

Press Release (April 12, 2024)

Madison Pacific Properties Inc. announces the results for the six months ended February 29, 2024

(Vancouver, B.C. April 12, 2024) Madison Pacific Properties Inc. (the Company) (TSX: MPC and MPC.C), a Vancouver-based real estate company announces the results of operations for the six months ended February 29, 2024.

The results reported are pursuant to International Financial Reporting Standards (IFRS) for public companies.

For the six months ended February 29, 2024, the Company is reporting net loss of \$43.4 million (2023: net income of \$23.0 million); cash flows generated from operating activities before changes in non-cash operating balances of \$4.3 million (2023: \$4.6 million); and loss per share of \$0.73 (2023: income per share of \$0.38). Included in net loss is a provision of \$50.2 million (2023: \$nil) for uncertain tax positions recognizing a tax liability for unpaid taxes, estimated interest and awarded legal costs and provisions against the carrying value of the Company's tax deposits and deferred tax assets related to unused carryforward amounts. Also included in net loss is a net gain on the fair value adjustment on investment properties of approximately \$4.3 million (2023: \$14.0 million).

As previously reported in the Company's Consolidated Financial Statements, the Company and certain subsidiaries had received from the Canada Revenue Agency ("CRA") and Alberta Tax and Revenue Administration ("ATRA") tax notices of reassessment for various taxation years. The reassessments deny the application and usage of certain non-capital losses, capital losses, deductions and investment tax credits arising from prior years. The Company and its subsidiaries had filed notices of objection and notices of appeal to the reassessments with the CRA and ATRA.

The appeal with the Tax Court of Canada ("TCC") for one of the reassessed companies, Madison Pacific Properties Inc., was heard in 2020, 2022 and in 2023 (the "MPP Appeal"). The TCC released its judgement on the MPP Appeal on December 27, 2023 in favour of the CRA's position, confirming the CRA's reassessments. The decision denied Madison Pacific Properties Inc.'s ability to use certain carryforward losses for certain taxation years within its 2009 to 2017 taxation years. On January 26, 2024, the Company filed a notice of objection to the Federal Court of Appeal to appeal the decision issued by the TCC.

Based on the decision of the TCC in respect of the MPP Appeal and other related factors, including the accounting criteria under IFRS regarding tax contingencies, the Company has recorded a full provision against the carrying value of the tax deposits and deferred tax assets related to unused carryforward amounts and a liability for uncertain tax positions for unpaid taxes and estimated interest for all three tax reassessments totalling \$50.2 million. The total amount of \$50.2 million was recognized to income tax expense of \$36.7 million and interest expense and other costs on uncertain tax positions of \$13.5 million in the Interim Consolidated Statement of (Loss) Income and Comprehensive (Loss) Income for the six months ended February 29, 2024. As at the date of this Press Release, the Company and its subsidiaries have paid a total of \$49.3 million to the CRA and ATRA for the taxes and estimated interest the CRA and the ATRA claimed are owed.

The Company will continue to evaluate its defense positions in respect of the two other reassessed subsidiaries.

As at February 29, 2024, the Company owns approximately \$709 million in investment properties, including the Company's proportionate share of investment properties held through joint operations.

As at the date of this Press Release, the Company's investment portfolio comprises 56 properties with approximately 1.9 million rentable sq. ft. of industrial and commercial space and a 50% interest in four multi-family rental properties with a total of 151 units. Approximately 98.57% of available space within the industrial and commercial investment properties is currently leased. The Company's development properties include a 50% interest in the Silverdale Hills Limited Partnership which currently owns approximately 1,400 acres of primarily residential designated development lands in Mission, British Columbia.

For a review of the risks and uncertainties to which the Company is subject, see its most recently filed annual and interim MD&A.

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