

Madison Pacific Properties Inc.

Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2025 and August 31, 2024

(expressed in thousands of Canadian dollars)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102 “Continuous Disclosure Obligations”, Part 4, Subsection 4.3(3a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor, PricewaterhouseCoopers LLP, has not performed a review of these financial statements in accordance with standards established by Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity’s auditor.

November 13, 2025

Madison Pacific Properties Inc.

Interim Consolidated Statements of Financial Position

As at September 30, 2025 and December 31, 2024

(unaudited)

(expressed in thousands of Canadian dollars)

	Note	September 30, 2025	December 31, 2024
		\$	\$
Assets			
Non-current assets			
Investment properties	3	758,151	724,195
Investment in associate and joint ventures	4	59,639	62,982
Deferred income tax assets	13	626	708
Other non-current assets		643	357
		819,059	788,242
Current assets			
Cash and cash equivalents		16,684	19,052
Amounts receivable and other current assets	5	5,809	2,075
Income taxes receivable		264	826
		22,757	21,953
Total assets		841,816	810,195
Liabilities			
Non-current liabilities			
Debt on investment properties	6	255,904	206,643
Deferred income tax liabilities	13	59,632	57,545
Other non-current liabilities	6(a)	2,207	1,318
		317,743	265,506
Current liabilities			
Current portion of debt on investment properties	6	93,505	107,948
Accounts payable and accrued liabilities	7	8,815	7,092
Income taxes payable		25	365
Uncertain tax liabilities	13	500	500
		102,845	115,905
Total liabilities		420,588	381,411
Equity			
Equity attributable to shareholders of the Company			
Share capital	9	72,715	72,715
Retained earnings		333,758	344,037
		406,473	416,752
Non-controlling interests		14,755	12,032
Total equity		421,228	428,784
Total liabilities and equity		841,816	810,195
Subsequent events	19		

Approved by the Board of Directors

“John DeLucchi” Director

“Alistair Duncan” Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Madison Pacific Properties Inc.

Interim Consolidated Statements of Changes in Equity

For the Nine Months Ended September 30, 2025 and August 31, 2024

(unaudited)

(expressed in thousands of Canadian dollars)

	Note	Attributable to shareholders of the Company			Non-controlling interests	Total equity
		Share Capital	Retained Earnings	Total		
		\$	\$	\$	\$	\$
Balance - December 1, 2023		72,715	332,495	405,210	12,547	417,757
Net income and comprehensive income		-	13,356	13,356	252	13,608
Dividends		-	(6,244)	(6,244)	-	(6,244)
Distributions to non controlling interest		-	-	-	(195)	(195)
Transaction with non-controlling interest	10	-	(375)	(375)	(836)	(1,211)
Balance - August 31, 2024		72,715	339,232	411,947	11,768	423,715
Balance - January 1, 2025		72,715	344,037	416,752	12,032	428,784
Net income and comprehensive income		-	16,182	16,182	4,756	20,938
Dividends	11	-	(26,461)	(26,461)	-	(26,461)
Distributions to non controlling interest		-	-	-	(2,033)	(2,033)
Balance - September 30, 2025		72,715	333,758	406,473	14,755	421,228

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Madison Pacific Properties Inc.

Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the Three and Nine Months Ended September 30, 2025 and August 31, 2024
(unaudited)

(expressed in thousands of Canadian dollars, except per share data)

	Note	Nine Months Ended		Three Months Ended	
		September 30, 2025	August 31, 2024	September 30, 2025	August 31, 2024
		\$	\$	\$	\$
Property revenues	12,15	34,053	34,068	11,509	11,358
Property operating expenses	15	10,388	9,915	3,476	2,931
		23,665	24,153	8,033	8,427
General and administrative expenses	15	3,698	3,977	1,106	1,262
		19,967	20,176	6,927	7,165
Net gain (loss) on fair value adjustment on investment properties	3	18,622	7,838	(3,263)	(1,817)
Equity (losses) earnings of associate and joint ventures	4(a)	(1,239)	802	(461)	5
		37,350	28,816	3,203	5,353
Interest income		648	1,720	159	401
Interest expense		11,664	9,502	4,053	3,178
Interest expense and other costs on uncertain tax positions		-	223	-	-
Losses on fair value adjustment on interest rate swaps	6(a)	1,104	2,742	484	1,605
Income (loss) before income taxes		25,230	18,069	(1,175)	971
Income taxes	13	4,292	4,461	319	951
Net income (loss) and comprehensive income (loss)		20,938	13,608	(1,494)	20
Net income (loss) and comprehensive income (loss) attributable to:					
Shareholders of the Company		16,182	13,356	(1,631)	(42)
Non-controlling interests		4,756	252	137	62
		20,938	13,608	(1,494)	20
Income (loss) per share	14	\$0.27	\$0.22	(\$0.03)	\$0.00

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Madison Pacific Properties Inc.

