



REGENT PACIFIC PROPERTIES

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

The following management discussion and analysis as of November 24, 2023 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, 2022 and 2021 (the “Annual Financial Statements”), and the unaudited interim consolidated financial statements for the three and nine-month periods ended September 30, 2023 (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, 2023, Cassel Centre had fixed-term leases in place with AAA tenants for approximately 93% of its rentable area. As at September 30, 2023, Tenant leases in the building have lease terms remaining of up to 5 years and 5 months.

Going Concern

The Interim Financial Statements have been prepared in accordance with IFRS that are applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of operations. There are material uncertainties that may cast significant doubt on the validity of this assumption. As at September 30, 2023, the Company has negative working capital (as defined by IFRS) of \$16,905,837 (December 31, 2022 - \$17,322,889), of which \$15,932,094 is due to the Company's term mortgage which commenced on July 31, 2012, and has been renewed on a term basis from time to time, with the existing term expiring on August 1, 2025. The Company has made all of the mortgage payments, throughout the term of the mortgage, in accordance with the mortgage terms. The mortgage is demandable; however, no demand nor indication of a demand has been made by the lender, Servus Credit Union. There is no assurance the mortgage would not be called or will be renewed with similar terms. The Company's ability to continue as a going concern is dependent on generating a profit from operations, and obtaining additional financing as required.

The Interim Financial Statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported revenues and expenses and the balance sheet classifications that would be necessary if the going concern assumption were not appropriate. These adjustments could be material.

Selected Annual Information (in accordance with IFRS)

	2022	2021	2020
Total Assets	\$ 22,881,278	\$ 23,655,985	\$ 24,782,924
Total Current Liabilities	\$ 17,336,797 ⁽¹⁾	\$ 18,028,618 ⁽²⁾	\$ 18,714,617 ⁽³⁾
Total Long-term Liabilities	\$ 1,825,539	\$ 1,787,899	\$ 1,693,050
Total Liabilities	\$ 19,162,336	\$ 19,816,517	\$ 20,407,667
Revenue	\$ 2,460,852	\$ 2,455,030	\$ 2,561,236
Expenses	\$ (1,225,303)	\$ (1,197,418)	\$ (1,218,050)
Income Taxes	\$ -	\$ -	\$ -
Deferred Income Tax Recovery (Expense)	\$ (89,277)	\$ (59,911)	\$ 136,073
Fair value adjustment on investment property	\$ (678,832)	\$ (1,198,893)	\$ (2,461,312)
Other expense	\$ (587,966)	\$ (534,597)	\$ (719,200)
Loss on Disposal of Investment Property	\$ -	\$ -	\$ (334,130)
Net Loss	\$ (120,526)	\$ (535,789)	\$ (2,035,383)
Number of Shares Outstanding	40,039,000	40,039,000	40,039,000
Loss per Share	\$ (0.003)	\$ (0.013)	\$ (0.050)
Diluted Loss per Share	\$ (0.003)	\$ (0.013)	\$ (0.050)

Notes:

- (1) 2022 Total Current Liabilities included a \$16,275,951 mortgage payable which is due on demand on a 5 year term, and an interest rate of 3.25%.
- (2) 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%.
- (3) 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%.

Selected Quarterly Information (in accordance with IFRS)

Three and nine months ended September 30,	Three months		Nine months	
	2023	2022	2023	2022
	\$	\$	\$	\$
Net rental income	359,466	373,221	993,205	1,100,628
Net and comprehensive income	175,384	180,745	398,115	546,698
Net income per share (basic and diluted)	0.00	0.00	0.01	0.01
Cash provided by operating activities	395,019	328,543	829,775	963,372
Cash used in financing activities	(391,445)	(305,247)	(832,472)	(963,967)
Cash provided by investing activities	-	-	-	1,410
Total assets	N/A	N/A	22,919,025	23,576,701
Working capital deficit	N/A	N/A	(16,905,837)	(17,408,191)
Total non-current liabilities	N/A	N/A	1,825,539	1,773,013
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**

Due to the strategic relocation and transitioning of certain tenants, total revenue for the three-month period ended September 30, 2023 was \$561,669, a decrease of approximately 10% as compared to the same quarter in 2022 of \$627,242. Total revenue for the nine-month period ended September 30, 2023 was \$1,687,308, a decrease of approximately 10% as compared to the same quarter in 2022 of \$1,873,898.

