



YORKTON
E Q U I T Y G R O U P I N C .

Management Discussion & Analysis

Nine months ended September 30, 2022

November 24, 2022

The following Management's Discussion and Analysis ("MD&A") provides an explanation of the interim financial position, operating results, performance and outlook of Yorkton Equity Group Inc. (the "Company" or "Yorkton") as at and for the nine months ended September 30, 2022.

This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements and the accompanying notes for the three and nine months ended September 30, 2022 (the "Interim Financial Statements") and the audited consolidated financial statements and the accompanying notes for the fiscal years ended December 31, 2021 and 2020 (the "Annual Financial Statements"). The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). The Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting* as issued by the IASB. All amounts are expressed in Canadian dollars.

This MD&A has been reviewed and approved by the Audit Committee and the Board of Director's of the Company and is effective as of November 24, 2022.

The Interim Financial Statements and Annual Financial Statements and additional information about the Company can be found on SEDAR at www.sedar.com. Such additional information is not incorporated by reference herein, unless otherwise specified, and should not be deemed to be part of this MD&A.

Unless indicated otherwise, reference herein to Q3 2022 and Q3 2021 refers to the three-month periods ended September 30, 2022 and 2021, respectively, and reference herein to Q2 2022, Q1 2022, Q2 2021 and Q1 2021 refers to the three-month periods ended June 30, 2022, March 31, 2022, June 30, 2021 and 2021, respectively.

Business Overview

Based in Edmonton, Alberta, Yorkton is a Canadian growth-oriented real estate company which primarily owns a portfolio of affordable mid-market multi-family residential rental properties in Alberta and British Columbia. The Company's current geographical focus is in secondary markets in Alberta, Canada with diversified, growing economies, and strong population in-migration. The Company is planning to expand its property acquisitions into other Canadian provinces in the future.

The Company's common shares are publicly traded and listed on the TSX Venture ("TSX.V") under the symbol "YEG".

Strategy and Objectives

Yorkton is committed to meeting the needs of its customers which the Company believes will provide the Company's shareholders with long-term growing assets and stable income.

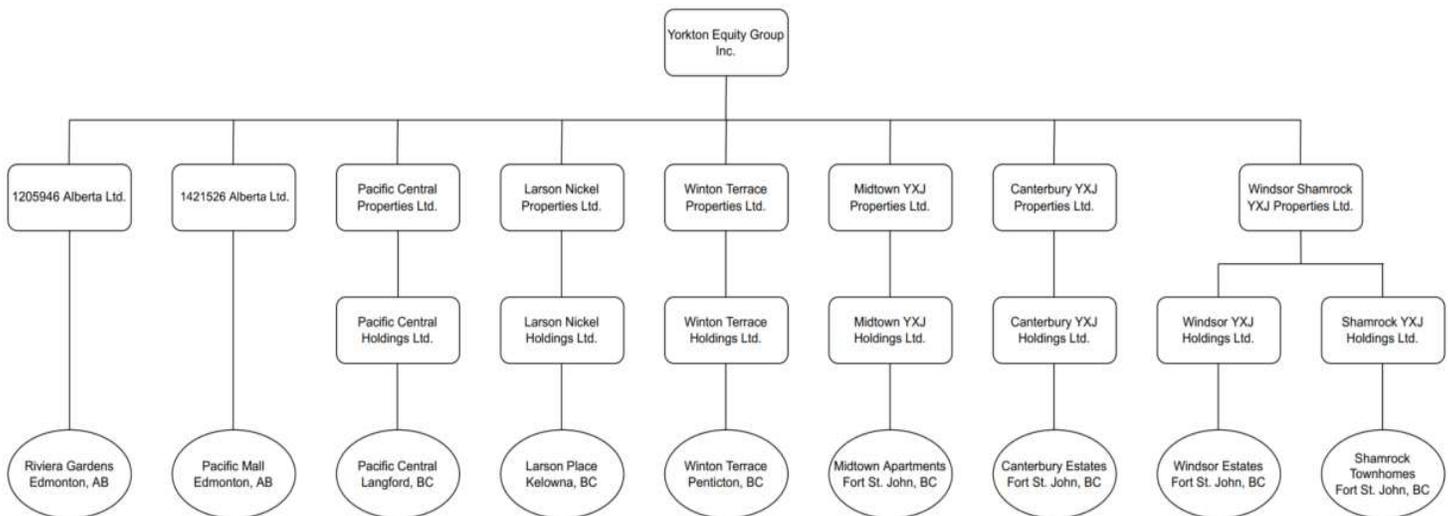
Yorkton's business objective is to grow its portfolio of affordable mid-market multi-family residential rental properties. To accomplish this, the Company seeks out quality rental properties in secondary markets in Canada, with a current focus in Alberta, with strong upside potential and diversified, growing economies and strong population in-migration. The Company finances these acquisitions with low-cost, long-term Canada Mortgage Housing Corporation ("CMHC") insured mortgage loans.

Company Formation and Structure

The Company was incorporated on March 4, 2016 under the Business Corporations Act (Alberta). The Company completed a reverse acquisition of 1421526 Alberta Ltd. (“Yorkton Pacific Mall”) on November 17, 2020.

The principal office of the Company is located at 3165 Manulife Place, 10180 – 101 Street NW Edmonton, Alberta, T5J 3S4 and its registered office is located at 1700, 10175 – 101 Street NW Edmonton, Alberta, T5J 0H3.

The following diagram illustrates the corporate structure as at the date of this MD&A:



Overview of Q3 2022

During Q3 2022, Yorkton focused on the integration and streamlining of its recent property acquisitions to improve net operating income (“NOI”). As a result of these efforts and its recent property acquisitions, Yorkton has achieved net income and comprehensive income for Q3 2022 of \$34,397.

Yorkton continued to see an increase in Q3 2022 of its rental revenue to \$828,788 as compared to \$308,849 in Q3 2021, an increase of \$519,939 or approximately 168%.

As at September 30, 2022, the Company wholly owned eight (8) multi-family residential rental properties (the “Residential Properties”), comprising 205 residential units and 1 commercial unit, in the Provinces of Alberta and British Columbia. The Company’s Residential Properties units include townhouses and low and mid-rise apartments located in Alberta (Edmonton) and British Columbia (Kelowna, Langford (Metro Victoria), Penticton, and Fort St. John). As at September 30, 2022, approximately 95% of the Company’s residential units were rented and the remaining 5% were vacant due to normal tenant turnover.

As at September 30, 2022, the Company wholly owned one (1) commercial rental property (the “Commercial Property”), comprising net leasable area of 28,036 square feet, which was a retail and commercial mall located in Edmonton, Alberta. As at September 30, 2022, approximately 88% of the Company’s commercial space was rented and the remaining 12% are available for lease.

COVID – 19 Pandemic

Beginning in 2020, the COVID-19 pandemic has resulted in all levels of governments worldwide enacting emergency measures to combat the spread of the virus, whose measures has had a substantial impact on the economy. Although these impacts appear to be lessening over time, there still remains uncertainty associated with the unprecedented nature of the pandemic. Uncertain economic conditions resulting from the COVID-19 pandemic may, in the short or long term, have a materially adverse impact on the Company's tenants and equity markets, all of which could materially adversely affect the Company's operations and financial performance. Although significant progress has been made in vaccinating the Canadian population and restrictions have been relaxed in Alberta and British Columbia, the emergence of new variants have resulted in new waves of the pandemic which might result in certain restrictions being reinstated in certain locations. It remains unclear as to when the pandemic will be completely under control, and when public health measures will be fully removed, as the frequency, duration and severity of future waves of the pandemic remain unknown. It remains difficult to reliably estimate the impact on the financial results and condition of the Company in future periods. Management has taken decisive measures to mitigate the risk and uncertainty resulting from the COVID-19 pandemic and has given consideration as to the impact of COVID-19 on the Company and concluded that the Interim Financial Statements and Annual Financial Statements appropriately reflect and disclose management's best estimate and uncertainty regarding the impact of COVID-19 on the Company.

