

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended

September 30, 2025

(Expressed in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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

The Company's external auditors have not performed a review of these interim condensed consolidated financial statements.

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Interim Condensed Consolidated Statements of Financial Position

As at September 30, 2025

(Expressed in Canadian dollars)

	September 30, 2025	December 31, 2024
ASSETS		
Non-current Assets		
Investment properties (Note 5)	\$ 24,847,500	\$ 22,860,500
Deposit (Note 21)	-	892,394
Furniture and fixtures (Note 6)	<u>38,709</u>	<u>48,387</u>
	<u>24,886,209</u>	<u>23,801,281</u>
Current Asset		
Accounts receivable (Note 7)	<u>142,246</u>	<u>21,104</u>
	<u>\$ 25,028,455</u>	<u>\$ 23,822,385</u>
LIABILITIES		
Non-current Liabilities		
Prepaid rents	\$ 213,749	\$ 200,174
Deferred income taxes	<u>1,933,458</u>	<u>1,933,458</u>
	<u>2,147,207</u>	<u>2,133,632</u>
Current Liabilities		
Mortgages payable (Note 11)	16,542,192	15,703,570
Loans payable (Note 8)	433,792	464,573
Loans payable to related parties (Note 9)	691,608	531,088
Prepaid rents	5,326	44,575
Accounts payable and accrued liabilities (Note 12)	256,323	411,327
Overdraft facility (Note 13)	<u>45,822</u>	<u>34,052</u>
	<u>17,975,063</u>	<u>17,189,185</u>
	<u>20,122,270</u>	<u>19,322,817</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 14)	4,167,624	4,167,624
Contributed surplus	664,655	587,883
Retained earnings (deficit)	<u>73,906</u>	<u>(255,939)</u>
	<u>4,906,185</u>	<u>4,499,568</u>
	<u>\$ 25,028,455</u>	<u>\$ 23,822,385</u>
Going Concern (Note 2)		
Subsequent event (Note 24)		

Approved on behalf of the Board of Directors:

"Eddie Yu"

Signed

Director

"Ted Power"

Signed

Director

See accompanying notes to the interim condensed consolidated financial statements

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Interim Condensed Consolidated Statements of Comprehensive Income
For the Three and Nine-Month Periods Ended September 30, 2025 and 2024
(Expressed in Canadian dollars)

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Rental revenue (Note 15)	\$ 449,534	\$ 375,141	\$ 1,239,510	\$ 1,124,216
Recovery of operating expenses	265,202	233,648	832,325	701,044
Direct operating expenses	<u>(315,530)</u>	<u>(292,392)</u>	<u>(893,033)</u>	<u>(828,663)</u>
Net rental income	<u>399,206</u>	<u>316,397</u>	<u>1,178,802</u>	<u>996,597</u>
Expenses				
General and administrative	51,159	51,394	143,304	146,667
Share-based compensation (Note 14)	76,772	11,618	76,772	11,618
Amortization (Note 6)	<u>-</u>	<u>1,765</u>	<u>9,678</u>	<u>3,046</u>
	<u>127,931</u>	<u>64,777</u>	<u>229,754</u>	<u>161,331</u>
Income before fair value adjustment on investment properties and other income (expenses)	<u>271,275</u>	<u>251,620</u>	<u>949,048</u>	<u>835,266</u>
Fair value adjustment on investment properties (Note 5)	<u>(49,231)</u>	<u>(3,776)</u>	<u>(28,251)</u>	<u>(162,741)</u>
Income before other income (expenses)	<u>222,044</u>	<u>247,844</u>	<u>920,797</u>	<u>672,525</u>
Other income (expenses)				
Interest income	735	750	739	1,503
Finance costs (Note 16)	<u>(212,296)</u>	<u>(144,937)</u>	<u>(591,691)</u>	<u>(461,961)</u>
	<u>(211,561)</u>	<u>(144,187)</u>	<u>(590,952)</u>	<u>(460,458)</u>
Net income and comprehensive income	<u>\$ 10,483</u>	<u>\$ 103,657</u>	<u>\$ 329,845</u>	<u>\$ 212,067</u>
Net income per share:				
Basic and diluted (Note 17)	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Weighted average number of common shares outstanding:				
Basic (Note 17)	40,039,000	40,039,000	40,039,000	40,039,000
Diluted (Note 17)	<u>40,140,125</u>	<u>40,039,000</u>	<u>40,039,000</u>	<u>40,039,000</u>

See accompanying notes to the interim condensed consolidated financial statements

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

For the Nine-Month Periods Ended September 30, 2025 and 2024

(Expressed in Canadian dollars)

