



Q2 2026 QUARTERLY REPORT

Investment for all.

Disclosure and forward-looking information.

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 All Island 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.

Certain information on which this letter is based has been obtained from third-party sources considered reliable. All Island 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 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. 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.



LETTER FROM LEADERSHIP

Free Yourself From the Volatility.

Dear Unitholders,

The first half of 2026 has affirmed our belief that the most reliable way to create durable, long-term value is to focus first on what we can control.

Over the past year, we have shifted our focus from portfolio growth toward stabilization, cash generation, and disciplined capital allocation. The results through the second quarter demonstrate that progress. For the six months ended June 30, consolidated rental income increased 11.6% (or \$1,023,582) over the prior year and net operating income increased 16.2% (or \$837,356).

Importantly, this improvement is not solely the result of acquisitions. Same-property residential rental revenue increased 5% (or \$444,246), supported by annual rent increases, higher rents on suite turnovers, and improved occupancy. Same-property residential net operating income increased 8% (or \$410,483).

This is the type of internal growth we want to build upon.

Our objective is to create value from within the portfolio so that our success is not dependent on acquisitions or favourable market conditions. Strong operations and disciplined capital allocation give us greater control over our own future and allow us to remain patient when considering external opportunities.

Acquisitions and Financing

We continue to take a patient approach to acquisitions. Our primary focus remains on creating value within the existing portfolio, while selectively pursuing opportunities that offer attractive returns and complement assets we already own. We particularly value opportunities near our existing properties, where our local knowledge and operating systems provide an advantage.

Consistent with this approach, we are pleased to be closing on a unique mixed-use property in Courtenay and to have acquired and converted thirteen additional leasehold units to rentals in Victoria during August and September.

We are also actively working to optimize our debt structure. Our approach is to leverage CMHC financing on our larger residential assets, maintain flexibility on smaller properties, and reduce higher-cost mortgage debt on our commercial assets. This allows us to lower our overall cost of debt while using the strength of our unencumbered assets to increase available credit and maintain the flexibility to act quickly when opportunities arise.

Property Management

We are pleased to announce an important evolution in how we operate. As of September 1st, 2026, the Management Team responsible for All Island REIT's strategy and asset management has now assumed responsibility for property management across the portfolio.

This gives us greater control over leasing, expenses, capital projects, maintenance, and the resident experience. Importantly, it creates clearer accountability from the property level through to our broader objectives of growing net operating income, cash flow, and long-term value per Unit.

Simply put, this will make us better operators.

The property management transition reflects how we think about allocating resources. Capital is only one resource. How we deploy our team, time, and attention is equally important. We are a performance-focused management team that directs these resources where they will have the greatest impact on value creation.

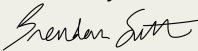
Strategic Focus

Our strategy remains rooted in Vancouver Island and the lifestyle communities we know well. These are places where people want to live and where continued migration continues to support housing demand. Our local presence, strong relationships, and willingness to pursue unique opportunities give us an advantage in these markets. Just as importantly, our reputation matters. We want to be known as a local owner that understands its communities and does what it says it will do.

Looking ahead, our priorities are clear: grow cash flow, optimize our debt, and capture the value already within the portfolio. By creating value internally, we can remain patient externally, giving us greater control over our future and the flexibility to pursue the right opportunities when they arise.

