

**MADISON PACIFIC PROPERTIES INC.**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**(as of November 13, 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 September 30, 2025 and the results of its operations for the three and nine months ended September 30, 2025 was prepared as of November 13, 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 and nine months ended September 30, 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 maturing during the remainder of 2025 and in 2026 at 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 may continue to adjust its overnight interest rate to maintain its target inflation range; the Company’s belief that its loan facilities, together with funds on hand and cash generated from operations, should provide adequate liquidity to meet the Company’s obligations as they come due; the Company’s expectation to hold interest rate swap contracts and the related floating rate mortgages until maturity; the Company’s intention to complete the acquisition of a 50% interest in a 20-unit residential apartment property in January 2026, and 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, acquisition closing risk 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 and nine months ended September 30, 2025 is the three and nine months ended August 31, 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 eight 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 twelve months.

Province	Area and Rent <sup>(1)(2)</sup>	(in 000's except for leasable area)			
		Industrial	Retail	Office	Total
British Columbia	Leasable area (sq. ft.)	1,391,917	120,089	116,689	1,628,695
	Base annual rent (\$)	23,130	2,875	4,401	30,406
Alberta	Leasable area (sq. ft.)	283,078	-	-	283,078
	Base annual rent (\$)	3,089	-	-	3,089
Ontario	Leasable area (sq. ft.)	63,030	-	-	63,030
	Base annual rent (\$)	683	-	-	683
Total	Leasable area (sq. ft.)	1,738,025	120,089	116,689	1,974,803
	Base annual rent (\$)	26,902	2,875	4,401	34,178

- (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.

Madison manages properties with a diverse tenant base. As at September 30, 2025, no one commercial tenant accounted for more than 10.23% (December 31, 2024 – 10.54%) of the commercial rental revenue of Madison and lease maturities are staggered such that as at September 30, 2025, no more than 36.00% (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 239 rental units located in eight 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.

As of the date of this MD&A, 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 submitted a subdivision and rezoning application to the City of Mission to subdivide 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 \$10,629. 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, \$44,724 has been drawn against the land servicing loan facility by the Silverdale Hills LP. See “Liquidity and Capital Resources” for details.

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 of the date of this MD&A, the surety bond had an outstanding balance of \$12,895.

Civil works 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.

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.

For 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 complementary to the 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 and office space. 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.

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.

### **Q3 Fiscal 2025 Financial Results Overview**

The Company’s net loss and comprehensive loss attributable to the shareholders of the Company for the three months ended September 30, 2025 was \$1,631, compared to the loss of \$42 for the three months ended August 31, 2024. The increase in loss was due primarily to a higher net loss on fair value adjustment on investment properties and net interest expense, which was partially offset by lower losses on fair value adjustment on interest rate swaps.

The Company’s net income and comprehensive income attributable to the shareholders of the Company for the nine months ended September 30, 2025 was \$16,182, compared to \$13,356 for the nine months ended August 31, 2024. The increase was due primarily to a higher net gain on fair value adjustment on investment properties and lower losses on fair value adjustment on interest rate swaps, which was partially offset by

higher net interest expense and equity losses from associate and joint ventures compared to equity earnings for the comparative period.

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

(in \$000's except per share amounts)	Nine months ended		Three months ended	
	September 30, 2025	August 31, 2024	September 30, 2025	August 31, 2024
Property revenues	34,053	34,068	11,509	11,358
Property operating expenses	10,388	9,915	3,476	2,931
General and administrative expenses	3,698	3,977	1,106	1,262
Net gain (loss) on fair value adjustment on investment properties	18,622	7,838	(3,263)	(1,817)
Equity (losses) earnings of associate and joint ventures	(1,239)	802	(461)	5
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	1,104	2,742	484	1,605
Income before income taxes	25,230	18,069	(1,175)	971
Income taxes	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 the shareholders of the Company	16,182	13,356	(1,631)	(42)
Income (loss) per share	\$0.27	\$0.22	(\$0.03)	\$0.00
Cash generated from operations before changes in non-cash operating accounts	8,028	9,837	2,058	3,507
Cash generated from (used in) operating activities	6,546	(25,819)	2,450	1,177
Dividends paid per share	\$0.4450	\$0.0525	\$0.0525	-