Total revenue for the three and nine months ended September 30, 2023 is comprised of \$350,069 and \$1,052,508, respectively, of commercial rental revenue from Cassel Centre (2022 - \$388,801 and \$1,168,603, respectively), and \$211,600 and \$634,800, respectively, of operating cost recoveries from tenants (2022 - \$238,441 and \$705,295, respectively).

During the nine months ended September 30, 2023, the Company signed a lease agreement with a new tenant for 5,760 square feet on the main floor, conditional on approval of a City of Edmonton permit, and to commence on December 1, 2023, and an existing tenant has expanded its overall lease space.

Expenses

Expenses for the quarter ended September 30, 2023 were \$243,527, a decrease of approximately 20% as compared to the same quarter in 2021 of \$304,907. Expenses for the nine months ended September 30, 2023 were \$866,040, an increase of approximately 6% as compared to the same quarter in 2021 of \$920,886. Expenses include direct operating expenses, general and administrative expenses, share-based compensation and depreciation and amortization.

Direct operating costs during the three months ended September 30, 2023 decreased by \$51,818, or approximately 20%, to \$202,203 as compared to \$254,021 in the same period in 2022. Direct operating costs during the nine months ended September 30, 2023 decreased by \$79,167, or approximately 10%, to \$694,103 as compared to \$773,270 in the same period in 2022. These decreases were primarily due to fewer repairs and maintenance expenses, a decrease in property taxes, and a reduction in property management fees charged by Cassel Properties Ltd.

General and administrative expenses during the three months ended September 30, 2023 decreased by \$9,731, or approximately 20%, to \$39,470 as compared to \$49,201 in the same period in 2022. The decrease was primarily due to a reduction in administration fees charged by Cassel Properties Ltd. General and administrative expenses during the nine months ended September 30, 2023 increased by \$8,754, or approximately 6%, to \$153,000 as compared to \$144,246 in the same period in 2022. The increase was due to an increase in accounting and engineering fees and was partially offset by the reduction in administration fees discussed above.

Share based compensation was \$15,735 during the nine months ended September 30, 2023 and arises from the grant, on January 16, 2023, of 1,048,900 stock options to directors, officers, consultants and an employee of the Company. The stock options have an exercise price of \$0.07 per common share for a term of five (5) years and vested immediately upon grant.

Amortization expense was not significant in the three and nine months ended September 30, 2023 and 2022.

Other Income (Expenses)

Other income (expenses) is composed of interest income, fair value adjustment on CEBA Loan and finance costs.

Interest income and the fair value adjustment of the CEBA Loan for the three and nine months ended September 30, 2023 and 2022 were insignificant.

Finance costs for the three and nine months ended September 30, 2023 were \$144,502 and \$428,441, respectively, as compared to the same periods in 2022 of \$156,978 and \$451,059,

respectively. The decrease in finance costs is due to the continued paydown of the Company's mortgage payable and the repayment of the loan payable.

Fair value adjustment on Investment Property

Fair value adjustments to investment property for the three and nine months ended September 30, 2023 and 2022 were insignificant.

Summary of Quarterly Results (in accordance with IFRS)

	Sep 30, 2023 \$	Jun 30, 2023 \$	Mar 31, 2023 \$	Dec 31, 2022 \$	Sep 30, 2022 \$	Jun 30, 2022 \$	Mar 31, 2022 \$	Dec 31, 2021 \$
Revenues	561,669	561,945	563,694	586,954	627,242	609,524	637,132	702,899
Expenses	(243,527)	(311,124)	(311,389)	(304,417)	(304,907)	(327,037)	(288,942)	(331,150)
Income Tax Expense	-	-	-	-	-	-	-	-
Deferred Income Tax Expense	-	-	-	(89,277)	-	-	-	(59,911)
Fair value adjustment on investment property	2,408	2,409	2,408	(725,390)	16,009	29,139	1,410	(1,198,893)
Other expense	(145,166)	(142,909)	(142,303)	(135,094)	(157,599)	(147,394)	(147,879)	(116,787)
Net Income (Loss)	175,384	110,321	112,410	(667,224)	180,745	164,232	201,721	(1,003,842)
Earnings (Loss) per Share	0.00	0.00	0.00	(0.02)	0.00	0.00	0.01	(0.03)
Fully Diluted Earnings (Loss) per Share	0.00	0.00	0.00	(0.02)	0.00	0.00	0.01	(0.03)

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 impact of the COVID-19 pandemic. On September 30, 2022, one (1) tenant lease expired and was not renewed. During the quarter ended December 31, 2022, the Company incurred a fair value write down on its commercial investment property of approximately \$725,000 due to the decline in rental revenue.