Interim Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2025 and August 31, 2024

(unaudited)

(expressed in thousands of dollars)

Cash flows (used in) from:	Note	Nine Months Ended	
		September 30, 2025	August 31, 2024
		\$	\$
Operating activities			
Net income		20,938	13,608
Items not affecting cash			
Net gain on fair value adjustment on investment properties		(18,622)	(7,838)
Amortization		1,556	1,052
(Recovery) allowance for expected credit losses		(4)	95
Equity losses (earnings) of associate and joint ventures		1,239	(802)
Unrealized losses on fair value adjustment on interest rate swaps		1,104	2,742
Recognition of rental revenue on a straight-line basis		(352)	(20)
Deferred income taxes	13	2,169	777
Provision for uncertain tax liabilities		-	223
Cash flow from operations before changes in non-cash operating accounts		8,028	9,837
Changes in non-cash operating accounts			
Amounts receivable and other assets		(3,262)	(1,912)
Income taxes receivable		562	(300)
Accounts payable and accrued liabilities		1,558	522
Income taxes payable		(340)	(2,656)
Uncertain tax liabilities		-	(31,310)
Cash generated from (used in) operating activities		6,546	(25,819)
Investing activities			
Acquisition of investment properties and acquisition deposits	3(b)	(17,128)	(16,037)
Building improvements on investment properties		(2,371)	(1,577)
Other investment property expenditures		(1,972)	(782)
Net proceeds from disposition of investment properties	3(c)	8,485	-
Investment in associate and joint ventures	4(a)	(1,646)	(12,695)
Distributions received from joint ventures	4(a)	3,750	-
Cash used in investing activities		(10,882)	(31,091)
Financing activities			
Net proceeds from debt on investment properties	6	129,806	42,076
Repayment of debt on investment properties	6	(99,344)	(40,687)
Distributions to non-controlling interests		(2,033)	(195)
Dividends paid	11	(26,461)	(3,122)
Transactions with non-controlling interests and related costs	10	-	(1,211)
Cash generated from (used in) financing activities		1,968	(3,139)
Decrease in cash and cash equivalents		(2,368)	(60,049)
Cash and cash equivalents - beginning of period		19,052	74,680
Cash and cash equivalents - end of period		16,684	14,631
Supplemental cash flow information			
Interest received		715	1,745
Interest paid		11,145	8,970
Interest paid for uncertain tax liabilities		-	13,183
Income tax instalments paid		1,901	24,927
Significant non-cash items			
Assumed debt on acquisition of investment property	3(b), 6	3,115	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Madison Pacific Properties Inc.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025 and August 31, 2024

(unaudited)

(expressed in thousands of Canadian dollars, except number of shares and per share amounts)

1. General information

Madison Pacific Properties Inc. (the “Company”) owns, develops and operates industrial, commercial, multi-family, retail and office rental properties located in British Columbia, Alberta, and Ontario. The Company also has investments in joint ventures that develop residential properties. The Company is incorporated and domiciled in Canada. The head office of the Company is located at 389 West 6th Avenue, Vancouver, British Columbia, V5Y 1L1, and its registered office is located at 25th Floor, Toronto-Dominion Bank Tower, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.

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 condensed interim consolidated financial statements is the three and nine months ended August 31, 2024.

2. Summary of material accounting policies and critical accounting estimates

a. Basis of presentation

These condensed interim consolidated financial statements for the three and nine months ended September 30, 2025 have been prepared in accordance with International Accounting Standard (“IAS”) 34, “*Interim Financial Reporting*”. The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated statements and should be read in conjunction with the Company’s annual consolidated financial statements for the four months ended December 31, 2024, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The condensed interim consolidated financial statements have been prepared using the same accounting policies and methods as those used in the annual consolidated financial statements for the four months ended December 31, 2024. The condensed interim consolidated financial statements have been presented in Canadian dollars rounded to the nearest thousand unless otherwise indicated.

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on November 13, 2025.

b. Principles of consolidation

Subsidiaries

These condensed interim consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company and the results of all controlled entities. Controlled entities are those entities over which the Company has i) the power to govern the financial and operating policies, ii) the right to receive benefits from that entity, and iii) the ability to use its operating decisions to alter the benefits received. These

Madison Pacific Properties Inc.

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criteria are met by having a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. In addition, for consolidation purposes, factors may exist where an entity may consolidate without having more than 50% of the voting power through ownership or agreements, or in the circumstances of enhanced minority rights, as a consequence of *de facto* control. *De facto* control is control without the legal right to exercise unilateral control, and involves decision-making abilities that are not shared with others and the ability to give direction with respect to the operating and financial policies of the entity concerned. Where control of a subsidiary ceases during a financial year, its results are included up to the point in the year when control ceases. Where control of an entity is acquired during a financial year, its results are included in the consolidated statement of income and comprehensive income from the date on which control commences.

