

MADISON PACIFIC PROPERTIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

(as of May 14, 2025)

(\$000's)

Basis of Discussion and Analysis

This management discussion and analysis ("MD&A") of the consolidated financial condition of Madison Pacific Properties Inc. ("Madison" or the "Company") as of March 31, 2025 and the results of its operations for the three months ended March 31, 2025 was prepared as of May 14, 2025. The MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for the three months ended March 31, 2025 and the audited consolidated financial statements and accompanying notes to the consolidated financial statements and MD&A for the four months ended December 31, 2024.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). IFRS comprises IFRS, International Accounting Standards ("IAS") and interpretations issued by the IFRS Interpretations Committee ("IFRIC") and the former Standing Interpretations Committee ("SIC").

The unaudited condensed interim consolidated financial statements include the operating results of Madison, its subsidiaries, and on a proportional basis, the accounts of its joint operations. All financial information is presented in Canadian dollars.

Forward-Looking Statements

This MD&A contains forward-looking statements regarding the future success of Madison's business that are subject to risk and uncertainties. Forward-looking information typically contains statements with words such as "expect", "believe", "plan", "forecast", "intend" or similar words suggesting future outcomes. Examples of such forward-looking statements include statements regarding the Company's expectation to renew mortgage loans as they become due; the Company's expectation to be able to renew all credit facilities when they become due, with terms comparable to those currently in place except for higher interest rates and lower loan-to-value ratios; the Company's expectation that the Bank of Canada will continue to adjust its overnight interest rate until it achieves its target inflation range; the Company's expectation to hold interest rate swap contracts and the related floating rate mortgages until maturity; the Company's belief that there will be sufficient future taxable income to utilize income tax losses. The material factors and assumptions used to develop forward-looking information include the current level of interest rates in the market, current relationships with the Company's lenders, current capitalization rates and long-term lease agreements supporting income expectations to utilize tax losses.

These forward-looking statements involve known and unknown risks and uncertainties that may cause Madison's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in these forward-looking statements. These risks include risks related to global market, economic, and geopolitical conditions, risks related to the real estate industry generally such as, financing and interest rates, demand for office, industrial, commercial, and multi-family residential rentals, illiquidity of real estate investments, non-renewal of tenant leases, risks associated with residential development and related zoning and other permit approvals, joint ventures and co-ownerships, fluctuation in real estate values, risk associated with residential rental business, geographic concentration

of the business, environmental matters and uninsured losses and income tax risk including reassessments and interest and awarded legal costs thereon and the sufficiency of taxable income to utilize losses.

Although the forward-looking statements contained herein are based upon what management believes to be current and reasonable assumptions, Madison cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein are made as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any such forward-looking statements to reflect any change in its expectations or in events, conditions or circumstances on which any such forward-looking statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

Change of Year End

In July 2024, the Company's Board of Directors approved a change of financial year-end of the Company from August 31 to December 31. The Company's transition year was the four months ended December 31, 2024. The reasons for the change of year-end are to align the Company's external reporting with its internal financial management and reporting which is based on a calendar year and for comparison purposes with its peers in the real estate industry that typically have a calendar financial year-end. The comparative period in these unaudited condensed interim consolidated financial statements for the three months ended March 31, 2025 is the three months ended February 29, 2024.

Business Overview

Madison is in the business of acquiring, developing and managing revenue-producing industrial, commercial, multi-family, retail and office rental properties located in British Columbia, Alberta, and Ontario. Madison also has investments in joint ventures that develop residential properties.

Industrial, Retail and Office Properties

The following table shows the leasable area and base annual rent (except for properties under development and the Company's 50% interest in seven residential apartment properties) as of the date of this MD&A, for the three real estate income property asset classes held by Madison. Base annual rent includes estimated market rent on units that are vacant as of the date of this MD&A assuming an anticipated occupancy commencement date during the next fiscal year.

Province	Area and Rent ⁽¹⁾⁽²⁾	(in 000's except for leasable area)			
		Industrial	Retail	Office	Total
British Columbia	Leasable area (sq. ft.)	1,350,074	120,089	116,689	1,586,852
	Base annual rent (\$)	22,170	2,948	4,325	29,443
Alberta	Leasable area (sq. ft.)	283,078	-	-	283,078
	Base annual rent (\$)	3,085	-	-	3,085
Ontario	Leasable area (sq. ft.)	63,030	-	-	63,030
	Base annual rent (\$)	683	-	-	683
Total	Leasable area (sq. ft.)	1,696,182	120,089	116,689	1,932,960
	Base annual rent (\$)	25,938	2,948	4,325	33,211

- (1) Leasable area includes 100% of the total leasable area of properties in the MT Properties Limited Partnership, of which the Company holds a 60.9% interest, 50% of the total leasable area of joint operations that are proportionally consolidated (at 50%) for financial statement purposes and 50% of the total leasable area of the property in the 2798 Barnet Development Limited Partnership, which is accounted for using the equity method.
- (2) Base annual rent excludes recoveries for operating costs and property taxes and rents based on tenant revenue.

Madison manages properties with a diverse tenant base. As at March 31, 2025, no one commercial tenant accounted for more than 10.44% (December 31, 2024 – 10.54%) of the commercial rental revenue of Madison and lease maturities are staggered such that as at March 31, 2025, no more than 37.27% (December 31, 2024 – 37.27%) of the commercial rental space was subject to renewal in any one year.

Multi-Family Rental Properties

As of the date of this MD&A, the Company has a 50% interest in 219 rental units located in seven apartment properties in Vancouver, British Columbia. The other 50% interest is held by the Company's associate, Grant Street Properties Inc. ("GSP").

Joint Venture Residential Developments

Madison has two properties held through separate 50/50 joint ventures where the lands have residential and mixed-use development potential under the current respective official community plans. A description of the joint ventures and the status of development activities are summarized below. These joint ventures are accounted for using the equity method of accounting.

Silverdale Hills Limited Partnership (the "Silverdale Hills LP")

Madison has a 50% interest in the Silverdale Hills LP which owns approximately 1,425 acres of residential development lands in Mission, British Columbia as of the date of this MD&A.

