



REGENT PACIFIC PROPERTIES

Management’s Discussion and Analysis (“MD&A”)

The following management discussion and analysis as of November 17, 2022 is provided to enhance the reader’s understanding of, and should be read in conjunction with, Regent Pacific Properties Inc.’s (the “Company”) annual audited consolidated financial statements for the years ended December 31, 2021 and 2020 (the “Annual Financial Statements”), and the unaudited interim consolidated financial statements for the three and nine-month period ended September 30, 2022 (the “Interim Financial Statements”), and accompanying notes thereto. All dollar amounts are expressed in Canadian funds unless otherwise stated. The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“the IASB”). The Interim Financial Statements are prepared in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting* as issued by the IASB.

Core Business

The Company is a real estate development and investment company with a portfolio consisting of a premiere 72,675 sq. ft. three-story commercial office tower and attached single-story bays with underground parking facility (“Cassel Centre”), located in Edmonton, Alberta.

Objectives and Strategy

The Company seeks to expand its portfolio of high-quality, income producing properties.

Overall Performance

During the three and nine months ended September 30, 2022, Cassel Centre had fixed-term leases in place with AAA tenants for approximately 91% of its rentable area. As at September 30, 2022, Tenant leases in the building have lease terms remaining of between 6 months and 5 years and 1 month.

Selected Annual Information

	2021		2020		2019	
Total Assets	\$	23,655,985	\$	24,782,924	\$	30,020,798
Total Current Liabilities	\$	18,028,618 ⁽¹⁾	\$	18,714,617 ⁽²⁾	\$	21,781,035 ⁽³⁾
Total Long-term Liabilities	\$	1,787,899	\$	1,693,050	\$	1,829,123
Total Liabilities	\$	19,816,517	\$	20,407,667	\$	23,610,158
Revenue	\$	2,455,030	\$	2,561,236	\$	2,876,665
Cost of Sales	\$	-	\$	-	\$	-
Expenses	\$	(1,818,430)	\$	(1,953,957)	\$	(2,261,980)
Income Taxes	\$	-	\$	-	\$	-
Deferred Income Tax Recovery (Expense)	\$	(59,911)	\$	136,073	\$	530,775
Other Income	\$	86,415	\$	16,707	\$	2,556
Other Expenses	\$	(1,198,893)	\$	(2,461,312)	\$	(1,635,205)
Loss on Disposal of Investment Property	\$	-	\$	(334,130)	\$	-
Net Loss	\$	(535,789)	\$	(2,035,383)	\$	(488,714)
Number of Shares Outstanding		40,039,000		40,039,000	\$	40,039,000
Loss per Share	\$	(0.013)	\$	(0.050)	\$	(0.010)
Diluted Loss per Share	\$	(0.013)	\$	(0.05)	\$	(0.01)

Notes:

- (1) 2021 Total Current Liabilities included a \$16,943,901 mortgage payable which is due on demand on a 5 year term, and an interest rate of 3.25%.
- (2) 2020 Total Current Liabilities included a \$17,537,654 mortgage payable which is due on demand on a 5 year term, and an interest rate of 3.25%.
- (3) 2019 Total Current Liabilities included a \$17,888,885 mortgage payable which is due on demand on a 5 year term, and an interest rate of 3.64%.

Selected Quarterly Information

Three and Nine months ended September 30,	Three months		Nine months	
	2022 \$	2021 \$	2022 \$	2021 \$
Net rental income	388,801	372,261	1,168,603	1,116,783
Net and comprehensive income	180,745	145,802	546,698	468,053
Net income per share (basic and diluted)	0.00	0.00	0.01	0.01
Cash provided by operating activities	328,543	330,572	963,372	899,408
Cash used in financing activities	(305,247)	(371,016)	(963,967)	(948,776)
Cash provided by investing activities	-	-	1,410	-
Total assets	N/A	N/A	23,576,701	24,728,715
Working capital deficit	N/A	N/A	(17,408,191)	(18,119,234)
Total non-current liabilities	N/A	N/A	1,773,013	1,753,050
Weighted average number of common shares outstanding	40,039,000	40,039,000	40,039,000	40,039,000

Discussion of Operations and Financial Condition:

Revenue

Total revenue for the quarter ended September 30, 2022 was \$627,242, an increase of approximately 7% as compared to the same quarter in 2021 of \$584,043. Total revenue for the nine months ended September 30, 2022 was \$1,873,898, an increase of approximately 7% as compared to the same period in 2021 of \$1,752,131.