	<u>Share Capital</u> (Note 14)		<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>			
Balance, December 31, 2023	40,039,000	\$ 4,167,624	\$ 576,265	\$ (658,281)	\$ 4,085,608
Share-based compensation (Note 14)	-	-	11,618	-	11,618
Net income and comprehensive income	-	-	-	212,067	212,067
Balance, September 30, 2024	<u>40,039,000</u>	<u>\$ 4,167,624</u>	<u>\$ 578,883</u>	<u>\$ (446,214)</u>	<u>\$ 4,309,293</u>

	<u>Share Capital</u> (Note 14)		<u>Contributed Surplus</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>			
Balance, December 31, 2024	40,039,000	\$ 4,167,624	\$ 587,883	\$ (255,939)	\$ 4,499,568
Share-based compensation (Note 14)	-	-	76,772	-	76,772
Net income and comprehensive income	-	-	-	329,845	329,845
Balance, September 30, 2025	<u>40,039,000</u>	<u>\$ 4,167,624</u>	<u>\$ 664,655</u>	<u>\$ 73,906</u>	<u>\$ 4,906,185</u>

See accompanying notes to the interim condensed consolidated financial statements

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Interim Condensed Consolidated Statements of Cash Flows

For the Nine-Month Periods Ended September 30, 2025 and 2024

(Expressed in Canadian dollars)

	September 30, 2025	September 30, 2024
Cash provided by (used in):		
Operating Activities		
Net income	\$ 329,845	\$ 212,067
Adjustments for:		
Depreciation (Note 6)	9,678	3,046
Fair value adjustment to investment properties (Note 5)	28,251	162,741
Straight-line rent adjustment (Note 5)	3,480	(59,790)
Finance costs	584,085	461,961
Share-based compensation (Note 14)	76,772	11,618
Amortization of deferred costs (Note 5)	46,369	40,989
Other	1,476	-
Net changes in non-cash working capital items (Note 18)	<u>(297,902)</u>	<u>177,745</u>
Net cash from operating activities	<u>782,054</u>	<u>1,010,377</u>
Financing Activities		
Proceeds from mortgage financing (Note 11)	1,100,000	143,500
Repayments of mortgage financing (Note 11)	(270,418)	(527,911)
Interest paid	(628,793)	(445,842)
Proceeds from loan payable (Note 8)	-	490,000
Repayment of loan payable (Note 8)	(30,513)	(58,367)
Advances from related parties (Note 9)	221,000	2,500
Repayment to a related party (Note 9)	<u>(7,000)</u>	<u>-</u>
Net cash from (used in) financing activities	<u>384,276</u>	<u>(396,120)</u>
Investing Activities		
Acquisition of investment property (Note 5)	(1,100,000)	(143,492)
Additions to deferred costs (Note 5)	(78,100)	(143,940)
Additions to deferred costs (Note 5)	<u>-</u>	<u>(44,175)</u>
Net cash used in investing activities	<u>(1,178,100)</u>	<u>(331,607)</u>
(Decrease) Increase in cash	(11,770)	282,650
Overdraft facility, beginning of period	<u>(34,052)</u>	<u>(302,126)</u>
Overdraft facility, end of period	<u>\$ (45,822)</u>	<u>\$ (19,476)</u>

See accompanying notes to the interim condensed consolidated financial statements

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

1. Nature of Business

Regent Pacific Properties Inc. (the “Company”) is incorporated and domiciled in Canada and is a real estate development and investment Company that invests in residential and commercial properties located in Edmonton, Alberta. The address of the Company’s registered head office is 301 - 2627 Ellwood Dr SW, Edmonton, AB, T6X 0P7. The Company trades on the TSX Venture Exchange under the symbol “RPP”.

These consolidated financial statements were authorized for issue by the Company’s Board of Directors on November 26, 2025.

2. Going Concern

These interim condensed consolidated financial statements have been prepared on a going concern basis 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, 2025, the Company reported current liabilities in excess of current assets of \$17,832,817 (December 31, 2024 - \$17,168,081), of which \$16,975,984 is due to the Company’s mortgages payable and loans payable with Servus Credit Union (“Servus”). Unlike traditional bank mortgages, Servus’ loan agreements (Note 8 and 11) include a specific provision stating that the borrower shall repay all loans on demand, if requested. Prior to demand by Servus, the loans are payable in accordance with their stated repayment schedules. Pursuant to International Financial Reporting Standards (“IFRS”), this provision requires the Company to present the full amount of its mortgages and loans payable with Servus as current liabilities on its interim condensed consolidated statement of financial position. Absent this provision, these liabilities could be presented based on their repayment schedules, allowing a portion to be presented as non-current liabilities. To date, Servus has never issued a demand for repayment nor indicated any intent to do so. Since the inception of the relationship with Servus in 2012, the Company has consistently met all repayment obligations under its loan agreements with Servus and expects to continue to repay these liabilities according to their stated repayment schedules and renew them, as needed, at the end of their respective terms. However, there can be no assurance that Servus will not issue a demand in the future and that the mortgages and loans payable will be renewed with similar terms.