In March 2024, the Silverdale Hills LP received approval from the City of Mission to rezone 11 properties totalling approximately 139 acres within the Silverdale Central Neighborhood Plan area to the new Comprehensive Development 59 Zone, which could accommodate residential units of varying formats, parks, trails and neighborhood commercial uses (the "Loftus Village Project").

In July 2024, the Silverdale Hills LP submitted a subdivision and rezoning application to the City of Mission to subdivide and rezone approximately 50 acres of land within the Loftus Village Project. In July 2024, the Silverdale Hills LP also entered into servicing agreements with the City of Mission to construct and install the first phase of public services, facilities, and utilities within the Loftus Village Project lands to support this 50 acre development. The Silverdale Hills LP obtained a letter of credit facility up to a maximum of \$30,000 in June 2024 and surety bonds totalling \$25,804 in July 2024 as security to these servicing

agreements with the City of Mission. As of the date of this MD&A, the development agreement surety bonds had an outstanding balance of \$21,437. In January 2025, the Silverdale Hills LP also obtained a land servicing loan facility to a maximum of \$88,900 to fund the first phase of the Loftus Village Project land servicing costs. As of the date of this MD&A, \$21,392 has been drawn against the land servicing loan facility by the Silverdale Hills LP. See “Liquidity and Capital Resources” for details.

Roadwork and sewer construction for the Loftus Village Project is currently underway, having commenced in August 2024. Further development is subject to obtaining various approvals and prevailing market and financing conditions, none of which are certain as of the date of this MD&A.

For the three months ended March 31, 2025, the Company made additional equity investments of \$1,100 (four months ended December 31, 2024 – \$1,900) in the Silverdale Hills LP to fund development and land servicing costs for the Loftus Village Project and the acquisition of additional parcels of undeveloped residential land complementary to the project.

On March 31, 2025, the Silverdale Hills LP acquired approximately 19 acres of residential development lands in Mission, British Columbia for \$26,168 including closing costs and taxes. These lands are complementary to the Loftus Village Project.

Redevelopment of further properties is subject to economic feasibility and obtaining all necessary approvals, including rezoning, none of which are certain as of the date of this MD&A.

2798 Barnet Development Limited Partnership (the “Barnet LP”)

Madison has a 50% interest in the Barnet LP which owns a retail property in Coquitlam, British Columbia. In May 2021, the Barnet LP submitted an application to the City of Coquitlam to redevelop this site into a residential and mixed-use property. The original application submitted to the City of Coquitlam is to construct three buildings with a total of 1,061 residential units, and one building with 300 residential rental units and 145,700 square feet of commercial space. During the three months ended March 31, 2025, the Company made equity investments of \$nil (four months ended December 31, 2024 – \$368) in the Barnet LP to fund its pre-development costs.

Redevelopment of this site is subject to economic feasibility and obtaining all necessary approvals, including rezoning and development approvals, none of which are certain as of the date of this MD&A.

Q1 Fiscal 2025 Financial Results Overview

The Company’s net income and comprehensive income attributable to the shareholders of the Company for the three months ended March 31, 2025 was \$5,841, compared to net income and comprehensive income attributable to the shareholders of the Company of \$14,306 for the three months ended February 29, 2024. The decrease was due primarily to a lower net gain on fair value adjustment on investment properties.

Selected Financial Information

The following table provides selected financial information for the three months ended:

(in \$000's except per share amounts)	March 31, 2025	February 29, 2024
Property revenues	11,516	11,106
Property operating expenses	3,749	3,300
General and administrative expenses	1,231	1,443
Net gain on fair value adjustment on investment properties	5,207	12,333
Equity earnings of associate and joint ventures	138	733
Interest income	248	850
Interest expense	3,661	3,170
Interest recovery on uncertain tax positions	-	1,023
Losses on fair value adjustment on interest rate swaps	744	559
Income before income taxes	7,724	17,573
Income taxes	1,513	3,185
Net income and comprehensive income	6,211	14,388
Net income and comprehensive income attributable to the shareholders of the Company	5,841	14,306
Income per share	\$0.10	\$0.24
Cash flow from operations before changes in non-cash operating accounts	3,268	2,724
Cash generated from (used in) operating activities	2,621	(25,399)
Dividends paid per share	\$0.0525	\$0.0525

The following table provides selected financial information as at:

(in \$000's)	March 31, 2025	December 31, 2024
Investment properties	731,220	724,195
Total assets	833,598	810,195
Total debt on investment properties	330,228	314,591

Results of Operations

The following discussion highlights the significant activities that have occurred in the three months ended March 31, 2025, through to the date of this MD&A:

On May 14, 2025, the Company declared the payment of a special cash dividend of \$0.34 per Class B voting common share and Class C non-voting share payable on June 4, 2025 to shareholders of record on May 27, 2025.

Investment property acquisitions:

For the three months ended March 31, 2025, the Company had no acquisitions of investment properties.

During the four months ended December 31, 2024, the Company acquired a 50% interest in a 35-unit apartment property in Metro Vancouver for \$7,322, including closing costs and taxes, settled by the assumption of a mortgage of \$3,235 and cash for \$4,087, and a 50% interest in a 20-unit apartment property in Metro Vancouver for \$3,905, including closing costs and taxes.

Investment property dispositions:

For the three months ended March 31, 2025 and the four months ended December 31, 2024, the Company had no dispositions of investment properties.

Property revenues: Property revenues include rental revenue and property management revenue. Property revenues for the three months ended March 31, 2025 increased by 3.7% compared to the three months ended February 29, 2024, due to higher lease rates on certain industrial properties, the addition of a 50% interest in three multi-family investment properties and due to an increase in recoverable operating costs. The increase was partially offset by certain vacancies throughout the period.

Excluding committed space and properties under development, commercial vacancies were 5.05% as at March 31, 2025 and 1.25% as at February 29, 2024. Commercial vacancies were 5.51% as of the date of this MD&A (April 12, 2024 – 0.36%).