The Company's subsidiaries are Metro Vancouver Properties Corp. ("MVP"), MP Western Properties Inc., 1073774 Properties Inc., 3530639 Canada Inc., 801325 B.C. Ltd., the MPW Properties Partnership, Madison Silverdale Developments Corp., Madison Developments 2800 Barnet Ltd., the MT Properties Limited Partnership, and MT Management Inc. The Company holds a 100% interest in MP Western Properties Inc., 1073774 Properties Inc., 3530639 Canada Inc., Madison Silverdale Developments Corp. and a 100% interest in MVP which holds a 100% interest in the MPW Properties Partnership, 801325 B.C. Ltd., and Madison Developments 2800 Barnet Ltd., a 60.9% interest in the MT Properties Limited Partnership, and a 75% interest in MT Management Inc.

All inter-company balances, transactions, and unrealized profits resulting from inter-company transactions are eliminated.

Non-controlling interests

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Joint arrangements

The Company classifies its interests in joint arrangements as either a joint venture or a joint operation. A joint arrangement is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control. A joint arrangement is classified as a joint venture when the parties to the joint arrangement have rights over the net assets of the joint arrangement, whereas a joint arrangement is classified as a joint operation when the arrangement provides rights to assets and obligations for liabilities for the parties sharing joint control.

Joint operations

Joint operations are accounted for using the proportionate consolidation method whereby the Company's share of assets, liabilities, income, expenses and cash flows of jointly controlled operations are combined with the equivalent items in the results on a line-by-line basis.

Madison Pacific Properties Inc.

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(unaudited)

(expressed in thousands of Canadian dollars, except number of shares and per share amounts)

Investment in associates & joint ventures

Associates are entities over which the Company has significant influence but not control. Investments in associates and joint ventures are accounted for using the equity method as follows:

- Investments are initially recognized at cost.
- Investments in associates and joint ventures include goodwill and intangible assets identified on acquisition, net of any accumulated impairment loss.
- The Company's share of its associates and joint ventures' post-acquisition profits or losses is recognized in the consolidated statement of income and comprehensive income.
- Dividends and distributions receivable from associates and joint ventures reduce the carrying amount of the investment.
- The Company's liability with respect to its associates and joint ventures is limited to its net investment where it has no obligation to fund any subsequent losses should they arise. There is no obligation beyond the initial investment.
- Associates and joint ventures are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

c. Critical accounting estimates and judgements

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The critical accounting estimates and judgements applied during the nine months ended September 30, 2025, are consistent with those set out in note 2 to the Company's consolidated financial statements for the four months ended December 31, 2024.

3. Investment properties

	Note	Nine months ended September 30, 2025	Four months ended December 31, 2024
		\$	\$
Balance at beginning of period		724,195	708,341
Additions:			
Acquisitions	3(b)	20,243	11,227
Building improvements on investment properties		2,026	364
Disposition	3(c)	(8,485)	-
Recognition of rental revenue on a straight-line basis		352	39
Tenant improvements		2,128	278
Amortization of tenant improvements		(886)	(228)
Leasing commissions		354	512
Amortization of leasing commissions		(398)	(145)
Net gain on fair value adjustment		18,622	3,807
Balance at end of period		758,151	724,195

Madison Pacific Properties Inc.

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a. Valuations

When performing fair value assessments for its investment properties, the Company incorporates a number of factors including recent market transactions, recent leasing activity, market vacancy, non-recoverable capital expenditures and other information obtained from market research and recently completed leases and acquisitions. The capitalization rates used are generally based on ranges provided by external valuers and these assumptions are further compared against information obtained from independent industry experts. The adverse Canadian and global market, economic and political conditions and ongoing geopolitical events in the world has caused global economic disruption and uncertainty. This has increased the risk and uncertainty surrounding valuation estimates due to limited market activity for comparable transactions, as well as uncertainty regarding the expected length of these events and the resulting impact on the Company's cash flows from investment properties. In developing its estimates, management performed an assessment of its tenants and portfolio of investment properties, as well as an evaluation of the changes in the overall market conditions for the asset classes in the Company's portfolio.

The fair value of the Company's investment properties is considered to be at Level 3 in the fair value hierarchy, as significant unobservable inputs are required to determine fair value.

b. Investment property acquisitions

During the nine months ended September 30, 2025, the Company acquired the remaining 50% ownership interest in an industrial property from its co-owner for \$17,784 including closing costs. The property is located in Burnaby, British Columbia with a 114,497 square foot building and a site area of 5.0 acres. The purchase price for this investment property was settled by the assumption of a mortgage of \$3,115 and cash for \$14,669.

During the nine months ended September 30, 2025, the Company acquired a 50% interest in a 20-unit residential apartment property in Metro Vancouver for \$2,459 including closing costs. The total consideration was settled by cash (note 15).