The Company expects to manage this through the collection of rental income from its committed and non-cancellable leases with tenants (Note 5).

The Company’s ability to continue as a going concern is dependent on generating a profit from operations, and obtaining additional financing as required.

These interim condensed consolidated 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.

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

3. Basis of Presentation

a) Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standard Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

These interim condensed consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2024.

b) Basis of Measurement

The interim condensed consolidated financial statements have been prepared on a going concern and historical cost basis except for the measurement of the investment property, which is stated at fair value.

c) Functional Currency

The interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency.

d) Use of Estimates and Judgements

The preparation of interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of revenues and expenses.

The critical accounting estimates and judgments made by management in applying the Company's accounting policies were the same as those described in Note 3 to the Company's consolidated financial statements for the years ended December 31, 2024 and 2023.

4. Summary of Material Accounting Policies

The material accounting policies applied by the Company in these interim condensed consolidated financial statements are consistent with those applied by the Company in its consolidated financial statements for the years end December 31, 2024 and 2023.

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

5. Investment Properties

	<u>Commercial</u>	<u>Residential</u>	<u>Total</u>
Balance, December 31, 2023	\$ 21,600,000	\$ 351,000	\$ 21,951,000
Acquisition of investment property	-	704,000	704,000
Deferred costs	143,940	-	143,940
Amortization of deferred costs	(53,656)	-	(53,656)
Straight-line rent adjustment	58,775	-	58,775
Fair value adjustment	<u>941</u>	<u>55,500</u>	<u>56,441</u>
Balance, December 31, 2024	21,750,000	1,110,500	22,860,500
Acquisition of investment property	-	1,987,000	1,987,000
Deferred costs	78,100	-	78,100
Amortization of deferred costs	(46,369)	-	(46,369)
Straight-line rent adjustment	(3,480)	-	(3,480)
Fair value adjustment	<u>(28,251)</u>	<u>-</u>	<u>(28,251)</u>
Balance, September 30, 2025	<u>\$ 21,750,000</u>	<u>\$ 3,097,500</u>	<u>\$ 24,847,500</u>

Commercial Investment Property

The Company leases space in its commercial investment property to tenants under operating leases. The leases have various terms between approximately 1 and 10 years. The total future contractual minimum base rent lease payments expected to be received under non-cancellable leases as at September 30, 2025 are as follows:

One year or less	\$ 1,166,000
2 – 10 years	<u>2,206,732</u>
	<u>\$ 3,372,732</u>

The Company values its commercial investment property using Level 3 inputs. The commercial investment property was appraised by a third party accredited valuation professional as at December 31, 2024. For the commercial investment property, a combination of income approach via overall income capitalization, income approach via discounted cash flow and direct comparison approach was used.

Management estimates that there has been no material change to the valuation of the commercial investment property as at September 30, 2025, as compared to December 31, 2024.

Residential Investment Properties

The Company leases its residential units, held as investment properties, to tenants under operating leases with fixed one-year terms. As at September 30, 2025, the total future contractual minimum base rent payments expected to be received under non-cancellable residential leases are as follows:

One year or less	<u>\$ 66,875</u>
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REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

5. Investment Properties (Continued)

Residential Investment Properties (Continued)

During the nine months ended September 30, 2025, the Company acquired six (6) residential condominium units (2024 – one (1) unit) located in Edmonton, Alberta, from a company indirectly majority owned by the CEO, director and majority shareholder of the Company (Note 10). The purchases were funded with the use of \$887,000 (2024 - \$61,508) of the Company's deposit (Note 21) together with a mortgage of \$1,100,000 (2024 - \$143,500) (Note 11).

The Company values its residential investment properties using Level 3 inputs. As at December 31, 2024, management estimated the value of the residential investment properties based on the appraisal of similar units within the same building, conducted by a third-party accredited valuation professional using the direct comparison approach. During the nine months ended September 30, 2025, the same appraisal was used by management to support the fair value of the residential investment properties acquired on July 2, 2025.

Management estimates that there has been no material change in the fair value of the residential investment properties as at September 30, 2025, as compared to December 31, 2024, and, for those acquired during the nine months ended September 30, 2025, to the acquisition date.

6. Furniture and Fixtures

	Cost						Balance at September 30, 2025
	Balance at January 1, 2024	Additions	Disposals	Balance at December 31, 2024	Additions	Disposals	
Furniture and fixtures	\$ 82,259	\$ 44,175	\$ -	\$ 126,434	\$ -	\$ -	\$ 126,434

	Accumulated Depreciation						Balance at September 30, 2025
	Balance at January 1, 2024	Additions	Disposals	Balance at December 31, 2024	Additions	Disposals	
Furniture and fixtures	\$ 71,473	\$ 6,574	\$ -	\$ 78,047	\$ 9,678	\$ -	\$ 87,725

	Net Book Value	
	Balance at September 30, 2025	Balance at December 31, 2024
Furniture and fixtures	\$ 38,709	\$ 48,387

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

7. Accounts Receivable

Accounts receivable is comprised of the following items:

	September 30, 2025	December 31, 2024
Rents receivable	\$ 129,240	\$ 9,196
Goods and Services Tax receivable	7,069	11,908
Other	5,937	-
	<u>\$ 142,246</u>	<u>\$ 21,104</u>

Included in accounts receivable is an amount of \$89,894 (December 31, 2024 - \$691) receivable from an entity owned and controlled by the CEO, director, and majority shareholder of the Company.