Liquidity and Capital Resources

As at September 30, 2023, the Company had bank indebtedness of \$297,845 (December 31, 2022 - \$295,148) through its overdraft facility and a working capital deficiency of \$16,905,837 (December 31, 2022 - \$17,322,889). Working capital is calculated as current assets less current liabilities. The \$15,932,094 mortgage payable (December 31, 2022 - \$16,275,951) is due on demand and 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, 2023, the Company was not in compliance with this covenant. The Company is working together with the lender with respect to the mortgage covenant and does not expect that the lender will demand on the mortgage payable. 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.

Net cash from operations was \$829,775 during the nine-month period ended September 30, 2023 (2022 - \$963,967). Cash used in financing activities during the nine-month period ended September 30, 2023 was \$832,472 (2022 - \$963,967) and included scheduled repayments on the mortgage of \$341,942 (2022 - \$492,692), repayment on the loan payable to related party of \$166,594 (2022 - \$50,000), and interest payments of \$470,436 (2022 - \$421,275); and was partially offset by advances from a related party of \$146,500 (2022 - \$nil). The decrease in the scheduled repayments on the mortgage are due to a payment deferral agreement between the Company and the lender whereby the Company did not make principal repayments on the mortgage payable for three months in order to fund tenant improvements provided to a new tenant.

The Company expects to manage its working capital deficiency through a combination of cash flow generated from its operating activities or additional financing, as necessary.

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 the 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, 2023, the Company had a loan payable to related party of \$334,829 (December 31, 2022 - \$334,912). The loan is payable to Cassel Properties Ltd. and is unsecured, bears interest at a rate of 8% per annum and was to mature on November 10, 2023. Subsequent

to September 30, 2023, the Company and the lender extended the maturity date to November 10, 2024. The Company expects to repay the loan over time using cash generated from operations or additional financing, as necessary.

As at September 30, 2023, the Company had a mortgage payable of \$15,932,094 (December 31, 2022 - \$16,275,951). 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 \$21,550,000 as at September 30, 2023 (December 31, 2022 - \$21,550,000), 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, 2023, the Company was not in compliance with this covenant. 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. The Company is working together with the lender with respect to the mortgage covenant and does not expect that the lender will demand on the mortgage payable.

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. During the three and nine-month periods ended September 30, 2023 and 2022, the Company had minimal capital expenditures.

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:

	September 30, 2023	December 31, 2022
Current	\$ 46,493	\$ 12,231
31-90 days	461	-
91 + days	<u>7,903</u>	<u>1,677</u>
	<u>\$ 54,857</u>	<u>\$ 13,908</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, 2023, revenue earned from three (3) key tenants (2022 – four (4) key tenants) represents 91% (2022 – 96% and 97%, respectively) of total revenues. As at September 30, 2023, amounts receivable from these tenants represented 77% of rents receivable (December 31, 2022 – no amounts 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-month periods ended

September 30, 2023, 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 (2022 – 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 the management of working capital and cash flows. Operating cashflow remains positive and is largely dependent on occupancy and collection. The Company closely monitors the collection of receivables from tenants.

As at September 30, 2023, the Company's contractual obligation consists of accounts payable and accrued liabilities of \$356,602 (December 31, 2022 - \$281,109) that have a current contractual maturity. Repayment of the \$40,000 CEBA Loan is required by December 31, 2023. The mortgage payable of \$15,932,094 (December 31, 2022 - \$16,275,951) is due on demand and has terms which expire in fiscal 2025. The loan payable to related party of \$334,829 (December 31, 2022 - \$334,912) has terms which expire in November 2024. The overdraft facility of \$297,845 (December 31, 2022 - \$295,148) 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 values of the Company's financial instruments were determined as follows:

- The carrying amounts of accounts receivable, 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 2023</u>	<u>December 31, 2022</u>
Financial Liabilities:			
Loan payable	Level 3	\$ -	\$ 75,791
Loan payable to related party	Level 3	\$ 334,829	\$ 334,912
CEBA Loan	Level 3	\$ 39,324	\$ 37,383
Mortgage payable	Level 3	\$ 15,932,094	\$ 16,275,951

Off – Balance Sheet Arrangements

As at September 30, 2023, 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, 2023.

Share Structure

The Company has 40,039,000 common shares outstanding at September 30, 2023. There are 3,203,900 stock options exercisable and outstanding as at September 30, 2023.

