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

The following management discussion and analysis as of April 23, 2026 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, 2025 and 2024, 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 IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("the IASB").

Unless indicated otherwise, reference herein to Q4 2025 and Q4 2024 refers to the three month periods ended December 31, 2025 and 2024, 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
- ten (10) 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, 2025, 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 addition, as at December 31, 2025, the Company owned ten (10) residential condominium units located in Edmonton, Alberta which are rented to long-term tenants. The occupancy rate at December 31, 2025 was 100% and the leases are on one (1) year terms.

On July 2, 2025, the Company acquired six (6) residential condominium units located in Edmonton, Alberta for a purchase price of $1,987,000 from a company indirectly majority owned by the CEO, director and majority shareholder of the Company. The purchase, including transaction costs, was funded with the use of $888,477 of the Company's deposit (see "Transactions with Related Parties" below) together with a mortgage of $1,100,000. The mortgage is payable in monthly blended instalments of $6,420, bears interest at a fixed rate of 4.90% per annum, is amortized over 25 years, has a term of 22 months and is secured by the residential investment properties and general assignment of rent.

The mortgage payable requires that the Company's subsidiary, 1572587 Alberta Ltd., which holds the condominium units, to apply the proceeds from any sales 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.

On September 25, 2025, the Company granted 1,000,000 stock options to the directors of the Company at an exercise price of $0.10 per common share and with a term of two (2) years, subject to any earlier termination in accordance with the terms of the Company's stock option plan. The stock options vested immediately upon grant.

On December 23, 2025, the Company renewed the outstanding balance of its commercial mortgage payable at a variable interest rate of prime plus 0.50% per annum. Under the renewed terms, the mortgage is amortized over twenty-four (24) years and with a term expiring on December 4, 2026. There were no other material changes to the terms of the mortgage.

During 2025, the Company received advances from related parties of $296,000 and made repayments to related parties of $243,344. See "Transactions with Related Parties" below for additional details.

On February 6, 2026, the Company received an unsecured loan of $100,000 from a director of the Company. The loan bears interest at 10% per annum and has no set terms of repayment.

On March 31, 2026, the Company completed the sale of a unit located within its commercial investment property for gross proceeds of $3,350,000 pursuant to an agreement entered into on November 22, 2025. In connection with the sale, the Company repaid $2,500,000 of the existing commercial mortgage payable. The asset had been presented in the Financial Statements as held for sale as at December 31, 2025.

Going Concern

The Financial Statements have been prepared in accordance with IFRS that are applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of operations. There are material uncertainties that may cast significant doubt on the validity of this assumption.

As at December 31, 2025, the Company reported current liabilities in excess of current assets of $14,585,208 (2024 - $17,168,081), of which $16,873,438 is due to the Company's mortgages payable and loans payable with Servus Credit Union ("Servus"). Unlike traditional bank mortgages, 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.

In addition, the Company had an accumulated deficit of $583,798 (2024 - $255,939). 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)

Years ended December 31,		**2025**		2024		2023
Total Assets	**$**	**24,237,016**	**$**	23,822,385	$	23,117,340
Total Current Liabilities	**$**	**17,875,515 (1)**	**$**	17,189,185 (2)	$	17,062,200 (3)
Total Long-term Liabilities	**$**	**2,113,020**	**$**	2,133,632	$	1,969,532
Total Liabilities	**$**	**19,988,535**	**$**	19,322,817	$	19,031,732
Revenue	**$**	**2,779,220**	**$**	2,463,459	$	2,258,037
Expenses	**$**	**(1,517,123)**	**$**	(1,363,831)	$	(1,180,808)
Deferred Income Tax Recovery (Expense)	**$**	**34,187**	**$**	(136,687)	$	(122,043)
Fair Value Adjustment on Investment Properties	**$**	**(807,875)**	**$**	56,441	$	(29,684)
Other Income (Expenses)	**$**	**(816,268)**	**$**	(617,040)	$	(574,571)
Net Income (Loss)	**$**	**(327,859)**	**$**	402,342	$	350,931
Number of Shares Outstanding		**40,039,000**		40,039,000		40,039,000
(Loss) Income per Share	**$**	**(0.008)**	**$**	0.010	$	0.009
Diluted (Loss) Income per Share	**$**	**(0.008)**	**$**	0.010	$	0.009