8. Loans Payable

	September 30, 2025	December 31, 2024
Loan payable, due on demand if requested, with monthly blended instalments of \$795, interest at 7.10% per annum, fixed, calculated daily and payable monthly in arrears, with a term expiring on February 1, 2029, and secured by a personal guarantee of \$4,000,000 provided by the CEO, director and majority shareholder of the Company, which includes the loans payable, commercial mortgage payable (Note 11) and overdraft facility (Note 13).	\$ 28,806	\$ 34,263
Loan payable, due on demand if requested, with monthly blended instalments of \$5,250, interest at 7.10% per annum, fixed, calculated daily and payable monthly in arrears, with a term expiring on April 1, 2029 and secured by a personal guarantee of \$4,000,000 provided by the CEO, director and majority shareholder of the Company, which includes the loans payable, commercial mortgage payable (Note 11) and overdraft facility (Note 13).	<u>402,469</u>	<u>427,525</u>
	431,275	461,788
Accrued interest	<u>2,517</u>	<u>2,785</u>
	433,792	464,573
Less current portion of loans payable	<u>(433,792)</u>	<u>(464,573)</u>
	<u>\$ -</u>	<u>\$ -</u>

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

8. Loans Payable (Continued)

The above loans payable contain a specific term stating that the borrower shall repay the loans on demand, if requested. However, prior to any demand being made by Servus, the loans are payable in accordance with their stated repayment schedules. As at September 30, 2025, the minimum contractual principal payments, if not demanded earlier, are as follows:

<u>Year ended September 30,</u>	<u>Amount</u>
2026	\$ 43,297
2027	46,487
2028	49,897
2029	<u>291,594</u>
	<u>\$ 431,275</u>

The loans payable are subject to annual financial covenants, including a debt service coverage ratio covenant (the "DSCR Covenant") of no less than 1:20:1 based on the operations of the commercial investment property and a debt to equity ratio (the "DE Covenant") not to exceed 3:00:1 based on the long-term liabilities and shareholder's equity of Cassel Centre Ltd. The lender last reviewed the financial covenants during the year ended December 31, 2024, and the Company was not in compliance with the DSCR Covenant (actual 1.19:1) or the DE Covenant (actual 3.31:1). However, the Company is current on all of its scheduled loan payments and the lender has indicated it has no intention of demanding repayment on these loans as a consequence of the covenant breach.

9. Loans Payable to Related Parties

	<u>September 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Loan payable is unsecured, bears interest at 8% per annum, with no regular payments, and principal repayment is due November 10, 2025 (Note 24)	\$ 579,909	\$ 473,909
Loan payable is unsecured, bears interest at 8% per annum, with no set terms of repayment	100,000	-
Interest accrued	<u>11,699</u>	<u>57,179</u>
	<u>\$ 691,608</u>	<u>\$ 531,088</u>

The loans payable are repayable to an entity owned and controlled by the CEO, director and majority shareholder of the Company and a director of the Company.

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

10. Related Party Transactions

Key management of the Company includes the Chief Executive Officer (“CEO”) and Interim Chief Financial Officer (“CFO”) and the directors of the Company.

Related party transactions not disclosed elsewhere in the interim condensed consolidated financial statements:

During the three and nine months ended September 30, 2025, the Company incurred \$4,200 and \$11,755, respectively, in consulting fees due to the CFO of the Company (2024 - \$4,200 and \$14,555, respectively). As at September 30, 2025, \$3,000 was included in accounts payable and accrued liabilities as owing to the CFO (December 31, 2024 - \$5,000).

During the three and nine months ended September 30, 2025, the Company charged a total of \$54,083 and \$172,034, respectively, to an entity owned and controlled by the CEO, director and majority shareholder of the Company for recovery of operating expenses (2024 - \$51,929 and \$155,786).

During the three and nine months ended September 30, 2025, the Company received rental income, before straight-line adjustments, of \$80,865 and \$235,995, respectively, from an entity owned and controlled by the CEO, director and majority shareholder of the Company (2024 - \$77,040 and \$230,820, respectively) and as at September 30, 2025, \$19,928 was included in prepaid rent for rent paid in advance and rental deposits (December 31, 2024 - \$24,994).

During the three and nine months ended September 30, 2025, \$Nil was paid to an entity owned by the CEO, director and majority shareholder of the Company for direct leasing costs (2024 - \$Nil and \$83,880, respectively).