Property operating expenses: Property operating expenses for the three months ended March 31, 2025 increased by 13.6% compared to the three months ended February 29, 2024, primarily due to an increase in property taxes and insurance costs.

General and administrative expenses: General and administrative expenses for the three months ended March 31, 2025 decreased by \$212 compared to the three months ended February 29, 2024. The decrease compared to the prior period is primarily due to a decrease in consulting fees.

Net gain on fair value adjustment on investment properties: Net gain on fair value adjustment on investment properties was \$5,207 for the three months ended March 31, 2025. The gain for the three months ended March 31, 2025 is primarily attributable to lease rate increases to market rents on renewals and new leases. The weighted average capitalization rate except for properties under development and a right-of-use asset applied at March 31, 2025 was 4.45% and unchanged from December 31, 2024.

Net gain (loss) on fair value adjustment on investment properties can vary significantly from quarter to quarter due to changes in capitalization rates in the marketplace which are beyond the control of the Company and rental rate changes.

Equity earnings of associate and joint ventures: Equity earnings of the associate, GSP, for the three months ended March 31, 2025 was \$93 compared to \$156 for the three months ended February 29, 2024. The decrease in equity earnings compared to the prior period is primarily attributable to an increase in interest expense.

Equity earnings of the Barnet LP and the Silverdale Hills LP joint ventures was \$45 for the three months ended March 31, 2025 compared to \$577 for the three months ended February 29, 2024. The decrease in equity earnings in joint ventures compared to the prior period is due primarily to the completion of sales of townhomes and single family lots on this development in the Silverdale Hills LP.

Interest income: For the three months ended March 31, 2025, the Company earned interest income from surplus cash of \$248 compared to \$850 for the three months ended February 29, 2024. The decrease in interest income was due primarily lower average cash balances and lower interest rates in the current period.

Interest expense: Interest expense for the three months ended March 31, 2025 increased by \$491 compared to the three months ended February 29, 2024. The increase was primarily due to higher average debt balances and higher interest rates on refinancing in the current period.

Interest recovery on uncertain tax positions: The interest recovery on uncertain tax positions for the three months ended February 29, 2024 of \$1,023 relates to an adjustment of the estimated interest expense on the unpaid portion of the reassessed taxes.

Losses on fair value adjustment on interest rate swaps: The losses on fair value adjustment on interest rate swaps for the three months ended March 31, 2025 of \$744 relate to the total unrealized losses for the period on six interest rate swaps with a total notional amount of \$76,793. For the three months ended February 29, 2024, the Company had total unrealized losses on the fair value adjustment on interest rate swaps of \$559. The Company mitigates some interest rate risk by entering into fixed rate interest rate swaps on some of its mortgages. The losses on fair value adjustment on interest rate swaps were primarily due to decreasing interest rates in the three months ended March 31, 2025.

Income taxes: Income tax expense was \$1,513 for the three months ended March 31, 2025 compared to income tax expense of \$3,185 for the three months ended February 29, 2024. The decrease in income tax expense compared to the prior period is consistent with the decrease in income before taxes compared to the prior period. A reconciliation of the income tax provision can be found in note 11 of the consolidated financial statements.

Net income and comprehensive income: The overall net income and comprehensive income for the three months ended March 31, 2025 compared to the overall net income and comprehensive income for the three months ended February 29, 2024 is explained in the analysis provided above.

Cash flows from operating activities before changes in non-cash operating accounts: For the three months ended March 31, 2025, Madison generated \$3,268 of cash flows from its operating activities (before changes in non-cash operating accounts) (three months ended February 29, 2024 – \$2,724). The increase compared to the prior period is due primarily to a decrease in current income tax expense and a decrease in general and administrative expenses, which was partially offset by an increase in net interest expense.

Cash generated from (used in) operating activities: For the three months ended March 31, 2025, Madison generated \$2,621 of cash in continuing operations compared to \$25,399 of cash used for the three months ended February 29, 2024. The Company paid cash tax deposits totalling \$25,768 to the Canada Revenue Agency (“CRA”) and Alberta Tax and Revenue Administration (“ATRA”) during the three months ended February 29, 2024. See “Uncertain Tax Positions” section for details.

Investment properties: Investment properties as at March 31, 2025 increased by \$7,025 compared to December 31, 2024. The increase in investment properties is primarily attributable to the net gain on fair value adjustment of \$5,207.

The fair value of investment properties is based primarily on internally prepared valuations applying the income approach, derived from the capitalization rate method. In applying the capitalization rate method, stabilized net operating income (“stabilized NOI”) of each property is divided by an appropriate capitalization rate with adjustments for items such as vacancy rates, non-recoverable capital expenditures and other non-recurring items. Stabilized NOI is determined from the terms of an existing lease or market rents for similar properties. The capitalization rates used are generally based on ranges provided by external valuation experts. These assumptions are further compared against information obtained from independent industry experts. Adjustments are made to the carrying values of the investment properties when changes in the underlying valuation assumptions occur.

The table below provides the average capitalization rates for the valuation of the Company's properties (excluding properties under development and a right-of-use asset) compared to ranges for each asset class when market rents are applied as at March 31, 2025. The following table relates to the Metro Vancouver market where approximately 78% of the Company's properties are located:

	Company average cap rate⁽²⁾	Market range
Industrial	4.37%	4.75% to 6.25%
Retail ⁽¹⁾	4.86%	5.00% to 5.50%
Office	5.70%	5.00% to 6.00%
Multi-family rental	3.93%	3.50% to 4.25%

(1) Excludes retail property held under leasehold interest.

(2) The average cap rates for the Company's industrial and retail properties fall below the market range due to in-place under market rents and further development potential on certain properties.