Notwithstanding the operational and financial impact of the COVID-19 pandemic on the Company, the health and safety of Yorkton's employees and tenants are its top priority. Pursuant to Government guidelines, Yorkton has implemented comprehensive COVID-19 mitigation protocols across all of the company's departments to ensure that the health and safety of our valued staff and tenants are protected.

Cleaning

The Company has increased its cleaning and maintenance regime with more frequent cleaning and sanitization of common areas and commonly touched objects.

Rent collection and tenant support

The Company's residential rent collection remains strong. During Q3 2022, the Company did not incur any significant bad debt expense from its residential tenants and as at September 30, 2022, there is no significant amount of rent receivable from residential tenants.

The Company does have a significant amount of rent receivable and a promissory note receivable from its commercial tenants and is committed to working with all tenants to defer rent for those who have been adversely affected by COVID-19 on a case-by-case basis.

Employee Support

Yorkton maintains a high level of personal protective equipment and implemented recommended physical distancing protocols in the workplace. Yorkton has utilized virtual capabilities, where possible, while ensuring on-going regular communication with its leadership and operational teams to assess and support the needs of employees.

Acquisitions

The Company continues to actively seek opportunities to acquire undervalued multi-family rental property assets in strategic markets. During the nine months ended September 30, 2022, Yorkton has acquired four (4) multi-family residential rental properties in Fort St. John, British Columbia.

Financing

Throughout Q3 2022 during the current COVID-19 pandemic, Yorkton has continued to have growing access to mortgage financing opportunities and CMHC lending programs. To date, governments have responded quickly to ensure capital remains available, and Yorkton intends to take full advantage of available financing opportunities.

Selected Quarterly Information

Three and Nine months ended September 30,	Three months		Nine months	
	2022	2021	2022	2021
	\$	\$	\$	\$
Net rental income	573,116	223,085	1,431,703	405,000
Net and comprehensive income (loss)	34,397	(220,850)	(244,492)	(487,806)
Net income (loss) per share (basic and diluted)	0.00	(0.00)	(0.00)	(0.01)
Cash provided by (used in) operating activities	373,741	688,092	622,117	(377,900)
Cash provided by (used in) financing activities	(535,988)	12,902,715	10,863,654	14,894,090
Cash provided by (used in) investing activities	(43,899)	(15,431,950)	(11,312,996)	(15,401,548)
Total assets	N/A	N/A	58,091,324	40,513,885
Working capital deficit	N/A	N/A	(135,766)	(4,953,102)
Total non-current liabilities	N/A	N/A	32,945,988	12,347,611
Weighted average number of common shares outstanding	112,677,427	112,142,509	112,621,228	93,896,895

Rental revenue

Total rental revenue increased by \$519,939 or approximately 168% to \$828,788 in Q3 2022 compared to \$308,849 in Q3 2021. This was primarily due to an increase of approximately \$505,000 in rental revenue from the newly acquired multi-family residential rental properties together with an increase of approximately \$14,000 in rental revenue from the Commercial Property, which is discussed and analyzed in "net rental income" section below.

Total revenue increased by \$1,676,713 or approximately 289% to \$2,256,380 in the nine months ended September 30, 2022 compared to \$579,667 in the nine months ended September 30, 2021. This was primarily due to an increase of approximately \$1,684,000 in rental revenue from the newly acquired multi-family residential rental properties partially offset by a decrease of approximately \$7,000 in rental revenue from the Commercial Property, which is discussed and analyzed in "net rental income" section below.

Net Rental Income

Three months ended September 30,	Residential Properties		
	2022	2021	% change
Rental revenue	726,022	221,191	228%
Recovery of operating expenses	-	-	N/A
Operating expenses	(245,184)	(97,185)	152%
Net rental income (loss)	480,838	124,006	288%
Operating margin	66%	56%	N/A
Average occupancy rate	95%	68%	40%
Weighted average number of units	205	82	150%
Average rental rate per unit per month ⁽¹⁾	\$1,181	\$899	31%
Average operating expense per unit per month ⁽²⁾	\$399	\$395	1%

Nine months ended September 30,	Residential Properties		
	2022	2021	% change
Rental revenue	1,950,258	266,401	632%
Recovery of operating expenses	-	-	N/A
Operating expenses	(799,187)	(180,743)	342%
Net rental income	1,151,071	85,658	1,244%
Operating margin	59%	32%	N/A
Average occupancy rate	95%	56%	70%
Weighted average number of units	183	41	346%
Average rental rate per unit per month ⁽¹⁾	\$1,184	\$722	64%
Average operating expense per unit per month ⁽²⁾	\$485	\$490	(1%)

Three months ended September 30,	Commercial Property		
	2022	2021	% change
Rental revenue	102,756	87,658	17%
Recovery of operating expenses	104,108	116,344	(11%)
Operating expenses	(114,596)	(104,923)	9%
Net rental income	92,268	99,079	(7%)
Operating margin	45%	49%	N/A
Average occupancy rate	88%	92%	(4%)
Weighted average number of sq feet	28,036 sq feet	28,036 sq feet	-
Average rental rate per sq foot per month ⁽¹⁾	\$1.22	\$1.04	17%
Average operating expense per sq foot per month ⁽²⁾	\$1.36	\$1.25	9%

Nine months ended September 30,	Commercial Property		
	2022	2021	% change
Rental revenue	306,112	313,266	(2%)
Recovery of operating expenses	323,335	334,454	(3%)
Operating expenses	(348,825)	(328,378)	6%
Net rental income	280,622	319,342	(12%)
Operating margin	46%	49%	N/A
Average occupancy rate	88%	92%	(4%)
Weighted average number of sq feet	28,036 sq feet	28,036 sq feet	-
Average rental rate per sq foot per month ⁽¹⁾	\$1.21	\$1.24	(2%)
Average operating expense per sq foot per month ⁽²⁾	\$1.38	\$1.30	6%

Notes:

- (1) For the Commercial Property the average rental rate includes only the base rent and excludes the recovery of operating expenses.
- (2) For the Commercial Property the average operating expenses are substantially recovered, other than for vacant units, from the tenants of the Commercial Property.

Net rental income increased by \$350,031 or approximately 157% to \$573,116 in Q3 2022 as compared to \$223,085 in Q3 2021. Net rental income increased by \$1,026,703 or approximately 254% to \$1,431,703 for the nine months ended September 30, 2022 as compared to \$405,000 for the nine months ended September 30, 2021. At September 30, 2021, the Company owned one (1) commercial rental property and three (3) multi-family residential rental properties. During the remainder of 2021 in the nine months ended September 30, 2022, the Company has purchased an additional five (5) multi-family residential rental properties.

In Q3 2022, the net rental income from the Commercial Property was \$92,268 as compared to \$99,079 in Q3 2021. During the nine months ended September 30, 2022, the net rental income from the Commercial Property was \$280,622 as compared to \$319,342 during the nine months ended September 30, 2021. This decrease was due increased vacancies and continued rental concessions provided to certain tenants of the Commercial Property, primarily restaurants, to accommodate the restrictions and associated financial hardship that those tenants faced in the nine months ended September 30, 2022 due to government imposed COVID-19 health mandates. The COVID-19 health mandate were relaxed during Q2 2022 and the Company expects rental revenue from the Commercial Property to improve through the remainder of 2022.

In Q3 2022, the net rental income from the Residential Properties was \$480,838 as compared to \$124,006 in Q3 2021. During the nine months ended September 30, 2022, the net rental income from the Residential Properties was \$1,151,071 as compared to \$85,658 during the nine months ended September 30, 2021. This is due to the addition of five (5) multi-family residential rental properties through the remainder of 2021 and in the nine months ended September 30, 2022. The net rental income from the multi-family residential rental properties is expected to continue to improve in future periods as the operations of the additional properties that have been recently acquired are streamlined and economies of scale are achieved.