During the three and nine months ended September 30, 2025, the Company incurred interest expense of \$10,692 and \$27,364, respectively, in connection with the outstanding balance on the loan payable to an entity owned and controlled by the CEO, director and majority shareholder of the Company (2024 - \$6,262 and \$18,600, respectively) (Note 9).

During the three and nine months ended September 30, 2025, \$Nil has been included in general and administrative expenses related to fees with a law firm where one of the directors of the Company is a partner (2024 - \$327). As at September 30, 2025, \$123 was included in accounts payable and accrued liabilities as owing to the law firm (December 31, 2024 - \$123).

During the three and nine months ended September 30, 2025, \$18,626 and \$55,877, respectively, has been included in general and administrative expenses related to administration fees with an entity owned and controlled by the CEO, director and majority shareholder of the Company (2024 - \$18,626 and \$55,877, respectively).

During the three and nine months ended September 30, 2025, \$8,019 and \$24,057, respectively, has been included in general and administrative expenses related to rent with an entity owned and controlled by the CEO, director and majority shareholder of the Company (2024 - \$8,019 and \$24,057, respectively).

During the three and nine months ended September 30, 2025, \$27,554 and \$89,534, respectively, has been included in direct operating costs related to property management fees and maintenance costs with an entity owned and controlled by the CEO, director and majority shareholder of the Company (2024 - \$18,387 and \$51,779, respectively).

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

10. Related Party Transactions (Continued)

During the three and nine months ended September 30, 2025, the Company incurred \$76,772 (2024 - \$11,618) in share-based compensation expense for directors.

During the nine months ended September 30, 2024, the Company incurred \$25,000 in finance costs related to a loan guarantee fee to the CEO, director and majority shareholder of the Company.

The Company has entered into a purchase contract, as amended, (the "Purchase Contract") to acquire ten (10) condominium units in Edmonton, Alberta from a company indirectly majority owned by the CEO, director and majority shareholder of the Company, subject to certain conditions to be satisfied by December 31, 2025, or as mutually 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.

Pursuant to the Purchase Contract, the Company acquired six (6) condominium units during the three and nine months ended September 30, 2025 for a total purchase price of \$1,987,000. During the three and nine months ended September 30, 2024, the Company acquired Nil and one (1) condominium unit, respectively, for a purchase price of \$Nil and \$205,000, respectively. As at September 30, 2025, the Company has acquired all ten (10) condominium units pursuant to the Purchase Contract for an aggregate total purchase price of \$3,042,000.

11. Mortgages Payable

As at September 30, 2025, \$171,280 of the mortgages payable is a variable rate mortgage which bears interest at prime plus 0.30% per annum (December 31, 2024 – \$176,168 and prime plus 0.30%, respectively) and \$16,309,820 of the mortgages payable are fixed rate mortgages which bear a weighted average interest rate of 4.50% per annum (December 31, 2024 – \$15,475,351 and 4.47%, respectively). The overall weighted average interest rate as at September 30, 2025 is 4.51% per annum (December 31, 2024 – 4.49% per annum). The mortgages payable, due on demand if requested, are amortized over twenty-five (25) years, payable in monthly principal and interest instalments totalling approximately \$93,650 (December 31, 2024 - \$87,000) and mature from 2025 to 2029, if not demanded earlier.

The commercial mortgage payable is secured by a charge against the commercial investment property with a fair value of \$21,750,000 (December 31, 2024 - \$21,750,000), general assignment of rent, general security agreement, and a personal guarantee from the CEO, director and majority shareholder of the Company for \$4,000,000, which also includes the overdraft facility (Note 13) and loans payable (Note 8).

The residential mortgages payable are secured by specific charges against specific residential investment properties with a fair value of \$3,097,500 (December 31, 2024 - \$1,110,500), general assignment of rent, general security agreement, and an unlimited personal guarantee from the CEO, director and majority shareholder of the Company.

In addition, pursuant to the terms of a residential mortgage payable of \$1,098,158, the Company's subsidiary, 1572587 Alberta Ltd., must apply the proceeds from the sale of six (6) of the condominium units toward the outstanding mortgage payable balance in order to maintain a loan-to-value ("LTV") ratio of 55%. The terms of the mortgage payable also restrict certain payments to management and shareholders and other withdrawals, without the prior written consent of Servus.