The following table provides a sensitivity analysis for the weighted average capitalization rate applied at March 31, 2025 except for properties under development and a right-of-use asset of \$2,250:

Capitalization rate increase (decrease)	Weighted average capitalization rate	Fair value of investment properties (at Company's ownership) \$	Fair value variance \$	% Change
(0.75%)	3.69%	880,165	151,195	20.7%
(0.50%)	3.98%	814,666	85,696	11.8%
(0.25%)	4.26%	762,114	33,144	4.5%
March 31	4.45%	728,970	-	0.0%
0.25%	4.78%	678,392	(50,578)	(6.9%)
0.50%	5.04%	643,842	(85,128)	(11.7%)
0.75%	5.29%	612,922	(116,048)	(15.9%)

Total assets: Total assets as at March 31, 2025 increased by \$23,403 compared to December 31, 2024. The increase in total assets is primarily attributable to the increase of cash and cash equivalents of \$12,640 generated primarily from the refinancing of debt on certain investment properties, a net gain on fair value adjustment of investment properties of \$5,207, and an increase in accounts receivable and other current assets of \$1,820 primarily due to an increase in prepaid expenses.

Total debt on investment properties: Total debt on investment properties outstanding as at March 31, 2025 increase by \$15,637 compared to December 31, 2024. During the three months ended March 31, 2025, the Company repaid \$42,136 of debt upon the maturity of certain mortgages and received net proceeds of \$57,695 from refinancing investment properties. The repayment of debt of \$42,136 relates to scheduled principal repayments and repayment of the outstanding loan balance on certain mortgages that have matured during the three months ended March 31, 2025.

Summary of Quarterly Results (in \$000's except per share amounts)

Quarter ended	Property revenues	Net gain (loss) on fair value adjustment on investment properties	Net income (loss) and comprehensive income (loss)	Net income (loss) attributable to shareholders of the Company	Income (loss) per share attributable to shareholders of the Company
May 31, 2023	10,527	(679)	3,131	2,975	\$0.05
August 31, 2023	9,845	(7,690)	(7,171)	(6,789)	(\$0.12)
November 30, 2023	10,419	(8,047)	(57,817)	(57,481)	(\$0.97)
February 29, 2024	11,106	12,333	14,388	14,306	\$0.24
May 31, 2024	11,604	(2,678)	(800)	(908)	(\$0.02)
August 31, 2024	11,358	(1,817)	20	(42)	\$0.00
December 31, 2024 ⁽¹⁾	14,859	3,807	5,069	4,805	\$0.08
March 31, 2025	11,516	5,207	6,211	5,841	\$0.10

(1) Due to the change in the Company's financial year-end, this comparative includes the four month period from September 1, 2024, to December 31, 2024.

Quarterly Comparison

Overview: Quarterly net income (loss) and comprehensive income (loss) is significantly impacted by current income tax expense, interest expense and other costs on uncertain tax positions, the net gain (loss) on fair value adjustment on investment properties, the gains (losses) on fair value adjustment on interest rate swaps and the equity earnings (losses) of associate and joint ventures. The table above highlights the property revenues and net income (loss) and comprehensive income (loss) by quarter.

Property revenues: Property revenues for the first quarter of fiscal 2025 are comparable to the four months ended December 31, 2024 when adjusting for the additional month in the four months ended December 31, 2024.

Net income (loss) and comprehensive income (loss): Net income (loss) and comprehensive income (loss) was significantly impacted by current income tax expense, interest expense and other costs on uncertain tax positions (see "Uncertain Tax Positions"), the net gain (loss) on fair value adjustment on investment properties, the gains (losses) on fair value adjustment on interest rate swaps and the equity earnings (losses) of associate and joint ventures. As a result, the quarterly net income (loss) and comprehensive income (loss) amounts are not comparable.

Liquidity and Capital Resources

The Company funds its current operations from its cash flows from operating activities, mortgages, construction loans, a lease liability and a bank line of credit. The Company manages liquidity by maintaining adequate cash balances and by having an appropriate line of credit available.

As at March 31, 2025, the Company had cash and cash equivalents of \$31,692 (December 31, 2024 – \$19,052) and had drawn \$nil (December 31, 2024 - \$nil) against its line of credit. Cash and cash equivalents comprise primarily cash held in interest bearing accounts with major Canadian financial institutions.

For the three months ended March 31, 2025, Madison generated \$3,268 of cash flows from continuing operations (before changes in non-cash operating accounts) compared to \$2,724 for the three months ended February 29, 2024. See “Results of Operations” for the explanations of changes in the cash flows from operations.

During the three months ended March 31, 2025, the Company replaced its \$20,000 line of credit with a line of credit of up to \$45,000 with a major Canadian chartered bank bearing interest at bank prime rate plus 0.5%, or CORRA rate for the applicable period plus 2.30%. As of the date of this MD&A, \$nil had been drawn against this line of credit. The amount available under this line of credit varies with the fair value of investment properties pledged and the cash flows the properties generate, up to a maximum of \$45,000. As at the date of this MD&A, the maximum borrowing capacity is approximately \$23,000. Second mortgages against certain of the Company’s investment properties, assignments of rents and insurance, as well as general security agreements creating floating charges over all of the assets included in this \$45,000 line of credit, have been provided as security. Amounts advanced under this line of credit are repayable on demand.

The primary objective of the Company’s capital management is to ensure that it maintains adequate capital in order to support its business and maximize shareholder value. The Company manages its capital structure with the goal of minimizing risk to the stability of cash flows from properties. Other goals include maintaining its debt service coverage, interest coverage and debt to equity ratios as well as maintaining minimum amounts of shareholders’ equity. The Company’s capital includes mortgage and construction loans, a lease liability, a line of credit and shareholders’ equity.

The Company’s principal source of financing is from mortgage loans. The ability to obtain a mortgage loan is dependent upon the value of the property and the cash flows the specific property generates and the availability of funds from time to time from lending institutions. The Company expects to renew mortgage loans as they become due.

The real estate industry is capital intensive. The Company requires access to capital to maintain its investment properties and to fund significant capital expenditures from time to time. Upon the expiry or maturity of the term of the financing or refinancing of any particular investment property or debt facilities, the Company may need to refinance. However, there is no assurance that capital will be available when needed or on favourable terms, or that the Company will be able to refinance its indebtedness or on terms as favourable as those currently in place with respect to the indebtedness. If the Company is unable to secure financing or refinance its indebtedness, or is only able to do so on less favourable terms, this may have a material adverse effect on the Company’s cash flows, financial position or operating results.