Notes:

(1) 2025 Total Current Liabilities include the following that are due on demand, if requested, but which have contractual maturity dates extending beyond 2026:
   a. $1,715,936 of residential mortgages payable with terms expiring between 2027 and 2029; and
   b. $420,713 of loans payable with terms expiring in 2029.

(2) 2024 Total Current Liabilities include the following that are due on demand, if requested, but which have contractual maturity dates extending beyond 2025:
   a. $639,034 of residential mortgages payable with terms expiring between 2028 and 2029; and
   b. $461,788 of loans payable with terms expiring in 2029.

(3) 2023 Total Current Liabilities include the following that are due on demand, if requested, but which have contractual maturity dates extending beyond 2024:
   a. $15,716,145 commercial mortgage payable with a term expiring in 2025; and
   b. $179,258 residential mortgage payable with a term expiring in 2028.

Discussion of Annual Operations and Financial Condition:

Revenue

Total revenue and operating cost recoveries increased to $2,779,220 in 2025 as compared to $2,463,459 in 2024, an increase of $315,761 or 12.8%.

Revenue during 2025 was comprised of $1,555,187 of commercial rental income from Cassel Centre and $156,100 of residential rental revenue from the residential condominium units (2024 - $1,474,504 and $42,650, respectively). The operating cost recovery was $1,067,933 from the tenants of Cassel Centre (2024 - $946,305).

These increases were due primarily to

- a lease with a new tenant which started during Q4 2024 in Cassel Centre, together with an increase in common area maintenance cost recovery; and
- the continued acquisition of additional residential condominium units during 2024 and 2025.

Expenses

Overall expenses for 2025 were $1,517,123, an increase of $153,292 or 11.2% as compared to $1,363,831, in 2024. Expenses include direct operating expenses, general and administrative expenses, share-based compensation and depreciation.

During 2025, direct operating costs increased by $156,815 or 13.3% to $1,336,773 as compared to $1,179,958 in 2024. The increase is primarily due to increases in utilities and property tax costs, as well as timing differences in cost allocations from general and administrative expenses, see below.

General and administrative expenses decreased by $71,783 or 43.3% to $93,900 during 2025, as compared to $165,681 in 2024. The decrease in 2025 compared to 2024 is primarily due to timing differences in the allocation of certain costs to direct operating costs between periods.

Share-based compensation was $76,772 in 2025 (2024 - $11,618) and arises from the grant, on September 25, 2025, of 1,000,000 stock options to directors of the Company (see "Share Structure" below).

Amortization expense was not significant during 2025 and 2024.

Other Income (Expenses)

Other income (expenses) is composed of interest income and finance costs.

Interest income was not significant in the years ended December 31, 2025 and 2024.

Finance costs increased in 2025 to $818,097 as compared to $619,580 in 2024, an increase of $198,517 or 32.0%. The increases was largely due to:

- the renewal of the commercial mortgage payable on December 18, 2024. The renewed commercial mortgage payable carried a fixed annual interest rate of 4.44%, with blended monthly instalments of $83,000, amortized over twenty-five (25) years. The term expired in 2025 and the mortgage was further renewed, on December 23, 2025, at a variable interest rate of prime plus 0.50% per annum, with blended monthly instalments of $87,170, amortized over twenty-four (24) years, and with a term expiring on December 4, 2026; and
- the addition of new mortgages payable obtained in connection with the purchase of residential condominium units during 2024 and 2025.

The increase was partially offset by a loan guarantee fee of $25,000 (see "Transactions with Related Parties" below) incurred during 2024, and which did not recur in 2025.

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.

