beginning December 31, 2025. The distribution rate will be reviewed regularly and updated as deemed prudent.

The quarterly \$/unit distribution for December, 31, 2025 will be held at the Q3 rate of \$0.1606/unit.

Auditor Appointment

As part of our commitment to strong governance, the Trust recently completed an auditor review through a competitive tender process. Following this process, we have appointed Deloitte as our new external auditor for the upcoming fiscal year. We look forward to continuing our relationship with MNP through other channels, including tax planning and consulting, and thank them for their excellent service as our auditor over the past seven years.

Looking ahead, with a focus on stabilized operations and increased rental income, All Island REIT is well-positioned for a strong Q4.

Sincerely,

Brendan Sutton
CEO
All Island REIT



Wishing you and yours a happy and safe holiday season
~ the All Island REIT Team

Unaudited Balance Sheet

	As at	
	September 30, 2025	December 31, 2024
Assets		
Investment properties	291,606,185	236,643,274
Current assets	2,388,012	2,770,300
Cash and cash equivalents	469,959	120,204
Total assets	294,464,156	239,533,778
Liabilities		
Mortgages and loans	145,147,343	101,827,367
Vancity line of credit	4,812,420	1,469,977
Payables, accruals and prepaid rent	2,105,371	2,315,570
Security deposits held	910,588	734,904
Total liabilities	152,975,722	106,347,818
Unitholders' equity	141,488,434	133,185,960
Total liabilities and unitholders' equity	294,464,156	239,533,778

Unaudited Income Statement

	Nine months ended	
	September 30, 2025	September 30, 2024
Rental revenues	13,650,526	11,384,308
Property operating expenses		
Utilities	893,802	776,580
Real estate taxes	981,213	827,606
Maintenance expenses	1,031,683	863,430
Insurance	480,388	435,306
Site staff wages	780,227	742,239
Property management fees	988,681	855,803
Total operating expenses	5,155,994	4,500,964
Net operating income	8,494,532	6,883,344
Other expenses		
Asset management fee	1,126,176	891,111
General and administrative	1,092,991	592,167
Total other expenses	2,219,167	1,483,278
Earnings before interest, tax and amortization	6,275,365	5,400,066
Interest expense	(3,624,648)	(2,385,241)
Amortization of mortgage transaction costs	(507,279)	(358,337)
Fair value adjustments to investment properties	3,829,869	-
Net Income	5,973,307	2,656,488

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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. Certain information on which this letter is based has been obtained from third-party 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 may not be indicative of future results. Current and future results may be lower or higher than those shown.

REFERENCES:

Class F DRIP Units: Unitholders receive distributions in the form of additional units through the Distribution Reinvestment Plan (DRIP).

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

The Asset Management Fee is .50% of Gross Asset Value ("GAV"). For additional information on the Asset Management Fee and other fees payable AIE Management Inc. see the Offering Memorandum which is available on our website.