The following table provides selected financial information as at:

(in \$000's)	September 30, 2025	December 31, 2024
Investment properties	758,151	724,195
Accounts receivable and other current assets	5,809	2,075
Total assets	841,816	810,195
Total debt on investment properties	349,409	314,591
Total liabilities	420,588	381,411

### **Results of Operations**

The following discussion highlights the significant activities that have occurred in the three and nine months ended September 30, 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:*

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.

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:*

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.

*Property revenues:* Property revenues include rental revenue and property management revenue. Property revenues for the three months ended September 30, 2025 increased by 1.3% compared to the three months ended August 31, 2024, due primarily to higher lease rates on certain industrial properties, the addition of a 50% interest in three residential apartment properties, and partially offset by a one-time lease termination fee received in the prior period.

Property revenues for the nine months ended September 30, 2025 decreased by 0.04% compared to the nine months ended August 31, 2024 due primarily to higher vacancies on certain office and industrial properties. The decrease was partially offset by higher lease rates on certain industrial properties and the addition of a 50% interest in three multi-family investment properties.

Excluding committed space and properties under development, commercial vacancies were 2.14% as at September 30, 2025 and 6.53% as at August 31, 2024. Commercial vacancies were 2.77% as of the date of this MD&A (November 1, 2024 – 8.75%).

Multi-family rental vacancies were 0.84% as at September 30, 2025 (August 31, 2024 – 2.42%) and were 1.67% as of the date of this MD&A (November 1, 2024 – 1.36%).

Commercial vacancies are based on square foot and multi-family rental vacancies are based on number of units.

*Property operating expenses:* Property operating expenses for the three and nine months ended September 30, 2025 increased by \$545 and \$473, respectively, compared to the three and nine months ended August 31, 2024, primarily due to an increase in property taxes and operating costs.

*General and administrative expenses:* General and administrative expenses for the three and nine months ended September 30, 2025 decreased by \$156 and \$279, respectively, compared to the three and nine months ended August 31, 2024, primarily due to a decrease in consulting and legal fees. The decrease was partially offset by an increase in employee compensation costs.

*Net gain (loss) on fair value adjustment on investment properties:* Net loss on fair value adjustment on investment properties was \$3,263 for the three months ended September 30, 2025 and \$1,817 for the three months ended August 31, 2024. The loss for the three months ended September 30, 2025 is primarily attributable to an increase in capitalization rates on office properties and certain industrial properties with development potential, which was partially offset by lease rate increases to market rents on renewals and new leases.

Net gain on fair value adjustment on investment properties was \$18,622 for the nine months ended September 30, 2025 and \$7,838 for the nine months ended August 31, 2024. The gain for the nine months ended September 30, 2025 is primarily attributable to lease rate increases to market rents on renewals and new leases and a decrease in capitalization rates on certain retail properties, which was partially offset by an increase in capitalization rates on certain industrial properties with development potential and office properties. The weighted average capitalization rate except for properties under development and a right-of-use asset applied as at September 30, 2025 was 4.54% (December 31, 2024 – 4.45%).

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 (losses) earnings of associate and joint ventures:* Equity losses of the associate, GSP, for the three months ended September 30, 2025 was \$367 compared to equity losses of \$143 for the three months ended August 31, 2024. The increase in equity losses compared to the prior period is primarily attributable to a higher net loss on fair value adjustment on investment properties.

Equity losses of the associate, GSP, for the nine months ended September 30, 2025 was \$944 compared to equity earnings of \$251 for the nine months ended August 31, 2024. The equity losses compared to the equity earnings of the prior period is primarily attributable to a net loss on fair value adjustment on investment properties in the GSP portfolio.