General and administration

General and administration expense in Q3 2022 was \$105,138 compared to \$286,614 in Q3 2021. The overall decrease was \$181,476 or approximately 63%. Significant changes in general and administration expenses in Q3 2022 as compared to Q3 2021 include a decrease in professional fees of approximately \$171,000 related to the significant acquisitions of multi-family residential rental properties in Q3 2021 which did not recur in Q3 2022 and reduced costs related to market making, financial analysis and shareholder communications and a decrease of approximately \$13,000 in share-based compensation as no common share purchase options were granted in Q3 2022.

General and administration expense during the nine months ended September 30, 2022 was \$511,981 compared to \$608,543 during the nine months ended September 30, 2021. The overall decrease was \$96,562 or approximately 16%. Significant changes in general and administration expenses during the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 include an increase in advertising and promotion of approximately \$17,000 due to increased marketing efforts in the nine months ended September 30, 2022, a decrease in professional fees of approximately \$78,000 related to the significant acquisitions of multi-family residential rental properties in Q3 2021 which did not recur in Q3 2022 and reduced costs related to market making, financial analysis and shareholder communications, an increase of approximately \$22,000 in travel and meetings related primarily to director fees commencing in Q4 2021 and a decrease in share-based compensation of approximately \$35,000 as fewer common share purchase options were granted.

Financing costs

Financing costs increased by \$303,965 or approximately 230% to \$436,278 in Q3 2022 compared to \$132,313 in Q3 2021 and increased by \$897,467 or approximately 356% to \$1,149,604 in the nine months ended September 30, 2022 compared to \$252,137 in the nine months ended September 30, 2021. This increase was primarily attributable to the acquisition of additional multi-family residential rental properties during the remainder of 2021 and in the nine months ended September 30, 2022 and the issuance of approximately \$3 million in convertible debentures during the nine months ended September 30, 2022, see details below. The Company finances the purchase of multi-family residential rental properties with low-cost, long-term CMHC insured mortgage loans and finances its Commercial Property with short term mortgage loans which give it additional flexibility to manage those mortgage loans.

In Q1 2022, the Company financed three (3) new mortgages for additional funding of approximately \$5.1 million at a weighted average interest rate of approximately 2.85% per annum, refinanced a mortgage with a principal balance of approximately \$3.5 million at an interest rate of 4.95% per annum with a mortgage of approximately \$3.6 million at an interest rate of 2.44% per annum and issued approximately \$2.8 million of unsecured convertible debentures with an interest rate of 7% per annum.

In Q2 2022, the Company financed two (2) new mortgages for additional net funding of approximately \$5.4 million at a weighted average interest rate of approximately 3.20% per annum and refinanced two (2) existing mortgages with a principal balance outstanding of approximately \$5.1 million with a weighted average interest rate of approximately 6.50% per annum with a CMHC insured mortgage of approximately \$7.6 million, securing an equity takeout of approximately \$2.5 million, at a interest rate of 3.15% per annum and issued approximately \$0.2 million of unsecured convertible debentures with an interest rate equal to the higher of 7% or the Bank of Canada Prime Rate plus 3.5% per annum.

Property tax

In Q3 2022 property tax expense was \$4,382 compared to \$16,485 in Q3 2021. During the nine months ended September 30, 2022 property tax expense was \$14,850 compared to \$33,722 during the nine months ended September 30, 2021. Property tax expense is the administrative portion of property taxes on the Commercial Property. There was no significant change to the property tax rates on the Commercial Property and the change is due to differences in the allocation rate of property tax expense between the administrative portion and direct operating cost portion in the different periods.

Depreciation

Depreciation is not significant and was \$1,144 in Q3 2022 compared to \$480 in Q3 2021 and \$2,624 during the nine months ended September 30, 2022 compared to \$1,448 during the nine months ended September 30, 2021. Depreciation is taken on the Company's equipment. The Company acquired equipment with a cost of \$5,381 during the nine months ended September 30, 2022.

Interest income

During the three and nine months ended September 30, 2022 Interest income was \$8,223 and \$29,568, respectively, and primarily arises from short term unsecured advances to related parties made during the nine months ended September 30, 2022 that bear interest at 4.5% per annum and have no specific terms of repayment, additional details disclosed in the "Transactions with Related Parties" section.

Total Assets

Total assets grew by \$17,577,439 or approximately 43% to \$58,091,324 in as at September 30, 2022 as compared to \$40,513,885 as at September 30, 2021. The growth in total assets is related primarily to the acquisition of additional multi-family residential rental properties during the remainder of 2021 and during the nine months ended September 30, 2022. The aggregate value of the Residential Properties and

Commercial Property on September 30, 2022 was \$54,007,053 compared to \$36,959,426 on September 30, 2021, on the condensed interim consolidated statement of financial position.

Quarterly Financial and Operational Highlights

Quarter ended	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Net rental income	\$ 573,116	\$ 490,765	\$ 367,822	\$ 155,704
Income (loss) before other income (expenses)	26,174	(54,603)	(218,927)	(516,832)
Income (loss) per share, before other income (expenses) (basic and diluted)	0.00	(0.00)	(0.00)	(0.00)
Fair value adjustment on investment property	-	-	-	573,039
Share of profit of equity-accounted investee	-	-	-	356,703
Impairment of investment in Yorkton 108 LP	-	-	-	(1,144,343)
Net and comprehensive income (loss)	34,397	(59,962)	(218,927)	(768,720)
Net income (loss) per share (basic and diluted)	0.00	(0.00)	(0.00)	(0.01)
Total assets	\$ 58,091,324	\$ 58,181,556	\$ 50,856,729	\$45,861,654
Weighted average number of common shares outstanding (basic and diluted)	112,677,427	112,609,318	112,575,822	112,521,849

Quarter ended	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Net rental income	\$ 223,085	\$ 89,214	\$ 92,701	\$ 71,937
Income (loss) before other income (expenses)	(212,807)	(158,167)	(116,643)	50,999
Income (loss) per share, before other income (expenses) (basic and diluted)	(0.00)	(0.00)	(0.00)	0.00
Listing expense	-	-	-	(808,389)
Fair value adjustment on investment property	-	-	-	(856,709)
Net and comprehensive loss	(220,850)	(150,313)	(116,643)	(424,426)
Net loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.01)
Total assets	\$ 40,513,885	\$ 29,898,341	\$ 14,831,104	\$14,944,188
Weighted average number of common shares outstanding (basic and diluted)	112,162,492	95,934,571	68,409,343	40,665,763

Highlights of the Company's financial results for the third quarter ended September 30, 2022:

- Rental revenue increased to \$828,788 in Q3 2022 as compared to \$812,531 in Q2 2022 and \$308,849 in Q3 2021. Net rental income also increased to \$573,116 in Q3 2022 as compared to \$490,765 in Q2 2022 and \$223,085 in Q3 2021. These increases were due to the acquisition of additional multi-family residential rental properties throughout 2021 and during the nine months ended September 30, 2022.
- General and administration costs in Q3 2022 were \$105,138 as compared to \$217,369 in Q2 2022 and \$286,614 in Q3 2021. The decrease in Q3 2022 is primarily due to decreased professional fees from lower property acquisition activity during Q3 2022 as compared to Q2 2022 and Q3 2021 and costs control measures taken to reduce market making, financial analysis and shareholder communications fees.
- Financing costs increased to \$436,278 in Q3 2022 as compared to \$322,025 in Q2 2022 and \$132,313 in Q3 2021. This increase was primarily attributable to the acquisition of additional multi-family residential rental properties during 2021, Q1 2022 and Q2 2022 and the issuance of convertible debentures in Q1 2022 and Q2 2022. The Company finances the purchase of multi-family residential rental properties with low-cost, long-term CMHC insured mortgage loans and

finances its Commercial Property with short term mortgage loans which give it additional flexibility to manage those mortgage loans. In Q1 2022, the Company financed three (3) new mortgages for additional funding of approximately \$5.1 million at a weighted average interest rate of approximately 2.85% per annum, refinanced a mortgage with a principal balance of approximately \$3.5 million at an interest rate of 4.95% with a mortgage of approximately \$3.6 million at an interest rate of 2.44% per annum and issued approximately \$2.8 million of unsecured convertible debentures with an interest rate of 7% per annum. In Q2 2022, the Company financed two (2) new mortgages for additional net funding of approximately \$5.4 million at a weighted average interest rate of approximately 3.20% per annum and refinanced two (2) existing mortgages with a principal balance outstanding of approximately \$5.1 million with a weighted average interest rate of approximately 6.50% per annum with a CMHC insured mortgage of approximately \$7.6 million, securing an equity takeout of approximately \$2.5 million, at a interest rate of 3.15% per annum and issued approximately \$0.2 million of unsecured convertible debentures with an interest rate equal to the higher of 7% or the Bank of Canada Prime Rate plus 3.5% per annum.