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

11. Mortgages Payable (Continued)

	September 30, 2025	December 31, 2024
Commercial mortgage payable	\$ 14,755,073	\$ 15,012,485
Residential mortgages payable	1,726,028	639,034
	16,481,101	15,651,519
Accrued interest	61,091	52,051
	16,542,192	15,703,570
Less current portion of mortgages payable	<u>(16,542,192)</u>	<u>(15,703,570)</u>
	\$ _____ =	\$ _____ =

The mortgages payable contain a specific term stating that the borrower shall repay the mortgages on demand, if requested. However, prior to any demand being made by Servus, the mortgages are payable in accordance with their stated repayment schedules. As at September 30, 2025, the minimum contractual principal payments if not demanded earlier are as follows:

<u>Year ended September 30,</u>	<u>Amount</u>
2026	\$ 14,795,997
2027	1,092,347
2028	18,994
2029	286,540
2030	<u>287,223</u>
	<u>\$ 16,481,101</u>

The commercial mortgage payable is subject to annual financial covenants, the DSCR Covenant and the DE Covenant (Note 8).

12. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following items:

	September 30, 2025	December 31, 2024
Trade payables	\$ 202,862	\$ 304,972
Accrued liabilities	29,367	40,120
Goods and Services Tax payable	24,094	66,235
	<u>\$ 256,323</u>	<u>\$ 411,327</u>

Included in accounts payable and accrued liabilities as at September 30, 2025, is an amount of \$127,952 (December 31, 2024 - \$222,658) owing to entities owned and controlled by the CEO, director and majority shareholder of the Company.

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

13. Overdraft Facility

As at September 30, 2025, the Company has a demand overdraft facility of up to \$50,000 (December 31, 2024 – \$50,000) with a Canadian financial institution bearing an annual rate of interest equal to the financial institution's Prime Lending Rate plus 1.50%, floating, calculated daily and payable monthly in arrears, and is secured with a general security agreement and personal guarantee by the CEO, director and majority shareholder of the Company of \$4,000,000, which includes the commercial mortgage payable (Note 11) and loans payable (Note 8).

The overdraft facility is subject to annual financial covenants, including the DSCR Covenant and DE Covenant (Note 8). As the overdraft facility is due on demand, if requested, the entire amount has been presented as a current liability in the interim condensed consolidated statement of financial position as at September 30, 2025.

14. Share Capital

Authorized:

Unlimited number of common shares without nominal or par value

Unlimited number of preferred shares without nominal or par value

The preferred shares may be issued in one or more series and the board of directors are authorized to fix the number of shares in each series and determine the rights, privileges and conditions of the preferred shares.

	<u>Number of Common Shares</u>	<u>Amount</u>
Balance, December 31, 2023 and 2024 and September 30, 2025	<u>40,039,000</u>	<u>\$ 4,167,624</u>

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

14. Share Capital (Continued)

Stock Options

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time-to-time, in its discretion, and in accordance with securities exchange requirements, grant to directors, officers, and employees to the Company, non-transferable options to purchase common shares.

The maximum number of shares reserved for issue under the Stock Option Plan shall not exceed 10% of the issued and outstanding shares of the Company as at the date of the grant. The maximum number of shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of shares at the date of the grant, unless the Company has obtained disinterested shareholder approval. The maximum number of shares reserved for issue to a consultant or a person engaged in investor relations activities in any 12-month period cannot exceed 2% of the issued and outstanding shares at the date of the grant. The aggregate number of options available for issuance under the Stock Option Plan in any 12-month period to an employee conducting investor relations activities shall not exceed 2% of all issued shares calculated at the date of the grant.

The exercise price of each option granted under the Stock Option Plan shall be determined from time to time by the Board of Directors of the Company, but in any event, shall not be lower than the lowest exercise price permitted by the Exchange. Options may be granted for a maximum term of 10 years. Options shall have such equitable vesting provisions as determined by the Board of Directors of the Company from time to time, provided that any such options granted to individuals who perform investor relations activities must vest in stages over 12 months with no more than $\frac{1}{4}$ of the options vesting in any 3-month period. Options are non-assignable and expire within ninety (90) days upon termination of employment or holding office as a director or officer of the Company, for any reason other than cause, and, in the case of death, expire within one year thereafter.

The following table summarizes the activity of the stock options as follows:

	Nine months ended September 30, 2025		Year ended December 31, 2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,585,966	\$ 0.09	3,203,900	\$ 0.08
Granted	1,000,000	0.10	600,000	0.12
Expired	-	-	<u>(2,217,934)</u>	<u>0.08</u>
Outstanding, end of period	<u>2,585,966</u>	<u>\$ 0.09</u>	<u>1,585,966</u>	<u>\$ 0.09</u>
Exercisable, end of period	<u>2,585,966</u>	<u>\$ 0.09</u>	<u>1,585,966</u>	<u>\$ 0.09</u>

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

14. Share Capital (Continued)

Stock Options (Continued)

The following table summarizes information on stock options outstanding and exercisable as at September 30, 2025:

	<u>Exercise Price</u>	<u>Number Outstanding</u>	<u>Number Exercisable</u>	<u>Expiry Date</u>
January 16, 2023	\$ 0.07	985,966	985,966	January 15, 2028
July 22, 2024	\$ 0.08	300,000	300,000	June 27, 2029
July 22, 2024	\$ 0.15	300,000	300,000	June 27, 2029
September 25, 2025	\$ 0.10	1,000,000	1,000,000	September 25, 2027
	<u>\$ 0.09</u>	<u>2,585,966</u>	<u>2,585,966</u>	

As at September 30, 2025, the weighted average life remaining of the total number of outstanding and exercisable stock options was 2.51 years.