Equity losses of the Barnet LP and the Silverdale Hills LP joint ventures was \$94 for the three months ended September 30, 2025 compared to equity earnings of \$148 for the three months ended August 31, 2024. The equity losses in joint ventures compared to the equity earnings of the prior period is primarily attributable to the completion and profit on the sales of townhomes and single family lots on this development in the Silverdale Hills LP in the prior year.

Equity losses of the Barnet LP and the Silverdale Hills LP joint ventures was \$295 for the nine months ended September 30, 2025 compared to equity earnings of \$551 for the nine months ended August 31, 2024. The equity losses in joint ventures compared to the equity earnings of the prior period is primarily attributable to the completion of sales of townhomes and single family lots on this development in the Silverdale Hills LP in the prior year, and the write-off of predevelopment costs previously capitalized.

*Interest income:* Interest income for the three and nine months ended September 30, 2025 decreased by \$242 and \$1,072, respectively, compared to the three and nine months ended August 31, 2024. The decrease was due primarily to lower average cash balances and lower interest rates in the current period.

*Interest expense:* Interest expense for the three and nine months ended September 30, 2025 increased by \$875 and \$2,162, respectively, compared to the three and nine months ended August 31, 2024. The increase was primarily due to higher average debt balances and higher interest rates on refinancing in the current period.

*Interest expense and other costs on uncertain tax positions:* The interest expense and other costs on uncertain tax positions for the nine months ended August 31, 2024 of \$223 relates to an accrual for additional estimated interest expense on the unpaid portion of the reassessed taxes (see “Uncertain Tax Positions”).

*Losses on fair value adjustment on interest rate swaps:* The losses on fair value adjustment on interest rate swaps for the three and nine months ended September 30, 2025 of \$484 and \$1,104, respectively, relate to the total unrealized losses for the period on seven interest rate swaps with a total notional amount of \$117,035. For the three and nine months ended August 31, 2024, the Company had total unrealized losses on the fair value adjustment on interest rate swaps of \$1,605 and \$2,742 respectively.

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 market interest rates in the three and nine months ended September 30, 2025.

*Income taxes:* Income tax expense was \$319 for the three months ended September 30, 2025 compared to income tax expense of \$951 for the three months ended August 31, 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.

Income tax expense was \$4,292 for the nine months ended September 30, 2025 compared to income tax expense of \$4,461 for the nine months ended August 31, 2024. A reconciliation of the income tax provision can be found in note 13 of the consolidated financial statements.

*Net income (loss) and comprehensive income (loss):* The overall net income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2025 compared to the overall net income and comprehensive income for the three and nine months ended August 31, 2024 is explained in the analysis provided above.

*Cash flows from operating activities before changes in non-cash operating accounts:* For the nine months ended September 30, 2025, Madison generated \$8,028 of cash flows from its operating activities (before changes in non-cash operating accounts) (nine months ended August 31, 2024 – \$9,837). The decrease compared to the prior period is due primarily to an increase in net interest expense and a decrease in net property income from vacancies on certain office and industrial properties, which was partially offset by a decrease in current income tax expense.

*Cash generated from (used in) operating activities:* For the nine months ended September 30, 2025, Madison generated \$6,546 of cash in continuing operations compared to \$25,819 of cash used for the nine months ended August 31, 2024. The increase compared to the prior period is due primarily to cash tax deposits totalling \$31,310 paid to the Canada Revenue Agency (“CRA”) and Alberta Tax and Revenue Administration (“ATRA”) during the nine months ended August 31, 2024. See “Uncertain Tax Positions” section for details.

*Investment properties:* Investment properties as at September 30, 2025 increased by \$33,956 compared to December 31, 2024. The increase in investment properties is primarily attributable to the net gain on fair value adjustment of \$18,622, the acquisition of 50% interest in one industrial property and 50% interest in

one residential apartment property totalling \$20,243 and building improvements on investment properties of \$2,026, which was partially offset by the sale of an industrial property for net proceeds of \$8,485.