- The Company recognized an increase in fair value of \$573,039 on the investment properties in Q4 2021. This increase reflects a strong residential real estate market in 2021 in the geographic locations that the Company operates in together with the strategic purchases of new investment properties in 2021. The Company recognized a decrease in fair value of \$856,709 on the commercial investment property in Q4 2020. This decrease reflects the impact of the COVID-19 pandemic and the associated weakness in the commercial real estate market in 2020 in the geographic location of the commercial real estate investment property.
- During Q4 2021, the Company recognized \$356,703 for its share of the net profit of Yorkton 108 LP. On acquisition, the Company expected to hold the investment in Yorkton 108 LP while the underlying development project was completed. However, due to unforeseen construction costs increases associated with COVID-19 supply chain disruptions, which increased the costs of construction after the investment in Yorkton 108 LP was acquired by the Company, the general partner of Yorkton 108 LP determined that the financial risk exposure to increasing construction costs was too great and the underlying asset was sold. The Company received total distributions of \$2,498,962 during Q4 2021 and recorded an impairment loss of \$1,144,343 which represents the Company's share of additional capitalized costs recorded in Yorkton 108 LP since the investment was acquired on April 30, 2021. The impairment loss is a non-recurring and non-cash item as the investment in Yorkton 108 LP was acquired through the issuance of common shares of the Company. The cash distributions of \$2,498,962 received in Q4 2021 have been used for the acquisition of certain multi-family residential rental properties during Q4 2021 and Q1 2022.
- During Q4 2020, the Company recognized \$808,389 in listing expense which is related to the reverse acquisition of 1421526 Alberta Ltd. through the issuance of 36,8692,905 common shares of the Company. The Company did not meet the definition of a business at the time of the transaction and the transaction was accounted for as a reverse acquisition under IFRS 2 *Share-based Payment*.

Liquidity & Capital Resources

Access to liquidity is important as it allows the Company to implement its overall secure and aggressive growth strategy. Liquidity is a measure of the availability of sufficient cash to fund ongoing business activities and capital and liability commitments. Liquidity is defined by the Company to include cash and any unused committed revolving credit facility. As at September 30, 2022, the Company had cash of \$2,353,126 (December 31, 2021 - \$2,180,351) and unused committed revolving credit facility of \$332,194 (December 31, 2021 - \$305,462) for total available liquidity of \$2,685,320 (December 31, 2021 - \$2,485,813).

Working capital

The Company requires sufficient working capital to cover its daily operations and mortgage expenses. In the three and nine months ended September 30, 2022, the Company generated net funds in operations of \$373,741 and \$622,117, respectively (three and nine months ended September 30, 2021 – generated net funds in operations of 688,092 and used net funds in operations of \$377,900, respectively). Management expects to continue to generate funds from operations as the Company's completes accretive acquisitions of new investment properties with positive operating cash flows.

As at September 30, 2022, the Company had a working capital deficiency of \$135,766 (December 31, 2021 - \$10,784,698). The working capital deficiency relates primarily to the current portion of mortgages of \$3,652,586 (December 31, 2021 - \$11,328,195) which are due within the next twelve months and are included in current liabilities. The Company seeks to maintain flexibility in its mortgage financing to allow it to capitalize on favourable interest rates and therefore maintains certain mortgages on short term maturities.

Financing

The Company obtains financing from equity and debt instruments. During Q1 2022, the Company raised approximately \$2.8 million through the issuance of unsecured convertible debentures. During Q2 2022, the Company raised an additional \$0.2 million through the issuance of unsecured convertible debentures.

On October 21, 2022, the Company announced a non-brokered private placement of up to 2,000 unsecured convertible debentures at an issue price of \$1,000 per convertible debenture for gross proceeds of up to \$2,000,000. See "Other convertible securities" under the "Outstanding Share Data" section below for more details.

Debt financing also includes mortgage financing on the Company's investment properties.

During Q1 2022, the Company financed three (3) new mortgages for additional funding of approximately \$5.1 million at a weighted average interest rate of approximately 2.85% per annum, refinanced a mortgage with a principal balance of approximately \$3.5 million at an interest rate of 4.95% with a mortgage of approximately \$3.6 million at an interest rate of 2.44% per annum and issued approximately \$2.8 million of unsecured convertible debentures with an interest rate of 7% per annum. During Q2 2022, the Company also financed two (2) new mortgages for additional net funding of approximately \$5.4 million at a weighted average interest rate of approximately 3.20% per annum and refinanced two (2) existing mortgages with a principal balance outstanding of approximately \$5.1 million with a weighted average interest rate of approximately 6.50% per annum with a CMHC insured mortgage of approximately \$7.6 million, securing an equity takeout of approximately \$2.5 million, at an interest rate of 3.15% per annum. Where possible, the Company seeks to finance its mortgages with low-cost, long-term CMHC insured mortgage loans to achieve a strong positive cash flow and NOI from the properties.

The following investment property holding company is required to maintain certain debt service coverage ratio ("DSCR") covenants on its mortgages payable which are measured and tested at December 31st of each year, during the term of the mortgages payable, based on the financial results of the previous twelve (12) month period:

Investment property holding company	Funding date	Mortgage balance as at September 30, 2022	Required financial covenant(s)	Actual DSCR at December 31, 2021
1421526 Alberta Ltd.	February 15, 2022	\$1,836,958	1.3x DSCR	1.60 ⁽¹⁾
1421526 Alberta Ltd.	January 12, 2022	\$617,806	1.3x DSCR	1.60 ⁽¹⁾
1421526 Alberta Ltd.	January 5, 2022	\$970,843	1.3x DSCR	N/A ⁽²⁾
		\$3,425,607		

Notes:

- (1) These mortgages payable were renewed on the funding dates above for additional one year terms by the lender. The actual covenant presented is calculated and tested based on the financial results for the year ended December 31, 2021.
- (2) This is a new mortgage payable originally funded on January 5, 2022. The covenant is assessed by the lender on an annual basis and this mortgage payable has been outstanding for less than one year.

The actual DSCR for the above noted mortgages payable of 1421526 Alberta Ltd. for the nine months ended September 30, 2022 was 1.57.

The above mortgages payable are all short term with maturities of one year or less and therefore have been presented as current liabilities in the condensed interim consolidated statement of financial position.

The Company monitors its compliance with the mortgages payable covenants through the preparation of an annual budget and quarterly reviews of actual results. The annual budget and quarterly results are prepared by management and reviewed with the Board of Directors and as part of this the Company calculates and tracks its compliance with the mortgages payable covenants on an individual mortgage payable level.

Contractual obligations

As at September 30, 2022, the Company had the following contractual obligations, which are anticipated to be managed using the funds expected to be generated from its operations, proceeds from the refinancing of maturing mortgages and, if needed, future fundraising efforts.

