

Message from the CEO

Dear Unitholders,

Transitioning through the high-interest rate environment of the past two years, All Island Equity REIT's ("All Island REIT") Management remained conservative and patient with respect to increasing Assets Under Management ("AUM"). Now that the Bank of Canada has implemented successive interest rate cuts, opportunities for accretive acquisitions are once again emerging for All Island REIT.

In 2025, Management will leverage All Island REIT's position in desirable lifestyle communities by delivering a high-quality residential rental experience, to maximize value per Unit returns for our unitholders. While All Island REIT continuously evaluates acquisition opportunities, Management is more intently focused on driving internal improvements and making exceptional capital allocation decisions. By maximizing value per Unit through internal growth, All Island REIT will achieve AUM growth faster in the long run and be well-positioned to take advantage of opportunistic acquisitions over the coming years. In a time of political and economic uncertainty, Management is focused on providing stability to our unitholders.

As a result of the operational efficiencies implemented, as well as increased revenue from strategic capital initiatives, the portfolio has increased in value during the year. The Board has determined it is prudent to adjust the **Net Asset Value per Unit to \$17.74** as of December 31, 2024. This represents a **12.14%** trailing twelve-month total return on Class F DRIP Units and a **10.16%** annual return since inception.

Appraisal and Audit Update

Management received the 2024 third-party appraisals for the portfolio in late December, the results of which were positive. The third-party appraisals are currently being reviewed as part of the year-end audit. Following the completion of the audit in March 2025, the Board will review adjusting the Net Asset Value per Unit to reflect final audited appraised values.

Acquisition Update

Leveraging a period in the market when buyers were scarce and interest rates were dropping, Management secured two properties under contract this fall. Located in the Comox Valley, both properties will increase our presence in the Courtenay and Comox markets. This will allow All Island REIT to gain operational efficiencies through continued concentration of our portfolio within the Comox Valley.

The first property is a two-building, 92-suite, multi-family property in Courtenay that is scheduled to close in mid-January 2025. The second is a 74-suite, multi-family property in Comox, presently under due diligence review by Management that is scheduled to close in April 2025, provided conditions are waived. Management is excited to have secured both properties under contract and is looking forward to adding both to the portfolio.

The Four Pillars of All Island REIT's Capital Allocation Strategy

Management is taking tangible actions to add accretive value, capture efficiencies, and ensure a long-term, sustainable future for All Island REIT.

(1) Economic

- Advancing major capital expenditure projects on priority assets, while taking advantage of the Additional Rent Increase program, which allows Management to issue rent increases of 3% for three years in addition to the maximum annual allowable rent increase (currently set at 3% for 2025).
- Continuing to acquire leasehold suites in Victoria on advantageous terms, with four suites purchased in 2024

(2) Partners and People

- Building out an experienced management team
- Investing in technology to enhance analytics and operational efficiencies
- Developing meaningful, long-term, relationships with local partners, landowners, vendors, suppliers, and trades

(3) Community

- Adhering to our core values of providing quality housing for our residents, including never 'renovicting' any members of the community
- Engaging with municipal governments, advising them on official community plans and solutions for homelessness to inform the future of our communities
- Supporting affordable housing initiatives presented, including securing five suites at rent levels of \$870 or less for at least 10 years in our contracted 92-suite acquisition
- Knowledge sharing with non-profits and First Nations regarding real estate management and development to help create a healthier and more sustainable Island housing market

(4) Environment

- Prioritizing capital expenditures that improve energy efficiency, such as:
 - Westwater building envelope replacement, including glazing to improve energy efficiency and reduce heat loss
 - Glenshee heating system upgrade, including replacement of multiple inefficient gas-fired furnaces with high-efficiency hydronic boilers. Hot water heating at the property is a landlord expense and updating to a more efficient system will positively impact the income statement.
- Initiatives underway to identify additional opportunities to improve energy efficiency and utilize governments grants and rebates
- Capitalizing on the CMHC MLI Select program, which provides attractive terms for energy efficient buildings

In the early part of 2025, Management is focused on growing the Trust's footprint in the Comox Valley, where All Island REIT holds 27 properties. For the second half of 2025, Management will focus on internal growth and debt optimization. Management intends to leverage its expanding influence in our core markets to shelter All Island REIT from potentially unfavourable market forces, accelerate cash flow, and cement All Island REIT as an industry leader in British Columbia.



UNITHOLDER LETTER

End of Year 2024 Report

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 \$225 million of assets in Vancouver Island and the interior. The portfolio consists of 873 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.