Revenue for the quarter ended September 30, 2022 is comprised of \$388,801 of commercial rental revenue from Cassel Centre (same quarter in 2021 - \$372,261), and \$238,441 of operating cost recoveries from tenants (same quarter in 2021 - \$211,782). Revenue for the nine months ended September 30, 2022 is comprised of \$1,168,603 of commercial rental revenue from Cassel Centre (same period in 2021 - \$1,116,783), and \$705,295 of operating cost recoveries from tenants (same period in 2021 - \$635,348).

There was no significant change in the tenants of the commercial rental property during the nine months ended September 30, 2022 as compared to the same period in 2021.

Expenses

Expenses for the quarter ended September 30, 2022 were \$304,907, an increase of approximately 3% as compared to the same quarter in 2021 of \$297,096. Expenses for the nine months ended September 30, 2022 were \$920,886, an increase of approximately 6% as compared to the same period in 2021 of \$866,268. Expenses include direct operating expenses, general and administrative expenses, and depreciation and amortization. Overall, expenses have

increased over the prior period as a result of an increase in direct operating expenses due to additional repairs and maintenance conducted combined with increased costs driven by inflation.

Finance costs for the quarter ended September 30, 2022 were \$156,978 as compared to the same quarter in 2021 of \$156,610. Finance costs for the nine months ended September 30, 2022 were \$451,059, a decrease of approximately 3% as compared to the same period in 2021 of \$463,699. The decrease in finance costs is due to the continued paydown of the Company's mortgage payable.

Summary of Quarterly Results (in accordance with IFRS)

	Sep 30, 2022 \$	Jun 30, 2022 \$	Mar 31, 2022 \$	Dec 31, 2021 \$	Sep 30, 2021 \$	Jun 30, 2021 \$	Mar 31, 2021 \$	Dec 31, 2020 \$
Revenues	627,242	609,524	637,132	702,899	584,043	584,044	584,044	427,372
Cost of Sales	-	-	-	-	-	-	-	-
Expenses	(304,907)	(327,037)	(288,942)	(952,162)	(297,096)	(301,799)	(267,373)	(474,366)
Income Tax Expense	-	-	-	-	-	-	-	-
Deferred Income Tax (Expense) Recovery	-	-	-	(59,911)	-	-	-	136,073
Other Expenses	(141,590)	(118,255)	(146,469)	(694,668)	(141,145)	(137,564)	(139,101)	(2,445,847)
Net Income (Loss)	180,745	164,232	201,721	(1,003,842)	145,802	144,681	177,570	(2,356,768)
Earnings (Loss) per Share	0.00	0.00	0.01	(0.03)	0.00	0.00	0.00	(0.06)
Fully Diluted Earnings (Loss) per Share	0.00	0.00	0.01	(0.03)	0.00	0.00	0.00	(0.06)

During the quarter ended December 31, 2020, the Company incurred a fair value write down on its commercial investment property of approximately \$2.5 million due to the impact of the COVID-19 pandemic and increased uncertainty surrounding leasing vacant space and securing lease renewals. Throughout 2020, the Company offered rent relief to certain commercial tenants as a result of the COVID-19 pandemic. During 2021, total revenue declined due to increased vacancy in the commercial investment property together with the ongoing rent relief provided to certain commercial tenants as a result of the COVID-19 pandemic. During the quarter ended December 31, 2021 the Company incurred a fair value write down on its commercial investment property of approximately \$1.2 million due to the continuing impact of the COVID-19 pandemic.

Liquidity and Capital Resources

As at September 30, 2022, the Company had bank indebtedness of \$286,143 through its overdraft facility (December 31, 2021 - \$286,958) and a working capital deficiency of \$17,408,191 (December 31, 2021 - \$17,943,373). Working capital is calculated as current assets less current liabilities. The mortgage on the investment property is due on demand. In accordance with generally accepted accounting principles, the entire amount of the mortgage is included in current liabilities and as such contributes to the working capital deficiency. Cash from operations was \$963,372 during the nine months ended September 30, 2022. Cash used in financing activities during the nine months ended September 30, 2022 included scheduled repayments on the mortgage of \$492,692, interest payments of \$421,275, and repayment of a portion of the loan payable to a related party of \$50,000.