Payments due by period

Estimated future principal payments required to meet mortgage obligations as at September 30, 2022 are as follows:

Years ending September 30,	Amounts
2023	\$ 4,017,012
2024	606,773
2025	622,561
2026	10,513,005
2027 and after	19,086,406
Total mortgage principal outstanding	34,845,757
Deferred financing costs	(1,628,105)
	\$ 33,217,652

Composition of mortgages

As at September 30, 2022	Amount	% of Mortgages	Weighted average interest rate
Variable rate mortgages:			
Non-CMHC insured	\$ 3,425,608	10%	6.20%
Fixed rate mortgages:			
CMHC insured	31,420,149	90%	2.59%
Total mortgage principal outstanding	34,845,757	100%	2.94%
Deferred financing costs	(1,628,105)		
	\$ 33,217,652		

Yorkton's mortgages consist of both short-term variable rate and long-term fixed rate mortgages. The Company maintains short term variable rate mortgages for flexibility to allow it to capitalize on favourable interest rates. All individual mortgages are secured with their respective real estate assets, general assignment of rent, general security agreement and a personal guarantee from the CEO of the Company equal to between 40% to 100% of the mortgage.

Mortgage maturity schedule

As at September 30, 2022, the mortgages payable matured in the following years:

Maturing during the following years ended September 30,	Balance maturing	% of Mortgages	Weighted average interest rate
2022	\$ 3,425,608	10%	6.20%
2023	-	-	-
2024	-	-	-
2025	-	-	-
Subsequent	31,420,149	90%	2.59%
Total mortgage principal outstanding	34,845,757	100%	2.94%
Deferred financing costs	(1,628,105)		
	\$ 33,217,652		

Changes in Accounting Policies and Recent Accounting Pronouncements

The significant accounting policies applied by the Company in the Interim Financial Statements are consistent with those applied by the Company in its Annual Financial Statements with the addition of the below:

a) Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to common shares of the Company at the option of the holder, when the number of common shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in the condensed interim consolidated statements of loss and comprehensive loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

Financial Instruments and Risk Management

Financial instruments include cash, restricted cash, accounts receivable, promissory note receivable, due from related parties, refundable security deposits, investment, mortgages payable, convertible debentures, amount due to related parties and accounts payable and accrued liabilities.

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 not 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.

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

	September 30, 2022	December 31, 2021
Financial Assets Measured at Amortized Cost:		
Cash	\$ 2,353,126	\$ 2,180,351
Restricted cash	194,698	131,116
Accounts receivable	373,242	29,947
Promissory note receivable	202,092	202,092
Investment	40,495	40,174
Due from related parties	\$ 726,993	\$ -
Financial Liabilities Measured at Amortized Cost:		
Accounts payable and accrued liabilities	\$ 317,388	\$ 482,533
Refundable security deposits	194,698	131,116
Due to related parties	-	124,221
Mortgage payable	33,217,652	22,146,869
Convertible debentures	\$ 2,290,129	\$ -

The fair value of cash, restricted cash, accounts receivable, promissory note receivable, due from related parties, investment, accounts payable and accrued liabilities, due to related parties and refundable security deposits approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair values of mortgages payable and convertible debentures are determined using level 2 measurements, is determined by discounting the future contractual cash flows 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.

See also the notes to the Company's Interim Financial Statements and Annual Financial Statements for additional information regarding the Company's financial instruments and associated risks. The Company is exposed to risks arising from the nature of its financial instruments. These risks include interest rate risk, credit risk, and liquidity risk. For detailed explanations of these risks, refer to the section "Risk Assessment and Management".

Transactions with Related Parties

The Company's related parties are its Board of Directors (Bill Smith, Jason Theiss, Mark Wilbert and Ben Lui), key management personnel include the Chief Executive Officer "CEO" (Ben Lui), Acting Chief Financial Officer "CFO" (William Harper) and Executive Vice President "EVP" (Reg Liyanage), as well as any companies controlled by key management personnel or directors. 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.

Key management personnel and director remuneration

The remuneration of key management personnel and directors is as follows:

	Three months ended September 30, 2022		2021		Nine months ended September 30, 2022		2021	
Wages and benefits	\$	22,385	\$	-	\$	82,530	\$	-
Share-based compensation		-		12,812		-		36,238
	\$	22,385	\$	12,812	\$	82,530	\$	36,238

Related party transactions

As at September 30, 2022, \$nil was payable to Yorkton 108 Limited Partnership, whose general partner was Yorkton 108 General Partner Ltd., a company directly controlled by the CEO of the Company, (December 31, 2021 - \$37,541). This amount was for short term unsecured loans to the Company for general working capital purposes which bear no interest and have no specific terms of repayment. This loan was repaid during the nine months ended September 30, 2022.

As at September 30, 2022, \$664,424 was receivable from Lui International Group Inc., a company directly controlled by the CEO of the Company. This amount was for short term unsecured advances, bears interest at 4.5% per annum and has no specific terms of repayment. The advance was made to deploy excess cash for the purpose of earning income while the Company identifies potential investment property acquisitions. As at December 31, 2021, \$164,480 was payable to Lui International Group Inc. This amount was related to short term unsecured loans to the Company for general working capital purposes which bear no interest and have no specific terms of repayment and amounts payable for property management services.

As at September 30, 2022, \$62,569 (December 31, 2021 - \$77,800) was receivable from Yorkton Group International Ltd., a company directly controlled by the CEO of the Company. This amount was for short term unsecured advances and has no specific terms of repayment. During the nine months ended September 30, 2022, the advance bears interest at 4.5% per annum and was used to deploy excess cash for the purpose of earning income while the Company identifies potential investment property acquisitions (during the nine months ended September 30, 2021 – the advance did not bear interest).

During the three and nine months ended September 30, 2022, \$6,956 and \$27,706, respectively, was recorded as interest income related to the above advances (three and nine months ended September 30, 2021 - \$Nil).

During the three and nine months ended September 30, 2022, the Company paid property management fees of \$24,484 and \$88,211, respectively (three and nine months ended September 30, 2021 - \$20,446 and \$55,194, respectively). These fees are included in direct operating costs and were incurred under a property management contract with Lui International Group Inc., a company directly controlled by the CEO of the Company.

Outstanding Share Data

As at the date of this MD&A, the Company has common shares issued and outstanding of 112,677,427 and fully diluted common share capital of 140,176,131.

Common shares

Authorized: Unlimited number of common shares without nominal or par value
 Unlimited number of preferred shares without nominal or par value

Shares issued:

	Common Shares	
	Number	Amount
Balance, December 31, 2020	68,409,343	4,070,264
Receipt of subscription proceeds	-	40,000
Shares issued for Yorkton 108 LP	14,593,943	3,436,041
Shares issued for asset acquisition	16,940,000	4,321,671
Private placement	11,300,000	2,194,859
Private placement	1,126,336	228,599
Private placement	105,000	22,490
Share issue costs	-	(135,939)
Finder's warrants	-	(3,859)
Exercise of common share purchase options	101,200	26,731
Balance, December 31, 2021	112,575,822	14,200,857
Exercise of common share purchase options	101,605	21,939
Balance, September 30, 2022	112,677,427	\$ 14,222,796

See also the notes to the Company's Interim Financial Statements and Annual Financial Statements for additional information regarding the Company's common shares.

Common Share Purchase Options

The Company's stock option plan (the "Stock Option Plan") provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed twenty percent (20%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years.

In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, and employee and all other terms and conditions of the option, subject to the rules of the TSXV. Common share purchase options have been issued with vesting periods of immediate to one year with terms between 1 and 5 years.

