



**YORKTON**  
EQUITY GROUP INC.

## **Annual Information Form**

Year ended December 31, 2023

(Expressed in Canadian Dollars)

April 22, 2024

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained herein constitute “forward-looking statements” as such term is used in applicable Canadian securities laws. These statements relate to analysis and other information based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. In particular, statements concerning estimates related to the effect of rising interest rates on Yorkton Equity Group Inc, (“Yorkton” or the “Company”) the effect that inflation will have on the Company’s tenants and the effect on credit risk, as well as in respect of the cost of renovations and other expenses, disruptions effecting the global supply chain and energy markets, including as a result of geopolitical turmoil, future acquisitions, dispositions and capital expenditures, future vacancy rates, increase of rental rates and rental revenue, future income and profitability, timing of refinancing of debt, access to low-cost long-term Canada Mortgage and Housing Corporation (“CMHC”) insured mortgage loans, the potential changes in interest and mortgage rates, the potential changes in inflation rates, completion timing and costs of renovations, benefits of renovations, funds to be expended on renovations in the fiscal year ended December 31, 2024 and the sources thereof, increased funds from operations and cash flow, minimization of operating costs, the Company’s liquidity and financial capacity, improved rental conditions and decreased vacancy rates, potential increases in rental revenue if optimal operations are achieved, the period of time required to stabilize a property, future climate change impact, the Company’s strategy and goals and the steps it will take to achieve them, the Company’s anticipated funding sources to meet various operating and capital obligations, key accounting estimates and assumptions used by the Company, the attraction and hiring of additional personnel, the effect of changes in legislation on the rental market, expected cyclical changes in cash flow, net operating income and operating margins, the effect of environmental regulations on financial results, the handling of any future conflicts of interests of directors or officers, the effects of cyber-incidents on the Company and other factors and events described in this document should be viewed as forward-looking statements to the extent that they involve estimates thereof. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions of future events or performance (often, but not always, using such words or phrases as “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “estimates” or “intends”, or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved) are not statements of historical fact and should be viewed as forward-looking statements.

Such forward-looking statements are not guarantees of future events or performance and by their nature involve known and unknown risks, uncertainties, and other factors, including those risks described in this Annual Information Form (“AIF”) under the heading “Risk Factors”, that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and other factors include, among others, the effect of inflation on consumers and tenants, the effect of rising mortgage and interest rates on the Company, including its financing costs, disruptions in global supply chains, labour shortages, the length and severity of geopolitical conflict and the occurrence of additional global turmoil and its effects on global markets and supply chains, costs and timing of the development or renovation of existing properties, availability of capital to fund stabilization programs, other issues associated with the real estate industry including availability of labour and costs of renovations, supply chain issues, fluctuations in vacancy rates, general economic conditions, competition for tenants, unoccupied units during renovations, rent control, fluctuations in utility and energy costs, carbon tax increases, environmental and other liabilities, effects of climate change, credit risks of tenants, fluctuations in interest and mortgage rates, availability of capital, changes in legislation and regulatory regimes applicable to the Company, loss of key personnel, a failure to realize the benefit of acquisitions and/or renovations, the effects of severe weather events on the Company’s properties, cyber-incidents, climate change, uninsured losses, fluctuations in the capital markets and the trading price of the Common Shares, conflicts of interest of the Company’s directors and officers, and other such business risks as discussed herein. This is not an exhaustive list of the factors that may affect Yorkton’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 include, among others, the impact of economic conditions in Canada and globally including as a result of inflation, interest rate increases, supply shortages and geopolitical turmoil, the Company’s future growth potential, prospects and opportunities, the rental environment compared to several years ago, relatively stable interest and mortgage costs, access to capital markets to fund (at

acceptable costs), the future growth program to enable the Company to refinance debts as they mature, changes in tax laws, mortgage rules and other temporary legislative changes, and the availability of purchase opportunities for growth in Canada.

Although the forward-looking information contained in this AIF is based upon what management 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 forward-looking statements will transpire or occur at all, or if any of them do so, what benefits Yorkton will derive from them. As such, undue reliance should not be placed on forward-looking statements.

Forward-looking statements are based on management's beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions should change except as required by applicable securities laws.

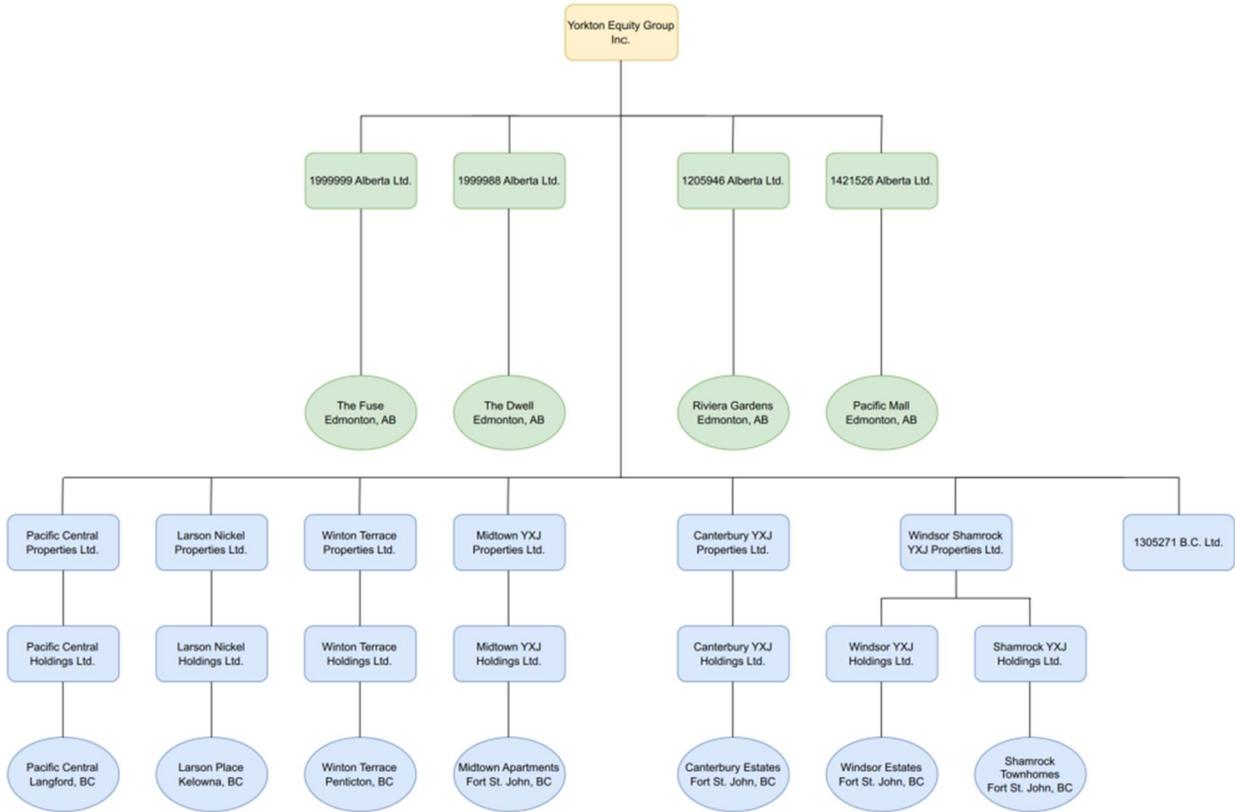
**CORPORATE STRUCTURE**

Yorkton Group Equity Inc. (“Yorkton” or the “Company”) was incorporated on March 4, 2016, under the Business Corporations Act (Alberta). The Company completed a reverse takeover qualifying transaction (the “Qualifying Transaction”) of 1421526 Alberta Ltd. (“Yorkton Pacific Mall”) on November 17, 2020. The Company is a growth-oriented real estate company which primarily owns a portfolio of multi-unit residential rental properties in Alberta and British Columbia.

The Company’s common shares (the “Common Shares”) are listed for trading on the TSX Venture Exchange (“TSXV”) under the symbol “YEG”. The Company is a reporting issuer in Alberta, British Columbia and Ontario.

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 corporation structure as at December 31, 2023 and April 22, 2024. All of the subsidiary companies are wholly owned.



## **GENERAL DEVELOPMENT OF THE BUSINESS**

### **General**

The Company completed the Qualifying Transaction with Yorkton Pacific Mall on November 17, 2020 by acquiring a 100% equity interest from the shareholders of Yorkton Pacific Mall.

