Management's Discussion and Analysis ("MD&A")

The following management discussion and analysis as of April 21, 2025 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, 2024 and 2023, and accompanying notes thereto (the "Financial Statements"). All dollar amounts are expressed in Canadian funds unless otherwise stated. The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("the IASB").

Unless indicated otherwise, reference herein to Q4 2024 and Q4 2023 refers to the three month periods ended December 31, 2024 and 2023, respectively.

Additional information relating to the Company, including the Financial Statements, is available on SEDAR+ at www.sedarplus.ca.

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; and
- four (4) residential condominium units located in Edmonton, Alberta.

Objectives and Strategy

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

Overall Performance

As at December 31, 2024, Cassel Centre had fixed-term leases for approximately 95% of its rentable area with lease terms remaining of between approximately one (1) and ten (10) years.

The Company ranks and classifies its tenants based on criteria including but not limited to:

- Credit Rating: Tenants are evaluated based on their credit ratings provided by recognized credit rating agencies.
- Lease Term and Stability: The length of the lease term and the stability of the tenant's business are considered.
- Industry and Business Profile: The nature of the tenant's business, industry trends, and market positioning.
- Historical Payment Performance: The Company reviews the tenant's historical payment performance to gauge their reliability in meeting lease obligations.

Based on these criteria, the Company classifies its tenants into different categories to manage risk and optimize the overall quality of its tenant portfolio. This classification assists the Company in making informed decisions regarding lease negotiations, property management, and portfolio diversification strategies.

In 2024, the Company obtained a new term loan facility of $40,000 to facilitate the repayment of the CEBA Loan and obtain the loan forgiveness (see “Liquidity and Capital Resources” below).

In 2024, the Company also obtained a new term loan facility of $450,000, with $200,000 for tenant improvements and $250,000 to retire the majority of the overdraft facility (see “Liquidity and Capital Resources” below).

On July 22, 2024, the Company granted 600,000 stock options to the directors of the Company. Of these stock options, 300,000 stock options have an exercise price of $0.08 per common share and 300,000 stock options have an exercise price of $0.15 per common share. All stock options vested immediately upon grant and expire on June 27, 2029, subject to any earlier termination in accordance with the terms of the Company’s stock option plan.

During the year ended December 31, 2024, the Company acquired three (3) residential condominium units located in Edmonton, Alberta, from 1784338 Alberta Ltd. (See “Transactions with Related Parties” below) for a total purchase price of $704,000 (2023 – one (1) unit for $351,000). The purchases were funded with the use of $239,509 (2023 - $171,985) of the Company’s deposit together with mortgages totaling $464,500 (2023 - $179,258). As at December 31, 2024, the Company owns four (4) residential condominium units located in Edmonton, Alberta which are rented to long-term tenants. The occupancy rate at December 31, 2024 is 100% and the leases are on one (1) year terms.

On December 18, 2024, the Company entered into an amending credit facility letter with the lender for the commercial mortgage payable at a revised fixed interest rate of 4.44% and re-amortized the commercial mortgage payable to twenty-five (25) years with a term expiring on December 1, 2025.

Restatement

During 2024, the Company clarified the demandable terms of its mortgages payable with the lender. As a result, the mortgages payable as at December 31, 2023, should have been presented as current liabilities. The following table summarises the impact on the Company's consolidated statements of financial position. There was no impact to the Company's consolidated statements of comprehensive income and no impact to the classification of the mortgages payable as at January 1, 2023.

As at December 31, 2023	As Previously Reported	Adjustments	As Restated
LIABILITIES			
Non-current Liabilities			
Mortgages payable	$ 15,188,617	$ (15,188,617)	$ -
Current Liabilities			
Mortgages payable – current portion	$ 751,567	$ 15,188,617	$ 15,940,184

Going Concern

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("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 December 31, 2024, the Company reported current liabilities in excess of current assets of $17,168,081 (2023 - $17,038,549 - see "Restatement" above), of which $16,168,143 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 13) 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 IFRS, this provision requires the Company to present the full amount of its mortgages and loans payable with Servus as current liabilities on its consolidated statements 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.