The continuity of the Company's outstanding and exercisable common share purchase options is as follows:

	September 30, 2022		December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	584,905	\$0.21	1,166,195	\$0.20
Granted	150,000	\$0.20	50,000	\$0.42
Exercised	(101,605)	\$0.20	(101,200)	\$0.20
Forfeited	-	-	(130,000)	\$0.24
Expired	(73,395)	\$0.27	(400,090)	\$0.20
Outstanding, end of period	559,905	\$0.20	584,905	\$0.21
Exercisable, end of period	559,905	\$0.20	584,905	\$0.21

The following common share purchase options are outstanding as at September 30, 2022:

Expiry date	Exercise Price	Options outstanding	Options exercisable
November 18, 2025	\$0.20	559,905	559,905

See also the notes to the Company's Interim Financial Statements and Annual Financial Statements for additional information regarding the Company's common share purchase options.

Common Share Purchase Warrants

The continuity of the Company's outstanding common share purchase warrants is as follows:

	September 30, 2022		December 31, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	20,377,666	\$0.36	7,804,330	\$0.30
Issued	1,552,800	\$0.60	12,573,336	\$0.40
Outstanding, end of period	21,930,466	\$0.38	20,377,666	\$0.36

The following common share purchase warrants are outstanding as at September 30, 2022:

Expiry date	Exercise Price	Warrants exercisable
May 12, 2023	\$0.40	11,342,000
July 22, 2023	\$0.45	1,126,336
August 25, 2023	\$0.45	105,000
November 17, 2023	\$0.30	7,804,330
January 26, 2027	\$0.60	1,552,800
		21,930,466

See also the notes to the Company's Interim Financial Statements and Annual Financial Statements for additional information regarding the Company's common share purchase warrants.

Other convertible securities

On January 26, 2022, the Company completed a non-brokered private placement of 2,588 unsecured convertible debenture units (the "January 2022 Debenture Units") at an issue price of \$1,000 per January 2022 Debenture Unit for gross proceeds of \$2,588,000. Each January 2022 Debenture Unit is comprised of an unsecured convertible debenture of the Company (the "January 2022 Convertible Debenture") in the principal amount of \$1,000 with an interest rate of 7% per annum payable annually, only in cash without any conversion of that interest component into common shares, together with 600 common share purchase warrants. Each common share purchase warrant may be exercisable into one common share of the Company at a price of \$0.60 per common share for a period of 5 years from the date of issuance. Each January 2022 Convertible Debenture will mature on the date that is 5 years from the date of issuance of the January 2022 Convertible Debenture. The principal amount of each January 2022 Convertible Debenture may, at the option of the January 2022 Convertible Debenture holder, be convertible, in whole or in part, into common shares at a conversion price of \$0.60 per common share.

On March 31, 2022, the Company completed a non-brokered private placement of 221 unsecured convertible debentures (the "March 2022 Convertible Debentures") at an issue price of \$1,000 per March 2022 Convertible Debenture for gross proceeds of \$221,000. Each March 2022 Convertible Debenture has a principal amount of \$1,000 with an interest rate of 7% per annum payable annually, only in cash without any conversion of that interest component into common shares. Each March 2022 Convertible Debenture will mature on the date that is 5 years from the date of issuance of the March 2022 Convertible Debenture. The principal amount of each March 2022 Convertible Debenture may, at the option of the March 2022 Convertible Debenture holder, be convertible, in whole or in part, into common shares at a conversion price of \$0.60 per common share.

On June 3, 2022, the Company completed a non-brokered private placement of 196 unsecured convertible debentures (the "June 2022 Convertible Debentures") at an issue price of \$1,000 per June 2022 Convertible Debenture for gross proceeds of \$196,000. Each June 2022 Convertible Debenture has a principal amount of \$1,000 with an interest rate equal to the higher of 7% per annum or the Bank of Canada Prime Rate plus 3.5% per annum as determined on the last business day of the calendar year, to be applied to the subsequent calendar year, payable annually, only in cash without any conversion of that interest component into common shares. Each June 2022 Convertible Debenture will mature on the date that is 5 years from the date of issuance of the June 2022 Convertible Debenture. The principal amount of each June 2022 Convertible Debenture may, at the option of the June 2022 Convertible Debenture holder, be convertible, in whole or in part, into common shares at a conversion price of \$0.60 per common share.

On October 21, 2022, the Company announced, subject to TSX Venture Exchange and other regulatory approvals, a non-brokered private placement of up to 2,000 unsecured convertible debentures (the "October 2022 Convertible Debentures") at an issue price of \$1,000 per October 2022 Convertible Debenture for gross proceeds of up to \$2,000,000. Each October 2022 Convertible Debenture has a principal amount of \$1,000 with an interest rate of 8% per annum payable annually, only in cash without any conversion of that interest component into common shares. Each October 2022 Convertible Debenture will mature on the date that is 5 years from the date of issuance of the October 2022 Convertible Debenture. For a period of thirty (30) calendar days following the third (3rd) and fourth (4th) anniversary after the closing date, the October 2022 Convertible Debenture holder has the right, but not the obligation, to retract the principal amount of the October 2022 Convertible Debenture so that the principal amount owing under the October 2022 Convertible Debenture, and any accrued and unpaid interest thereon, will be payable in cash by the Company on the date that is one hundred and eighty (180) calendar days after receipt of the retraction notice by the Company. The principal amount of each October 2022 Convertible Debenture may, at the option of the October 2022 Convertible Debenture holder, be convertible, in whole or in part, into common shares at a conversion price of \$0.30 per common share. The Company has not closed on any October 2022 Convertible Debentures as of the date of this MD&A.

Off-Balance Sheet Arrangements

No off-balance sheet arrangement has been entered into by the Company for Q3 2022.

Outlook

Despite the COVID-19 pandemic concerns, high levels of inflation and rising interest rates, the Company believes that there is significant opportunity for the expansion and diversification of its multi-family residential rental property portfolio. The Company believes that increasing interest rates may present opportunities to purchase high quality assets at attractive valuations and that the Company is well positioned to leverage its extensive lender relationships and available CMHC lending programs to obtain favourable mortgage terms. Yorkton has demonstrated its confidence in its business model by its new acquisitions and portfolio integration over the 2021 year and in the nine months ended September 30, 2022, expanding its investment property portfolio from Edmonton, Alberta, to multiple cities across British Columbia including Langford (Metro Victoria), Kelowna, Penticton and Fort St. John.

The Company continues to evaluate potential investment properties across Canada to add to its growing portfolio with a current focus in Alberta which has no rent control, no provincial sales tax, a relatively low cost of living and reasonable cost of housing, thereby giving landlords the maximum flexibility in setting rent to reflect business metrics and market conditions. Yorkton's growing investment property portfolio will, over time, allow the Company to expand both its NOI and its net asset value ("NAV").

Management believes that the overall demand for the rental of residential units in Canada will remain strong due to the current high mortgage interest rates and strict mortgage qualification requirements, both of which are driving the Canadian population away from home ownership and into the rental property market. In addition, the Canadian federal government recently announced that over the next 3 years it expects to admit approximately 1,450,000 new immigrants to Canada, the vast majority of whom are expected to rent before contemplating home ownership.

Management is monitoring the economic situation closely and intends to continue acquisitions of new investment properties through the remainder of 2022 and beyond. Management performs a careful and thorough due diligence process for all new acquisitions and considers not only the financial strength of the individual investment properties but also their integration with Yorkton's overall investment property portfolio and business model. Management also intends to continue to focus on its organic growth by streamlining

the operations of the investment properties to improve NOI by investing in cost saving measures and technologies and leveraging economies of scale.

Yorkton is honoured to be entrusted by its lenders, shareholders, and other stakeholders, and will strive to consistently deliver an outstanding value proposition to all concerned.

Risk Assessment

Management defines risk as the evaluation of the probability that an event that could negatively affect the financial condition or results of the Company may happen in the future. The following section describes specific and general risks that could affect the Company. The actual effect of any risk on the business of the Company could be materially different than anticipated. Readers are cautioned that the following is a summary only of certain risk factors and is not exhaustive and is qualified in its entirety by reference to and must be read in conjunction with the additional information on these and other factors that could affect the Company's operations and financial results that may be accessed through the Company's profile on SEDAR (www.sedar.com).