As at March 31, 2025, the Company has total of \$331,275 (December 31, 2024 – \$315,262) mortgage loans with leverage ratio of 45.3% (December 31, 2024 – 43.5%). Leverage ratio is a non-GAAP measure and is not a generally accepted measure under IFRS but management uses it as a supplementary financial measure. The leverage ratio is calculated as total debt on investment properties (before netting of deferred financing costs) divided by the fair value of investment properties. The Company’s calculation of leverage may differ from other companies and, accordingly, may not be comparable to other companies’ calculation of leverage.

The weighted average interest rate on fixed rate mortgage debt as at March 31, 2025 was 4.59% (December 31, 2024 – 4.29%) with fixed interest rates ranging from 2.23% to 6.35% per annum. Mortgage maturities are staggered up to eight years such that at March 31, 2025, no more than 23.87% (December 31, 2024 – 33.01%) of such debt matures in one year (see “Contractual Obligations”). During the three months ended March 31, 2025, the Company has been able to obtain new mortgage financing and renew its existing mortgages although at higher interest rates and lower loan-to-value ratios.

As at March 31, 2025, the Company had entered into interest rate swaps with Canadian chartered banks on six mortgages to reduce the impact of fluctuating interest rates and fix the Company's interest rates on those mortgages. The swaps had notional amounts as at March 31, 2025 totaling \$76,793, fixed swap rates ranging from 4.50% to 5.94%, and maturity dates ranging from June 2028 to March 2030. The total notional amount of the interest rate swaps represented 23.3% as at March 31, 2025 (December 31, 2024 – 30.6%) of the total debt on investment properties (before netting of deferred financing costs and fair value adjustments to assumed debt and excluding lease liabilities). The Company anticipates holding the mortgages and interest rate swap contracts until maturity.

Borrowings under the Company's line of credit bear interest at variable rates. As at March 31, 2025, the Company had \$36,770 (December 31, 2024 – \$12,081) in variable rate borrowings. The Barnet LP, of which the Company owns a 50% interest and is accounted for using the equity method, has a floating rate demand loan of \$29,250. The loan matures in September 2025, is payable on demand and the Company has provided a limited guarantee of \$14,625.

The Silverdale Hills LP, of which the Company owns a 50% interest, has floating rate bank loans and is accounted for using the equity method. In October 2022, the Silverdale Hills LP obtained a demand floating rate bank loan of \$11,100, which matures in August 2025, is payable on demand and for which the Company provided a limited guarantee of \$5,550. Additionally, the Silverdale Hills LP has a demand floating rate bank loan facility of \$70,000 which matures in calendar year 2027, is payable on demand and for which the Company has provided a limited guarantee for \$35,000. In July 2024, the Silverdale Hills LP obtained surety bonds for a total of \$25,804 for which the Company has provided a guarantee. As of the date of this MD&A, the surety bonds had an outstanding balance of \$21,437. In January 2025, the Silverdale Hills LP obtained a committed land servicing loan facility to a maximum of \$88,900, which matures in October 2027, to fund the first phase of the Loftus Village Project land servicing costs. The Company has provided a guarantee for \$44,450. As of the date of this MD&A, \$21,392 has been drawn against the floating rate land servicing loan facility by the Silverdale Hills LP.

The loan facilities, together with funds on hand and cash generated from operations, should provide adequate liquidity to meet the Company's obligations as they become due.

Risks and Uncertainties

Global Market, Economic and Geopolitical Risks

Adverse Canadian and global market, economic and political conditions and general global economic uncertainty, unexpected or ongoing geopolitical events, could have a material adverse effect on our business, results of operations and financial condition with the potential to impact, among others: (i) the value of Madison's properties; (ii) the availability or the terms of financing that Madison have or may anticipate utilizing; (iii) Madison's ability to make principal and interest payments on, or refinance, any outstanding debt when due; (iv) the occupancy rates in Madison's properties; and (v) the ability of our tenants to enter into new leasing transactions or to satisfy rental payments under existing leases. Continued concerns about the uncertainty over whether the economy will be adversely affected by geopolitical events may contribute to increased market volatility and weakened business and consumer confidence, could affect the financial condition of our tenants and may have a material adverse effect on our business, financial condition, cash flows and results of operations and could cause the market value of the Company's shares to decline.

Real Estate Industry

Investment properties are subject to varying degrees of risk. Such risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an over-supply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from others with available space and the ability of Madison to provide adequate maintenance at an economic cost.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made regardless of whether a property is producing sufficient income to cover such expenses. Madison's real estate properties are subject to mortgages that require ongoing debt payments and repayments of outstanding amounts on maturity. If Madison is unable or unwilling to make mortgage repayments on any property, losses could be sustained as a result of the lenders exercising their rights of foreclosure or sale.

Real estate is relatively illiquid. Such illiquidity will tend to limit Madison's ability to vary its portfolio promptly in response to changing economic or investment conditions. Financial difficulties of other property owners resulting in distress sales may further depress real estate values in many of the markets in which Madison operates.

Madison manages these risks through ownership of good quality properties combined with a diverse tenant base.

Revenue-Producing Properties

Madison's revenue-producing properties generate income through rental receipts from tenants. Upon the expiry of any lease, there is no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to Madison than the existing lease. Furthermore, at any time, a tenant of Madison's properties may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of such tenant's lease and a resultant reduction in cash flow available to Madison.

The Company also has interests in multi-family rental properties. In addition to risks similar to commercial income properties, apartments are typically subject to greater government regulations.

Fluctuations in Real Estate Values

The real estate industry is subject to variability and fluctuations in real estate values. The Company has elected to report its investment properties at fair value. Fair value represents the amount at which the properties could be exchanged between a knowledgeable and willing buyer and seller in an arm's length transaction at the date of valuation. Adjustments will be made to the fair values when changes in the underlying valuation assumptions occur.