In addition, the Company had an accumulated deficit of $255,939 (2023 - $658,281). The Company expects to manage this through the collection of rental income from its committed and non-cancellable leases with tenants.

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 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)

		2024		2023 Restated [1]		2022
Total Assets	**$**	**23,822,385**	$	23,117,340	$	22,881,278
Total Current Liabilities	**$**	**17,189,185 [2]**	$	17,062,200 [3]	$	17,336,797 [4]
Total Long-term Liabilities	**$**	**2,133,632**	$	1,969,532	$	1,825,539
Total Liabilities	**$**	**19,322,817**	$	19,031,732	$	19,162,336
Revenue	**$**	**2,463,459**	$	2,258,037	$	2,460,852
Expenses	**$**	**(1,363,831)**	$	(1,180,808)	$	(1,225,303)
Deferred Income Tax Expense	**$**	**(136,687)**	$	(122,043)	$	(89,277)
Fair Value Adjustment on Investment Properties	**$**	**56,441**	$	(29,684)	$	(678,832)
Other Expenses	**$**	**(617,040)**	$	(574,571)	$	(587,966)
Net Income (Loss)	**$**	**402,342**	$	350,931	$	(120,526)
Number of Shares Outstanding		**40,039,000**		40,039,000		40,039,000
Income (Loss) per Share	**$**	**0.010**	$	0.009	$	(0.003)
Diluted Income (Loss) per Share	**$**	**0.010**	$	0.009	$	(0.003)

Notes:

(1) See "Restatement" above.
(2) 2024 Total Current Liabilities include a $15,062,244 mortgage payable with a term ending on December 1, 2025; due on demand, if requested and $641,326 from four (4) mortgages payable with terms ending in 2028 and 2029; due on demand, if requested.
(3) 2023 Total Current Liabilities include a $15,759,526 mortgage payable with a term ending on August 1, 2025; due on demand; if requested and a $180,658 mortgage payable with a term ending on November 24, 2028; due on demand, if requested.
(4) 2022 Total Current Liabilities include a $16,275,951 mortgage payable with a term ending on August 1, 2025; due on demand, if requested.

Discussion of Annual Operations and Financial Condition:

Revenue

Total revenue and operating cost recoveries increased to $2,463,459 in 2024 as compared to $2,258,037 in 2023, an increase of $205,422 or 9.1%.

Revenue during 2024 was comprised of $1,474,504 of commercial rental income from Cassel Centre and $42,650 of residential rental revenue from the residential condominium units (2023 - $1,414,704 and $2,050, respectively). The operating cost recovery was $946,305 from the tenants of Cassel Centre (2023 - $841,283).

These increases were due primarily to a lease with a new tenant of the commercial investment property together with new residential leases from the recent residential investment property acquisitions.

Expenses

Overall expenses for 2024 were $1,363,831, an increase of $183,023 or 15.5% as compared to $1,180,808 in 2023. Expenses include direct operating expenses, general and administrative expenses, share-based compensation and depreciation.

During 2024, direct operating costs increased by $193,760 or 19.6% to $1,179,958 as compared to $986,198 in 2023. The increase was largely due to increases in property taxes, costs incurred for repairs and maintenance and to prepare units for tenant improvements, together with the amortization of tenant improvement incentives and sales commissions, which are capitalized in accordance with IFRS.

General and administrative expenses did not change significantly, during 2024 they were $165,681 as compared to $176,179 in 2023, a decrease of $10,498 or 6.0%.

Share-based compensation was $11,618 in 2024 (2023 - $15,735) and arises from the grant, on July 22, 2024, of 600,000 stock options to directors of the Company (see “Share Structure” below).

Amortization expense was not significant during 2024 and 2023.

Other Income (Expenses)

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

Interest income and fair value adjustment on CEBA Loan were not significant in the years ended December 31, 2024 and 2023.