Yorkton is a growth-oriented real estate investment company committed to providing shareholders with growing assets through accretive acquisitions, organic growth, and the active management of multi-unit residential rental properties with significant upside potential. The Company's current focus is in Alberta due to its affordable housing, low cost of living, strong job market, and fewer regulations around rent control. The Company finances these acquisitions with low-cost, long-term Canada Mortgage Housing Corporation ("CMHC") insured mortgage loans.

Yorkton's business objective is to create a portfolio of high-quality multi-family rental properties that generate strong cash flow and appreciation for our investors while providing attractive housing options for residents.

As at December 31, 2023, the Company wholly owned ten (10) multi-family rental properties (the "Residential Properties"), comprising 518 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 December 31, 2023, 96.9% of the Company's residential units were rented and the remaining 3.1% were vacant due to normal tenant turnover. See table and property description below for more details.

As at December 31, 2023, the Company wholly owned one (1) commercial rental property (the "Commercial Property") located in Edmonton, Alberta, comprising net leasable area of 28,036 square feet, which is a retail and commercial mall with an approved mixed-use development of 296 apartment units on two high-rise towers on its adjacent parking lot. As at December 31, 2023, 84.0% of the Company's commercial space was rented and the remaining 16.0% is available for lease.

As at December 31, 2023, the Commercial Property was valued at \$6.30 million (2022 - \$6.3 million) and the Residential Properties were valued at \$114.73 million (2022 - \$41.88 million) using a combination of the direct capitalization of income method and the direct comparison approach. In applying the direct capitalization of income method, the stabilized net operating income is capitalized at the requisite overall capitalization rate. In applying the direct comparison method (price per square foot or price per unit), the property was compared to recent sales transactions considered to be similar in terms of location, condition, size, and tenancy. Adjacent to the Commercial Property is a gravel parking lot, which is land held for development, and was valued at \$5.60 million (2022 - \$6.45 million) using the direct comparison approach.

The reported fair value of investment properties held by the Company as at December 31, 2023 and 2022 have been determined through external valuations obtained from independent qualified real estate appraisers who are members of the Appraisal Institute of Canada and have appropriate qualifications and experience in the valuation of the Company's investment properties in the relevant locations. Gains and losses arising from differences between current period fair value and the sum of previous measured fair value and capitalized costs, as described above, are recorded in profit and loss in the period in which they arise.

### **Three Year History – 2023 to 2021**

#### Acquisitions and Disposition

Since the Qualifying Transaction on November 17, 2020, whereby the Company acquired the Commercial Property, Yorkton has expanded its multi-family rental property portfolio through the

purchase of:

- four (4) multi-unit residential investment properties, comprising one hundred and twenty three (123) units, during the year ended December 31, 2021;
- four (4) multi-unit residential investment properties, comprising eighty three (83) units, during the year ended December 31, 2022; and
- two (2) multi-unit residential investment properties, comprising three hundred and thirteen units, during the year ended December 31, 2023.

Of the ten (10) multi-unit residential investment properties acquired during the years ended December 31, 2023, 2022 and 2021, three (3) are in Edmonton, Alberta, four (4) are in Fort St. John, British Columbia, and the remaining three (3) are in each of Kelowna, British Columbia, Langford (Metro Victoria), British Columbia, and Penticton, British Columbia.

On October 16, 2023, the Company acquired The FUSE, a residential one hundred and twenty-five (125) unit residential building located in Edmonton, Alberta through a holding company, 1999999 Alberta Ltd., for a total purchase price of approximately \$25.69 million. The purchase was funded with mortgage financing of approximately \$24.42 million and cash on hand of approximately \$1.27 million.

On February 27, 2023, the Company acquired The Dwell, a residential one hundred and eighty-eight (188) unit residential complex comprising of two (2) buildings located in Edmonton, Alberta through a holding company, 1999988 Alberta Ltd., for a total purchase price of approximately \$41.78 million. The purchase was funded with mortgage financing of approximately \$40.16 million and cash on hand of approximately \$1.62 million.

On April 11, 2022, the Company acquired Shamrock Townhomes and Windsor Estates, a fifty (50) unit residential townhouse portfolio located in Fort St. John, British Columbia comprised of two townhouse complexes situated adjacent to each other through two holding companies, Shamrock Holdings Ltd. and Windsor Holdings Ltd., for a total aggregate purchase price of approximately \$6.67 million. The purchase was funded with mortgage financing, net of financing fees, of approximately \$5.40 million and cash on hand of approximately \$1.27 million.

On January 31, 2022, the Company acquired Midtown Apartments, a twelve (12) unit residential apartment building located in Fort St. John, British Columbia through a holding company, Midtown YXJ Holdings Ltd., for a purchase price of approximately \$1.07 million. The purchase was funded with mortgage financing, net of financing fees, of approximately \$0.91 million and cash on hand of approximately \$0.16 million.

On January 31, 2022, the Company acquired Canterbury Estates, a twenty one (21) unit residential townhouse complex located in Fort St. John, British Columbia through a holding company, Canterbury YXJ Holdings Ltd., for a purchase price of approximately \$3.63 million. The purchase was funded with mortgage financing, net of financing fees, of approximately \$3.19 million and cash on hand of approximately \$0.44 million.

On December 14, 2021, the Company acquired Winton Terrace, a twenty six (26) unit residential apartment building in Penticton, British Columbia through a holding company, Winton Terrace Holdings Ltd., for a purchase price of approximately \$4.95 million. The purchase was funded with mortgage financing, net of financing fees, of approximately \$3.52 million and cash on hand of approximately \$1.43 million.

On September 15, 2021, the Company acquired Pacific Central, a fifteen (15) unit residential apartment building with one (1) ground level commercial unit located in Langford (Metro Victoria), British Columbia through a holding company, Pacific Central Holdings Ltd., for a purchase price of approximately \$5.97 million. The purchase was funded with mortgage financing, net of financing fees, of approximately \$4.31 million.

million and cash on hand of approximately \$1.66 million.

On July 8, 2021, the Company acquired Larson Place, a nineteen (19) unit residential townhouse complex in Kelowna, British Columbia through a holding company, Larson Nickel Holdings Ltd., for approximately \$9.26 million. The purchase was funded with mortgage financing of approximately \$6.66 million and cash on hand of approximately \$2.60 million.

On April 30, 2021, the Company acquired all of the issued and outstanding common shares of 1205946 Alberta Ltd. ("Riviera Gardens") from Lui Holdings Corporation, a company under common control, for a purchase price of approximately \$4.32 million through the issuance of 16,940,000 common shares of the Company. Riviera Gardens is a sixty two (62) unit residential apartment complex located in Edmonton, Alberta.

On April 30, 2021, the Company purchased 2,498,963 limited partnership units, equal to 25% of all limited partnership units, of Yorkton 108 Limited Partnership ("Yorkton 108 LP") from Lui Holdings Corporation, a corporation related by common control, in exchange for the issuance of 14,593,943 common shares of the Company. Yorkton 108 LP has an investment in a 60,000 square foot development project located in the city centre of Surrey, British Columbia. The rezoning application 3rd reading was approved by the City of Surrey in December 2020 for a one hundred and ninety three (193) unit residential condominium development comprising of two (2) six (6) story buildings with two (2) levels of underground parking, elevator service, and in-suite laundry. A total of one hundred and nineteen (119) one (1) bedroom units, fifty one (51) two (2) bedroom units, eighteen (18) studio units and five (5) three (3) bedroom units were planned. 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 significantly 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 together with the foreseeable interest rate escalation as a result of the anticipated ripple effect from inflation, the underlying asset was sold to a local developer through a licensed real estate broker during the year ended December 31, 2021. During the years ended December 31, 2022 and 2021, the Company received total distributions of approximately \$2.6 million and the Company recorded an impairment loss of approximately \$1.14 million during the year ended December 31, 2021 which represents the Company's share of additional capitalized costs recorded in Yorkton 108 LP since the investment was acquired on April 30, 2021.

On November 17, 2020, the Company closed the Qualifying Transaction with Yorkton Pacific Mall by acquiring a 100% equity interest from the shareholders of Yorkton Pacific Mall (the "Yorkton Pacific Mall Shareholders"). The Yorkton Pacific Mall is a two (2) story retail and commercial building located in Edmonton, Alberta which is situated on a 26,400 square foot land base, and a 34,845 square foot gravel parking lot which is zoned for future development. Pursuant to a share exchange agreement, the Company acquired all of the outstanding shares of Yorkton Pacific Mall by issuing to the Yorkton Pacific Mall Shareholders a total of 36,862,905 common shares of the Company. As a result of the Transaction, Yorkton Pacific Mall became a wholly owned subsidiary of the Company. Concurrently with the Transaction, the Company also issued 19,779,208 common shares to settle shareholder loans in the amount of approximately \$3.96 million and completed a private placement of 7,804,330 units comprising of one common share and one common share purchase warrant for total gross proceeds of approximately \$1.56 million. Upon completion of the Qualifying Transaction, the Company owned 100% of the then issued and outstanding Yorkton Pacific Mall common shares and the Yorkton Pacific Mall Shareholders owned a sufficient number of common shares of the Company so as to exercise control over the Company.