During the nine months ended September 30, 2025, the Company granted 1,000,000 (2024 - 600,000) stock options to directors of the Company. The stock options vested immediately upon grant. The Company used the Black-Scholes option pricing model to estimate the fair value of the stock options granted. The Company considered historical volatility of its common shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term, taking into account expected director exercise and expected post-vesting employment termination behaviour.

The following weighted average assumptions were used to estimate the Black-Scholes fair value of the stock options granted during the nine months ended September 30, 2025 and 2024:

	<u>Nine Months Ended September 30, 2025</u>	<u>Nine Months Ended September 30, 2024</u>
Annualized volatility	166.83%	139.00%
Risk-free interest rate	2.49%	3.37%
Expected life of options in years	2.00	4.90
Dividend rate	0.00%	0.00%
Exercise price	\$0.100	\$0.115
Market price on date of grant	\$0.100	\$0.025
Fair value per stock option	<u>\$0.077</u>	<u>\$0.019</u>

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

15. Rental Revenue

Rental revenue for the three and nine months ended September 30, 2025 and 2024 is composed of:

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Commercial tenant leases	\$ 373,884	\$ 346,835	\$ 1,082,893	\$ 1,040,293
Residential tenant leases	56,225	10,875	99,425	27,900
Parking and storage	19,425	17,431	57,192	56,023
	<u>\$ 449,534</u>	<u>\$ 375,141</u>	<u>\$ 1,239,510</u>	<u>\$ 1,124,216</u>

16. Finance Costs

Finance costs for the three and nine months ended September 30, 2025 and 2024 is composed of:

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Interest on mortgages payable	\$ 187,423	\$ 130,305	\$ 533,096	\$ 390,589
Interest on loans payable	7,269	7,780	23,624	15,447
Interest on loan payable to related party	10,692	6,262	27,364	23,600
Interest on overdraft facility and other	1,117	590	1,704	7,325
Loan guarantee fee	5,795	-	5,903	25,000
	<u>\$ 212,296</u>	<u>\$ 144,937</u>	<u>\$ 591,691</u>	<u>\$ 461,961</u>

17. Net Income per Common Share

Basic net income per common share is calculated using the weighted average number of common shares outstanding during the period. The weighted average number of common shares outstanding for the three and nine months ended September 30, 2025 was 40,039,000 (2024 - 40,039,000).

Diluted net income per common share is calculated by adjusting the weighted average number of common shares outstanding for the effect of all dilutive potential common shares. The Company's dilutive potential common shares consist of certain stock options. The diluted weighted average number of common shares outstanding for the three and nine months ended September 30, 2025 was 40,140,125 and 40,039,000, respectively (2024 - 40,039,000). Stock options that were anti-dilutive for the period have been excluded from the diluted EPS calculation.

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

18. Net Changes in Non-Cash Working Capital Items

Net changes in non-cash working capital items for the nine months ended September 30, 2025 and 2024 is composed of:

	September 30, 2025	September 30, 2024
Accounts receivable	\$ (117,224)	\$ 4,906
Prepaid rents	(25,674)	175,711
Accounts payable and accrued liabilities	<u>(155,004)</u>	<u>(2,872)</u>
	<u>\$ (297,902)</u>	<u>\$ 177,745</u>

19. Reconciliation of Liabilities Arising from Financing Activities

	Mortgages Payable	Loans Payable	Loans From Related Parties	CEBA Loan
Balance, December 31, 2023	\$ 15,940,184	\$ -	\$ 341,058	\$ 40,000
Proceeds received	464,500	490,000	164,500	-
Repayments made	(708,433)	(28,212)	-	(40,000)
Accrued interest	<u>7,319</u>	<u>2,785</u>	<u>25,530</u>	<u>-</u>
Balance, December 31, 2024	15,703,570	464,573	531,088	-
Proceeds received	1,100,000	-	221,000	-
Repayments made	(270,418)	(30,513)	(7,000)	-
Accrued interest	<u>9,040</u>	<u>(268)</u>	<u>(53,480)</u>	<u>-</u>
Balance, September 30, 2025	<u>\$ 16,542,192</u>	<u>\$ 433,792</u>	<u>\$ 691,608</u>	<u>\$ -</u>

20. Financial Instruments

Fair Value

Financial instruments recognized in the statements of financial position include accounts receivable, mortgages payable, loans payable, loans payable to related parties, 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.