Finance costs increased in 2024 to $619,580 as compared to $572,206 in 2023, an increase of $47,374 or 8.3%. This increase was largely due to:

- an increase from the addition of new mortgages payable obtained in connection with the purchase of residential condominium units during 2024;
- $5,000 of additional interest paid, during 2024 on a loan payable; and
- a loan guarantee fee of $25,000 in 2024 payable to Eddie Yu as compensation for his personal guarantee on a portion of the Company's loans payable, mortgages payable and overdraft facility.

Fair Value Adjustment on Investment Properties

The Company's investment properties are measured using the fair value model. The investment properties are recorded at fair value, determined based on available market evidence at each reporting date. Changes in fair value are recognized in profit or loss in the period in which it arises.

The fair value of the commercial investment property is determined annually, at December 31st, by a third-party accredited valuation professional using a combination of the income approach via overall income capitalization, income approach via discounted cash flow and direct comparison approach.

The residential investment properties are appraised by a third-party accredited valuation professional as part of their acquisition and their fair values are subsequently determined annually, at December 31st, by management using the appraisal of similar units within the same building, conducted by a third-party accredited valuation professional, using the direct comparison approach.

During 2024, the Company recorded a fair value increase on its commercial investment property of $941 (2023 – reduction of $29,684) and a fair value increase on its residential investment properties of $55,500 (2023 - $Nil).

Summary of Quarterly Results (in accordance with IFRS)

	Dec 31, 2024 $	Sep 30, 2024 $	Jun 30, 2024 $	Mar 31, 2024 $	Dec 31, 2023 $	Sep 30, 2023 $	Jun 30, 2023 $	Mar 31, 2023 $
Revenues	**638,199**	608,789	610,159	606,312	570,729	561,669	561,945	563,694
Expenses	**(373,837)**	(357,169)	(345,129)	(287,696)	(314,768)	(243,527)	(311,124)	(311,389)
Deferred Income Tax Expense	**(136,687)**	-	-	-	(122,043)	-	-	-
Fair Value Adjustment on Investment Properties	**219,182**	(3,776)	(17,603)	(141,362)	(36,909)	2,408	2,409	2,408
Other Expenses	**(156,582)**	(144,187)	(174,863)	(141,408)	(144,193)	(145,166)	(142,909)	(142,303)
Net Income (Loss)	**190,275**	103,657	72,564	35,846	(47,184)	175,384	110,321	112,410
Income (Loss) per Share	**0.00**	0.00	0.00	0.00	(0.00)	0.00	0.00	0.00
Fully Diluted Income (Loss) per Share	**0.00**	0.00	0.00	0.00	(0.00)	0.00	0.00	0.00

Discussion of Fourth Quarter Operations and Financial Condition:

Revenue

Total revenue and operating cost recoveries increased to $638,199 in Q4 2024 as compared to $570,729 in Q4 2023, an increase of $67,470 or 11.8%.

Revenue during Q4 2024 was comprised of $378,188 of commercial rental income from Cassel Centre and $14,750 of residential rental revenue from the residential condominium units (2023 - $362,196 and $2,050, respectively). The operating cost recovery was $245,261 from the tenants of Cassel Centre (2023 - $206,483).

These increases were due primarily to a lease with a new tenant of the commercial investment property together with new residential leases from the recent residential investment property acquisitions.

Expenses

Overall expenses for Q4 2024 were $373,837, an increase of $59,069 or 18.8% as compared to $314,768 in Q4 2023. Expenses include direct operating expenses, general and administrative expenses, share-based compensation and depreciation.

During Q4 2024, direct operating costs increased by $59,200 or 20.3% to $351,295 as compared to $292,095 in Q4 2023. These increases were largely due to increases in property taxes, costs incurred for repairs and maintenance and to prepare units for tenant improvements, together with the amortization of tenant improvement incentives and sales commissions, which are capitalized in accordance with IFRS.

General and administrative expenses did not change significantly, during Q4 2024 they were $19,014 as compared to $23,179 in Q3 2023, a decrease of $4,165 or 18.0%.