The following table summarizes information on stock options outstanding and exercisable as at September 30, 2023:

	<u>Exercise Price</u>	<u>Number Outstanding</u>	<u>Number Exercisable</u>	<u>Expiry Date</u>
December 20, 2019	\$ 0.08	2,155,000	2,155,000	Dec 19, 2024
January 16, 2023	<u>\$ 0.07</u>	<u>1,048,900</u>	<u>1,048,900</u>	<u>Jan 15, 2028</u>

On January 16, 2023, the Company granted 1,048,900 stock options to directors, officers, consultants and an employee of the Company. The stock options have an exercise price of \$0.07 per common share for a term of five (5) years and vested immediately upon grant.

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 43,242,900.

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) and the directors of the Company: Eddie Yu, Ted Power, and David Tam.

During the three and nine months ended September 30, 2023, the Company incurred \$3,150 and \$10,967, respectively, in consulting fees due to the CFO of the Company (2022 - \$5,390 and \$8,890, respectively). As at September 30, 2023, \$5,808 was included in accounts payable and accrued liabilities as owing to the CFO (December 31, 2022 - \$10,990).

During the three and nine months ended September 30, 2023, the Company charged a total of \$51,442 and \$154,326, 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 (2022 - \$32,956 and \$98,868, respectively).

During the three and nine months ended September 30, 2023, the Company received rental income, before straight-line adjustments, of \$86,640 and \$259,920, respectively, from Cassel Properties Ltd. (2022 - \$61,200 and \$183,600, respectively) and as at September 30, 2023, \$46,928 was included in prepaid rent for rent paid in advance and rental deposits (December 31, 2022 - \$46,928).

During the three and nine months ended September 30, 2023, the Company incurred interest expense of \$7,626 and \$20,011, respectively, to Cassel Properties Ltd. (2022 - \$7,835 and \$20,836, respectively).

During the three and nine months ended September 30, 2023, an amount of \$nil and \$14,339, 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 (2022 - \$12,797 and \$20,267, respectively). As at September 30, 2023, \$10,243 was included in accounts payable and accrued liabilities as owing to the law firm (December 31, 2022 - \$13,471).

During the three and nine months ended September 30, 2023, \$18,625 and \$55,877 has been included in general and administrative expenses related to administration fees paid to Cassel Properties Ltd. (2022 - \$18,626 and \$73,877, respectively).

During the three and nine months ended September 30, 2023, 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. (2022 - \$8,019 and \$24,057, respectively).

During the three and nine months ended September 30, 2023, an amount of \$17,624 and \$52,987, respectively, has been included in direct operating costs related to property management fees with Cassel Properties Ltd. (2022 - \$20,284 and \$59,095, respectively).

During the three and nine months ended September 30, 2023, the Company incurred \$nil and \$14,791, respectively, in share-based compensation expense for directors and key management (2022 - \$nil).

As at September 30, 2023, \$36,347 is receivable from and \$62,061 is payable to Cassel Properties Ltd. related to the above transactions.

On December 24, 2021, and as amended on December 31, 2022, the Company entered into a purchase contract to acquire ten (10) condominium units in Edmonton, Alberta from 1784338 Alberta Ltd., a company indirectly majority owned by Eddie Yu, the CEO, director and majority shareholder of the Company, for a total purchase price of \$3,229,762 subject to certain conditions to be satisfied by December 31, 2023, or as mutually further extended by the parties, including:

- 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 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.

Income taxes – deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of when the existing exemption for recognizing deferred income tax assets and deferred income tax liabilities on initial recognition of an asset and a liability is applied. The amendments clarify the requirement to account for deferred tax on transactions such as initial recognition of leases and decommissioning obligations where the transaction gives rise to an equal taxable and deductible temporary difference.

New Accounting Pronouncements Not Yet Adopted

IAS 1 – Classification of liabilities as current or non-current and non-current liabilities with covenants

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after January 1, 2024.

Impact of COVID-19 Pandemic

The changes brought on by the COVID-19 pandemic continue to exert downward pressure on the fair value of the Company's investment property due to the changing trends in commercial and retail rental markets. More employers are allowing employees to work from home, creating uncertainty around the demand for office space. Additional uncertainty in retail arises from changing demand for products and services from consumers and more consumers choosing to shop online rather than in physical stores. As these trends continue to evolve, there remains additional uncertainty surrounding the leasing of vacant space and additional uncertainty whether leases up for renewal will be renewed or renewed on similar terms and rates.

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.sedarplus.ca.

Shareholder communications information may be obtained here:

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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