Total aggregate consideration paid for the Residential Properties acquired in 2021 totaled approximately \$28.26 million. In addition, the Company invested approximately \$0.15 million in additions and improvements to the Residential Properties during the year as well as approximately \$0.11 million on additions to the Commercial Property during the year.

Total aggregate consideration paid for the Residential Properties acquired in 2022 totaled approximately \$11.37 million. In addition, the Company invested approximately \$0.11 million in additions and improvements to the Residential Properties during the year.

Total aggregate consideration paid for the Residential Properties acquired in 2023 totaled approximately \$67.47 million. In addition, the Company invested approximately \$0.30 million in additions and improvements to the Residential Properties during the year.

#### Equity Financing

	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 (Note 7)	14,593,943	3,436,041
Shares issued for asset acquisition (Note 4)	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, December 31, 2022	112,677,427	14,222,796
<b>Repurchase of common shares for cancellation</b>	<b>(119,500)</b>	<b>(13,607)</b>
<b>Exercise of common share purchase options</b>	<b>122,647</b>	<b>25,074</b>
<b>Balance, December 31, 2023</b>	<b>112,680,574</b>	<b>\$ 14,234,263</b>

On June 2, 2023, 122,647 common share purchase options were exercised. The Company's share price on the date of exercise was \$0.17 per common share. On July 16, 2023, 54,353 common share purchase options expired unexercised.

On January 27, 2023, the Company received approval from the TSX Venture Exchange to commence a normal course issuer bid (the "NCIB") to repurchase, for cancellation, up to an aggregate of 5,633,871 common shares of the Company. The funds used to repurchase the common shares of the Company pursuant to the NCIB will only come from cash provided by operating activities of the Company. The NCIB expired on January 26, 2024. Between January 27, 2023 and January 26, 2024, the Company repurchased 119,500 of its common shares under the NCIB at a weighted average price of approximately \$0.16 per common share for a total cost, including commission, of \$19,415.

On May 31, 2022, 101,605 common share purchase options were exercised at an exercise price of \$0.20 per common share.

On August 25, 2021, the Company completed a private placement of 105,000 units (the "August 25, 2021 Units") at a price of \$0.30 per August 25, 2021 Unit for gross proceeds of \$31,500. Each August 25, 2021 Unit is comprised of one common share and one common share purchase warrant. Each

common share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.45 per common share for two years following the closing date.

On July 22, 2021, the Company completed a private placement of 1,126,336 units (the "July 22, 2021 Units") at a price of \$0.30 per July 22, 2021 Unit for gross proceeds of \$337,901. Each July 22, 2021 Unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.45 per common share for two years following the closing date.

On May 12, 2021, the Company completed a private placement of 11,300,000 units (the "May 12, 2021 Units") at a price of \$0.25 per May 12, 2021 Unit for gross proceeds of \$2,825,000. Each May 12, 2021 Unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share at a price of \$0.40 per common share for two years following the closing date. The Company also issued 42,000 finder's warrants.

On April 30, 2021, the Company acquired all of the issued and outstanding common shares of 1205946 Alberta Ltd. ("Riviera Gardens") through the issuance of 16,940,000 common shares of the Company. See Acquisitions and Disposition in the Three Year History – 2023 to 2021 section above.

On April 30, 2021, the Company purchased 2,498,963 limited partnership units, equal to 25% of all limited partnership units, of Yorkton 108 LP from a corporation related by common control, in exchange for the issuance of 14,593,943 common shares of the Company. See Acquisitions and Disposition in the Three Year History – 2023 to 2021 section above.

On November 18, 2021, 101,200 common share purchase options were exercised at an exercise price of \$0.20 per common share.

### Debt Financing

The Company obtains financing from debt instruments, including mortgage financing and equity take-out re-financing on the Company's investment properties and convertible debenture financing from private placements.

The Company continuously monitors the market interest rate and the general interest rate environment and its impact on its mortgages payable and convertible debentures. When obtaining new mortgage financing the Company seeks to obtain the best possible rate by getting quotes from multiple lenders, obtaining CMHC insurance (when possible), and watching the fluctuations in the interest rate market to lock the interest rate when it believes it is most advantageous to the Company. The Company also continuously assesses if it is advantageous to refinance existing mortgages based on market interest rates and its mortgage loan terms.

In addition, the Company closely monitors its contractual obligations to plan for the allocation of sufficient funds to meet the obligations as they come due. This includes both preparing an annual budget together with monitoring the specific dates of interest and principal repayments on the mortgages payable and convertible debentures.

### *Mortgages*

As of December 31, 2023, amounts owing under mortgages (net of deferred financing costs) were approximately \$95.53 million, compared with approximately \$33.13 million at the end of 2022 and approximately \$21.57 million at the end of 2021.

At the end of 2023, mortgages payable included variable rate mortgages with an aggregate carrying value of \$3,230,998 which bear interest at prime plus 0.75% per annum (2022 – \$3,392,450) and fixed rate mortgages with an aggregate carrying value of \$95,029,304 which bear a weighted average interest

rate of 3.38% per annum (2022 – \$31,273,716 and 2.59% per annum). The overall weighted average interest rate as at December 31, 2023 was 3.53% per annum (2022 – 3.04% per annum). Mortgages payable are payable in monthly principal and interest instalments totalling approximately \$389,000 (2022 - \$149,000) and mature from 2023 to 2028.

	2023	2022	2021
Total mortgages payable	\$ 98,260,302	\$ 34,666,166	\$ 22,146,869
Deferred financing costs	(2,728,343)	(1,539,891)	(576,334)
	<b>95,531,959</b>	<b>33,126,275</b>	<b>21,570,535</b>
Mortgages payable – current portion	(3,610,190)	(3,622,590)	(11,328,195)
Mortgages payable – non-current portion	\$ 91,921,769	\$ 29,503,685	\$ 10,242,340

Estimated future principal payments required to meet mortgage obligations as at December 31, 2023 are as follows:

Years ending December 31,	Amounts
2024	\$ 4,301,124
2025	1,103,409
2026	10,955,184
2027	19,494,560
2028	62,406,025
Total mortgage principal outstanding	98,260,302
Deferred financing costs	(2,728,343)
	<b>\$ 95,531,959</b>

The composition of the Company's mortgages are as follows:

As at December 31, 2023	Amount	% of Mortgages	Weighted average interest rate
Variable rate mortgages:			
Non-CMHC insured	\$ 3,230,998	3.29%	7.95%
Fixed rate mortgages:			
CMHC insured	95,029,304	96.71%	3.38%
Total mortgage principal outstanding	98,260,302	100.00%	3.53%
Deferred financing costs	(2,728,343)		
	<b>\$ 95,531,959</b>		

Yorkton's mortgages consist of both short-term variable rate and long-term fixed rate mortgages. The Company maintains short term variable rate mortgages on the Commercial Property and has closely monitored the recent sharp increase in interest rates. In 2022, the Company refinanced certain variable interest rate mortgages on its residential investment properties with a CMHC insured fixed interest rate

mortgage. The Company expects to continue to monitor the interest rate environment to determine if it is advantageous to convert the remaining variable rate interest mortgages to a fixed rate. Individual mortgages are secured with their respective real estate assets, general assignment of rent, general security agreement and on certain mortgages a personal guarantee from Ben Lui equal to between 40% to 100% of the mortgage and a guarantee and postponement of claim from the Company.

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:

<b>Investment property holding company</b>	<b>Funding date</b>	<b>Mortgage balance as at December 31, 2023</b>	<b>Required financial covenant</b>	<b>Actual DSCR at December 31, 2023</b>
1421526 Alberta Ltd.	February 15, 2023	\$1,733,393	1.3x DSCR	0.40
1421526 Alberta Ltd.	June 12, 2023	\$573,253	1.3x DSCR	0.40
1421526 Alberta Ltd.	January 5, 2023	\$924,352	1.3x DSCR	0.40
		<b>\$3,230,998</b>		

As at December 31, 2023, primarily due to increases in the variable interest rate on the mortgages payable and an allowance for doubtful accounts, the investment property holding company was not in compliance with the DSCR covenants. In addition, the above mortgages payable are all short term with maturities of one year or less. Therefore, they have been presented as current liabilities in the consolidated statement of financial position.