Share-based compensation and amortization expense was not significant in Q4 2024 and Q4 2023.

Other Income (Expenses)

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

Interest income and fair value adjustment on CEBA Loan were not significant during Q4 2024 and Q4 2023.

Finance costs increased in Q4 2024 to $157,619 as compared to $143,765 in Q4 2023, an increase of $13,854 or 9.6%. This increase was largely due to the addition of new mortgages payable obtained in connection with the purchase of residential condominium units during 2024.

Fair Value Adjustment on Investment Properties

See “Fair Value Adjustment on Investment Properties” in the “Discussion of Annual Operations and Financial Condition” section above for additional details on how the Company estimates the fair value of its investment properties.

During Q4 2024, the Company recorded a fair value increase on its commercial investment properties of $163,682 (2023 – reduction of $36,909) and $55,500 on its residential investment properties (2023 - $Nil).

Liquidity and Capital Resources

As at December 31, 2024, the Company had bank indebtedness of $34,052 (2023 - $302,126) through its overdraft facility and a working capital deficiency of $17,168,081 (2023 - $17,038,549, Restated – see "Restatement" above). Working capital is calculated as current assets less current liabilities. See "Going Concern" above for additional details on working capital.

The Company wishes to highlight the distinct terms of the mortgages and loans payable with Servus. Unlike traditional bank mortgage agreements, Servus' loan agreements 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 IFRS, this provision requires the Company to present the full amount of its mortgages and loans payable with Servus as current liabilities on its consolidated statements 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.

As at December 31, 2024, the following liabilities are subject to financial covenants:

- the $15,062,244 commercial mortgage payable (2023 - $15,759,526);
- the $34,052 bank overdraft facility (December 31, 2023 - $302,126);
- a loan payable of $34,470 (December 31, 2023 - $Nil); and
- a loan payable of $430,103 (December 31, 2023 - $Nil).

The financial covenants include 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. During the year ended December 31, 2024, the lender reviewed the financial covenants 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. The breach of the financial covenants is primarily due to the shorter amortization period of the commercial mortgage payable, with approximately 17 years remaining, together with recent vacancies in the commercial investment property. On December 18, 2024, the Company entered into an amending credit facility letter with the lender for the commercial mortgage payable to extend the amortization period to 25 years. Also, during 2024 the Company has signed leases with new

tenants, which results in an increase in its rental revenue. The Company expects these events to improve the financial covenants going forward.

Net cash from operations during 2024 was $1,154,300 (2023 - $1,223,540).

Cash used in financing activities during 2024 was $233,620 (2023 - $954,565) and consisted of:

- proceeds from new residential mortgages payable of $464,500 (2023 - $179,258);
- scheduled repayments of principal on mortgages payable of $708,433 (2023 - $514,993);
- interest payments and related loan fees of $575,975 (2023 - $598,736);
- proceeds from new loans payable of $490,000 (2023 - $Nil), which were used to repay the CEBA Loan, finance tenant improvements and retire the majority of the overdraft facility, which bears interest at a higher rate;
- repayment of the CEBA Loan of $40,000 and the new loans payable of $28,212 (2023 - $Nil);
- advances from a related party of $164,500 (2023 - $146,500); and
- repayments to a related party of $Nil (2023 - $166,597).

Cash used in investing activities during 2024 was $652,606 (2023 - $275,953) and included $464,491 for the acquisition of residential investment properties (2023 - $179,014), $143,940 of additions to the commercial investment property for direct leasing costs (2023 - $96,939) and $44,175 of additions to furniture and fixtures (2023 - $Nil).

The Company expects to manage its working capital deficiency through a combination of cash flow generated from its operating activities, including the collection of rent from its committed and non-cancellable leases with tenants, or additional financing, as necessary. There is no guarantee that additional financing will be available to the Company, and if available, may not be on terms that are favourable or acceptable to the Company.