On November 22, 2025, the Company entered into an agreement with an arm's length purchaser for the sale of a unit located within its commercial investment property for gross proceeds of $3,350,000. Pursuant to the agreement, the purchaser paid a deposit of $150,000, to be applied toward the purchase price. As the transaction is with an arm's length purchaser, the Company determined the fair value of the asset held for sale at the contract price less estimated costs to sell. On March 31, 2026, the Company completed the sale.

The fair value of the commercial investment property was determined at March 17, 2026, by a third-party accredited valuation professional using a combination of the income approach via overall income capitalization 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 were subsequently determined at December 31, 2025 by management using the appraisal of similar units within the same building, conducted by a third-party accredited valuation professional, determined at March 17, 2026 using the direct comparison approach.

During 2025, the Company recorded a fair value decrease on its commercial investment property of $948,375 (2024 – increase of $941) and a fair value increase on its residential investment properties of $140,500 (2024 - $55,500).

Summary of Quarterly Results (in accordance with IFRS)

	Dec 31, 2025 $	Sep 30, 2025 $	Jun 30, 2025 $	Mar 31, 2025 $	Dec 31, 2024 $	Sep 30, 2024 $	Jun 30, 2024 $	Mar 31, 2024 $
Revenues	**707,385**	714,736	654,914	702,185	638,199	608,789	610,159	606,312
Expenses	**(394,336)**	(443,461)	(366,612)	(312,714)	(373,837)	(357,169)	(345,129)	(287,696)
Deferred Income Tax Recovery (Expense)	**34,187**	-	-	-	(136,687)	-	-	-
Fair Value Adjustment on Investment Properties	**(779,623)**	(49,231)	5,645	15,334	219,182	(3,776)	(17,603)	(141,362)
Other Income (Expenses)	**(225,316)**	(211,561)	(190,238)	(189,153)	(156,582)	(144,187)	(174,863)	(141,408)
Net (Loss) Income	**(657,704)**	10,483	103,709	215,653	190,275	103,657	72,564	35,846
(Loss) Income per Share	**(0.008)**	0.000	0.003	0.005	0.00	0.00	0.00	0.00
Fully Diluted (Loss) Income per Share	**(0.008)**	0.000	0.003	0.005	0.005	0.003	0.002	0.001

Discussion of Fourth Quarter Operations and Financial Condition:

Revenue

Total revenue and operating cost recoveries increased to $707,385 in Q4 2025 as compared to $638,199 in Q4 2024, an increase of $69,186 or 10.8%.

Revenue during Q4 2025 was comprised of $415,102 of commercial rental income from Cassel Centre and $56,675 of residential rental revenue from the residential condominium units (2024 - $378,188 and $14,750, respectively). The operating cost recovery was $235,608 from the tenants of Cassel Centre (2024 - $245,261).

These increases were due primarily to

- a lease with a new tenant which started during Q4 2024 in Cassel Centre; and
- the continued acquisition of additional residential condominium units during 2024 and 2025.

Expenses

Overall expenses for Q4 2025 were $394,336, an increase of $20,499 or 5.5% as compared to $373,837 in Q4 2024. Expenses include direct operating expenses, general and administrative expenses, share-based compensation and depreciation.

During Q4 2025, direct operating costs increased by $92,445 or 26.3% to $443,740 as compared to $351,295 in Q4 2024. The increase is primarily due to timing differences in cost allocations from general and administrative expenses, see below.

General and administrative expenses were a recovery of $49,404 in Q4 2025, as compared to an expense of $19,014 in Q4 2024. This decrease of $68,420 or 359.8% was primarily due to timing differences in the allocation of certain costs to direct operating costs between periods.

Share-based compensation and amortization expense was not significant in Q4 2025 and Q4 2024.

Other Income (Expenses)

Other income (expenses) is composed of interest income and finance costs.

Interest income was not significant during Q4 2025 and Q4 2024.