In addition, as a condition on its mortgage payable, 1999988 Alberta Ltd. is required to maintain a minimum of 25% of the units in The Dwell as “affordable units”, as defined by the CMHC, with residential rents at or below 30% of the median renter income in Edmonton, Alberta at the time of the issuance of the Certificate of Insurance (“COI”) and with allowable annual increases according to the Consumer Price Index (“CPI”) as stipulated by Statistics Canada for Alberta. The mortgage payable had a net carrying value of \$39,258,300 at December 31, 2023. As at December 31, 2023, 1999988 Alberta Ltd. was in compliance with the covenant and 25% of the units in The Dwell were designated as “affordable units”.

In addition, as a condition on its mortgage payable, 1999999 Alberta Ltd. is required to maintain a minimum of 80% of the units in The FUSE as “affordable units”, as defined by the CMHC, with residential rents at or below 30% of the median renter income in Edmonton, Alberta at the time of the issuance of the COI and with allowable annual increases according to the CPI as stipulated by Statistics Canada for Alberta. The mortgage payable had a net carrying value of \$23,538,977 at December 31, 2023. As at December 31, 2023, 1999999 Alberta Ltd. was in compliance with the covenant and 80% of the units in The FUSE were designated as “affordable units”.

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.

The Company continuously monitors the market interest rate and the general interest rate environment and its impact on its mortgages payable and convertible debentures. When obtaining new mortgage financing the Company seeks to obtain the best possible rate by getting quotes from multiple lenders, obtaining CMHC insurance (when possible), and watching the fluctuations in the interest rate market to

lock the interest rate when it believes it is most advantageous to the Company. The Company also continuously assesses if it is advantageous to refinance existing mortgages based on market interest rates and its mortgage loan terms.

On February 21, 2024, the Company consolidated the three (3) mortgages payable held by 1421526 Alberta Ltd. into one (1) demand non-revolving mortgage with a principal balance of \$3,252,300. The consolidated mortgage payable bears interest at prime plus 1.25% per annum and is repayable in equal blended monthly payments based on an amortization of 264 months, unless demanded earlier by the lender. The consolidated mortgage payable is secured by specific charges against the commercial property and land held for development, general assignment of rent, general security agreement and a personal guarantee from the CEO of the Company equal to 100% of the loan. In addition, 1421526 Alberta Ltd. is required to maintain an annual DSCR of 1.25:1 on the consolidated mortgage payable, which is measured and tested at December 31st of each year, during the term of the consolidated mortgage payable, based on the financial results of the previous twelve (12) month period.

### *Convertible Debentures*

The Company issues convertible debentures, from time to time, to help finance its development. The convertible debentures have a 5-year life with interest paid in cash annually. The Company, 36 months after the closing date, has the right, but not the obligation, to redeem the principal amount and any unpaid interest. The principal amount of the convertible debenture may, at the option of the convertible debenture holder, be converted, in whole or in part, into common shares at the conversion price included in convertible debenture agreement.

In addition, for a period of 30 calendar days following the 3<sup>rd</sup> and 4<sup>th</sup> anniversary after the closing date, the holders of the January 2023 Convertible Debentures and April 2023 Convertible Debentures may request the Company to repurchase the convertible debenture subject to the discretion of management of the Company, acting reasonably, and other certain conditions.

	<b>2023</b>	<b>2022</b>
Balance, start of period	\$ 2,400,139	\$ -
Proceeds from issuance of convertible debenture units	3,244,000	3,005,000
Amount allocated to fair value of common share purchase warrants	-	(162,380)
Amount allocated to fair value of convertible debentures	3,244,000	2,842,620
Amount classified as equity for conversion feature	(849,745)	(529,677)
Interest accretion	146,849	87,196
Total additions to convertible debentures	2,541,104	2,400,139
Balance, end of period	4,941,243	2,400,139
Deferred financing costs at period end	(168,448)	(143,573)
	<b>\$ 4,772,795</b>	<b>2,256,566</b>

The following table shows the maximum quantity of common shares that would be issued if all convertible debentures outstanding were converted:

<b>Issue date</b>	<b>Gross Proceeds</b>	<b>Exercise Price</b>	<b>Max. Quantity of Common Shares on Conversion</b>	<b>Maturity Date</b>
January 17, 2022	\$ 2,480,000	\$0.60	4,133,333	January 16, 2027
January 25, 2022	108,000	0.60	180,000	January 24, 2027
March 31, 2022	221,000	0.60	368,333	March 30, 2027
June 3, 2022	196,000	0.60	326,666	June 2, 2027
January 26, 2023	258,000	0.30	860,000	January 25, 2028
April 20, 2023	250,000	0.30	833,333	April 19, 2028
October 17, 2023	2,000,000	0.20	10,000,000	October 16, 2028
December 19, 2023	736,000	0.20	3,680,000	December 18, 2028
	<b>\$ 6,249,000</b>	<b>\$0.40</b>	<b>20,381,667</b>	

On October 17, 2023 and December 19, 2023, the Company completed a non-brokered private placement of 2,000 and 736 unsecured convertible debentures, respectively, (the “Q4 2023 Convertible Debentures”) at an issue price of \$1,000 per Q4 2023 Convertible Debenture for total aggregate gross proceeds of \$2,736,000. Each Q4 2023 Convertible Debenture has a principal amount of \$1,000 with an interest rate equal to 8% per annum, payable annually, only in cash without any conversion of that interest component into common shares. Each Q4 2023 Convertible Debenture will mature on the date that is 5 years from the date of issuance. The Company, after a period of 36 months following the date of closing, will have the right, but not the obligation, to redeem the principal amount and any unpaid interest of the Q4 2023 Convertible Debenture in cash, without penalty, at any time prior to the date of maturity subject to certain conditions. The principal amount of each Q4 2023 Convertible Debenture may, at the option of the Q4 2023 Convertible Debenture holder, be converted, in whole or in part, into common shares at a conversion price of \$0.20 per common share. Pursuant to this private placement, a company directly controlled the CEO of the Company acquired 2,000 of the Q4 2023 Convertible Debentures in the principal amount of \$2,000,000. In addition, the CEO and his family member, acquired an aggregate of 121 of the Q4 2023 Convertible Debentures in the principal amount of \$121,000.

On April 20, 2023, the Company completed a non-brokered private placement of 250 unsecured convertible debentures (the “April 2023 Convertible Debentures”) at an issue price of \$1,000 per April 2023 Convertible Debenture for gross proceeds of \$250,000. Each April 2023 Convertible Debenture has a principal amount of \$1,000 with an interest rate equal to 8% per annum, payable annually, only in cash without any conversion of that interest component into common shares. Each April 2023 Convertible Debenture will mature on the date that is 5 years from the date of issuance. For a period of 30 calendar days following the 3rd and 4th anniversary after the closing date, the April 2023 Convertible Debenture holder may request the Company to repurchase the convertible debenture subject to the discretion of management of the Company, acting reasonably, and other certain conditions. The Company, after a period of 36 months following the date of closing, will also have the right, but not the obligation, to redeem the principal amount and any unpaid interest of the April 2023 Convertible Debenture in cash, without penalty, at any time prior to the date of maturity subject to certain conditions. The principal amount of each April 2023 Convertible Debenture may, at the option of the April 2023 Convertible Debenture holder, be converted, in whole or in part, into common shares at a conversion price of \$0.30 per common share. Pursuant to this private placement, the CEO acquired 55 of the April 2023 Convertible Debentures in the principal amount of \$55,000.

On January 26, 2023, the Company completed a non-brokered private placement of 258 unsecured convertible debentures (the “January 2023 Convertible Debentures”) at an issue price of \$1,000 per January 2023 Convertible Debenture for gross proceeds of \$258,000. Each January 2023 Convertible Debenture has a principal amount of \$1,000 with an interest rate equal to 8% per annum, payable

annually, only in cash without any conversion of that interest component into common shares. Each January 2023 Convertible Debenture will mature on the date that is 5 years from the date of issuance. For a period of 30 calendar days following the 3rd and 4th anniversary after the closing date, the January 2023 Convertible Debenture holder may request the Company to repurchase the convertible debenture subject to the discretion of management of the Company, acting reasonably, and other certain conditions. The Company, after a period of 36 months following the date of closing, will also have the right, but not the obligation, to redeem the principal amount and any unpaid interest of the January 2023 Convertible Debenture in cash, without penalty, at any time prior to the date of maturity subject to certain conditions. The principal amount of each January 2023 Convertible Debenture may, at the option of the January 2023 Convertible Debenture holder, be converted, in whole or in part, into common shares at a conversion price of \$0.30 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. The Company, after a period of 36 months following the date of closing, will also have the right, but not the obligation, to redeem the principal amount and any unpaid interest of the June 2022 Convertible Debenture in cash, without penalty, at any time prior to the date of maturity subject to certain conditions. The principal amount of each June 2022 Convertible Debenture may, at the option of the June 2022 Convertible Debenture holder, be converted, 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. The Company, after a period of 36 months following the date of closing, will also have the right, but not the obligation, to redeem the principal amount and any unpaid interest of the March 2022 Convertible Debenture in cash, without penalty, at any time prior to the date of maturity subject to certain conditions. The principal amount of each March 2022 Convertible Debenture may, at the option of the March 2022 Convertible Debenture holder, be converted, in whole or in part, into common shares at a conversion price of \$0.60 per common share.