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. During 2024, the Company obtained a new term loan facility of $40,000 to facilitate the payout of the CEBA Loan and obtained the $20,000 loan forgiveness. The new term loan facility bears interest at a rate of 7.10% per annum, is due on demand if requested, is repayable in monthly blended instalments of $795 over a five (5) year period, and is secured by a personal guarantee of $4,000,000 provided by Eddie Yu, which includes the loans payable, commercial mortgage payable and overdraft facility. The Company may prepay the balance at any time without penalty.

As at December 31, 2024, the minimum contractual principal payments on the above loan payable if not demanded earlier are as follows:

Year ended December 31,	Amount
2025	$ 7,335
2026	7,881
2027	8,459
2028	9,080
2029	1,508
	34,263
Accrued interest	207
	$ 34,470

As at December 31, 2024, the Company had a loan payable to related party of $531,088 (2023 - $341,058). The loan is payable to Cassel Properties Ltd. and is unsecured, bears interest at a rate of 8% per annum and matures on November 10, 2025. The Company will seek to extend the loan before the maturity date and expects to repay the loan over time using cash generated from operations or additional financing, as necessary. There is no guarantee that additional financing will be available to the Company, and if available, may not be on terms that are favourable or acceptable to the Company.

As at December 31, 2024, the Company had mortgages payable of $15,703,570 (2023 - $15,940,184). The mortgages payable are composed of:

- A commercial mortgage payable, amended on December 18, 2024, due on demand if requested, with monthly blended instalments of $83,000, bearing interest at 4.44% per annum, amortized over twenty-five (25) years and with a term expiring on December 1, 2025. The mortgage payable is secured by the commercial investment property which has a carrying value of $21,750,000 as at December 31, 2024 (2023 - $21,600,000), general assignment of rent, a general security agreement and a personal guarantee of $4,000,000 provided by Eddie Yu, which includes the commercial mortgage payable, overdraft facility and loans payable. The mortgage payable is subject to the DSCR Covenant and DE Covenant and the Company is not in compliance with the financial covenants (see discussion above). 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.
    - Prior to the amendment, the commercial mortgage payable was due on demand if requested, with monthly blended instalments of $100,450, bore interest at 3.25% per annum and had a term expiring on August 1, 2025.
- Four (4) residential mortgages payable, due on demand if requested, with aggregate total monthly blended instalments of $4,230, a weighted average interest rate of 5.57%, amortized over twenty-five (25) years, with terms expiring in 2028 and 2029, and secured by the residential investment properties with an aggregate total carrying amount of

$1,110,500 as at December 31, 2024 (2023 - $351,000), general assignment of rent, a general security agreement and an unlimited personal guarantee provided by Eddie Yu. The Company expects to repay the mortgage instalments over the term with cash generated from its operations and will seek to renew the mortgages at the end of their respective terms.

As at December 31, 2024, the minimum contractual principal payments on the mortgages payable if not demanded earlier are as follows:

Year ended December 31,	Amount
2025	$ 15,027,315
2026	16,427
2027	17,361
2028	166,693
2029	423,723
	15,651,519
Accrued interest	52,051
	$ 15,703,570

On February 28, 2024, the Company obtained a new term loan facility of $450,000, with $200,000 for tenant improvements and $250,000 to retire the majority of the overdraft facility, which bore interest at a higher rate, equal to the financial institution's Prime Lending Rate plus 1.50%. As at December 31, 2024, the Company has drawn down on $450,000 of the loan. The term loan facility is due on demand if requested and payable in monthly instalments of $5,250, bears interest at a fixed rate of 7.10% per annum, is amortized over 10 years, has a term of 60 months and is secured by a personal guarantee of $4,000,000 provided by Eddie Yu, which includes the loans payable, commercial mortgage payable and overdraft facility. The Company expects to repay the loan instalments over the term with cash generated from its operations and will seek to renew the loan at the end of its term.