As at September 30, 2022, the Company had a loan payable of \$178,945 (December 31, 2021 - \$169,997) which is unsecured, bears interest at a rate of 7% per annum, with no regular payments, and principal repayment is due on February 10, 2023. Accordingly, the entire amount of the loan payable has been included in current liabilities. The Company expects to renew the loan payable for an additional one year term on its maturity date.

On April 30, 2021, the Company was advanced \$60,000 of bank financing as part of the Government of Canada COVID-19 assistance for small business. The loan bears interest at 0% until December 31, 2023 and has no terms of repayment until that date. Full repayment of loan balance before December 31, 2023 will result in debt forgiveness of \$20,000. After December 31, 2023, any unpaid balance is payable over a two-year term at interest of 5% per annum. The loan was advanced to assist with the payment of eligible non-deferrable expenses. The Company has recognized the \$20,000 forgivable portion of the loan as government assistance received during fiscal 2021 as it expects to repay the loan before the deadline to secure the \$20,000 loan forgiveness with cash generated from operations or additional financing, as necessary.

As at September 30, 2022, the Company had a loan payable to related party of \$328,914 (December 31, 2021 - \$358,078). The loan is payable to Cassel Properties Ltd., a company controlled by Eddie Yu, the CEO, director and majority shareholder of the Company, and is unsecured, bears interest at a rate of 8% per annum and has no fixed terms of repayment. Principal repayment is due on November 10, 2022. The Company expects to renew the loan payable before the maturity date and repay the loan over time using cash generated from operations or additional financing, as necessary.

As at September 30, 2022, the Company had a mortgage payable of \$16,451,209 (December 31, 2021 - \$16,943,901). The mortgage payable has a maximum borrowing limit of \$17,706,249, is due on demand with monthly blended instalments of \$100,450, bears interest at 3.25% per annum, and has a term expiring on August 1, 2025. The mortgage payable is secured by the commercial investment property which has a carrying value of \$22,250,000 as at September 30,

2022 (December 31, 2021 - \$22,250,000), general assignment of rent and a general security agreement. The mortgage payable is subject to an annual debt service coverage ratio covenant of no less than 1:20:1 based on the operations of the commercial investment property. As at September 30, 2022, the Company was not in compliance with this covenant and therefore the entire amount of the mortgage payable was classified as a current liability in the interim condensed consolidated statement of financial position. The Company expects to repay the mortgage instalments over the term with cash generated from its operations and will seek to renew the mortgage at the end of its term.

Capital expenditures are generally funded by cash on hand, and/or cash provided by operating activities, or by obtaining new financing. It is the Company's objective to maintain its properties at a high level, consequently, capital expenditures may be regularly required, however, the timing of such expenditures is often discretionary and may be deferred, for example, with a repair rather than replacement.

From time to time the Company anticipates incurring direct leasing costs and/or tenant improvement allowances related to acquiring new tenants or maintaining existing tenants. For example, there may be direct leasing costs and/or tenant improvement allowances incurred as a result of securing a new lease or acquiring a new tenant.

Another significant use for cash could be the acquisition of or investment in new properties. The Company is actively and continuously seeking new investment opportunities.

Risk and Uncertainty

The Company is exposed to a variety of business and other risks and uncertainties including the following:

Economic Risk

The performance of real estate investments is impacted by local market conditions, which in turn can be affected by national or global economic conditions. Economic trends can also be exacerbated in smaller markets, resulting in greater risk. The Company mitigates economic risk by focusing on larger markets, maintaining tenants from various industries, and maintaining high quality properties.

Fair value risk

Real estate markets are in a constant state of flux and prices and values can vary in a short timeframe due to such factors as economic conditions, the general desirability of real estate investments, the number and nature of potential purchasers in the market, the availability of comparable investment opportunities, the motivation of vendors, the availability and cost of financing, etc. Changes in fair value will result in gains or losses in earnings being recorded in

the financial statements, although these would be non-cash gains or losses until such time as a property is sold. Upon sale, there is a risk that the Company may realize sale proceeds of less, or even significantly less, than the fair value recorded in its real estate investments. In addition, transaction costs are not included in the fair value of investment properties which will reduce fair value gain (or increase the loss) on disposal of investment properties. Lower property value may also make refinancing of maturing mortgages more difficult, although with low leverage, this is less likely to occur.