Real Estate Ownership

All real estate investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, demand for multi-family residential premises, competition from other available residential premises and various other factors.

Certain significant expenditures, including property taxes, maintenance costs, mortgage and leasehold payments, insurance costs and related charges, must be made throughout the period of ownership of real estate, regardless of whether the property is producing sufficient income to pay such expenses. In order to retain desirable rentable space and to generate adequate revenue over the long term, the Company must maintain or, in some cases, improve the condition of properties it currently owns and may acquire in the future to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which the Company may not be able to pass on to its tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization. If the actual costs of maintaining or upgrading the Company's properties exceed estimates of the Company, or if hidden defects are discovered during maintenance or upgrading, which are not covered by insurance or contractual warranties, or if the Company is not permitted to raise the rents due to legal constraints, the Company will incur additional and unexpected costs. If competing properties of a similar type are built in the area where the Company's properties are located or similar properties located in the vicinity of the Company's properties are substantially refurbished, the net operating income derived from and the value of, the Company's properties could be reduced. If the Company is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its right of foreclosure or sale.

Real estate investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the Company's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Company was required to liquidate its real estate investments, the proceeds to the Company might be significantly less than the aggregate value of its properties on a going-concern basis.

The Company will be subject to the risks associated with debt financing, including the risk that existing mortgage indebtedness secured by the properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness.

Tenant Terminations and Financial Stability

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

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

Credit risk

The Company is exposed to credit risk due to unexpected losses that could occur if a tenant fails to satisfy its lease obligations and if a borrower fails to repay on the promissory note receivable. Credit risk for the Company primarily arises from the accounts receivable from tenants and the promissory note receivable. The Company's maximum exposure to credit risk is equal to the carrying value of the financial asset. The Company mitigates its credit risk by attracting tenants with good credit and by limiting exposure to any one tenant. The promissory note receivable is with a current tenant of the Commercial Property. The amounts due from related parties are due from companies directly controlled by the CEO of the Company.

Commercial Property

For the Commercial Property, as at September 30, 2022 approximately 90% (December 31, 2021 – 92%) of accounts receivable is from two (2) tenants and for the three and nine months ended September 30, 2022, 77% commercial rental revenue is from three (3) tenants (three and nine months ended September 30, 2021 – 65%).

The aging of accounts receivable for the Commercial Property is as follows:

	September 30, 2022	December 31, 2021
Current	\$ 19,775	\$ -
31-90 days	-	-
90 + days	372,855	197,990
	392,630	197,990
Allowance for doubtful accounts	(178,412)	(178,412)
	\$ 214,218	\$ 19,578

Certain tenants experienced business difficulty during COVID-19. The company has registered repayment agreements under the Personal Property Security Act and obtained personal guarantees from these tenants.

Debt Financing

The Company is subject to the risks associated with debt financing, including the risk that the Company may be unable to make interest or principal payments or meet loan covenants, the risk that defaults under a loan could result in cross defaults or other lender rights or remedies under other loans, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be as favourable as the terms of existing indebtedness. The Company may incur debt financing in the future that bears interest at a variable rate or properties may be required to be refinanced at higher rates. Accordingly, increases in interest rates above that which has been anticipated based upon historical trends could adversely affect the Company's cash flows.

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 cash flow risk on its mortgages payable that bear interest at a variable rate and fair value risk on its amounts due to related parties and mortgages payable that bear interest at a fixed rate.

As at September 30, 2022, the Company had approximately \$3.5 million (September 30, 2021 - \$7.8 million) of mortgages payable which are carried at variable-rate interest. Each 1% change in market interest rates would, all else being equal, increase or decrease net earnings for the three and nine months ended September 30, 2022 by approximately \$8,600 and \$25,700, respectively (three and nine months ended September 30, 2021 - \$19,500 and \$58,600, respectively).

Access to Capital

The real estate industry is highly capital intensive. The Company will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms.

Pandemic Risk

The COVID-19 pandemic has had a substantial impact on the economy. Although these impacts appear to be lessening over time, there still remains uncertainty associated with the unprecedented nature of the pandemic. Uncertain economic conditions resulting from the COVID-19 pandemic may, in the short or long term, continue to have a materially adverse impact on the Corporation's tenants and/or capital markets, both of which could materially adversely affect the Corporation's operations and financial performance. Although significant progress has been made in vaccinating the Canadian population, and while restrictions have relaxed in Alberta and British Columbia, the emergence of new variants have resulted in new waves of the pandemic which might result in certain restrictions being reinstated in certain jurisdictions. It remains unclear as to when the pandemic will fully be under control, and when public health measures will be fully lifted, as the frequency, duration and severity of future waves of the pandemic remain unknown. It remains difficult to reliably estimate the impact on the financial results and conditions of the Corporation in future periods. No assurance can be made regarding such matters or their effect on real estate markets generally.

The Company actively monitors regulatory developments and will adjust to any regulatory changes that may arise as a result of the COVID-19 or other pandemic outbreaks. The Company also has business continuity policies in place and is developing additional strategies to address potential disruptions in its operations. However, no assurance can be made that such strategies will successfully mitigate the adverse impacts related to the COVID-19 or other future pandemic outbreaks. A prolonged outbreak of COVID-19 or another pandemic could adversely impact the health of the Company's employees, counterparties and other stakeholders.

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 consolidated 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.

Revenue Producing Properties

The Company's properties generate income through rental payments made by the tenants thereof. Upon the expiry of any lease, there can be no assurance that such lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favorable to the Company than the existing lease. Unlike commercial leases which generally are "net" leases and allow a landlord to recover expenditures, residential leases are generally "gross" leases, and the landlord is not able to pass on costs to its tenants.

Competition for Tenants

Vacancy rates can be impacted negatively by increased supply of multi-family units in the geographical regions that the Company operates in. The real estate business is competitive. Numerous other developers, managers and owners of properties compete with the Company in seeking tenants. Although the Company works to maintain attractive and updated units, some of the units of its competitors may be newer, better located or offer lower rents. The existence of competing developers, managers and owners for the Company's tenants could have an adverse effect on the Company's ability to lease units in its properties and on the rents charged.

The Company's performance will be affected by the supply and demand for multi-family rental real estate in British Columbia, Alberta and any other provinces in which it may operate. The potential for reduced rental revenue exists in the event that the Company is not able to maintain its properties at a high level of occupancy or current rental rates.

Future Property Acquisitions

While the Company may enter into non-binding letters of intent with respect to properties under review, there can be no assurance that such properties will be acquired. Accordingly, there can be no assurance that the Company will be able to acquire Properties at the rates of return that the Company is targeting. No forecast has been made for the acquisition of properties under review.

Competition for Real Estate Investments

The Company competes for suitable real estate investments with individuals, corporations and institutions (both Canadian and foreign) and real estate investment trusts which are presently seeking, or which may seek in the future, real estate investments similar to those desired by the Company. A number of these investors may have greater financial resources than those of the Company or operate without the investment or operating guidelines of the Company or according to more flexible conditions. An increase in the availability of investment funds, and an increase in interest in real estate investments, may tend to increase competition for real estate investments, thereby increasing purchase prices and/or reducing the yield on them.

Liquidity risk

The Company's exposure to liquidity risk is dependent on generating rental revenue to sustain operations. The Company controls liquidity risk by managing working capital and cash flows. The Company's contractual obligations for its non-derivative financial liabilities as at September 30, 2022 consists of accounts payable and accrued liabilities of \$317,388 (December 31, 2021 - \$482,533) and refundable security deposits of \$194,698 (December 31, 2021 - \$131,116) that have a contractual maturity in the next 12 months. There is no contractual maturity for the amounts due to related parties as there are no terms of repayment. The mortgages payable have terms maturing as disclosed in the "Liquidity & Capital Resources" section. The convertible debentures have terms maturing as disclosed in the "Other convertible securities" section.

