

REPORT UNDER PART 3

NATIONAL INSTRUMENT 62-103

The Early Warning System and Related Take-over Bid Reporting Issues

1. Security and Reporting Issuer

1.1 *State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.*

The designation of securities to which this report relates is Class C shares of Madison Pacific Properties Inc. (the “**Issuer**”).

The Issuer's address is:

389 West 6th Avenue
Vancouver, British Columbia
V5Y 1L1

1.2 *State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.*

The Toronto Stock Exchange.

2. Identity of the Acquiror:

2.1 *State the name and address of the acquiror.*

Raymond Heung (“**Heung**”)
Suite 200, 1661 West 2nd Avenue
Vancouver, British Columbia V6J 1H3

2.2 *State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.*

On May 22, 2018, through YP Heung Foundation, Heung disposed of 350,800 Class C shares of the Issuer in the public market.

2.3 *State the names of any joint actors.*

The registered holder of the Class C shares is YP Heung Foundation, of which Heung exercises control or direction. Heung also beneficially owns Class C shares and Class B shares of the Issuer through Vanac Development Corp.

3. Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.

On May 22, 2018, Heung disposed of 350,800 Class C shares of the Issuer, reducing the number of Class C shares that Heung has control or direction over, or beneficial ownership of, to 8,809,717 Class C shares, or approximately 17.17% of the Issuer's current issued and outstanding Class C shares.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

Through YP Heung Foundation, Heung disposed of ownership over the securities that triggered the requirement to file this report.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately prior to the transaction that triggered the requirement to file this report, Heung had beneficial ownership and control or direction over an aggregate of 9,160,517 Class C shares of the Issuer, representing approximately 17.85% of the issued and outstanding Class C shares of the Issuer and beneficial ownership of an aggregate of 790,507 Class B shares of the Issuer, representing approximately 10.90% of the issued and outstanding Class B shares of the Issuer.

Immediately after the transaction giving rise to the requirement to file this report, Heung had beneficial ownership and control or direction over an aggregate of 8,809,717 Class C shares of the Issuer, representing approximately 17.17% of the issued and outstanding Class C shares of the Issuer and beneficial ownership of an aggregate of 790,507 Class B shares of the Issuer, representing approximately 10.90% of the issued and outstanding Class B shares of the Issuer.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

Heung has ownership and control over 8,809,717 Class C shares of the Issuer, representing approximately 17.17% of the issued and outstanding Class C shares of the Issuer and 790,507 Class B shares of the Issuer, representing approximately 10.90% of the issued and outstanding Class B shares of the Issuer.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

4. Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

Of the Class C shares disposed of, 200 were disposed of at a price of \$3.17 per Class C share, 100 were disposed of at a price of \$3.21 per Class C share, 500 were disposed of at a price of \$3.20 per Class C share and 350,000 were disposed of at a price of \$3.15 per Class C share, for total consideration of \$1,105,055.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

Not applicable.

4.3 *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.*

Not applicable.

5. Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have.

The Class C shares were disposed of for investment purposes. Heung may acquire additional securities or dispose of existing securities on the basis of Heung's assessment of market conditions and in compliance with applicable securities regulatory requirements.

6. Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

There are no such relevant agreements giving rise to this report involving Heung.

7. Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

8. Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

9. Certification

I, as the acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated this 25th day of May, 2018.

“Raymond Heung”

Raymond Heung