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 (note 15).

c. Investment property dispositions

During the nine months ended September 30, 2025 and concurrent to the acquisition of the 50% interest in an industrial property, the Company sold its 50% interest in an industrial property to the property's co-owner for net proceeds of \$8,485. The property is located in Burnaby, British Columbia, with a 39,339 square foot building and a site area of 1.82 acres. The Company also repaid the mortgage on this property of \$4,119.

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

Madison Pacific Properties Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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(unaudited)

(expressed in thousands of Canadian dollars, except number of shares and per share amounts)

d. Right-of-use asset

Included in investment properties is a right-of-use asset (“ROU Asset”) arising from a land lease. The ROU Asset was recognized effective September 1, 2019 upon the adoption of IFRS 16, *Leases* (“IFRS 16”).

e. Sensitivity

The following table provides a sensitivity analysis for the weighted average capitalization rate on commercial properties applied at September 30, 2025, excluding properties under development, a property held for sale, and a ROU Asset of \$2,214 (note 3(d)):

Capitalization rate increase (decrease)	Weighted average capitalization rate	Fair value of investment properties (at Company's ownership) \$	Fair value variance \$	% change
(0.75%)	3.81%	901,610	145,673	19.3%
(0.50%)	4.10%	837,639	81,702	10.8%
(0.25%)	4.37%	785,806	29,869	4.0%
September 30	4.54%	755,937	-	-
0.25%	4.89%	702,220	(53,717)	(7.1%)
0.50%	5.15%	667,408	(88,529)	(11.7%)
0.75%	5.40%	636,117	(119,820)	(15.9%)

4. Investments in associate and joint ventures

	Note	September 30, 2025 \$	December 31, 2024 \$
Investment in associate	4(a)	23,660	24,604
Investments in joint ventures	4(a)	35,979	38,378
		59,639	62,982

a. Investments in associate and joint ventures

The investment in associate includes an equity investment in Grant Street Properties Inc. (“GSP”), a related private company that owns and manages commercial, industrial and multi-family rental properties. As at September 30, 2025, the Company holds an ownership interest of 36.04% (December 31, 2024 – 36.04%) in GSP. This investment has been accounted for using the equity method.

The investment in joint ventures includes equity investments in the Silverdale Hills Limited Partnership (the “Silverdale Hills LP”) and the 2798 Barnet Development Limited Partnership (the “Barnet LP”). The Company

Madison Pacific Properties Inc.

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holds an ownership interest of 50% in each of the Silverdale Hills LP and the Barnet LP. These limited partnerships have been accounted for using the equity method.

Silverdale Hills LP

As at September 30, 2025, the Silverdale Hills LP owns approximately 1,425 acres of residential development designated lands in Mission, British Columbia.

As of November 13, 2025, the Silverdale Hills LP received approval from the City of Mission to rezone 14 properties totalling approximately 141 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 also entered into servicing agreements with the City of Mission to construct and install the first phase of public services, facilities, and utilities to support a 50-acre development within the Loftus Village Project lands.

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, complementary to the Loftus Village Project.

Barnet LP

The Barnet LP owns a retail property in Coquitlam, British Columbia which has redevelopment potential into a residential and mixed-use property.

The Company’s share of the associate and joint ventures consists of the following:

	Associate		Joint ventures		Total	
	As at and for the					
	Nine months ended September 30, 2025	Four months ended December 31, 2024	Nine months ended September 30, 2025	Four months ended December 31, 2024	Nine months ended September 30, 2025	Four months ended December 31, 2024
	\$	\$	\$	\$	\$	\$
Balance at beginning of period	24,604	24,447	38,378	36,888	62,982	61,335
Share of (losses) earnings for the period	(944)	157	(295)	(778)	(1,239)	(621)
Additional equity investments	-	-	1,646	2,268	1,646	2,268
Distributions	-	-	(3,750)	-	(3,750)	-
Balance at end of period	23,660	24,604	35,979	38,378	59,639	62,982

Madison Pacific Properties Inc.

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During the nine months ended September 30, 2025, the Company made additional equity investments of \$1,300 (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.

During the nine months ended September 30, 2025, the Company made equity investments of \$346 (four months ended December 31, 2024 – \$368) in the Barnet LP to fund its pre-development costs.

When applying the equity method, financial statements of associates and joint ventures are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company. The following table summarizes the financial information for the Company's associate and joint ventures, showing the Company's proportionate share:

	Associate		Joint ventures		Total	
	Nine months ended		Nine months ended		Nine months ended	
	September 30, 2025	August 31, 2024	September 30, 2025	August 31, 2024	September 30, 2025	August 31, 2024
	\$	\$	\$	\$	\$	\$
Revenue and other income	1,562	1,132	1,009	1,923	2,571	3,055
Expenses	962	1,074	1,304	1,372	2,266	2,446
Net (loss) gain on fair value adjustment on investment properties	(1,544)	193	-	-	(1,544)	193
Net (loss) income for the period	(944)	251	(295)	551	(1,239)	802

	Associate		Joint ventures	
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
	\$	\$	\$	\$
Assets	41,665	41,619	114,406	95,282
Liabilities	18,090	17,101	78,346	56,824
Net assets	23,575	24,518	36,060	38,458

b. Corporate guarantees

The Silverdale Hills LP, of which the Company has a 50% interest, obtained the following loans and credit facilities to fund its development costs and acquisition of parcels of undeveloped residential lands.