Tenant Terminations and Financial Stability

The Company's revenues would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the Company's properties were not able to be leased on economically favourable lease terms. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the Company than the existing lease.

In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the Company's investment may be incurred. Furthermore, at any time, a tenant of any of the Company's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow available to the Company. The ability to rent unleased space in the properties in which the Company will have an interest will be affected by many factors. Costs may be incurred in making improvements or repairs to property required by a new tenant. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the Company's financial condition.

Credit risk

The Company is exposed to credit risk on its accounts receivable due to unexpected losses that could occur if a tenant fails to satisfy its lease obligations. The Company's maximum exposure to credit risk is equal to the carrying value of the accounts receivable. Tenant default can occur because of economic conditions or tenant specific circumstances. The Company manages this risk by having multiple tenants, retaining security deposits on leases, staggering lease expiry dates, and screening tenants for longevity and credit worthiness.

The aging of accounts receivable is as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Current	\$ 7,654	\$ 81,989
31-90 days	-	3,182
91 + days	<u>1,677</u>	<u>74</u>
	<u>\$ 9,331</u>	<u>\$ 85,245</u>

The Company is subject to concentration risk through the volume of revenues derived from certain key tenants. For the three and nine months ended September 30, 2022, revenue earned from four key tenants represents 96% and 97%, respectively (three and nine months ended September 30, 2021 – 93%) of total revenues. As at September 30, 2022, there were no amounts receivable from these tenants (December 31, 2021 – receivable from these tenants total 82% of total accounts receivable).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is susceptible to interest rate fair value risk on its mortgage payable, loan payable to related party and loan payable that bear a fixed interest rate. There is the risk of interest rates increasing when renewing fixed rate liabilities at the end of their terms. The Company mitigates this risk by monitoring interest rates, negotiating renewals, and obtaining quotes from multiple lenders. The Company's overdraft facility bears interest at a variable rate and for the three and nine months ended September 30, 2022, all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates is not expected to be significant (three and nine months ended September 30, 2021 – not significant).

Financing risk

There is the risk that the Company will be unable to obtain satisfactory financing when required, particularly to refinance maturing debt. This risk is mitigated by actively managing the Company's capacity to service debt, and by maintaining good borrowing relations with sound lenders.

Environmental risk

Environmental liability is a risk for any owner in the real-estate industry, and primarily stems from the possibility of inheriting an existing unknown liability through the acquisition of a property or from environmental liability caused by a tenant. The Company manages the former risk by obtaining professional environmental assessments of potential acquisition properties as a condition of acquisition, which assessments, among other things, investigate the historical use and current condition of the property. The risk of potential environmental liability caused by a

tenant is mitigated by screening tenants, by obliging tenants to be responsible for any environmental contamination or other issues caused by them, and by monitoring properties for any apparent environmental threats.

Property Loss Risk

The Company contracts with an insurance agency that specializes in commercial insurance. Insurance coverage is reviewed annually for each property.

Liquidity risk

The Company's exposure to liquidity risk is dependent on generating rental revenue to sustain operations. The Company controls liquidity risk by managing working capital and cash flows. As at September 30, 2022, the Company's contractual obligation consists of accounts payable and accrued liabilities of \$172,311 (December 31, 2021 - \$224,799) that have a current contractual maturity. Repayment of the \$40,000 CEBA loan is not required until December 31, 2023. The mortgage payable of \$16,451,209 (December 31, 2021 - \$16,943,901) is due on demand and has terms which expire in fiscal 2025. The loan payable of \$178,945 (December 31, 2021 - \$169,997) has no fixed terms of repayment. The loan payable to related party of \$328,914 (December 31, 2021 - \$358,078) has terms which expire in November 2022. The overdraft facility of \$286,143 (December 31, 2021 - \$286,958) is due on demand with revolving terms.

Government Regulation

The Company currently has an interest in a property located in the province of Alberta. The nature of real estate construction and operation is such that refurbishment and structural repairs are required periodically, in addition to regular ongoing maintenance. In addition, legislation relating to, among other things, environmental and fire safety standards is continually evolving, and changes thereto may give rise to ongoing financial and other obligations of the Company, the costs of which may not be fully recoverable from tenants.