On January 17 and 25, 2022, the Company completed a non-brokered private placement of 2,480 and 108 unsecured convertible debenture units, respectively, (the "January 2022 Debenture Units") at an issue price of \$1,000 per January 2022 Debenture Unit for total aggregate gross proceeds of \$2,588,000. Each January 2022 Debenture Unit was 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. The Company, after a period of 36 months following the date of closing, will also have the right, but not the obligation, to redeem the principal amount and any unpaid interest of the January 2022 Convertible Debenture in cash, without penalty, at any time prior to the date of maturity subject to certain conditions. The principal amount of each January 2022 Convertible Debenture may, at the option of the January 2022 Convertible Debenture holder, be converted, in whole or in part, into common shares at a conversion price of \$0.60 per common share.

Estimated future principal payments required to meet convertible debenture obligations as at December 31, 2023 are as follows:

Years ending December 31,	Amounts	
2027	\$	3,005,000
2028		3,244,000
Total convertible debenture principal outstanding		3,005,000
Allocated to equity		(1,541,802)
Interest accretion		234,045
Deferred financing costs		(163,448)
	\$	4,772,795

The composition of the Company's convertible debentures are as follows:

Year ending December 31, 2023	Amount	% of Convertible debentures	Weighted average interest rate
Variable rate convertible debentures	\$ 196,000	3.14%	9.95%
Fixed rate convertible debentures	6,053,000	96.86%	7.54%
Total convertible debenture principal outstanding	6,249,000	100.00%	7.61%
Allocated to equity	(1,541,802)		
Interest accretion	234,045		
Deferred financing costs	(163,448)		
	\$ 4,772,795		

The Company is exposed to minimal interest rate risk on its convertible debentures. As at December 31, 2023, more than 96% of the convertible debentures are at a fixed interest rate.

### Renovations

From time to time the Company will use funds for renovations and capital improvements required for the Company's existing properties. Yorkton continually monitors and adapts the pace of its renovations program to make sure it is consistent with changing market demand. These activities enable Yorkton to improve the attractiveness of its properties to tenants, reduce vacancy rates, increase rental income, reduce operating costs, and enhance property values in the long term.

During the year ended December 31, 2023, the Company incurred \$285,908 on improvements to the Residential Properties and \$11,696 on improvements to the Commercial Property.

During the year ended December 31, 2022, the Company incurred \$126,328 on improvements to the Residential Properties.

During the year ended December 31, 2021, the Company incurred \$149,358 on improvements to the Residential Properties, which consisted primarily of a renovation project on 43 units at Riviera Gardens and incurred \$110,390 on improvements to the Commercial Property.

As of April 22, 2024, the Company has spent approximately \$57,000 in renovation costs in 2024, for the renovation of units at Winton Terrace. The Corporation does not currently have any significant additional renovation costs budgeted for the remainder of 2024.

### **Occupancy Rate**

The occupancy rate has improved, increasing from an average occupancy rate of 72% during 2021, primarily due to a renovation projected completed on the Riviera Garden's property, to 94% during 2022 and 97% during 2023. The Company continues to see strong rental demand in its operating markets, which it believes is a result of increases in inter-provincial migration and immigration, especially in Edmonton, Alberta. As of December 31, 2023, the overall occupancy rate was 97% for the Company's residential rental properties, which was composed of 96% in Alberta and 99% in British Columbia.

### **Significant Acquisitions**

The Company did not complete any significant acquisitions for which disclosure is required under part 8 of National Instrument 51-102-Continuous Disclosure Obligations during the financial year ended December 31, 2023.

## **DESCRIPTION OF THE BUSINESS**

### **Corporate Strategy**

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 create a portfolio of high-quality multi-family rental properties that generate strong cash flow and appreciation for our investors while providing attractive housing options for residents. To accomplish this, the Company seeks out quality residential rental properties in Canadian markets with strong upside potential, diversified and growing economies, and strong population in-migration. The Company believes this focus will allow it to acquire affordable properties in locations with strong demand and low vacancy rates. The Company's current focus is in Alberta due to its affordable housing, low cost of living, strong job market, and fewer regulations around rent control. The Company finances these acquisitions with low-cost, long-term Canada Mortgage Housing Corporation ("CMHC") insured mortgage loans.

Yorkton successfully implemented the YARDI VOYAGER system on November 1, 2023, a cloud-based enterprise resource planning system ("ERP") suite that covers all the key areas of finance, accounting, human resources, and property management, including marketing and leasing, business and market intelligence, customer relationship management ("CRM"), energy management, supply chain, and end-to-end procurement. It also can provide a two-way real-time connection with tenants via secure tenant portals and mobile applications for online payments, concierge services, maintenance requests, property and tenant documents, announcements and more. It is expected that the use of YARDI VOYAGER will improve the efficiency and effectiveness of Yorkton's operations and allow Yorkton's management team to be customer focused and to measure and monitor the progress and efficacy of its organic growth.

There was no significant change in the Company's business or corporate strategy in 2023.

## Revenues

Rental revenue consists of the following components for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Residential lease revenue	\$ 6,087,163	\$ 2,557,075	\$ 599,480
Commercial lease revenue	337,160	336,822	407,177
Non-lease revenue <sup>(1)</sup>	393,557	99,437	70,259
	<b>\$ 6,817,880</b>	<b>\$ 2,993,334</b>	<b>\$ 1,076,916</b>

Note:

(1) Non-lease revenue comprises parking and ancillary services.

The following table summarizes certain aspects of the Residential Properties owned at December 31, 2023:

Property	Bachelor	One Bedroom	Two Bedroom	Three Bedroom	Total Residential units	Avg Gross Monthly Rent per unit <sup>(1)</sup>
<b>Edmonton, Alberta</b>						
The Dwell 5530/5538 Schonsee Dr. NW Edmonton, AB Acquired in 2023	-	41	143	4	188	\$1,430 <sup>(1)</sup>
The FUSE 2105/2109 – 68 St SW Edmonton, AB Acquired in 2023	-	23	102	-	125	\$1,410 <sup>(1)</sup>
Riviera Gardens 13704/13806 – 24 St NW Edmonton, AB Acquired in 2021	-	16	38	8	62	\$988 <sup>(1)</sup> \$1,917 <sup>(2)(3)</sup>
<b>Fort St. John, BC</b>						
Windsor Estates <sup>(3)</sup> 8619 99 Avenue Fort St. John, BC Acquired in 2022	-	-	-	25	25	\$1,293 <sup>(1)</sup>
Shamrock Townhomes <sup>(3)</sup> 9807 87 Street Fort St. John, BC Acquired in 2022	-	-	-	25	25	\$974 <sup>(1)</sup>
Canterbury Estates 8408 92 Avenue Fort St. John, BC Acquired in 2022	-	-	-	21	21	\$1,387 <sup>(1)</sup>
Midtown Apartments 9827 97 Avenue Fort St. John, BC Acquired in 2022	1	5	6	-	12	\$835 <sup>(1)</sup>
<b>BC Interior</b>						
Larson Place 200-220 Nickel Road Kelowna, BC Acquired in 2021	-	-	9	10	19	\$2,113 <sup>(1)</sup>

Winton Terrace 797 Winnipeg Street Penticton, BC Acquired in 2021	1	10	15	-	26	\$979 <sup>(1)</sup>
<b>Vancouver Island, BC</b>						
Pacific Central 2835 Peatt Road Langford, BC Acquired in 2021	-	3	12	-	15	\$1,587 <sup>(1)</sup> \$1,946 <sup>(2)</sup>
<b>Total</b>	<b>2</b>	<b>98</b>	<b>325</b>	<b>93</b>	<b>518</b>	<b>\$1,300<sup>(1)</sup></b> <b>\$1,932<sup>(2)</sup></b>

**Notes:**

- (1) Average gross residential rental revenue per residential unit per month for 2023.  
(2) Average gross commercial rental revenue per month for 2023.  
(3) Commercial rent comes from cellular tower.