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

20. Financial Instruments (Continued)

Fair Value (Continued)

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

The fair value 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 mortgages payable are determined using the current market interest rates as discount rates, the net present value of principal balances and future cash flows over the terms of the mortgages.
- The fair value of the loans payable and loans payable to related parties 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.

The fair values of certain financial instruments of the Company are presented in the table below:

	Fair Value Hierarchy	September 30, 2025	December 31, 2024
Financial Liabilities:			
Mortgages payable	Level 2	\$ 16,542,192	\$ 15,703,570
Loans payable	Level 3	\$ 453,442	\$ 484,093
Loans payable to related parties	Level 3	\$ 691,608	\$ 531,088

Financial Risk Management

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance.

Market Risk

Market risk includes currency risk and interest rate risk. The Company is not susceptible to any currency risk as all financial instruments are denominated in Canadian dollars.

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 commercial mortgage payable, certain residential mortgages payable with a carrying value of \$1,554,748 at September 30, 2025 (December 31, 2024 - \$464,271), loans payable to related parties and loans payable that bear fixed interest rates. There is also 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. In addition, as at September 30, 2025, the Company's overdraft facility of \$45,822 (December 31, 2024 - \$34,052) and a residential mortgage payable with a carrying value of \$171,280 (December 31, 2024 - \$177,055), bear interest at variable rates and for the three and nine months ended September 30, 2025, 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 (2024 – not significant).

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

20. Financial Instruments (Continued)

Financial Risk Management (Continued)

Credit and Concentration 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. The Company mitigates its credit risk by attracting tenants with good credit, taking rental deposits from tenants, and by limiting exposure to any one tenant.

The aging of accounts receivable is as follows:

	<u>September 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Current	\$ 7,320	\$ 14,770
31-90 days	111,814	1,403
91 + days	<u>23,112</u>	<u>4,931</u>
	<u>\$ 142,246</u>	<u>\$ 21,104</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, 2025, revenue earned from three (3) (2024 - three (3)) key tenants represents approximately 74% and 80%, respectively (2024 - 81%), of total revenues. As at September 30, 2025, receivables from these key tenants total approximately 67% of total accounts receivable (December 31, 2024 - 19%).

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, 2025, the Company's contractual obligations consists of accounts payable and accrued liabilities of \$256,323 (December 31, 2024 - \$411,327) that have a current contractual maturity. The commercial mortgage payable, including accrued interest, of \$14,808,919 (December 31, 2024 - \$15,062,244) is demandable and has terms which expire in 2025 (Note 11) and the residential mortgages payable, including accrued interest, of \$1,733,273 (December 31, 2024 - \$641,326) are demandable and have terms which expire between 2027 and 2029 (Note 11). The loans payable, including accrued interest, of \$433,792 (December 31, 2024 - \$464,573) are demandable and have terms which expire in 2029 (Note 8). The loans payable to related parties includes \$591,608 (December 31, 2024 - \$531,088) which has terms that expire in November 2025 (Note 9 and 24) and \$100,000 (December 31, 2024 - \$Nil) which have not set terms of repayment (Note 9). The overdraft facility of \$45,822 (December 31, 2024 - \$34,052) is due on demand, if requested, with revolving terms (Note 13).

REGENT PACIFIC PROPERTIES INC.

(Unaudited)

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2025

(Expressed in Canadian dollars)

21. Deposit

During the nine months ended September 30, 2025, the Company used \$887,000 of a deposit held by a company indirectly majority owned by the CEO, director and majority shareholder of the Company for the purchase of six (6) condominium unit in Edmonton, Alberta (Notes 5 and 10) (2024 - \$61,508 and one (1) unit, respectively).

As the Company has successfully completed the acquisition of all ten (10) condominium units under the Purchase Contract (Note 10), the unused remaining deposit of \$3,917 will be refunded. As at December 31, 2024, the remaining deposit balance was \$892,394 and could be used towards the purchase of six (6) condominium units in Edmonton, Alberta (Note 10).

22. Capital Management

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures.

The capital structure consists of the following components as at September 30, 2025 and December 31, 2024:

	September 30, 2025	December 31, 2024
Mortgages payable	\$ 16,542,192	\$ 15,703,570
Loans payable	433,792	464,573
Loans payable to related parties	691,608	531,088
Overdraft facility	45,822	34,052
Equity	<u>4,906,185</u>	<u>4,499,568</u>
	<u>\$ 22,619,599</u>	<u>\$ 21,232,851</u>

In managing capital, the Company estimates its future cash requirements by preparing a budget. The budget establishes the activities for the upcoming year and estimates the costs associated with these activities. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required.

23. Segment Information

Management has determined that the Company has one reportable segment that being the rental of commercial and residential real estate properties located in Canada. All the properties are located in one region, Edmonton, Alberta.

24. Subsequent Event

Subsequent to September 30, 2025, the Company extended a loan payable to a related party (Note 9), with a principal balance of \$579,909, for an additional year to November 10, 2026.