Dependence on Key Personnel

The Company will depend on the good faith, experience and judgment of the directors and officers of the Company to manage the business and affairs of the Company. The management of the Company depends on the services of certain key personnel, including in particular Eddie Yu, as Chief Executive Officer. There can be no assurance that the Company will be able to retain its existing key personnel, attract qualified executives or adequately fill new or replace existing senior management positions or vacancies created by expansion, turnover or otherwise. The loss of the services of any one or more of the Company's key personnel or the inability to retain, attract or fill any such personnel or positions or vacancies could have an adverse effect on the Company.

Failure or Unavailability of Computer and Data Processing Systems and Software

The Company is dependent upon the successful and uninterrupted functioning of its computer and data processing systems and software. The failure or unavailability of these systems could interrupt operations or materially impact the Company's ability to collect revenues and make payments. If sustained or repeated, a system failure or loss of data could negatively and materially adversely affect the ability of the Company to discharge its duties and the impact on the Company may be material.

Cyber Security Risk

Cyber security is an increasingly important aspect of business operations. A cyber-attack is an intentional attack which can include gaining unauthored access to information systems to disrupt business operations, corrupt data or steal confidential information. Such an attack could compromise the Company, its employees and tenants' confidential information and may result in negative consequences, including remediation costs, loss of revenue, data corruption, additional regulatory scrutiny, litigations and reputational damages. As a result, the Company has implemented controls to help mitigate cyber security risks but these measures do not guarantee that a cyber attack will not occur or may not be successful due to the ever changing and increased sophistication of these types of attacks.

Litigation Risks

The Company may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. The unfavorable resolution of any legal proceedings could have an adverse effect on the Company and its financial position and results of operations that could be material.

Financial Instruments and Other Instruments

Financial instruments of the Company include accounts receivable, CEBA loan, mortgage payable, loan payable to related party, loan payable, accounts payable and accrued liabilities and overdraft facility.

The following provides an analysis of financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data.

There were no transfers between levels of the fair value hierarchy during the year.

The fair value of the Company's financial instruments were determined as follows:

- The carrying amounts of accounts receivable, and accounts payable and accrued liabilities and overdraft facility approximate their fair value due to the relatively short periods to maturity of these financial instruments.
- The fair value of the CEBA loan, mortgage payable, loan payable, and loan payable to related party are determined by discounting the future contractual cash flow under the current financing arrangements at a discount rate that represents an approximation to the borrowing rates presently available to the Company for debts with similar terms to maturity (Level 3).

	<u>Fair Value Hierarchy</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Financial Assets:			
Accounts receivable	Level 3	\$ 9,331	\$ 85,245
Financial Liabilities:			
Loan payable	Level 3	\$ 178,945	\$ 169,997
Loan payable to related party	Level 3	\$ 328,914	\$ 358,078
CEBA loan	Level 3	\$ 36,751	\$ 34,938
Mortgage payable	Level 3	\$ 16,451,209	\$ 16,943,901

The Company carries its investment property at fair value, which is determined by annual appraisal based on the accepted valuation methods of income capitalization, discounted future cash flows and direct comparison.

Off – Balance Sheet Arrangements

As at September 30, 2022, the Company did not enter into any off-balance sheet arrangements.

Contingencies

Management of the Company is aware of no contingent liabilities as at September 30, 2022.

Share Structure

The Company has 40,039,000 common shares outstanding at September 30, 2022. There are 2,955,000 stock options exercisable and outstanding as at September 30, 2022 with a weighted average exercise price of \$0.09. 800,000 of the stock options expire on August 27, 2023, and 2,155,000 of the stock options outstanding expire on December 19, 2024.

As at the date of this MD&A, the Company has common shares issued and outstanding of 40,039,000 and fully diluted common share capital of 42,994,000.

Transactions with Related Parties

Key management of the Company includes the Chief Executive Officer (“CEO”) (Eddie Yu) and Interim Chief Financial Officer (“CFO”) (William Harper).

During the three and nine months ended September 30, 2022, the Company incurred \$5,390 and \$8,890, respectively, in consulting fees due to the CFO of the Company (three and nine months ended September 30, 2021 - \$nil). As at September 30, 2022, \$9,160 was included in accounts payable and accrued liabilities as owing to the CFO (December 31, 2021 - \$nil).