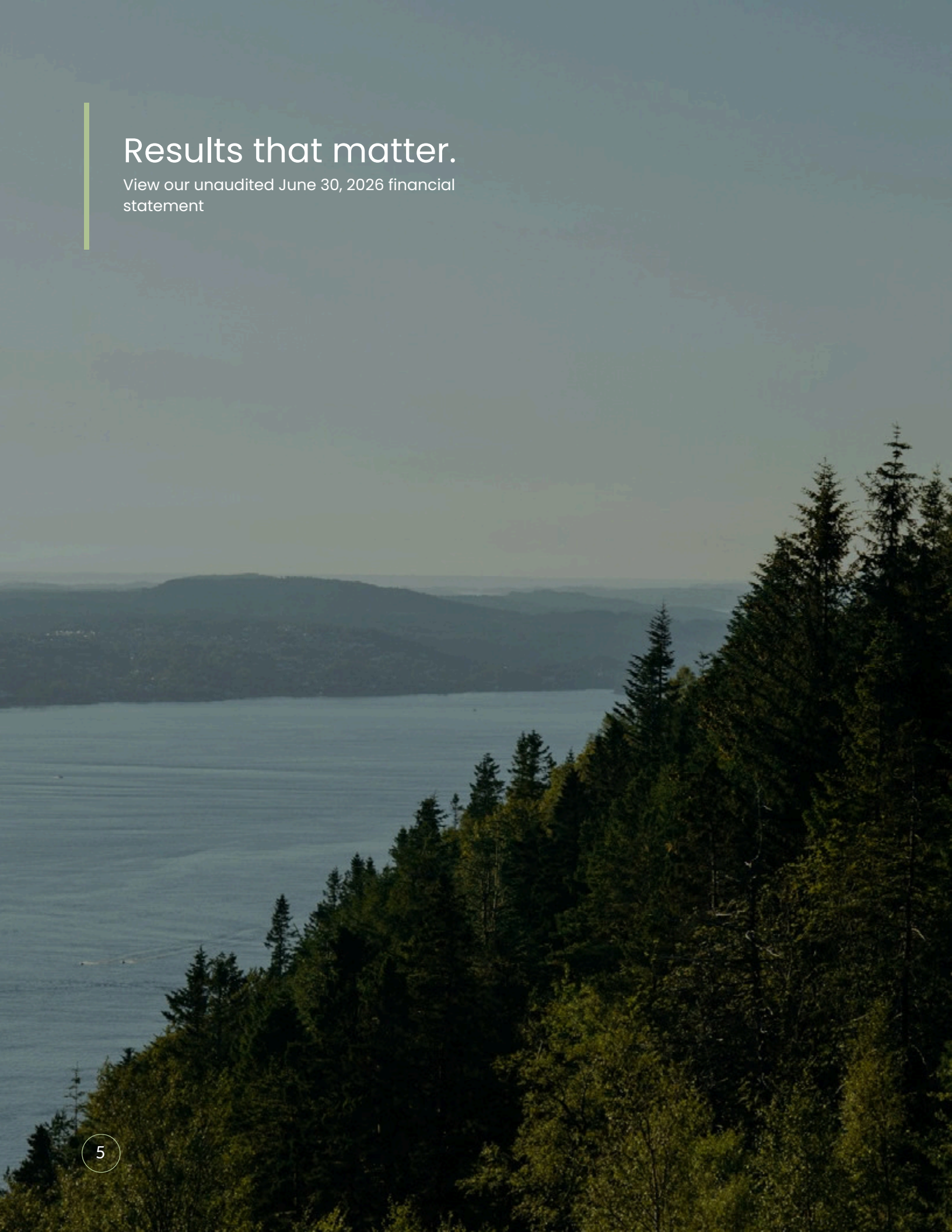
We are proud of the business we are building and the communities we invest in. On behalf of management, I would like to thank our Board of Trustees for its continued guidance, our team for its commitment, and our unitholders for their continued trust and support.

Sincerely,



Brendan Sutton

CEO, All Island REIT



Results that matter.

View our unaudited June 30, 2026 financial statement

All Island Equity REIT**Interim condensed consolidated statement of financial position**

As at June 30, 2026

(Unaudited - Expressed in Canadian dollars)

	June 30, 2026 \$	December 31, 2025 \$
Assets		
Non-current assets		
Investment properties	303,857,181	296,511,728
Derivative financial instruments	56,974	56,975
	303,914,155	296,568,703
Current assets		
Cash and cash equivalents	1,503,912	342,144
Trade receivables and other	852,931	496,447
Prepaid expenses and deposits	2,361,597	1,622,316
	4,718,440	2,460,907
Total assets	308,632,595	299,029,610
Liabilities		
Non-current liabilities		
Long-term portion of loans	119,938,839	121,006,784
Current liabilities		
Line of credit	3,726,375	3,707,516
Trade payables and accrued liabilities	1,486,934	1,950,482
Security deposits	1,005,372	948,622
Deferred revenue	92,837	169,058
Current portion of loans	23,812,732	23,812,731
	30,124,249	30,588,409
Total liabilities	150,063,088	151,595,193
Commitments		
Net assets attributable to holders of redeemable units	158,569,507	147,434,417

All Island Equity REIT**Interim condensed consolidated statement of income and comprehensive income**