- In October 2022, the Silverdale Hills LP obtained a floating rate bank loan of \$11,100 for which the Company provided a guarantee of \$5,550. The bank loan is payable on demand and matures in 2026.

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- In November 2022, the Silverdale Hills LP obtained a floating rate bank loan facility of \$70,000, which matures in 2027. The loan is payable on demand, and the Company has provided a guarantee for \$35,000.
- In July 2024, the Silverdale Hills LP obtained development agreement surety bonds for a total of \$25,804 to provide security to the servicing agreements entered with the City of Mission for a 50 acre development within the Loftus Village Project lands. The Company has provided a guarantee for the surety bonds. As at September 30, 2025, the development agreement surety bonds had an outstanding balance of \$13,989. In October 2025, the Silverdale Hills LP obtained an additional \$12,895 surety bond as security for the first townhome development in the Loftus Village Project. As at November 13, 2025, the surety bond had an outstanding balance of \$12,895.
- 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 at September 30, 2025, \$36,803 has been drawn against the facility by the Silverdale Hills LP.

The Company has provided a guarantee of \$14,625 for a \$29,250 bank loan owed by the Barnet LP of which the Company has a 50% interest. The loan is repayable on demand and matures in September 2026.

5. Amounts receivable and other current assets

	Note	September 30, 2025	December 31, 2024
		\$	\$
Prepaid expenses, deposits and other		3,274	805
Accounts receivable and deferred rents receivable		1,548	1,024
Loan proceeds in transit	6	969	-
Fair value assets on interest rate swaps		-	215
Interest receivable and current portion of loans receivable		18	31
		5,809	2,075

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For the Three and Nine Months Ended September 30, 2025 and August 31, 2024

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6. Debt on investment properties

	Note	Nine months ended September 30, 2025 \$	Four months ended December 31, 2024 \$
Balance at beginning of period		314,591	302,908
Net proceeds from debt issuances		129,806	17,434
Assumed debt	3(b)	3,115	3,235
Loan proceeds in transit	5	969	-
Amortization of deferred financing costs		272	111
Repayment of debt		(99,344)	(9,097)
Balance at end of period		349,409	314,591
Less: current portion		93,505	107,948
Non-current portion		255,904	206,643

Mortgage and construction loans are secured by charges against the related properties and corporate guarantees. Of the total mortgage and construction loans (before netting of deferred financing costs and fair value adjustments to assumed debt and excluding lease liabilities), \$346,088 (December 31, 2024 – \$300,923) bears interest at fixed rates ranging from 2.23% to 6.35% (December 31, 2024 – 2.23% to 6.35%) per annum and \$2,575 (December 31, 2024 – \$12,081) bears interest at bank prime plus 0.25% (December 31, 2024 – bank prime to bank prime plus 0.5%). The weighted average interest rate on fixed rate debt as at September 30, 2025, was 4.71% (December 31, 2024 – 4.29%).

a. Interest rate swaps

The Company has entered into interest rate swaps with Canadian chartered banks on seven mortgages to fix the Company's interest rates on those mortgages. The swaps had notional amounts as at September 30, 2025 totalling \$117,035 (December 31, 2024 – \$95,927), fixed swap rates ranging from 4.50% to 5.94% (December 31, 2024 – 2.52% to 5.94%), and maturity dates ranging from February 2026 to March 2030. The total notional amount of the interest rate swaps represented 33.6% as at September 30, 2025 (December 31, 2024 – 30.6%) of the total debt on investment properties (before netting of deferred financing costs and fair value adjustments on assumed debt and excluding lease liabilities). The Company anticipates holding the mortgages and interest rate swap contracts until maturity.

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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	
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
	\$	\$	\$	\$
Interest rate swaps – current	-	215	-	-
Interest rate swaps – non-current	-	-	2,207	1,318

	Net unrealized losses on interest rate swaps			
	Nine months ended		Three months ended	
	September 30, 2025	August 31, 2024	September 30, 2025	August 31, 2024
	\$	\$	\$	\$
Interest rate swaps	1,104	2,742	484	1,605

b. Lease liability

Future minimum lease payments under this lease are as follows:

	September 30, 2025
	\$
Within one year	105
Within two to five years	438
Over five years	2,678
Total future minimum lease payments	3,221
Less: future interest costs	(1,007)
Present value of lease payments	2,214

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7. Accounts payable and accrued liabilities