Finance costs increased in Q4 2025 to $226,406 as compared to $157,619 in Q4 2024, an increase of $68,787 or 43.6%. This increase was largely due to:

- the renewal of the commercial mortgage payable on December 18, 2024. The renewed commercial mortgage payable carried a fixed annual interest rate of 4.44%, with blended monthly instalments of $83,000, amortized over twenty-five (25) years. The term expired in 2025 and the mortgage was further renewed, on December 23, 2025, at a variable interest rate of prime plus 0.50% per annum, with blended monthly instalments of $87,170, amortized over twenty-four (24) years, and with a term expiring on December 4, 2026; and
- the addition of new mortgages payable obtained in connection with the purchase of residential condominium units during 2025.

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 2025, the Company recorded a fair value decrease on its commercial investment properties of $920,123 (2024 – increase of $163,682) and a fair value increase of $140,500 on its residential investment properties (2024 - $55,500).

Liquidity and Capital Resources

As at December 31, 2025, the Company had bank indebtedness of $35,762 (2024 - $34,052) through its overdraft facility and a working capital deficiency of $14,585,208 (2024 - $17,168,081). 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, 2025, the following liabilities are subject to financial covenants:

- the $14,726,865 commercial mortgage payable (2024 - $15,062,244);
- the $35,762 bank overdraft facility (2024 - $34,052);
- a loan payable of $27,082 (2024 - $34,470); and
- a loan payable of $396,168 (2024 - $430,103).

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, 2025, the lender reviewed the financial covenants and the Company was in compliance with the DSCR Covenant and the DE Covenant.

In addition, as at December 31, 2025, a residential mortgage payable of $1,096,837 (2024 – $Nil) is outstanding with Servus through the Company's wholly owned subsidiary, 1572587 Alberta Ltd. The mortgage is subject to covenants requiring the subsidiary to apply the net proceeds from any sales of six (6) condominium units toward reducing the outstanding balance in order to maintain a loan-to-value ("LTV") ratio of 55%. The mortgage terms also restrict certain payments to management and shareholders, as well as other withdrawals, without the prior written consent of Servus.

Net cash from operations during 2025 was $1,041,844 (2024 - $1,154,300).

Cash from financing activities during 2025 was $291 (2024 – cash used in financing activities of $233,620) and consisted of:

- proceeds from new residential mortgages payable of $1,100,000 (2024 - $464,500);
- scheduled repayments of principal on mortgages payable of $366,494 (2024 - $708,433);
- interest payments and related loan fees of $744,795 (2024 - $575,975);
- proceeds from new loans payable of $490,000 in 2024, which were used to repay the CEBA Loan, finance tenant improvements and retire a portion of the overdraft facility, which bears interest at a higher rate;
- repayment of the CEBA Loan of $Nil (2024 - $40,000) and the new loans payable of $41,076 (2024 - $28,212);
- advances from a related party of $296,000 (2024 - $164,500); and
- repayments to a related party of $243,344 (2024 - $ Nil).

Cash used in investing activities during 2025 was $1,028,100 (2024 - $652,606) and included:

- $1,100,000 for the acquisition of residential investment properties (2024 - $464,491);
- $78,100 of additions to the commercial investment property for direct leasing costs (2024 - $143,940);

- the receipt of a deposit of $150,000 (2024 - $Nil) for the sale of a unit located within its commercial investment property (see “Overall Performance” above for additional details); and
- $Nil of additions to furniture and fixtures (2024 - $44,175).

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, the renewal of mortgages payable as they mature, and pursuing additional financing as necessary. There is no assurance that mortgages will be renewed, and if renewed, they may not be on similar terms or terms acceptable to the Company. There is also no assurance that additional financing will be available to the Company, and if available, it may not be on terms that are favourable or acceptable to the Company.

