Thank you for joining us on Legacy Investment's KYP hosted by Axcess Capital. A question was asked about Legacy's Net Asset Value (NAV) and Net Asset Value Policy. The information provided below will answer some questions about the NAV. Any further questions regarding NAV can be directed to Dan (dan@tegroup.ca).

Net Asset Value

In regard to the information about our Net Asset Value, the information can be found in Legacy's Offering Memorandum (https://legacyinvestment.ca/wp-content/uploads/2025/05/Epiphany-Legacy-MFT-Offering-Memorandum-May-2025.pdf).

The most pertinent information about the Net Asset Value and Net Asset Value Valuation Policy can be seen in the examples below from Legacy's OM.

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"Net Asset Value" means the amount, as at the last day of the applicable fiscal quarter, resulting from adding IFRS balance sheet assets of the Trust, subtracting IFRS balance sheet liabilities of the Trust, adding appropriate non-IFRS adjustments. The non-IFRS adjustments may include, but are not limited to:

(a) adjustments for applicable property portfolio premiums;

(b) adjustments due to the capitalization of certain capital expenses, which accrue over a long period of time and should be allocated between holders of Participating Preferred Trust Units exiting, remaining and incoming to the Trust but may be written off or effectively written off under IFRS, or where the value of such expense is not yet reflected, in whole or in part in the property portfolio valuation due to lags in timing;

(c) between quarters property portfolio adjustments; and/or

(d) additional discretionary adjustments.

For the purposes of this calculation, **"property portfolio premium"** means an adjustment to IFRS valuations to take into account the difference a buyer may pay for a portfolio of properties versus an individual property.

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Net Asset Value Valuation Policy

Net Asset Value will be determined by the Partnerships and the Administrator and will be approved by the Trustees. The Partnerships and Administrator will work with the Trustees, who will use reasonable methods of determining Net Asset Value. The Administrator and Trustees may adopt alternative methods to calculate the investment property values and Net Asset Value from time to time, without notice to or approval by the Participating Preferred Trust Unitholders. The Trustees have adopted the following policy to determine Net Asset Value.

Valuation of the Properties

The properties held by the Partnerships are valued using the fair value model in accordance with IFRS section IAS 40 – Investment Properties ("**IAS 40**"). Investment property in IAS 40 is defined as property held to earn rentals or for capital appreciation or both and are initially recorded at cost, including related transaction costs. Subsequent to initial valuation, investment properties are measured at fair value, which reflects market conditions at the reporting date. The Administrator applies judgment in determining if the acquisition of an investment property qualifies as a business combination in accordance with IFRS 3 or as an asset acquisition. Transaction costs (including commissions, land transfer tax, appraisals, legal fees and third-party inspection reports associated with a purchase) related to property acquisitions, not considered business combinations, are capitalized in accordance with IAS 40. Transaction costs are expensed in accordance with IFRS 3 where such acquisitions are considered business combinations.

The properties held by the Partnerships' fair value is determined using a valuation process developed by the Partnerships and the Administrator and approved by the Trustees. The Partnerships, working with the Administrator, consider the following in determining fair value:

(a) recent prices of similar properties in similar market areas;

(b) third party appraisals of the properties, completed every three years; and

(c) the direct capitalization method, which is based on the conversion of current and future normalized net earnings potential directly into an expression of market value. The normalized net earnings for the year are divided by an overall cap rate to estimate fair value.

On an annual basis, the Partnerships and the Administrator intend to:

(a) determine the cap rates that would be used in valuing the properties held by the Partnerships;

(b) provide comparable sales and supporting relevant market information;

(c) utilize industry standard set off and normalization assumptions used in the calculation of normalized net earnings;

(d) review the valuation process to determine whether any changes or updates are required;

(e) review the audited year-end financial statements and compliance with the valuation process and compliance with IAS 40; and

(f) provide a fair value report for financial statement purposes.

The Trust's auditors will report on the audited financial statements of the Trust on an annual basis as to the compliance of the financial statements with IFRS. The Trust's auditors complete their audit using Canadian generally accepted auditing standards, which require that they plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. The audits include evaluating the appropriateness of accounting polices used, and the reasonableness of accounting estimates made by management.

The Partnerships, while working with the Administrator, on an annual basis are responsible for:

(a) gathering the property specific data used in the valuation process set forth herein;

(b) reviewing the valuation process to determine whether any changes or updates are required;

(c) inputting the cap rates, set offs and normalization assumptions; and

(d) delivering the completed valuation process to the auditors at year-end for the completion of the audit on the financial statements.

Investment properties held by the Partnerships that have been disposed of or permanently withdrawn from the property portfolio will not be included in the fair value process. Any gains or losses on the disposition of investment properties held by the Partnerships are recognized in the income statement in the year of disposition.