Ongoing geopolitical events in the world have caused global economic disruption. This has increased the risk and uncertainty surrounding valuation estimates due to limited market activity for comparable transactions and the resulting impact on the Company's cash flows from investment properties. Downturns in the real estate market could negatively impact the fair values of the Company's investment properties.

Risks Associated with Residential Development Activities

There are a variety of risks associated with the Company's residential development activities such as municipal regulatory requirements and environmental considerations that affect the approval for planning, subdivision and use of land. During this period, market conditions may change dramatically. Other risks include rising costs of construction, contractual risk, shortage of experienced labour in the construction industry, reduced demand for new residential units, changes in regulations and taxes, and general market risk. The Company is also subject to risk that the actual performance of development properties acquired by the Company may be materially different from the assumptions made by management of the Company when purchasing the properties or initiating development. The Company manages the risks associated with its development activities by entering into joint ventures with experienced developers with a long history of successful development in Metro Vancouver.

Interest Rate Fluctuations

Madison's capital structure involves risks primarily associated with leverage and interest rates. Madison's financing includes some indebtedness with interest rates set on a floating rate basis which could result in fluctuations in Madison's cost of borrowing.

Since the beginning of 2022, the Bank of Canada increased its overnight interest rate by 475 basis points in an attempt to bring inflation under control. During 2022, inflation in Canada rose to its highest level in four decades and was a result of, but not limited to the effects of, the tight labour market, global supply chain disruptions, strong economic growth and the war in Ukraine. Starting in June 2024 to the date of this MD&A, the Bank of Canada decreased its overnight rate by a total of 225 basis points. The Bank of Canada is continuing to monitor inflation figures and the geopolitical events in the world which could result in further interest rate cuts in its overnight rate.

Madison has also mitigated interest rate risk by refinancing the majority of its debt on investment properties (mortgage loans, excluding lease liabilities) at fixed rates and maintaining a balanced maturity schedule. The Company has not experienced any difficulties in renewing mortgages as they have become due. The Company also mitigates interest rate risk by entering into interest rate swaps.

As of the date of this MD&A, the Company has a line of credit up to a maximum of \$45,000 that bears interest at bank prime rate plus 0.5%, or CORRA rate for the applicable period plus 2.30% and \$nil had been drawn on the line of credit. As at March 31, 2025, the Company had \$36,770 (December 31, 2024 – \$12,081) in variable rate borrowings, representing 11.2% of total borrowings. The impact of a 1.0% interest rate change on the Company's variable rate debt would increase or decrease interest expense and pre-tax earnings by \$368 (December 31, 2024 – \$121) per year.

The Company's equity accounted joint venture investments, the Silverdale Hills LP and the Barnet LP, have floating rate financing agreements and instruments. This could lead to fluctuations in borrowing costs, negatively impacting the Company's equity earnings. Additionally, it may necessitate further equity contributions to the joint ventures, adversely affecting Madison's cash flows. See "Liquidity and Capital Resources" for details regarding the Silverdale Hills LP and the Barnet LP's variable rate borrowings.

Environmental Matters and Climate Change Risk

As an owner of investment properties, Madison is subject to various Canadian federal, provincial, and municipal laws relating to environmental matters. Such laws provide that Madison could be liable for costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect Madison's ability to sell such real estate or pledge real estate as collateral for borrowing. In addition, such a situation could potentially result in claims against Madison. Madison is not aware of any material pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any material pending or threatened claims relating to environmental conditions at its properties. It is also possible that asbestos containing material ("ACM") and polychlorinated biphenyls ("PCB") in light fixtures may be present at some properties, which may result in future removal and disposal costs; however, management is not aware of any such presence.

Madison has formal procedures to review and monitor environmental exposure on an ongoing basis and conducts thorough environmental due diligence as part of its acquisition process. Madison has made and will continue to make the necessary capital expenditures to ensure compliance with environmental laws and regulations. Environmental laws and regulations can change at any time and Madison may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on Madison's business, financial condition and results of operations.

Natural disasters and severe weather such as floods, blizzards and rising temperatures may result in damage to the Company's properties. The extent of Madison's casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. Madison is also exposed to risks associated with inclement winter weather, including increased need for maintenance and repair of its buildings. In addition, climate change, to the extent it causes changes in weather patterns, could have effects on the Company's business by increasing the cost of property insurance, and/or energy at the properties. As a result, the consequences of natural disasters, severe weather and climate change could negatively affect the results of operations and financial condition of Madison.

General Uninsured Losses

Madison carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (generally of a catastrophic nature such as from wars or environmental contamination) which are either uninsurable or not insurable on an economic basis. Madison currently has insurance for flood and earthquake risks, subject to certain policy limits, deductibles, and self-insurance arrangements, and will continue to carry such insurance so long as it is economical to do so. Should an uninsured or underinsured loss occur, Madison could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, while still being obligated to repay any recourse mortgage indebtedness on such properties. If a loss occurs in excess of insured limits, Madison could lose all or part of its investment in, and anticipated profits and cash flows from such property.

Joint Ventures and Co-ownerships

The Company participates in joint ventures, partnerships and similar arrangements that may involve risks and uncertainties not present absent third-party involvement, including, but not limited to, Madison's dependency on partners, co-tenants or co-venturers that are not under the Company's control and that might become bankrupt or otherwise fail to fund their share of required capital contributions, or suffer reputational damage that could have an adverse impact on the Company. Additionally, the Company's partners might at any time have economic or other business interests or goals that are different than or inconsistent with those of Madison, and the Company may be required to take actions that are in the interest of the partners collectively, but not in Madison's sole best interests. Accordingly, Madison may not be able to favourably resolve issues with respect to such decisions, or the Company could become engaged in a dispute with any of them that might affect its ability to operate the business or assets in question.