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 September 30, 2025. The following table relates to the Metro Vancouver market where approximately 88% of the Company’s properties are located:

	<b>Company average cap rate<sup>(2)</sup></b>	<b>Market range</b>
Industrial	4.48%	4.75% to 6.25%
Retail <sup>(1)</sup>	4.50%	5.00% to 5.50%
Office	5.95%	5.00% to 6.50%
Multi-family rental	4.00%	2.75 % to 4.50%

(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 September 30, 2025 except for properties under development and a right-of-use asset of \$2,214:

<b>Capitalization rate increase (decrease)</b>	<b>Weighted average capitalization rate</b>	<b>Fair value of investment properties (at Company’s ownership) \$</b>	<b>Fair value variance \$</b>	<b>% Change</b>
(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%)

*Accounts receivable and other current assets:* Total accounts receivable and other current assets as at September 30, 2025 increased by \$3,734 compared to December 31, 2024. The increase in accounts receivable and other current assets is primarily attributable to an increase in prepaid property taxes and refinancing proceeds in transit.

*Total assets:* Total assets as at September 30, 2025 increased by \$31,621 compared to December 31, 2024. The increase in total assets is primarily attributable to an increase in investment properties of \$33,956 as explained above.

*Total debt on investment properties:* Total debt on investment properties outstanding as at September 30, 2025 increased by \$34,818 compared to December 31, 2024. During the nine months ended September 30, 2025, the Company repaid \$99,344 of debt, received net proceeds of \$130,775 from refinancing investment properties (including loan proceeds held in trust) and assumed debt of \$3,115 on the acquisition of a 50% interest in an industrial property. The repayment of debt of \$99,344 relates to scheduled principal repayments and repayment of the outstanding loan balances on certain mortgages that had matured during the nine months ended September 30, 2025.

*Total liabilities:* Total liabilities as at September 30, 2025 increased by \$39,177 compared to December 31, 2024. The increase in total liabilities is primarily attributable to the increase in debt on investment properties of \$34,818, an increase in accounts payable and accrued liabilities of \$1,723, property taxes paid in advance by tenants, and deferred income tax liabilities of \$2,087.

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

<b>Quarter ended</b>	<b>Property revenues</b>	<b>Net gain (loss) on fair value adjustment on investment properties</b>	<b>Net income (loss) and comprehensive income (loss)</b>	<b>Net income (loss) attributable to shareholders of the Company</b>	<b>Income (loss) per share attributable to shareholders of the Company</b>
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 <sup>(1)</sup>	14,859	3,807	5,069	4,805	\$0.08
March 31, 2025	11,516	5,207	6,211	5,841	\$0.10
June 30, 2025	11,028	16,678	16,221	11,972	\$0.20
September 30, 2025	11,509	(3,263)	(1,494)	(1,631)	(\$0.03)

(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. Property revenues for the second quarter of fiscal 2025 decreased compared to the first quarter of fiscal 2025, due to a decrease in recoverable operating expenses. Property revenues for the third quarter of fiscal 2025 increased compared to the second quarter of fiscal 2025, due to lease rate increases to market rents on renewals, new leases and scheduled rent increases on existing leases and the addition of a 50% interest in a multi-family investment property.

*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 September 30, 2025, the Company had cash and cash equivalents of \$16,684 (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 nine months ended September 30, 2025, Madison generated \$8,028 of cash flows from continuing operations (before changes in non-cash operating accounts) compared to \$9,837 for the nine months ended August 31, 2024. See “Results of Operations” for the explanations of changes in the cash flows from operations.

In February 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 the Canadian Overnight Repo Rate Average (“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 \$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.