Period ended June 30, 2026

(Unaudited - Expressed in Canadian dollars)

	June 30, 2026	June 30, 2025
	\$	\$
Earnings from property operations		
Rental revenue	9,857,846	8,834,264
Property operating expenses	(3,856,708)	(3,670,482)
	6,001,138	5,163,782
Other expenses		
Administration fees and other	1,176,779	1,178,001
Professional fees	118,241	100,200
	1,295,020	1,278,201
Financing expenses		
Interest expense	2,422,015	2,359,876
Amortization of deferred financing fees	375,416	317,880
Other expense (income)	149	2,870
	2,797,580	2,680,626
Operating income	1,908,539	1,204,955
Other income (loss)		
Unrealized gain on revaluation of investment properties	5,935,828	3,829,869
Unrealized loss on revaluation of derivative financial instruments	—	—
	5,935,828	3,829,869
Net income and comprehensive income	7,844,367	5,034,824
Weighted average number of units	7,938,462	7,314,975

A guide to non-IFRS financial measures.

Certain financial measures used in this report are not defined under International Financial Reporting Standards (“IFRS”) and are considered non-IFRS measures. These measures are commonly used in the real estate industry to evaluate operating performance, financial condition, and cash flow.

These measures do not have standardized meanings under IFRS and may not be comparable to similar measures presented by other issuers.

Measure	Definition	Purpose
Occupancy	Percentage of rental revenue, net of vacancy allowance over the gross potential rent (rental revenue if 100% of the units were occupied during the year).	Measures portfolio utilization and demand.
Same-Property	Includes only properties owned for a full year in both the current year and prior year (removes acquisitions, dispositions, developments, etc.).	Allows for better comparability of the current results to prior year by excluding recent transactions (an “apples to apples” approach).
Net Operating Income (NOI)	Rental revenue less property operating expenses (property tax, utilities, maintenance, etc.).	NOI is used to evaluate the operating performance of the Trust’s properties.
NOI Margin	Net Operating Income divided by rental revenue.	Measures the efficiency and profitability of property operations.
Funds From Operations (FFO)	Net income adjusted for items such as fair value gains or losses on investment properties, and other non-cash or non-recurring items.	Provides a measure of recurring operating performance of the Trust.
Interest Coverage Ratio	NOI divided by interest expense.	Measures the Trust’s ability to meet its interest obligations.
Debt Service Coverage Ratio (DSCR)	NOI divided by total debt service (interest and principal payments).	Assesses the Trust’s ability to service its debt obligations.
Debt to Gross Book Value	Total debt divided by gross book value of assets.	Indicates the level of leverage and financial risk.
Weighted Average Interest Rate	The average interest rate across all outstanding debt, weighted by loan balances.	Reflects the overall cost of borrowing.

Measure	Definition	Purpose
Capitalization Rate (Cap Rate)	NOI divided by the property value.	Used to estimate the expected return on a real estate investment and to assess property valuations. Lower cap rates generally indicate higher valuations and stronger demand for assets, while higher cap rates reflect lower valuations and/or higher perceived risk.
Dividend Reinvestment Plan (DRIP)	A Dividend Reinvestment Plan allows investors to automatically use dividends to purchase additional shares of the same investment.	It helps grow an investment over time through automatic reinvestment and compounding, without requiring manual trades.
Net Asset Value (NAV)	The Trust's assets (properties, working capital, etc.) less the Trust's liabilities (mortgages, line of credit, etc.).	Reflects the value of the Trust attributable to the Unitholders.
NAV per Unit	The NAV divided by the outstanding Units of the Trust.	Represents the price for a single whole unit of the Trust.

APPENDIX B: FUND FACT SHEET

Investing in communities.

[Click here](#) to view our June 30, 2026 fund fact sheet.



INVESTING IN VANCOUVER ISLAND LIFESTYLE COMMUNITIES

All Island Equity Real Estate Investment Trust ('All Island REIT') is uniquely positioned to empower lifestyle freedom through strategic investments in Vancouver Island's vibrant real estate market. Focused on investing in high-quality residential and commercial assets within desirable lifestyle communities on Vancouver Island. All Island REIT aims to deliver stable quarterly distributions and capital appreciation by acquiring centrally located assets with below-market rents, low capital expenditures, and long-term development potential.

FUND DETAILS **

REIT Manager: All Island Properties Ltd.