Residential Rental Business Risks

Demand for residential rentals fluctuates with changes in general market and economic conditions, such as consumer confidence, employment levels, financing availability for home buyers, interest rates, demographic trends, immigration levels and housing supply and demand. As a landlord of rental apartments, the Company faces risks inherent in the multi-family rental business. These include fluctuations in occupancy levels, individual credit risk, reputation risk, tenant privacy concerns, potential changes to rent control regulations, increases in operating costs (such as utilities), and increased property taxes. Additionally, certain operating costs, such as property maintenance, repairs, insurance, and property taxes, are not directly recoverable from tenants, which can significantly impact the financial performance of the property. In British Columbia, multi-family rental properties are subject to rent control legislation, which can restrict rent increases above an annually prescribed guideline, require sufficient notice before rent increases, or limit the frequency of rent increases. The issue of affordable housing and related policies is becoming increasingly prominent at various government levels. The Company may face risks from new or amended rent control legislation in its operating markets, potentially impacting operations and incurring costs that may not be fully recoverable from tenant rents. Madison mitigates these risks by maintaining a portfolio of well-located managed properties.

Geographic Concentration

Madison currently carries on the majority of its business in British Columbia, and predominantly Metro Vancouver. However, the Company has some geographic diversification with properties located in Alberta and Ontario. An economic downturn in any of these markets could cause leasing rates to decline, which could have a material adverse effect on the business and negatively affect the results of operations and financial condition of Madison.

Contractual Obligations

	Payments due by fiscal year						
(in \$000's)	Total	April 2025 – December 2025	January 2026 – December 2026	January 2027 – December 2027	January 2028 – December 2028	January 2029 – December 2029	January 2030 and thereafter
Debt on investment properties ⁽¹⁾	329,025	66,941	59,079	46,004	75,803	17,614	63,584
Undiscounted land lease liability	3,300	78	105	107	109	111	2,790

(1) Excluded from the table is the Company's 50% share of a \$29,250 bank loan owed by the Barnet LP, and the Company's 50% share of a \$11,100 bank loan, a \$70,000 bank loan and a land servicing loan facility to a maximum of \$88,900 owed by the Silverdale Hills LP, all of which are accounted for using the equity method. See "Liquidity and Capital Resources" section for details about these loan facilities.

Uncertain Tax Positions

The Company and certain subsidiaries received tax notices of reassessment for various taxation years from the CRA and ATRA. The reassessments denied the application and usage of certain non-capital losses, capital losses, deductions and investment tax credits arising from prior years. In addition, the CRA and ATRA disallowed unclaimed carryforward non-capital losses of \$657, carryforward capital losses of \$6,494, and carryforward investment tax credits of \$4,457. The Company and its subsidiaries filed notices of objection and notices of appeal to the reassessments with the CRA and ATRA. The Company and its subsidiaries were required to make deposits totalling \$19,270 for a portion of the taxes and interest the CRA and ATRA claim are owed. The Company and its subsidiaries made these deposits at the time of filing the notice of objections.

A trial in the Tax Court of Canada ("TCC") for one of the reassessed companies, Madison Pacific Properties Inc., was heard in 2020, 2022 and in 2023 (the "MPP Appeal"). In December 2023, the TCC released its decision for the MPP Appeal in favour of the CRA's position, confirming the CRA's reassessments. The decision denied Madison Pacific Properties Inc.'s ability to use certain carryforward losses as described above for certain taxation years between 2009 and 2017. In January 2024, the Company filed a notice of appeal to the Federal Court of Appeal ("FCA") to appeal the decision issued by the TCC on the MPP Appeal (the "TCC Appeal"). In January 2025, the TCC Appeal was heard by the FCA and the FCA released its judgement dismissing the TCC Appeal. On March 21, 2025, the Company filed an application to the Supreme Court of Canada seeking leave to appeal the decision issued by the FCA.

Based on the decision of the TCC in respect of the MPP Appeal and other related factors, including the accounting criteria under IFRS regarding tax contingencies, the Company recorded a full provision against the carrying value of the deposits, deferred tax assets related to unused carryforward amounts and a liability for unpaid estimated awarded legal costs for all three sets of reassessments totalling \$51,450 during the year ended August 31, 2024.

As at August 31, 2024, the Company has paid cash tax deposits totalling \$50,580 to the CRA and ATRA for the taxes and estimated interest the CRA and ATRA claimed are owed. The Company has filed interest relief applications with the CRA to apply to waive certain arrears interest paid on the reassessments.

No trial dates have been set for the Company's other subsidiaries. As a result of the FCA decision in the TCC Appeal, the Company will continue to evaluate its defense positions in respect of the two other reassessed subsidiaries. If the Company is ultimately successful in defending its positions, deposits made plus applicable interest will be refunded to the Company. There are no assurances that the Company's

objections and appeals will be successful. If the CRA and ATRA are successful, the deposits for potential tax liability would be forfeited to the CRA and ATRA.

Off-Balance Sheet Arrangements

Madison is required to provide letters of credit to municipalities in connection with development charges and rezoning applications. As of the date of this MD&A, there were no outstanding letters of credit held by the Company or its subsidiaries. The Silverdale Hills LP, of which the Company owns a 50% interest obtained a letter of credit facility of up to \$30,000 in June 2024. As of the date of this MD&A, \$nil has been drawn against the \$30,000 letter of credit facility by the Silverdale Hills LP.

The Company enters into interest rate swaps. See “Liquidity and Capital Resources” above.

Transactions with Related Parties

The Company has engaged the services of G.W Property Services Ltd., a landscaping and building services company owned by a related party. During the three months ended March 31, 2025, construction management services and property management services paid to this company totaled \$340 (three months ended February 29, 2024 – landscaping, maintenance and construction management services \$161). There are no long-term commitments with this company, which provides required construction management services and property management services on some investment properties.

During the four months ended December 31, 2024, the Company jointly acquired two apartment properties with its equity investee, GSP.

During the three months ended February 29, 2024, the Company also jointly acquired two residential apartment properties with its equity investee, GSP. The Company acquired a 50% interest in a 15-unit residential apartment property in Metro Vancouver for \$2,225 including closing costs and taxes, and a 50% interest in a 42-unit residential apartment property in Metro Vancouver for \$6,259 including closing costs and taxes.

During the three months ended February 29, 2024, the Company acquired 328,240 newly issued shares in its equity investee GSP for \$2,137. GSP is a private company where certain of its shareholders and key management personnel are related to a director of Madison.