	September 30, 2025	December 31, 2024
	\$	\$
Trade payables	796	1,272
Accrued interest payable	1,071	732
Other accrued liabilities	2,390	1,656
Tenant deposits	2,212	1,982
Unearned revenue	2,346	1,450
	8,815	7,092

8. Bank indebtedness

In February 2025, the Company replaced the \$20,000 line of credit with a line of credit of up to \$45,000 with a major Canadian chartered bank. This line of credit bears its interest at bank prime rate plus 0.5%, or the Canadian Overnight Repo Rate Average (“CORRA”) rate for the applicable period plus 2.30%. As at September 30, 2025, \$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 September 30, 2025, the maximum borrowing capacity available was approximately \$25,500. 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. During the two months ended February 28, 2025, when the previous \$20,000 line of credit was in place, \$nil (December 31, 2024 – \$nil) was drawn against it.

9. Share capital

a. Authorized and issued shares

The authorized share capital of the Company consists of an unlimited number of Class A non-voting preferred shares without par value, an unlimited number of Class B voting common shares without par value (“Class B Shares”), and an unlimited number of Class C non-voting shares without par value (“Class C Shares”).

The following table summarizes the issued share capital as at September 30, 2025 and December 31, 2024:

	Class B Shares		Class C Shares		Total	
	Number	Amount	Number	Amount	Number	Amount
		\$		\$		\$
Balance – September 30, 2025						
and December 31, 2024	7,355,420	8,369	52,107,135	64,346	59,462,555	72,715

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No shares were issued or cancelled during the nine months ended September 30, 2025 and the four months ended December 31, 2024.

b. 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 at November 13, 2025, 1,189,251 Class B Shares are reserved for the 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 at November 13, 2025, no share options had been granted under the Plan.

10. Non-controlling interest

MVP

On July 3, 2024, the Company acquired the remaining 0.25% equity interest in its subsidiary MVP following completion of MVP’s share consolidation and going private transaction (the “Transaction”). The Transaction was structured as a consolidation of MVP’s Class B Voting Common Shares (the “MVP Class B Shares”) with all MVP Class B Shares being consolidated on the basis of one post-consolidation MVP Class B Share for each 1,941,489 pre-consolidation MVP Class B Shares, without any entitlement to receive fractional shares. In lieu of receiving a fractional share, minority shareholders were paid cash consideration of \$0.36 per pre-consolidation MVP Class B share. As a result of the consolidation, the Company became the holder of the sole post-consolidation MVP Class B Share and the sole remaining shareholder of MVP.

MVP’s shareholders approved the Transaction at a special meeting of the shareholders of MVP held on June 27, 2024. The vote in favour of completing the Transaction was approved by 94.63% of the votes cast by holders of MVP Class B Shares, excluding the votes cast by the Company and its related entities and their joint actors. MVP paid total consideration of \$1,000 to its minority shareholders. Following the completion of the share consolidation, MVP received an order from the securities regulatory authorities whereby it ceased to be a reporting issuer. The Transaction was accounted for as an equity transaction. The difference between the consideration paid and the related transaction costs for a total of \$1,211, and the carrying value of non-controlling interests of MVP as at July 3, 2024 of \$375 was charged to retained earnings in the consolidated statement of financial position.

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11. Dividends

The following table summarizes the dividends paid during the nine months ended September 30, 2025 and the four months ended December 31, 2024:

Declaration date	Payment date	Dividend per share (Class B and Class C Shares)	Total dividends paid
		\$	\$
July 12, 2024	September 4, 2024	0.0525	3,122
February 12, 2025	March 3, 2025	0.0525	3,122
May 14, 2025	June 4, 2025	0.3400	20,217
August 13, 2025	September 3, 2025	0.0525	3,122

12. Property revenues

The following table summarizes the components of property revenues for:

	Nine months ended		Three months ended	
	September 30, 2025	August 31, 2024	September 30, 2025	August 31, 2024
	\$	\$	\$	\$
Rental revenue	33,151	33,149	11,224	11,072
Property management revenue	902	919	285	286
	34,053	34,068	11,509	11,358

13. Income taxes

The following table summarizes the components of income taxes for:

	Nine months ended		Three months ended	
	September 30, 2025	August 31, 2024	September 30, 2025	August 31, 2024
	\$	\$	\$	\$
Current income tax expense	2,123	3,684	1,441	1,159
Deferred income tax expense (recovery)	2,169	777	(1,122)	(208)
	4,292	4,461	319	951

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Income taxes vary from the amount that would be expected if computed by applying the Canadian federal and provincial statutory income tax rates to the Company's income before income taxes as shown in the following table:

	Nine months ended			
	September 30, 2025		August 31, 2024	
	\$		\$	
Income before income taxes	25,230		18,069	
Expected income taxes at statutory rates	6,591	26.1	4,836	26.8
Adjustments				
Non-deductible interest	-	-	69	0.4
Non-taxable portion of unrealized capital gains	(2,196)	(8.7)	(875)	(4.8)
Provision for uncertain tax positions	-	-	(426)	(2.4)
Equity losses (earnings) in associate and joint ventures	335	1.3	(216)	(1.2)
Taxable portion of (losses) earnings from joint ventures	(117)	(0.5)	131	0.7
Unrealized losses on fair value adjustment on interest rate swaps	298	1.2	741	4.1
Non-controlling interest in partnership	(702)	(2.8)	(152)	(0.8)
Other items	(4)	-	(134)	(0.7)
Adjustments in respect of prior years	87	0.3	487	2.7
Income taxes	4,292	16.9	4,461	24.8

Deferred income tax liabilities (assets) comprise the following:

	September 30, 2025	December 31, 2024
	\$	\$
Benefit of non-capital losses carried forward	(6,067)	(5,924)
Deferred partnership income	(545)	(261)
Investment properties	63,199	61,084
Tenant improvements and leasing costs	1,699	1,315
Straight-line rental revenue in excess of base rents	720	623
	59,006	56,837

The entire change in deferred income tax liabilities and assets for the nine months ended September 30, 2025 and the four months ended December 31, 2024 has been recognized in net income for those respective periods.

As at September 30, 2025, the Company has approximately \$22,470 of non-capital losses which begin to expire in 2033, which may be used to reduce future Canadian income taxes otherwise payable.

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The non-capital losses expire as follows:

	Non-capital losses carried forward
	\$
2033	40
2034	29
2035	108
2036	14
2037	38
2038	2,389
2039	1,396
2040	1,004
2041	3,520
2042	3,537
2043	6,960
2044	1,569
2045	1,866
	<u>22,470</u>

Uncertain tax positions

The Company and certain subsidiaries received tax notices of reassessments from the Canada Revenue Agency (“CRA”) and Alberta Tax and Revenue Administration (“ATRA”), denying the use of certain losses, deductions and tax credits arising from prior years. The Company and its subsidiaries filed notice of objections and appeals to the reassessments with the CRA and ATRA.

The appeal for one of the companies, Madison Pacific Properties Inc. (“MPP”) was heard by the Tax Court of Canada (“TCC”) and in December 2023, the TCC ruled in favor of the CRA, denying MPP the ability to use certain carryforward losses. MPP appealed the TCC decision to the Federal Court of Appeal (“FCA”) in January 2025 with the FCA dismissing MPP’s appeal. In March 2025, MPP filed an application to the Supreme Court of Canada (“SCC”) seeking leave to appeal the FCA decision. In September 2025, the SCC dismissed MPP’s leave application. This decision marked the conclusion of the legal process for MPP’s appeal.

The Company has recorded a full provision for \$51,450 in the year ended August 31, 2024 against the carrying value of the deposits, deferred tax assets related to unused carryforward amounts and liability for estimated awarded legal costs for the MPP reassessment and for two other reassessed subsidiaries. As at August 31, 2024, the Company has paid related cash tax deposits totalling \$50,580 to the CRA and ATRA for the taxes and estimated interest.

The Company is in the process of concluding a settlement with the CRA on all remaining tax appeals. The settlement pertains to interest relief for undue delay by the CRA in respect of the administration of the

Madison Pacific Properties Inc.

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Company's matters. As at November 13, 2025, the amount of interest relief and amount to be refunded is uncertain.

14. Income (loss) per share

	Nine months ended		Three months ended	
	September 30, 2025	August 31, 2024	September 30, 2025	August 31, 2024
Net income (loss) attributable to shareholders of the Company	\$16,182	\$13,356	(\$1,631)	(\$42)
Weighted average number of shares outstanding	59,462,555	59,462,555	59,462,555	59,462,555
Basic and diluted income (loss) per share	\$0.27	\$0.22	(\$0.03)	\$0.00

15. Related party transactions

The following transactions occurred in the normal course of operations and are measured at the exchange amounts, which are the amounts agreed upon by the related parties:

The Company has engaged the services of a construction and property management services company owned by a related party. During the nine months ended September 30, 2025, construction management services and property management services paid to this company totalled \$607 (nine months ended August 31, 2024 – landscaping, maintenance and construction management services \$703).

During the nine months ended September 30, 2025, the Company jointly acquired an apartment property with its equity investee, GSP (note 3(b)).

Subsequent to September 30, 2025, the Company entered into an agreement to jointly acquire an apartment property with its equity investee, GSP (note 19).

During the four months ended December 31, 2024, the Company jointly acquired two apartment properties with its equity investee, GSP (note 3(b)).

During the nine months ended August 31, 2024, the Company also jointly acquired three residential apartment properties with its equity investee, GSP. The Company acquired in December 2023 a 50% interest in a 15-unit residential apartment property in Metro Vancouver for \$2,225 including closing costs and taxes, in February 2024 a 50% interest in a 42-unit residential apartment property in Metro Vancouver for \$6,259 including closing costs and taxes, and in June 2024 a 50% interest in a 14-unit apartment property in Metro Vancouver for \$3,190 including closing costs and taxes.