### Investment Property Portfolio

As of December 31, 2023, Yorkton owned and managed ten (10) revenue-producing residential properties, one (1) revenue-producing commercial property, and one (1) plot of land held for future development (2022 – eight (8) revenue-producing residential properties, one (1) revenue-producing commercial property, and one (1) plot of land held for future development). Yorkton's total portfolio is valued at \$126.63 million at December 31, 2023.

The following is the breakdown of market value for the Residential Properties and average capitalization rates used in determining the fair value of the Residential Properties as at December 31, 2023.

Property	Location	Number of Units	Fair Value	Average Value Per unit	Avg Gross Monthly Rent per unit	Average Capitalization Rate
<b>Edmonton, Alberta</b>						
The Dwell	Alberta	188	\$43,700,000	\$232,447	\$1,430 <sup>(1)</sup>	5.00%
The FUSE	Alberta	125	\$27,430,000	\$219,440	\$1,410 <sup>(1)</sup>	4.75%
Riviera Gardens	Alberta	62	\$9,100,000	\$146,774	\$988 <sup>(1)</sup> \$1,917 <sup>(2)(3)</sup>	5.00%
<b>Fort St. John, BC</b>						
Windsor Estates	BC	25	\$4,540,000	\$181,600	\$1,293 <sup>(1)</sup>	6.00%
Shamrock Townhomes	BC	25	\$3,170,000	\$126,800	\$974 <sup>(1)</sup>	6.25%
Canterbury Estates	BC	21	\$3,700,000	\$176,190	\$1,387 <sup>(1)</sup>	5.75%
Midtown Apartments	BC	12	\$1,020,000	\$85,000	\$835 <sup>(1)</sup>	6.50%
<b>BC Interior</b>						
Larson Place	BC	19	\$10,350,000	\$544,737	\$2,113 <sup>(1)</sup>	3.75%
Winston Terrace	BC	26	\$5,520,000	\$212,308	\$979 <sup>(1)</sup>	3.75%
<b>Vancouver Island, BC</b>						
Pacific Central	BC	15	\$6,200,000	\$413,333	\$1,587 <sup>(1)</sup> \$1,946 <sup>(2)</sup>	3.50%
<b>Total</b>		<b>518</b>	<b>\$114,730,000</b>	<b>\$221,486</b>	<b>\$1,300 <sup>(1)</sup></b> <b>\$1,932 <sup>(2)</sup></b>	<b>5.03%</b>

**Notes:**

- (1) Average gross residential rental revenue per residential unit per month for 2023.  
(2) Average gross commercial rental revenue per month for 2023.

(3) Commercial rent comes from cellular tower.

The following is the market value and average capitalization rates used in determining the fair value of the Commercial Property and land held for future development as at December 31, 2023.

Property	Location	Size Sq. ft.	Fair Value	Average Value Per Sq. ft.	Average Monthly Rent/Sq. ft. <sup>(1)</sup>	Average Capitalization Rate
Pacific Mall	Alberta	28,026	\$6,300,000	\$225	\$1.01	6.5%
Land held for development	Alberta	34,845	\$5,600,000	\$161	N/A	N/A
<b>Total</b>			<b>\$11,900,000</b>			

Note:

(1) Includes only the base rent and excludes the recovery of operating expenses and is calculated as the average base rent per month per occupied weighted average number of square feet.

Details of the Residential Properties as at December 31, 2023:

*The Dwell – 5530 and 5538 Schonsee Drive NW, Edmonton, Alberta*



The Dwell was recently constructed in 2022 and is comprised of 32 one-bedroom with one-bathroom suites, 9 one-bedroom plus den with one-bathroom suites, 143 two-bedroom with two-bathroom suites, and 4 three-bedroom with two-bathroom suites. Each suite is equipped with in-suite laundry, 6-piece energy efficient stainless steel appliances, designer cabinetry with quartz countertops and full height tile backsplash, luxury flooring and lighting packages, upgraded bathroom and plumbing fixtures, air conditioning in select units, 9-foot ceilings in all suites, energy efficient windows throughout, together with one hundred and ninety-one (191) heated underground parking stalls and seventy-three (73) surface parking stalls. The buildings are equipped with elevators serving all levels, with a designated elevator and loading zone for move in/out access and featuring extra wide corridors and spacious lobby for ease of wheelchair access. The property also includes amenities in each building, such as a social room for entertaining, fitness center, two pet wash stations, a bicycle storage room, heated storage lockers on each floor, and enhanced security and safety features.

*The FUSE – 2105 and 2109 68 Street SW, Edmonton, Alberta*



The FUSE is a one hundred and twenty-five (125) unit condominium grade multi-family residential complex that was constructed in 2015 and is comprised of two buildings situated on approximately 2.67 acres of land located in the Summerside neighborhood of Edmonton with the municipal addresses of 2105 and 2109 68 Street SW, Edmonton, Alberta. The property is comprised of 23 one-bedroom with one-bathroom suites, 70 two-bedroom with two-bathroom suites, and 32 two-bedroom and den with two-bathroom suites. Each suite includes contemporary suite amenities such as granite countertops, tiled kitchen backsplash, modern stained birch cabinets and designer tile flooring and is equipped with in-suite laundry and storage. The property has forty-eight (48) underground parking stalls and one hundred and thirty-two (132) surface parking stalls. Each building is equipped with elevator access to all floors. The property also includes amenities such as air-conditioned hallways, and a fitness center in each building.



*Riviera Gardens - 13704 & 13806 – 24 Street, Edmonton, Alberta*



Riviera Gardens is a 62-strata titled residential condominium complex located in Edmonton Alberta. The complex is comprised of two 4-storey buildings constructed in 1978 on a 2.01 acre parcel of land situated in a mature residential neighborhood at the northwest corner of 137 Avenue and 24 Street with all city amenities in the surrounding areas. Each building is equipped with secured intercom systems, key fob entries, and surveillance cameras, as well as elevator and laundry facilities on all levels. There are balconies in all suites in the upper floors and patios on all main floor suites. Each suite has its own energized parking stall and ample visitor parking stalls.

During 2021 and 2022, the Company completed a renovation project on 43 units at Riviera Gardens at a cost of approximately \$149,000.

*Windsor Estates – 8619 99 Avenue, Fort St. John, British Columbia*



Windsor Estates is situated adjacent to Shamrock Townhomes and is a wood frame townhouse complex comprised of twenty-five (25) units. The property was built in 1979 with exterior and interior renovations completed in 2015. The property is situated on a 1.64 acre parcel of land located close to commercial amenities near central Fort St. John, British Columbia. Each townhouse unit is a 2-storey 3-bedroom unit, with one full and one half bathrooms, and a full basement with its own forced-air furnace, hot water tank and full size laundry washer and dryer. Each townhouse also features a fenced yard and energized parking stalls. Furthermore, each townhouse has separate utility meters for electricity, natural gas and water, and tenants are responsible for their own utility costs.

*Shamrock Townhomes – 980787 Street, Fort St. John, British Columbia*



Shamrock Townhomes is situated adjacent to Windsor Estates and is a wood frame townhouse complex comprised of twenty-five (25) units. The property was built in 1979. The property is situated on a 1.64 acre parcel of land located close to commercial amenities near central Fort St. John, British Columbia. Each townhouse unit is a 2-storey 3-bedroom unit, with one full and one half bathrooms, and a full basement with its own forced-air furnace, hot water tank and full size laundry washer and dryer. Each townhouse also features a fenced yard and energized parking stalls. Furthermore, each townhouse has separate utility meters for electricity, natural gas and water, and tenants are responsible for their own utility costs.

*Canterbury Estates – 8408 92 Avenue, Fort St. John, British Columbia*



Canterbury Estates is a 5-building complex comprising twenty-one (21) freehold strata units situated on a 1.54 acre parcel of land. Built in 2000, each unit is a 2-storey townhome with three (3) bedrooms and two (2) bathrooms, and with an attached front drive single garage, in-suite laundry, forced air furnaces and hot water tanks. The property is located close to commercial amenities and major roads in the southeast region of Fort St. John, British Columbia in a primarily low to medium density residential neighbourhood.

*Midtown Apartments – 9827 97 Avenue, Fort St. John, British Columbia*



Midtown Apartments is a wood frame 3-level low rise apartment building comprised of twelve (12) units. The property was built in 1979 and is situated on a 0.28 acre parcel of land located in central Fort St. John, British Columbia adjacent to commercial amenities and major roads. The area is mixed use residential and commercial. There is one laundry room on the main floor and one unit has its own in-suite laundry. Heating is provided by electric baseboard heating and hot water is provided by individual hot water tanks. There are approximately twenty-five (25) paved surface stalls located in the front and rear of the property. The above grade units have a balcony.