During the three months ended March 31, 2025, the Company engaged the services of Western Integrated Electrical Ltd., an electrical contractor controlled by a shareholder of the Company for which it paid fees of \$13 (three months ended February 29, 2024 – \$1).

During the three months ended March 31, 2025, rental revenues totaling \$697 (three months ended February 29, 2024 – \$1,135) were received from Madison Venture Corporation (“MVC”), and Arrow Speed Controls Limited, Continental Electrical Motor Services Ltd., Continental Electrical Motor Services (Northern) Ltd., 0777061 B.C. Ltd., Madison Industrial Equipment Inc., GVIC Communications Corp., Glacier RIG Ltd. and REW Digital Ltd., which are tenants and companies controlled by MVC. These companies have lease agreements with the Company. MVC is a shareholder of the Company and certain of its directors are directors of the Company.

During the three months ended March 31, 2025, the Company incurred management consulting charges to MVC for various asset management services, development and other management support and tax services of \$352 (three months ended February 29, 2024 – \$348), which included the compensation of the

Company's chief executive officer, paid to the shareholder pursuant to a management service agreement for a total of \$124 (three months ended February 29, 2024 – \$120).

During the three months ended March 31, 2025, the Company incurred fees to MVC for administration services of \$13 (three months ended February 29, 2024 – \$9).

The Company has provided a limited guarantee of \$14,726 on the MT Properties Limited Partnership mortgage debt. During the three months ended March 31, 2025, a guarantee fee of \$11 (three months ended February 31, 2024 – \$11) was paid to the Company.

Key management personnel include the Company's directors and officers. For the three months ended March 31, 2025, compensation awarded to key management personnel included salaries and short-term employee benefits of \$470 (three months ended February 29, 2024 – \$374).

The transactions with the related parties noted above have been recorded at their exchange amounts, which are the amounts agreed to by the related parties.

Outstanding Share Data

As of the date of this MD&A, there were 7,355,420 Class B shares and 52,107,135 Class C shares outstanding.

Share Option Plan

The Company implemented a share option plan (the "Plan") effective January 1, 2019. Under the Plan, the Company reserves Class B Shares equal to 2% of aggregate outstanding Class B Shares and Class C Shares for issuance upon the exercise of share options granted under the Plan. As of the date of this MD&A, 1,189,251 Class B Shares are reserved for issuance under the Plan. The Plan provides that share options may be issued only to executives, employees and outside directors of the Company or of any of its subsidiaries and that options granted to insiders (as defined by Toronto Stock Exchange rules) shall not exceed 10% of the outstanding Class B Shares.

The Plan and the terms of options granted, including the exercise price, the expiry time, the vesting period and other terms and conditions relating to such options, shall be administered by the Compensation Committee or any other committee to which such authority is delegated by the Board of Directors.

As of the date of this MD&A, no share options had been granted.

Financial Instruments

Madison finances its investment properties primarily through conventional mortgage loans. These fixed rate mortgages have remaining terms of between one and eight years, and as at March 31, 2025, had a weighted average interest rate of 4.59% (December 31, 2024 – 4.29%). Of the total amount of debt on investment properties outstanding (excluding lease liabilities) as at March 31, 2025, \$62,396 of mortgages are scheduled to mature by December 31, 2025. Additionally, the Company has share of a \$29,250 bank loan owed by the Barnet LP, a \$11,100 bank loan owed by the Silverdale Hills LP, a \$70,000 bank loan owed by the Silverdale Hills LP and a land servicing loan facility to a maximum of \$88,900 owed by the Silverdale Hills LP. The Company has 50% ownership interests in the Barnet LP and the Silverdale Hills LP, which are accounted for using the equity method. See "Liquidity and Capital Resources" section for details about these loan facilities.

Madison anticipates being able to renew all credit facilities maturing in 2025 at terms comparable to those currently in place, except for higher interest rates and lower loan-to-value ratios.

The Company has entered into interest rate swaps with Canadian chartered banks to fix the Company's interest rates on those mortgages. See "Liquidity and Capital Resources" above.

Interest rate swaps are classified as financial assets and liabilities at fair value through profit or loss. The total fair value of the interest rate swap assets and liabilities and net unrealized losses on those contracts are as follows:

	Fair value assets		Fair value liabilities	
	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
	\$	\$	\$	\$
Interest rate swaps - current	-	215	-	-
Interest rate swaps – non-current	-	-	1,849	1,318
			Net unrealized losses on interest rate swaps	
			Three months ended March 31, 2025	February 29, 2024
			\$	\$
Interest rate swaps			744	559

Critical Accounting Estimates and Judgements

It is necessary for the Company to use estimates and judgements in applying the significant accounting policies as described in note 2 of the December 31, 2024 consolidated financial statements. In determining estimates, management uses the information available to the Company at the time. Management reviews key estimates on a regular basis to determine their appropriateness. There is no material update from the critical accounting estimates and judgements disclosure contained in the December 31, 2024 MD&A.

Effectiveness of the Internal and Disclosure Controls and Procedures

An evaluation has been carried out on the effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures as defined in National Instrument 52-109. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the design and operation of these internal and disclosure controls and procedures were effective.

The Company did not make any changes to the design of its internal controls over financial reporting in the three months ended March 31, 2025 that would have materially affected, or would be reasonably likely to materially affect the Company's internal controls over financial reporting.

Management of Madison is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the

preparation of consolidated financial statements for external purposes in accordance with IFRS. Internal financial controls and procedures have been designed under the supervision of management of Madison.

It should be noted, that while Madison believes that the current disclosure controls and procedures and internal controls over financial reporting provide a reasonable level of assurance, it cannot be expected that existing disclosure controls and procedures or internal financial controls will prevent all human error and circumvention or overriding of the controls and procedures. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Additional Information

Additional information relating to Madison may be found in the Annual Information Form and the Information Circular for its most recent annual general meeting of shareholders. Both of these prescribed filings may be found on the SEDAR+ web site (www.sedarplus.ca).