During 2024, the Company obtained a term loan facility of $40,000 to facilitate the payout of the previous CEBA Loan. 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, 2025, the minimum contractual principal payments on the above loan payable if not demanded earlier are as follows:

Year ended December 31,	**Amount**
2026	$ 7,804
2027	8,459
2028	9,080
2029	1,577
	26,920
Accrued interest	162
	$ 27,082

As at December 31, 2025, the Company had loans payable to related parties of $626,663 (2024 - $531,088). The loans are composed of:

- $351,565 payable to Cassel Properties Ltd., which is unsecured, bears interest at a rate of 8% per annum and matures on November 10, 2026;
- $100,000 payable to Bryce Hong, a director of the Company, which is unsecured, bears interest at a rate of 8% per annum and has no set terms of repayment; and
- $75,000 payable to Bryce Hong which is unsecured, bears interest at a rate of 10% per annum and has no set terms of repayment.

The Company will seek to extend the loan from Cassel Properties Ltd. before the maturity date and expects to repay the loans 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, 2025, the Company had mortgages payable of $16,450,188 (2024 - $15,703,570). The mortgages payable are composed of:

- A commercial mortgage payable, amended on December 23, 2025, due on demand if requested, with blended monthly instalments of $87,170, bearing interest at a variable rate of prime plus 0.50% per annum, amortized over twenty-four (24) years, and with a term expiring on December 4, 2026. The mortgage payable is secured by the commercial investment property and investment property held for sale which have a total combined carrying value of $20,889,475 as at December 31, 2025 (2024 - $21,750,000), 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 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.
- Ten (10) residential mortgages payable, due on demand if requested, with aggregate total monthly blended instalments of $10,650, a weighted average interest rate of 5.07%, amortized over twenty-five (25) years, with terms expiring between 2027 and 2029, and secured by the residential investment properties with an aggregate total carrying amount of $3,238,000 as at December 31, 2025 (2024 - $1,110,500), general assignment of rent, a general security agreement and an unlimited personal guarantee provided by Eddie Yu. A residential mortgage payable of $1,096,837 (2024 - $Nil) is subject to certain LTV and payment restrictions (as discussed above). 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, 2025, the minimum contractual principal payments on the mortgages payable if not demanded earlier are as follows:

Year ended December 31,	Amount
2026	$ 14,710,584
2027	1,087,089
2028	163,636
2029	423,716
	16,385,025
Accrued interest	65,163
	$ 16,450,188

As at December 31, 2025, the Company has a term loan facility of $450,000, due on demand if requested and payable in monthly instalments of $5,250, which 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, 2025, the minimum contractual principal payments on the above loan payable if not demanded earlier are as follows:

Year ended December 31,	Amount
2026	$ 36,109
2027	38,851
2028	41,701
2029	277,132
	393,793
Accrued interest	2,375
	$ 396,168

Capital expenditures are generally funded by cash on hand, and/or cash provided by operating activities, or by obtaining new financing. It is the Company's objective to maintain its properties at a high level, consequently, capital expenditures may be regularly required, however the timing of such expenditures is often discretionary and may be deferred, for example with a repair rather than replacement. During the year ended December 31, 2025, the Company did not have any capital expenditures (2024 - $44,175).

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 the year ended December 31, 2025, the Company incurred $78,100, in tenant improvement allowance costs (2024 - $69,000) and $Nil in direct leasing costs (2024 - $74,940).

Another significant use of cash could be the acquisition of or investment in new properties. During 2025, the Company acquired six (6) residential condominium units located in Edmonton, Alberta for an aggregate total purchase price of $1,987,000. During 2024, the Company acquired three (3) residential condo units located in Edmonton, Alberta for an aggregate total purchase price of $704,000. The properties were acquired from 1784338 Alberta Ltd. (see "Related Party Transactions" below). During 2025, the purchases, including transaction costs, were funded with the use of $888,477 (2024 - $239,509) of the Company's deposit (see "Related Party

Transactions" below) together with a mortgage of $1,100,000 (2024 - $464,500). The Company is actively and continuously seeking new investment opportunities.

Risk and Uncertainty

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

Economic Risk

The performance of real estate investments is impacted by local market conditions, which in turn can be affected by national or global economic conditions. Economic trends can also be exacerbated in smaller markets, resulting in greater risk.