*Larson Place - 200-220 Nickel Road, Kelowna, British Columbia*



Larson Place is a wood frame 19-unit 2-storey townhouse complex located west of Nickel Road and north of Highway 33 in the eastern Kelowna neighborhood known as 'Rutland'. The property is situated on a 0.83 acre parcel of land in a mainly residential neighbourhood close to commercial amenities, Highway 97, and transit stops. The property was constructed in 2019 and there are limited new purpose-built townhome properties in the immediate vicinity. Each unit has in-suite laundry and heating is provided by natural gas furnaces in each unit that are separately metered. Hot water is provided by individual hot water tanks. Air conditioning is also provided to each unit via freestanding exterior units. Each unit has two (2) surface parking stalls and a fenced yard with a concrete patio and grassed area. An outdoor playground area is also present on the southwest corner of the property.

*Winton Terrace – 797 Winnipeg Street, Penticton, British Columbia*



Winton Terrace is a wood frame 26-unit low rise apartment building situated in a prime location in the vicinity of the City Centre of Penticton, British Columbia close to commercial amenities, schools, and transit stops. The property was constructed in 1967 and sits on a 0.44 acre parcel of land. It has been well maintained and the majority of the units have been upgraded or renovated. There are two (2) laundry rooms which include coin operated washers and dryers. Heating is provided by two boiler units and there is one hot water tank that provides hot water to the entire building. There are fifteen (15) paved surface parking stalls at the rear of the property. All units have balconies or patios and the building is equipped with an elevator.

*Pacific Central – 2835 Peatt Road, Langford, British Columbia*



Pacific Central is a 4-storey residential apartment building featuring 3-one bedroom plus den units, 12-two-bedroom units and 1 commercial unit at grade. The property was constructed in 2014 and it is located along the easterly side of Peatt Road within the core of Langford, British Columbia. Langford is located in the West Shore area of Greater Victoria. The property is situated on a 0.18 acre parcel of land. The building is equipped with an elevator and a total of sixteen (16) parking stall of which approximately half are covered by the 2nd floor.

Details of the Commercial Property and land held for future development as at December 31, 2023:

*Pacific Mall – 9700 105th Avenue NW, Edmonton, Alberta*



The Commercial Property is a two-storey retail and commercial building commonly known as 'Pacific Mall' situated on a 1.41 acre parcel of land located at the North East corner of 98th Street and 105 Avenue in Edmonton, Alberta. Pacific Mall was constructed in 1986 and is located within the McCauley neighbourhood in the 'Chinatown District' of Edmonton, Alberta. The Commercial Property is composed of two (2) components, the building which sits on 0.61 acres and a gravel parking lot which occupies the remaining 0.80 acres along 98th Street which is considered excess development land. The building features elevator and stairway access to the second floor with wide corridors and glass interior storefronts on both levels.

Renovations to the building were completed between 2016 and 2021 and include upgrades to the HAVC system, electrical system, plumbing system, exterior façade, elevator and common areas. The net leasable area is 28,036 square feet and the anchor tenant is HSBC Bank Canada. Other tenants include restaurants, an education centre, beauty and hair salons, and other services.

### **Competition**

The Company competes with other investors and owners of properties for the purchase of desirable real estate properties and rental of residential apartments in each of the geographical areas where it operates. The level of competition generally fluctuates according to the rate of development, supply and demand rental properties and economic activity in the applicable area. Yorkton views its competitive position as being equivalent to that of other participants of a similar size and at a similar stage of development. See "Risk Factors" section below.

### **Cyclical Business**

The Company's operation expenses are generally higher during the winter period due to the increase in heating costs, snow removal, and other weather-related expenses. As a result, the net operating income, operating margin and cash flow during the period from October to March are generally expected to be lower than the summer period from April to September.

### **Environmental Regulation**

The current or previous owners of real property may be subject to liability for environmental hazards or damage under various environmental laws, ordinances and regulations. The need to address environmental risks requires certain expenditures by Yorkton, including those associated with the commissioning of environmental audits prior to the purchase of properties. See "Risk Factors" section below.

The Company is not aware of any material non-compliance with environmental laws at any of its

properties or any claims in connection with the breach of environmental laws involving its properties. Compliance with environmental regulations did not have any material adverse impact on Yorkton's financial results or competitive position in the fiscal year ended December 31, 2022. The Company does not anticipate that compliance with environmental regulations will have any material adverse impact on its financial results or competitive position in the fiscal year ended December 31, 2023.

## **Employees**

During the fiscal years ended December 31, 2023, 2022 and 2021, the Company did not have any employees. Management functions are performed by a company related by common control, which charged administration and accounting fees of \$228,485 during the fiscal year ended December 31, 2023, related to an agreement, effective January 1, 2023. No fees were charged during the fiscal years ended December 31, 2022 and 2021.

Yorkton has one (1) independent contractor who serves as the Company's Acting Chief Financial Officer.

## **Foreign Operations**

The Company has no operations outside of Canada.

## **Lending**

Yorkton's lending operations consist primarily of arranging mortgage loans on properties acquired. The amount of mortgage financing required is determined by the value of the prospective acquisition.

The Company is not generally engaged in the business of lending to other parties. During the fiscal year ended December 31, 2023, the Company made advances to related parties of \$4,268,119 (2022 – advances and repayments of \$2,777,808) and received advances and repayments of \$5,445,209 (2022 - \$2,674,057, including interest). The amounts were for working capital and property management and administration and accounting fees. As at December 31, 2023, \$337,600 was receivable (2022 - \$14,691), from companies directly controlled by Ben Lui. In 2022, the advances included \$900,000 of short-term unsecured advances with interest at 4.5% per annum and had no specific terms of repayment and were made to deploy excess cash for the purpose of earning income while the Company identified potential investment property acquisitions. The Company does not anticipate engaging in similar activities in the future.

## **Reorganizations**

On November 17, 2020, the Company closed the Qualifying Transaction with Yorkton Pacific Mall by acquiring a 100% equity interest from the Yorkton Pacific Mall Shareholders. The Company acquired all of the outstanding shares of Yorkton Pacific Mall by issuing to the Yorkton Pacific Mall Shareholders a total of 36,862,905 common shares of the Company. As a result of the Transaction, Yorkton Pacific Mall became a wholly owned subsidiary of the Company and upon completion of the Qualifying Transaction the Yorkton Pacific Mall Shareholders owned a sufficient number of common shares of the Company so as to exercise control over the Company. See "General" under the "General Development of the Business" section above for additional details.

The Company did not meet the definition of a business, as defined pursuant to IFRS 3 Business Combinations ("IFRS 3"), at the time of the transaction; therefore, the transaction was outside of the scope of IFRS 3. Instead, the transaction was accounted for as a reverse acquisition under IFRS 2 Share-based Payment ("IFRS 2"). Under IFRS 2, the Company is considered to be a continuation of Yorkton Pacific Mall, with the net identifiable assets of the Company (accounting acquiree) deemed to have been acquired by Yorkton Pacific Mall (accounting acquirer).

The purchase consideration is comprised of common shares and common share purchase options which were measured at fair value on the date of acquisition as follows:

- a) The fair value of the common shares issued to the existing shareholders of the Company, on the date of acquisition, was determined to be \$515,177 based on the fair value of the common shares issued with the concurrent private placement of \$0.13 per common share.
- b) The estimated fair value of the previously issued 396,260 common share purchase options, based on the Black-Scholes Model amounted to \$25,419. The amount was based on the following assumptions: expected dividend rate of 0%; expected volatility of 83%; risk free rate of 0.20%; and expected life of 1 year.

The difference between fair value of the equity instruments issued and the fair value of net assets acquired is recorded as a cost of public listing as follows:

<b>Fair Value of the consideration received by the pre-acquisition shareholders of the Company</b>	
Fair value of consideration – 3,962,900 common shares	\$ 515,177
Fair value of consideration – 396,290 common share purchase options	25,419
<b>Total consideration</b>	<b>\$ 540,596</b>
<b>Identifiable net assets of the Company acquired by Yorkton Pacific Mall</b>	
Assets	\$ 224,355
Liabilities	(182,994)
<b>Total fair value of identifiable net assets acquired by Yorkton Pacific Mall</b>	<b>41,361</b>
Cost of public listing	499,235
Professional fees related to reverse acquisition	309,154
<b>Listing expense</b>	<b>\$ 808,389</b>

## **Risk Factors**

Yorkton is exposed to a variety of risk areas. These include general risks that affect the real estate industry as a whole, such as economic and market conditions; and more specific risks that affect the Company, such as credit, liquidity, and operational risks. As it is difficult to predict whether any risk will occur or what its related consequences might be, the actual effect of any risk on the business of Yorkton could be materially different than anticipated. The following discussion of risk does not include all possible risks as there may be other risks of which the Company is currently unaware. This section should be read in conjunction with the Company's management discussion and analysis for the year ended December 31, 2023. See the "Additional Information" section below.