During the three and nine months ended September 30, 2022, the Company charged a total of \$32,956 and \$98,868, respectively, to Cassel Properties Ltd., an entity owned and controlled by Eddie Yu, the CEO, director and majority shareholder of the Company for recovery of operating expenses (three and nine months ended September 30, 2021 - \$30,753 and \$92,259, respectively).

During the three and nine months ended September 30, 2022, the Company received rental income, before straight-line adjustments, of \$61,200 and \$183,600, respectively, from Cassel Properties Ltd., an entity owned and controlled by Eddie Yu, the CEO, director and majority shareholder of the Company (three and nine months ended September 30, 2021 - \$61,300 and \$184,350, respectively).

During the three and nine months ended September 30, 2022, the Company accrued interest expense of \$7,835 and \$20,836, respectively, to Cassel Properties Ltd., an entity owned and controlled by Eddie Yu, the CEO, director and majority shareholder of the Company (three and nine months ended September 30, 2021 - \$10,504 and \$26,429, respectively).

During the three and nine months ended September 30, 2022, the Company accrued interest income of \$nil and \$nil, respectively, from 1784338 Alberta Ltd., an entity controlled by Eddie Yu, the CEO, director and majority shareholder of the Company (three and nine months ended September 30, 2021 - \$15,465 and \$45,889, respectively).

During the three and nine months ended September 30, 2022, an amount of \$12,797 and \$20,267, respectively has been included in general and administrative expenses related to fees paid to Parlee McLaws LLP, a law firm, where David Tam, one of the directors of the Company, is a partner (three and nine months ended September 30, 2021 - \$153 and 453, respectively). As at September 30, 2022, \$13,471 was included in accounts payable and accrued liabilities as owing to Parlee McLaws LLP (December 31, 2021 - \$445).

During the three and nine months ended September 30, 2022, \$18,626 and \$73,877, respectively, has been included in general and administrative expenses related to administration fees paid to Cassel Properties Ltd., an entity owned and controlled by Eddie Yu, the CEO, director and majority shareholder of the Company (three and nine months ended September 30, 2021 - \$27,626 and \$82,877, respectively) and as at September 30, 2022, \$7,254 was included in accounts payable and accrued liabilities (December 31, 2021 - \$nil).

During the three and nine months ended September 30, 2022, an amount of \$8,019 and \$24,057, respectively has been included in general and administrative expenses related to rent paid to Cassel Properties Ltd., an entity owned and controlled by Eddie Yu, the CEO, director and majority shareholder of the Company (three and nine months ended September 30, 2021 - \$8,019 and \$24,057, respectively).

As at September 30, 2022 and December 31, 2021, the deposit of \$1,303,888 is with 1784338 Alberta Ltd., a company indirectly majority owned by Eddie Yu, the CEO, director and majority shareholder of the Company, for the acquisition of ten (10) condominium units in Edmonton, Alberta for a total purchase price of \$3,229,762 which is due on January 31, 2023, or as mutually extended by the parties. The purchase contract is subject to the following conditions to be satisfied by December 31, 2022, or as mutually extended by the parties:

- securing satisfactory financing on suitable terms and conditions;
- obtaining TSXV conditional acceptance as a Reviewable Transaction in accordance with TSXV policies;
- receiving all other necessary regulatory and securities commissions approvals, if any; and
- receiving all necessary shareholder approvals, as required.

IFRS Accounting Policies

The significant accounting policies applied by the Company in the Interim Financial Statements are consistent with those applied by the Company in its Annual Financial Statements.

New Accounting Standards Adopted

IAS 37 Provisions, contingent liabilities and contingent assets

The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. There was no impact to the Interim Financial Statements as a result of the adoption of this amendment.

Standards Issued But Not Yet Effective

IAS 1 Presentation of financial statements

The amendment to IAS 1 clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Forward Looking Information

This management discussion and analysis may contain forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. These statements are not historical acts and are subject to risks and uncertainties which could cause actual results and the timing of certain events to differ materially from those set forth in or implied herein including, without limitation, risks associated with the Company's proposed activities.

Additional Information

Additional information on the Company can be found on SEDAR at www.sedar.com.

Shareholder communications information may be obtained here:

Regent Pacific Properties Inc.: 1-780-424-9898

Email: info@cassel.ca

The Company's shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "RPP".

The Company's registered office is located at 2607 Ellwood Drive SW, Edmonton, Alberta, T6X 0P7