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 September 30, 2025, the Company has a total of \$350,877 (December 31, 2024 – \$315,262) mortgage loans with leverage ratio of 46.3% (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 September 30, 2025 was 4.71% (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 as at September 30, 2025, no more than 30.44% (December 31, 2024 – 33.01%) of such debt matures in one year (see "Contractual Obligations"). During the nine months ended September 30, 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 September 30, 2025, the Company had entered into interest rate swaps with Canadian chartered banks on seven 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 September 30, 2025 totaling \$117,035, fixed swap rates ranging from 4.50% 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 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 September 30, 2025, the Company had \$2,575 (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 2026, 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 2026, is payable on demand and for which the Company provided a limited guarantee of \$5,550. Additionally, the Silverdale Hills LP has a 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 and October 2025, the Silverdale Hills LP obtained surety bonds for a total of \$38,699 for which the Company has provided a guarantee. As of the date of this MD&A, the surety bonds had an outstanding balance of \$23,524. In January 2025, the Silverdale Hills LP obtained a committed land servicing loan facility to a maximum of \$88,900 with a major Canadian bank, which matures in October 2027, to fund the first phase of the Loftus Village Project land servicing costs. The Company has provided a limited guarantee of \$44,450 for this facility. As of the date of this MD&A, \$44,724 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, trade conflicts between the United States and its trading partners, including Canada, and the imposition of tariffs or other trade protection measures by either country 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. Starting in June 2024 to the date of this MD&A, the Bank of Canada decreased its overnight rate by a total of 275 basis points. This decision was influenced by several factors, including a weaker economy resulting from global economic uncertainty, diminished upside risks to inflation and a softer labour market. The Bank of Canada is continuing to monitor inflation figures and the geopolitical events in the world and may continue to adjust its overnight interest rate to maintain its target inflation 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 September 30, 2025, the Company had \$2,575 (December 31, 2024 –

\$12,081) in variable rate borrowings, representing 0.7% of total borrowings (December 31, 2024 – 3.9%). 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 \$26 (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 fair value of the Company's properties in these markets, the results of operations and financial condition of Madison.

### **Contractual Obligations**

(in \$000's)	Payments due by fiscal year						
	Total	October 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 <sup>(1)</sup>	348,663	8,977	110,572	46,688	82,524	17,893	82,009
Undiscounted land lease liability	3,221	26	105	107	109	111	2,763

(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 reassessments from the CRA and 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 reassessed 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. By August 31, 2024, the Company had 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 Company's matters. As at the date of this MD&A, the amount of interest relief and amount to be refunded is uncertain.

### **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.

### **Proposed Transaction**

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.

### **Transactions with Related Parties**

The Company has engaged the services of G.W Property Services Ltd., 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 totaled \$607 (nine months ended August 31, 2024 – landscaping, maintenance and construction management services \$703). 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 nine months ended September 30, 2025, the Company jointly acquired an apartment property with its equity investee, GSP (see “Results of Operations”). GSP is a private company where certain of its shareholders and key management personnel are related to a director of Madison.

Subsequent to September 30, 2025, the Company entered into an agreement to jointly acquire an apartment property with its equity investee, GSP (see “Proposed Transaction”).

During the four months ended December 31, 2024, the Company jointly acquired two apartment properties with its equity investee, GSP (see “Results of Operations – Investment Property Acquisition”).

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.

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%.

During the nine months ended September 30, 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 \$16 (nine months ended August 31, 2024 – \$3).

During the nine months ended September 30, 2025, rental revenues totaling \$2,253 (nine months ended August 31, 2024 – \$3,180) 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 nine months ended September 30, 2025, the Company incurred management consulting charges to MVC for various asset management services, development and other management support and tax services of \$1,097 (nine months ended August 31, 2024 – \$1,060), which includes the compensation of the

Company's chief executive officer, paid to 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 incurred fees to GVIC Communications Corp. for administrative services of \$11 (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 include the Company's directors and officers. For the nine months ended September 30, 2025, compensation awarded to key management personnel included salaries and short-term employee benefits of \$1,455 (nine months ended August 31, 2024 – \$1,506).

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 September 30, 2025, had a weighted average interest rate of 4.71% (December 31, 2024 – 4.29%). Of the total amount of debt on investment properties outstanding (excluding lease liabilities) as at September 30, 2025, \$6,999 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 during the remainder of 2025 and in 2026 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	
	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

### **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 nine months ended September 30, 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](http://www.sedarplus.ca)).