As at December 31, 2024, the minimum contractual principal payments on the above loan payable if not demanded earlier are as follows:

Year ended December 31,	Amount
2025	$ 33,626
2026	36,196
2027	38,851
2028	41,701
2029	277,151
	427,525
Accrued interest	2,578
	$ 430,103

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. The Company added $44,175 in furniture and fixtures during 2024. There were no capital expenditures in the same period in 2023.

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. During 2024, the Company incurred $69,000, in tenant improvement allowance costs (2023 - $63,960) and $74,940 in direct leasing costs (2023 - $32,979).

Another significant use of cash could be the acquisition of or investment in new properties. During 2024, the Company acquired three (3) residential condo units located in Edmonton, Alberta for an aggregate total purchase price of $704,000 from 1784338 Alberta Ltd. (see "Related Party Transactions" below) (2023 – one (1) unit for $351,000). The purchase was funded with the use of an aggregate total of $239,509 (2023 - $171,985) of the Company's deposit (see "Related Party Transactions" below) together with mortgages totaling $464,500 (2023 - $179,258). The Company is actively and continuously seeking new investment opportunities and as at December 31, 2024 maintains a deposit of $892,394 (2023 - $1,131,903) with 1784338 Alberta Ltd., which can be used towards the purchase of a further six (6) (2023 – nine (9)) additional condominium units in Edmonton, Alberta.

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 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. Tenant default can occur because of economic conditions or tenant specific circumstances. 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:

	2024	2023
Current	**$ 14,770**	$ 17,498
31-90 days	**1,403**	-
91 + days	**4,931**	6,153
	$ 21,104	$ 23,651

The Company is subject to concentration risk through the volume of revenues derived from certain key tenants. For the year ended December 31, 2024, revenue earned from three (3) (2023 – three (3)) key tenants represents approximately 80% (2023 – 91%) of total revenues. As at December 31, 2024, receivables from these key tenants total approximately 19% of total accounts receivable (2023 – 21%).

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 commercial mortgage payable, certain residential mortgages payable with a carrying value of $464,271 at December 31, 2024 (2023 - $Nil), loan payable to related party 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, the Company's overdraft facility of $34,052 (2023 - $302,126) and a residential mortgage payable with a carrying value of $177,055 at December 31, 2024 (2023 - $180,658) bear interest at variable rates and for the year ended December 31, 2024, 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 (2023 – 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 December 31, 2024, the Company's contractual obligations consists of accounts payable and accrued liabilities of $411,327 (2023 - $430,201) that have a current contractual maturity. The commercial mortgage payable, including accrued interest, of $15,062,244 (2023 - $15,759,526) is demandable and has terms which expire in fiscal 2025 and the residential mortgages payable, including accrued interest, of $641,326 (2023 - $180,658) are demandable and have terms which expire in 2028 and 2029. The loans payable, including accrued interest, of $464,573 (2023 - $Nil) are demandable and have terms which expire in 2029. The loan payable to related party of $531,088 (2023 - $341,058) has terms which expire in November 2025. The overdraft facility of $34,052 (2023 - $302,126) is due on demand, if requested, 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

Financial instruments recognized in the statements of financial position include accounts receivable, CEBA Loan, mortgages payable, loans payable, loan payable to related party, 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, 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 CEBA Loan, loans 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.

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

	Fair Value Hierarchy	**2024**	2023
Financial Liabilities:			
Mortgages payable	Level 2	**$ 15,703,570**	$ 15,940,184
Loans payable	Level 3	**$ 484,093**	$ -
Loan payable to related party	Level 3	**$ 531,088**	$ 341,058
CEBA Loan	Level 3	**$ -**	$ 40,000

Off – Balance Sheet Arrangements

As at December 31, 2024, the Company did not enter into any off-balance sheet arrangements.

Contingencies

Management of the Company is aware of no contingent liabilities as at December 31, 2024.

Share Structure

The Company has 40,039,000 common shares outstanding at December 31, 2024. There are 1,585,966 stock options exercisable and outstanding as at December 31, 2024 with a weighted average exercise price of $0.09 per common share.