Investment Type: Mutual Fund Trust

Inception Date: May 2017

AUM: \$304M[§]

Equity value: \$159M[§]

LTV: 49.5%[§]

WA Interest Rate: 3.24%[§]

Unit Price: \$19.39

Distribution per Unit: \$0.642 (3.3%)

Minimum Investment Size: \$10,000

Redemptions: Monthly

Targeted Annual Net Return: 8-12%

Third Party Appraisals: Annual

Auditor: Deloitte

Governance: Majority Independent Board

Management fee: 0.50% of GAVⁱ

Fundserv: RBS5100/5110 (IWA)

RBS5101/5111 (IWF)

Plan Eligibility: RRSP, TFSA, RESP, RRIF, LIRA

WHY INVEST WITH US

01

Passive and attainable ownership of **exclusive** multi-family real estate on Vancouver Island

02

Tax-efficient distributions (Typically 100% Return of Capital)

03

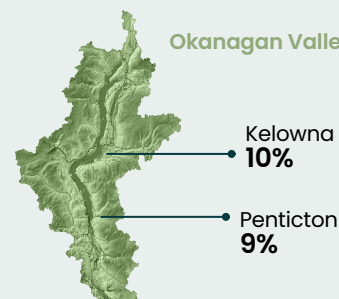
Stable pricing with low volatility returns, unlike public REITs

PORTFOLIO (ASSET VALUE[§])

Vancouver Island



Okanagan Valley



PORTFOLIO TYPE

Leasehold
4

Residential
36

Commercial
6

46
Total

PORTFOLIO STATISTICS[§]

4.49%

Weighted
Average
Cap Rate

1,045

Units
(Doors)

97%

Weighted
Average
Occupancy

\$1,438

Average
Rent per Unit

\$1.88

Average Rent
per Square
Foot

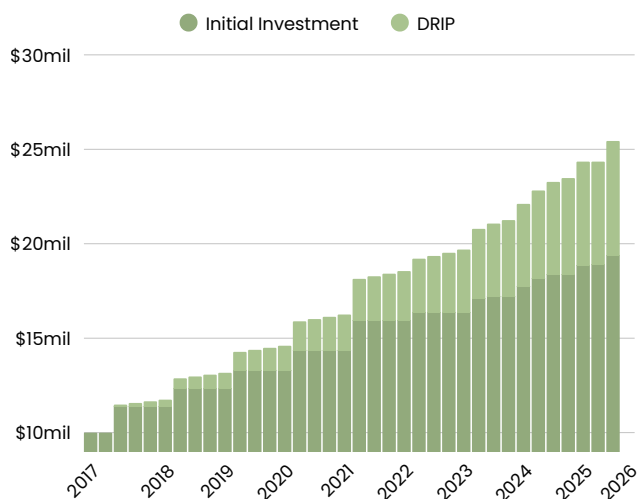
^{**} Refer to the Offering Memorandum for full details.

[§] As at June 30, 2026 (unaudited)

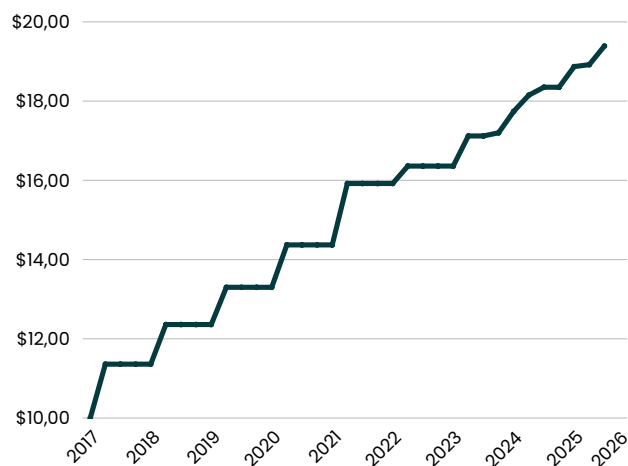
ⁱ Per annum, payable quarterly

PERFORMANCE HISTORY

Growth of \$10,000 since inception (Class F DRIP)



Unit price growth since inception



ADDITIONAL INFORMATION

Investor Relations
investors@allislandreit.ca

www.allislandreit.ca

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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 financial information as at March 31, 2026 (unaudited).

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.



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