Unaudited Income Statement

Year to Date
September 30, 2024

Total Operating Revenues	11,384,308
Expenses	
Utilities	776,580
Real Estate Taxes	827,606
Maintenance Expenses	863,430
Insurance	435,306
Site Staff Wages	742,239
Property Management Fees	855,803
Total Operating Expenses	4,500,964
Net operating income	6,883,344
Less General & Administrative	1,483,278
EBITDA	5,400,066
Less Mortgage Interest	(2,385,241)
Less Amortization - Financing Cost	(358,337)
Net Income	2,656,488

Unaudited Balance Sheet

As At
September 30, 2024

Assets	
Current Assets	2,858,534
Cash and Cash Equivalents	240,483
Properties	225,827,960
Total Assets	228,926,977
Liabilities	
Payables, Accruals and Prepaid Rent	1,817,317
Security Deposits Held	749,920
Vancity Line of Credit	3,534,977
Mortgages and Loans	102,309,310
Total Liabilities	108,411,524
Owner's Equity	
Net Investor Equity	117,858,965
Current Earnings	2,656,488
Total Equity	120,515,453
Total Liabilities & Equity	228,926,977

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: \$229m[§]

LTV: 48%[§]

WA Interest Rate: 2.83%[§]

Unit Price: \$17.74

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

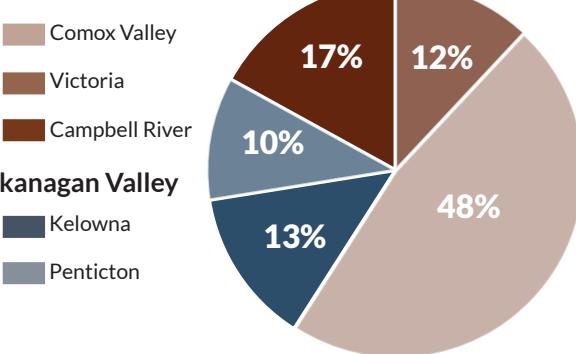
** Refer to the Offering Memorandum for full details.

§ As at September 30, 2024

ⁱ Per annum, payable quarterly

PORTFOLIO (ASSET VALUE)

Vancouver Island



Okanagan Valley



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, TFSAs, 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

REIT RESULTS

ANNUAL CALENDAR RETURNS (%)

Unit Class	2019	2020	2021	2022	2023	2024
Class A - DRIP	10.98	9.76	10.21	13.00	5.08	11.08
Class F - DRIP	12.07	10.83	11.29	14.11	6.10	12.14

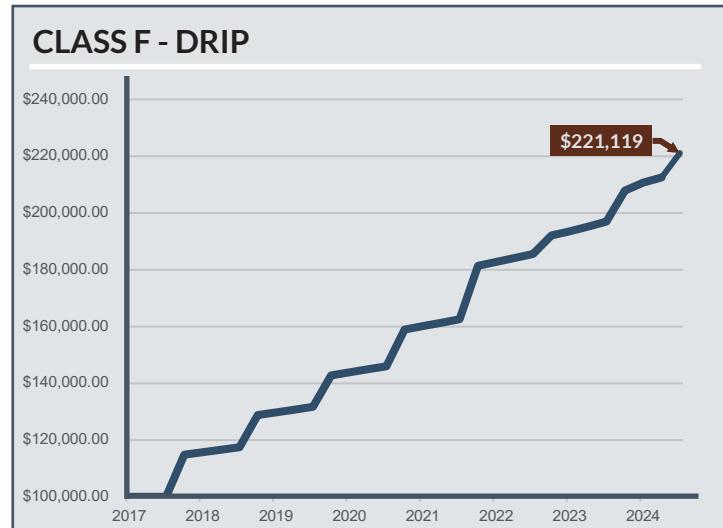
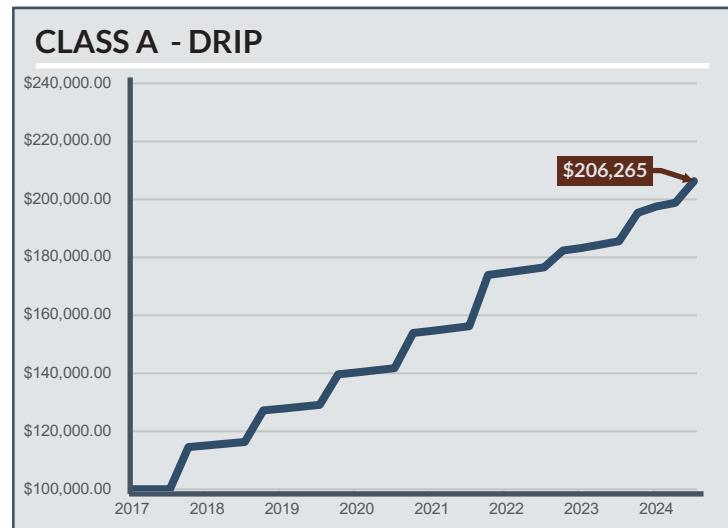
NET TRAILING RETURNS (%)

Unit Class	1 Year	3 Year	5 Year	Since Inception
Class A - DRIP	11.08	9.49	9.45	9.45
Class F - DRIP	12.14	10.44	10.31	10.16

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 December 31, 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 unaudited financial statements as at September 30, 2024. The Asset Management Fee is .50% of Gross Asset Value ("GAV") see Offering Memorandum for additional details on Management Fees.