The following table summarizes information on the stock options outstanding and exercisable as at December 31, 2024:

	Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
January 16, 2023	$ 0.07	985,966	985,966	Jan 15, 2028
July 22, 2024	$ 0.08	300,000	300,000	Jun 27, 2029
July 22, 2024	$ 0.15	300,000	300,000	Jun 27, 2029
	$ 0.09	1,585,966	1,585,966	

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 41,624,966.

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 year ended December 31, 2024, the Company incurred $22,190 in consulting fees due to William Harper (2023 - $13,732). As at December 31, 2024, $5,000 was included in accounts payable and accrued liabilities as owing to William Harper (2023 - $5,000).

During the year ended December 31, 2024, the Company charged a total of $207,714 to Cassel Properties Ltd., an entity owned and controlled by Eddie Yu for recovery of operating expenses (2023 - $203,821).

During the year ended December 31, 2024, the Company received rental income, before straight-line adjustments, of $307,860 from Cassel Properties Ltd. (2023 - $340,010) and as at December 31, 2024, $24,994 was included in prepaid rent for rent paid in advance and rental deposits (2023 - $19,928).

During the year ended December 31, 2024, $83,880 was paid to Cassel Properties Ltd. for direct leasing costs (2023 - $63,960 paid to Cassel Properties Ltd. and $32,979 paid to a Royal LePage Summit Realty brokerage, of which Eddie Yu is a director).

During the year ended December 31, 2024, the Company incurred interest expense of $25,530 in connection with the outstanding balance on the loan payable to Cassel Properties Ltd. (2023 - $26,239).

During the year ended December 31, 2024, $327 has been included in general and administrative expenses related to fees with Parlee McLaws LLP, a law firm where David Tam is a partner (2023 - $16,761). As at December 31, 2024, $123 was included in accounts payable and accrued liabilities as owing to Parlee McLaws LLP (2023 - $2,666).

During the year ended December 31, 2024, $74,502 has been included in general and administrative expenses related to administration fees with Cassel Properties Ltd. (2023 - $74,502).

During the year ended December 31, 2024, $32,076 has been included in general and administrative expenses related to rent with Cassel Properties Ltd. (2023 - $32,076).

During the year ended December 31, 2024, $70,634 has been included in direct operating costs related to property management fees with Cassel Properties Ltd. (2023 - $69,733).

During the year ended December 31, 2024, the Company incurred $11,618 in share-based compensation expense for directors and key management (2023 - $14,791).

During the year ended December 31, 2024, $25,000 has been included in finance costs related to a loan guarantee fee paid to Eddie Yu (2023 - $Nil).

The Company has entered into a purchase contract, as amended, (the "Purchase Contract") to acquire ten (10) condominium units in Edmonton, Alberta from 1784338 Alberta Ltd., a company indirectly majority owned by Eddie Yu, for a total purchase price of $3,229,762 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.

During the year ended December 31, 2024, pursuant to the Purchase Contract, the Company acquired three (3) condominium units for a total purchase price of $704,000 (2023 – one (1) unit for $351,000).

IFRS Accounting Policies

A summary of the Company's material accounting policies under IFRS are disclosed in the Financial Statements.

Accounting Standards and Amendments Issued but Not Yet Adopted

The following standard is effective for year-ends starting on or after January 1, 2027 and has not been adopted by the Company:

IFRS 18 Presentation and disclosure in the financial statements (replacement of IAS 1)

This new standard maintains many of the current requirements for the presentation of financial statements and adds new requirements concerning the statement of profit or loss, management-defined performance measures, and the principles of aggregation and disaggregation of information. The new requirements concerning the statement of income and comprehensive income include requiring entities to classify income and expenses included in the statement of income and comprehensive income in one of five categories (operating, investing, financing, income taxes, discontinued operations), and prescribing that subtotals for operating profit or loss

and profit or loss before financing and income taxes are presented. Management is assessing the impact of the standard.

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:

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 head office is located at 301 - 2627 Ellwood Drive SW, Edmonton, Alberta, T6X 0P7.