The Company's investment properties are located in Edmonton, Alberta. As a result, the Company's financial performance, including the fair value of its investment properties and the income generated therefrom, is more exposed to changes in local economic, regulatory, and real estate market conditions in Edmonton, Alberta.

While the Company believes its properties benefit from strong underlying demand fundamentals, there can be no assurance that such conditions will continue or that the Company will be able to mitigate the impact of adverse local developments.

The economy in Edmonton, Alberta has historically been influenced by the energy sector and, although it has become increasingly diversified, fluctuations in commodity prices may indirectly impact business activity, employment levels, and demand for commercial space in the region.

The Company mitigates this risk by maintaining tenants from various industries and maintaining a high quality property.

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:

	2025	2024
Current	**$ 35,405**	$ 14,770
31-90 days	**16,071**	1,403
91 + days	**3,611**	4,931
	$ 55,087	$ 21,104

The Company is subject to concentration risk through the volume of rental revenues and recovery of operating expenses derived from certain key tenants. For the year ended December 31, 2025, revenue earned from three (3) (2024 - three (3)) key tenants represents approximately 76% (2024 – 80%) of total revenues. As at December 31, 2025, receivables from these key tenants total approximately 63% of total accounts receivable (2024 – 19%).

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's exposure to interest rate risk relates primarily to its variable-rate financial instruments. As at December 31, 2025, this includes the overdraft facility of $35,762, commercial mortgage payable with a carrying value of $14,726,866, and a residential mortgage payable with a carrying value of $170,084 (2024 – overdraft facility of $34,052 and a residential mortgage payable with a carrying value of $177,055). All else being equal, a 1% increase or decrease in market interest rates would result in an increase or decrease in net earnings of approximately $149,000 (2024 – not significant).

As at December 31, 2025, the Company is also exposed to fair value interest rate risk on certain residential mortgages payable with a carrying value of $1,553,238, loans payable with a carrying value of $423,250 and loans payable to related parties with a carrying value of $626,663 that bear fixed interest rates (2024 – commercial mortgage payable with a carrying value of $15,062,244, certain residential mortgages payable with a carrying value of $464,271, loans payable with a carrying value of $464,573 and loans payable to related parties with a carrying value of $531,088). However, changes in market interest rates would not have a significant impact on the Company's consolidated statement of comprehensive (loss) income.

There is also the risk of interest rates increasing when renewing variable and 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.

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, 2025, the Company’s contractual obligations consist of accounts payable and accrued liabilities of $177,674 (2024 - $411,327) that have a current contractual maturity. The commercial mortgage payable, including accrued interest, of $14,726,866 (2024 - $15,062,244) is demandable and has terms which expire in fiscal 2026 and the residential mortgages payable, including accrued interest, of $1,723,322 (2024 - $641,326) are demandable and have terms which expire between 2027 and 2029. The loans payable, including accrued interest, of $423,250 (2024 - $464,573) are demandable and have terms which expire in 2029. The loans payable to related parties includes $448,746 (2024 - $531,088) which has terms that expire in November 2026 and $177,917 (2024 - $Nil) which have no set terms of repayment. The overdraft facility of $35,762 (2024 - $34,052) 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 consolidated statements of financial position include cash, accounts receivable, overdraft facility, accounts payable and accrued liabilities, mortgages payable, loans payable, and loans payable to related parties.

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 cash, accounts receivable, overdraft facility, and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these financial instruments.

- The fair value of mortgages payable is estimated by discounting the future contractual cash flows over the term of the mortgages using market interest rates currently available to the Company for similar financial instruments with comparable terms and remaining maturities.

- The fair value of the loans payable and loans payable to related parties are estimated by discounting the future contractual cash flows under the current financing arrangements using market interest rates currently available to the Company for similar financial instruments with comparable terms and remaining maturities.

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

	Fair Value Hierarchy	**2025**	2024
Financial Liabilities:			
Mortgages payable	Level 2	**$ 16,450,188**	$ 15,703,570
Loans payable	Level 3	**$ 441,014**	$ 484,093
Loan payable to related party	Level 3	**$ 626,663**	$ 531,088

Off – Balance Sheet Arrangements

As at December 31, 2025, 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, 2025.