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During the nine months ended August 31, 2024, the Company acquired 328,240 newly issued shares in its equity investee GSP for \$2,137. The Company also acquired 153,610 GSP shares from an unrelated GSP shareholder for \$1,000, resulting in a total interest of 36.04%. GSP is a private company where certain of its shareholders and key management personnel are related to a director of Madison.

During the nine months ended September 30, 2025, the Company engaged the services of an electrical contractor controlled by a shareholder of the Company for which it paid fees of \$16 (nine months ended August 31, 2024 – \$3).

During the nine months ended September 30, 2025, rental revenues of \$2,253 (nine months ended August 31, 2024 – \$3,180) were received from a shareholder of the Company and from tenants that are companies related to a shareholder of the Company.

During the nine months ended September 30, 2025, the Company incurred management consulting charges of \$1,097 from a shareholder of the Company for asset management services, development and other management support for tax services (nine months ended August 31, 2024 – \$1,060), which includes the compensation of the Company's chief executive officer, paid through the shareholder pursuant to a management service agreement for a total of \$371 (nine months ended August 31, 2024 – \$360).

During the nine months ended September 30, 2025, the Company recorded administration expenses of \$11 from a Company related to a shareholder (nine months ended August 31, 2024 – \$13).

The Company has provided a limited guarantee of \$18,750 (December 31, 2024 – \$14,726) on the MT Properties Limited Partnership mortgage debt. During the nine months ended September 30, 2025, a guarantee fee of \$37 (nine months ended August 31, 2024 – \$33) was paid to the Company.

Key management personnel

Key management personnel include the Company's directors and officers. The following table summarizes compensation awarded to key management personnel for the nine months ended:

	September 30, 2025,	August 31, 2024
	\$	\$
Salaries and short-term employee benefits	1,455	1,506

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16. Financial instruments

Fair value of financial instruments

The following table categorizes financial assets or liabilities measured or disclosed at fair value by level according to the significance of inputs used in making measurements:

	Fair value hierarchy	September 30, 2025		December 31, 2024	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<i>Recurring measurement</i>		\$	\$	\$	\$
Fair value assets on interest rate swaps	Level 3	-	-	215	215
Fair value liabilities on interest rate swaps	Level 3	2,207	2,207	1,318	1,318
<i>Fair values disclosed</i>					
Debt on investment properties	Level 3	347,195	347,458	312,333	310,350

Cash and cash equivalents, amounts receivable and other current assets, other non-current assets, and accounts payable and accrued liabilities have fair values that approximate their carrying values.

The estimated fair values of debt on investment properties and interest rate swaps are based on values derived using market interest rates of similar instruments and incorporate assumptions regarding current market interest rates, terms, and the related risk. Accordingly, changes in these assumptions would result in a variance in the fair value estimates. The amounts presented exclude the land lease liability.

The fair value of debt on investment properties is determined by discounting the expected cash flows of each mortgage using market discount rates. The fair value is estimated based on discounted cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. In determining the adjustment for credit risk, the Company considers market conditions, the fair value of the investment properties that the mortgages are secured by and other indicators of the Company's creditworthiness. As a result, these measurements are classified as level 3 in the fair value hierarchy.

The Company recognizes transfers into and transfers out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. There were no transfers between hierarchy levels during the period.

17. Segment information

The Company's chief executive officer and chief financial officer examined the Company's performance and have concluded that the Company has one reportable segment - that being the rental of industrial, commercial, multi-family, retail and office real estate properties located in Canada. Although properties are in different Canadian regions and in different asset classes, they have reasonably similar returns and risks.

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18. Capital management

The primary objective of the Company's capital management is to ensure that it maintains adequate capital resources 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 debt service coverage, interest coverage, and debt to equity ratios. The Company's capital includes mortgage loans, construction loans, a lease liability, a line of credit, and equity.

The Company's principal source of financing is from mortgage loans. The ability to obtain a mortgage loan is dependent on the value of a specific property and the cash flows the property generates and the availability of funds from time to time from lending institutions. The Company expects to renew mortgage loans under similar terms as they become due except for higher interest rates and lower loan-to-value ratios.

There have been no changes in the Company's approach to capital management in the nine months ended September 30, 2025.

The calculation of the total capital, excluding the undrawn line of credit, is summarized as follows:

	September 30, 2025	December 31, 2024
	\$	\$
Fixed rate mortgage loans and lease liability	348,302	303,181
Variable rate mortgages	2,575	12,081
	350,877	315,262
Equity	406,473	416,752
	757,350	732,014

19. Subsequent events

In October 2025, the Company entered into an agreement to acquire a 50% interest in a 20-unit residential apartment property located in Metro Vancouver for \$2,275 excluding closing costs. The acquisition is expected to be completed in January 2026.