General Economic Conditions

The Company is affected by general economic conditions, local real estate markets, competition from other available rental premises, including new developments, and various other factors. The competition for tenants also comes from opportunities for individual home ownership, including condominiums, which can be particularly attractive when home mortgage loans are available at relatively low interest rates. The existence of competing developers, managers and owners for the Company's tenants could have an adverse effect on the Company's ability to lease suites in its properties and on the rents charged, increased leasing and marketing costs and increased refurbishing costs necessary to lease and re-lease suites, all of which could adversely affect the Company's revenues and, consequently, its ability to meet its obligations. In addition, any increase in the supply of available space in the markets in which the Company operates or may operate could have an adverse effect on the Company.

General Uninsured Losses

The Company carries commercial general liability insurance and crime, fire, sewer backup, flood, water damage and equipment breakdown insurance on its properties. There are, however, certain types of risks (generally of a catastrophic nature such as from wars) which are either uninsurable or not insurable on an economically viable basis. The Company has insurance for earthquake risks, subject to certain policy limits, deductibles, and self-insurance arrangements, and will continue to carry such insurance if economical to do so. Should an uninsured or underinsured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but the Company would continue to be obligated to repay any recourse mortgage indebtedness on such properties.

Government Regulation

The Company currently has interests in properties located in the provinces of Alberta and British Columbia. 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.

Multi-family residential rental properties are subject to rent control legislation in most provinces in Canada. Each province in which the Company operates maintains distinct regulations with respect to tenants' and landlords' rights and obligations. The legislation in various degrees provides restrictions on the ability of a landlord to increase rents above an annually prescribed guideline or require the landlord to give tenants sufficient notice prior to an increase in rent or restricts the frequency of rent increases permitted during the year. The annual rent increase guidelines as per applicable legislation attempts to link the annual rent increases to some measure of changes in the cost-of-living index over the previous year. The legislation also, in most cases, provides for a mechanism to ensure rents can be increased above the guideline increases for extraordinary costs. As a result of rent controls, the Company may incur property capital investments in the future that will not be fully recoverable from rents charged to the tenants. Applicable

legislation may be further amended in a manner that may adversely affect the ability of the Company to maintain the historical level of cash flow from its properties.

In addition, applicable legislation provides for compliance with several regulatory matters involving tenant evictions, work orders, health and safety issues, fire and maintenance standards, etc.

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 Ben Lui, 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.

Climate Change Risk

There is a growing risk that a sustained increase in global average temperatures due to the emissions of greenhouse gases and other human activities have or will cause significant changes in weather patterns and increase the frequency and severity of extreme weather events. Climate change, including the impact of global warming, creates both physical and economic risk. Physical risks from climate change include an increase in sea level and changes in weather conditions, such as an increase in intense precipitation and extreme heat events, as well as storms. The Company owns buildings in locations that may be susceptible to such physical risks. The occurrence of such events could cause considerable damage to its properties, disrupt operations and negatively impact the Company's financial performance either through the inability to re-lease damaged space, the costs to repair and remediate a property, or rising insurance costs.

Limited Operating History

The Company has a limited history of operations, is in the early stage of development, and must be considered a start-up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving

sufficient cash flow to pay ongoing interest obligations or other liabilities and the likelihood of success must be considered in light of its early stage of operations.

Joint Venture Investments

The Company may, in the future, co-invest in properties through joint ventures or other joint equity structures. In any such joint venture, the Company would not be in a position to exercise sole decision-making authority regarding the properties owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with the Company's business interests or goals and may be in a position to take actions contrary to the Company's policies or objectives. Such investments also have the potential risk of impasse on strategic decisions, such as a sale, because neither the Company nor the joint venture partner would have full control over the joint venture. Any disputes that may arise between the Company and its joint venture partners could result in litigation or arbitration that could increase the Company's expenses and distract its officers and/or directors from focusing their time and effort on Company's business. In addition, the Company might in certain circumstances be liable for the actions of its joint venture partners.

Environmental Matters

Environmental and ecological legislation and policies have become increasingly important, and generally restrictive. Under various laws, the Company could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs. Where a property is purchased and new financing is obtained, Phase I Environmental Assessments are performed by an independent and experienced environmental consultant. In the case of mortgage assumption, the vendor will be asked to provide a satisfactory Phase I and/or Phase II Environmental Assessment that the Company will rely upon and/or determine whether an update is necessary.

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.

Forward-Looking Statements Disclaimer

Certain information included in this MD&A contains forward-looking statements and information (collectively "forward-looking statements") within the meaning of applicable securities laws. These forward-looking statements include, but are not limited to, statements made concerning Yorkton's objectives, including, but not limited to, the outlook, increasing its occupancy rates, and future acquisition opportunities, and its long-term secure and aggressive growth strategy, its strategies to achieve those objectives, the anticipated impact of inflation and rising interest rates, the ongoing impact of the novel strain coronavirus (COVID-19) pandemic, as well as statements with respect to management of the Company's beliefs, plans, estimates, assumptions, intentions, and similar statements concerning anticipated future events, results, circumstances, performance, or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management of the Company's current beliefs and are based on information currently available to management of the Company at the time such statements are made. Management of the Company's estimates, beliefs, and assumptions are inherently subject to significant business, economic, competitive, and other uncertainties and contingencies regarding future events and as such, are subject to change. All forward-looking statements in this MD&A are qualified by these cautionary statements.

Forward-looking statements are not guarantees of future events or performance and, by their nature, are based on the Company's current estimates and assumptions, which are subject to risks and uncertainties, including those described under the heading "Risks and Uncertainties", which could cause actual events or results to differ materially from the forward-looking statements contained in this MD&A. Those risks and uncertainties include, but are not limited to, those related to liquidity in the global marketplace associated with current economic conditions, tenant terminations and financial stability, competition for tenants, competition for real estate investments, changes to current government regulations, occupancy levels, access to debt and equity capital, changes to Canada Mortgage and Housing Corporation ("CMHC") rules regarding mortgage insurance, interest rates, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, environmental matters, uninsured perils, legal matters, and reliance on key personnel. Of particular note, during 2020, 2021 and continuing into 2022, the world and Canada have been impacted by, and continue to be impacted by, the COVID-19 pandemic. In an attempt to slow down the spread of this virus, the various levels of government in Canada and throughout the world have enacted various forms of emergency measures. These measures, which include the implementation of travel bans, self-imposed and government-imposed quarantine periods and social distancing measures, including curfews and stay-at-home orders, have caused and continue to cause material disruption to businesses globally resulting in an economic slowdown and unprecedented unemployment levels, which are only beginning to recover. As of the date of this MD&A, the full impact of the COVID-19 pandemic on the results of the Company remains uncertain. This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements may include, but are not limited to, the impact of economic conditions in Canada and globally including as a result of the COVID-19 pandemic, the Company's future growth potential, prospects and opportunities, the general rental environment, relatively stable interest costs, access to equity and debt capital markets to fund (at acceptable costs), the future growth program to enable the Company to refinance debts as they mature, the availability of purchase opportunities for growth in Canada, the impact of accounting principles under IFRS, general industry conditions and trends, changes in laws and regulations including, without limitation, changes in mortgage rules and other temporary legislative changes in light of the COVID-19 pandemic, increased competition, the availability of qualified personnel, fluctuations in interest rates, and stock market volatility. Although the forward-looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, there can be no assurance actual results will be consistent with these forward-looking statements and no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur at all, or if any of them do so, what benefits that the

Company will derive from them. As such, undue reliance should not be placed on forward-looking statements.

Except as required by applicable law, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Additional Information

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

Shareholder communications information may be obtained here:

Ben Lui, CEO - Corporate Office: (780) 409-8228
Yorkton Equity Group Inc. – Shareholder Communications: (780) 907-5263
Email: investors@yorktonequitygroup.com

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

The Company's registered office is located at Suite 3165, 10180 – 101 Street, Edmonton, Alberta, T5J 3S4.