Share Structure

The Company has 40,039,000 common shares outstanding at December 31, 2025. There are 2,585,966 stock options exercisable and outstanding as at December 31, 2025 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, 2025:

	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
September 25, 2025	$ 0.10	1,000,000	1,000,000	Sep 25, 2027
	$ 0.09	2,585,966	2,585,966	

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 42,624,966.

Transactions with Related Parties

The Company defines related parties as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. Related parties include the Company's directors (Eddie Yu, Ted Power, David Tam, Chelsea Yu-Dien and Bryce Hong) and officers (CEO, Eddie Yu, and Interim CFO, William Harper), their close family members, and any entities controlled by such individuals.

Transactions conducted with related parties took place in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Related party transactions not disclosed elsewhere in the MD&A:

During the year ended December 31, 2025, the Company incurred $16,695 in consulting fees due to William Harper (2025 - $22,190). As at December 31, 2025, $5,000 was included in accounts payable and accrued liabilities as owing to William Harper (2024 - $5,000).

During the year ended December 31, 2025, the Company charged a total of $212,961 to Cassel Properties Ltd., an entity owned and controlled by Eddie Yu, for recovery of operating expenses (2024 - $207,714).

During the year ended December 31, 2025, the Company received rental income, before straight-line adjustments, of $301,300 from Cassel Properties Ltd. (2024 - $307,860) and as at December 31, 2025, $19,928 was included in prepaid rent for rent paid in advance and rental deposits (2024 - $24,994).

During the year ended December 31, 2024, $83,880 was paid to Cassel Properties Ltd. for direct leasing costs.

During the year ended December 31, 2025, the Company incurred interest expense of $40,002 in connection with the outstanding balance on a loan payable to Cassel Properties Ltd. (2024 - $25,530) and $2,918 on the outstanding balance on loans payable to Bryce Hong (2024 - $Nil).

During the year ended December 31, 2025, $3,505 has been included in general and administrative expenses related to fees with Parlee McLaws LLP, a law firm where David Tam is a partner (2024 - $327). As at December 31, 2025, $3,715 was included in accounts payable and accrued liabilities as owing to Parlee McLaws LLP (2024 - $123).

During the year ended December 31, 2025, $74,502 has been included in general and administrative expenses related to administration fees with Cassel Properties Ltd. (2024 - $74,502).

During the year ended December 31, 2025, $32,076 has been included in general and administrative expenses related to rent with Cassel Properties Ltd. (2024 - $32,076).

During the year ended December 31, 2025, $140,030 has been included in direct operating costs related to property management fees and maintenance costs with Cassel Properties Ltd. (2024 - $70,634).

During the year ended December 31, 2025, the Company incurred $76,772 in share-based compensation expense for directors and key management (2024 - $11,618).

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.

The Company entered into a purchase contract, as amended (the "Purchase Contract"), to acquire ten (10) condominium units located in Edmonton, Alberta from 1784338 Alberta Ltd., a company indirectly majority owned by Eddie Yu. During the year ended December 31, 2025, the Company acquired six (6) condominium units for a total purchase price of $1,987,000 (2024 – three (3) condominium units for a total purchase price of $704,000). As at December 31, 2025, the Company has acquired all ten (10) condominium units pursuant to the Purchase Contract for an aggregate purchase price of $3,042,000.

Related to the transactions above, as at December 31, 2025:

- $30,124 (2024 - $691) is receivable from Cassel Properties Ltd.;
- $23,340 (2024 - $216,664) is payable to Cassel Properties Ltd.;
- $250 (2024 - $970) is payable to Cassel Developments Ltd., an entity owned and controlled by Eddie Yu;
- $357 (2024 - $357) is payable to Eddie Yu; and
- $Nil (2024 - $4,667) is payable to 1784338 Alberta Ltd.

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.