### 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 residential rental premises, competition from other available residential premises and various other factors.

Certain significant expenditures, including property taxes, utility and 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 capital costs, which the Company may not be able to pass on to its tenants. Although the Company performs building inspections when purchasing new properties and has developed a budget to plan for ongoing maintenance and renovation costs, 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 the Company is unable to refinance the existing mortgage indebtedness on a property at the end of the mortgage term or the terms of such refinancing are not as favourable or it cannot meet mortgage payments on any property, due to unforeseen circumstances such as higher than normal vacancy rates or unexpected significant increases in financing costs, 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 in an unfavourable market, the proceeds to the Company might be significantly less than the aggregate value of its properties on a going-concern basis.

#### 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, if a borrower fails to repay on the promissory note receivable or if the related parties fail to repay on the amount due from related parties. 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.

#### *Residential investment properties*

The Company attempts to minimize possible risks by attracting tenants with good credit, limiting exposure to any one tenant and collecting security deposits from tenants. As at December 31, 2023, total rent due from residential tenants was \$44,798 (2022 - \$9,045) of which rent due from current tenants amounted to \$44,798 (2022 - \$9,045).

The aging of accounts receivable for the residential investment properties is as follows:

	2023		2022	
Current	\$	20,511	\$	6,968
31-90 days		25,611		3,836
90 + days		3,326		-
		<b>49,448</b>		10,804
Allowance for doubtful accounts		<b>(4,650)</b>		(1,759)
	\$	<b>44,798</b>	\$	9,045

#### *Commercial investment property*

For the commercial investment property, approximately 85% (2022 – 70%) of accounts receivable is from two (2) tenants (2022 – two (2) tenants) and 83% (2022 – 78%) of commercial rental revenue is from three (3) tenants (2022 – three (3) tenants).

The aging of accounts receivable for the commercial investment property is as follows:

	2023		2022	
Current	\$	85,683	\$	28,350
31-90 days		422,341		30,530
90 + days		922		373,526
		<b>508,946</b>		432,406
Allowance for doubtful accounts		<b>(322,664)</b>		(278,876)
	\$	<b>186,282</b>	\$	153,530

The promissory note receivable is with a current tenant of the commercial investment property and is personally guaranteed by the tenant. As at December 31, 2023, the promissory note receivable was in default and had not been repaid and the Company had not demanded on its repayment rights. There was a provision for bad debts taken on the promissory note of \$47,908 (2022 - \$47,908). The Company continues to work with the tenant on repayment.

#### *Other*

The amount due from related parties is due from companies directly controlled by the CEO of the Company and the credit risk is considered to be minimal.

In relation to cash and restricted cash, the Company believes that its exposure to credit risk is minimal as the Company only places its cash and restricted cash with reputable Canadian financial institutions.

## 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 additional 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

The Company is exposed to interest rate risk to the extent of any upward or downward revisions in the prime lending rates. Increases in the interest rate, such as those seen throughout 2022 and 2023, have the potential to adversely affect the profitability of the Company. The majority of Yorkton's mortgages are fixed-rate mortgages insured by CMHC, which allows the Company to receive favourable financing and interest rates, and reduces the potential for a lender to call a loan prematurely. However, there is no guarantee that the Company will be able to obtain new mortgage financing, refinance its existing mortgage indebtedness at the end of the mortgage term or that CMHC will continue to offer the same or similar mortgage programs in the future. If any changes are made by the Government of Canada to the CMHC mortgage programs in the future, such changes could have a negative impact on the Company. The Company continuously monitors the market interest rate and the general interest rate environment and available CMHC mortgage programs to determine its impact on its current mortgages payable.

As at December 31, 2023, the interest rate profile of the Company's interest-bearing financial instruments are as follows:

	2023		2022	
<b>Fixed-rate instruments</b>				
Mortgages payable	\$	95,029,305	\$	31,273,716
Convertible debentures		6,053,000		2,809,000
	\$	101,082,305	\$	34,082,716
<b>Variable-rate instruments</b>				
Mortgages payable	\$	3,230,997	\$	3,392,450
Convertible debentures		196,000		196,000
	\$	3,426,997	\$	3,588,450

The Company does not account for any fixed-rate financial instruments at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

The Company is susceptible to interest rate cash flow risk on variable-rate financial instruments. A reasonably possible change of 1% in market interest rates would, all else being equal, increase or decrease net earnings for the year ended December 31, 2023 by approximately \$34,000 (2022 – \$36,000).

## 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.

### Inflation, Labour Shortages and Supply Chain Risk

There is a risk that the Company could be adversely affected due to market changes particularly in supply disruptions, inflation and interest rates. Canada has seen significant inflation in the latter part of 2022 and into 2023, against the backdrop of sustained higher housing prices, substantial supply constraints and geopolitical conflicts, which have increased prices for energy and agricultural markets. There has also been significant disruption to the global supply chain recently, disrupting global recovery as economies emerge from the impact of the pandemic. Further, as labour and material shortages persist, the expected onset of new supply of rental housing may take longer as construction completion times are extended. All of this increases the supply risk to the Company.

### 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.

### 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. Many 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.

### 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 consists of accounts payable and accrued liabilities of \$846,531 (2022 - \$436,082) and refundable security deposits of \$514,642 (2022 - \$194,653) that have a contractual maturity in the fiscal 2024 year. There is no contractual maturity for the amounts due to related party of \$3,904 (2022 - \$Nil) as there are no terms of repayment. The contractual maturities of the mortgages payable and convertible debentures are described in "Three Year History – 2023 to 2021" in the "General Development of Business" section above.

### 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, in this case, although the Company has contingency plans to convert the rental units into market condominium units for sale, there is no guarantee the conversion will be successful or the units can be sold for a profit. 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-unit residential rental properties are subject to rent control legislation in most provinces in Canada. Although neither Alberta nor Saskatchewan is currently subject to rent control legislation; however, under Alberta rent legislation, a landlord is only entitled to increase rents once every twelve (12) months. 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. In British Columbia, 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 sustain the historical level of rent increases or 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 and has retained a third party IT company to monitor its security, 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

Despite the significant experience of the senior management team of the Company in the real estate industry, 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, working capital deficiencies, limitations with respect to personnel, financial and other resources and the lack of sufficient 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.

### Public Market Risk

It is not possible to predict the price at which the Company's common shares will trade and there can be no assurance that an active trading market for the common shares will exist. The common shares will not necessarily trade at values determined solely by reference to the value of the properties of Yorkton. Accordingly, the common shares may trade at a premium or a discount to the value implied by the value of the Company's properties. The market price for common shares may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the Company.

### 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.

## **DIVIDENDS**

Yorkton has not declared or paid any dividends on the Common Shares of the Corporation since its incorporation. Any decision to pay dividends on the Common Shares will be made by the Board of Directors on the basis of Yorkton's earnings, financial requirements and other conditions existing at such future time. Other than pursuant to corporate law, there is no restriction that could prevent the Corporation from paying dividends or another form of distribution in respect of the Common Shares of the Corporation.

## **DESCRIPTION OF CAPITAL STRUCTURE**

Yorkton is authorized to issue an unlimited number of Common Shares without nominal or par value and an unlimited number of Preferred Shares without nominal or par value to be issued in series. As of April 22, 2024 and December 31, 2023, Yorkton had 112,680,574 Common Shares issued and outstanding and no preferred shares issued and outstanding. As well, as of April 22, 2024 and December 31, 2023, the Company had 559,905 common share purchase options outstanding and exercisable, expiring on November 18, 2025, with an exercise price of \$0.20 per common share, and 1,552,800 common share purchase warrants, expiring between January 17 and January 25, 2027, with an exercise price of \$0.60 per common share. The Company has also issued convertible debentures maturing five (5) years after issue. As at December 31, 2023, and April 22, 2024 the Company has outstanding convertible debentures that are convertible into a maximum of 20,381,667 Common Shares.

### **Common Shares**

The holders of Common Shares are entitled to receive notice of, and to attend all meetings of the shareholders of the Company and to vote, in respect to each Common Share, at all meetings of shareholders of the Company. Subject to the rights of the holders of the Preferred Shares, to receive any dividend declared by the Board of Directors of the Company. Subject to rights of the holders of Preferred Shares, to receive the remaining property of the Company upon dissolution of the Company, if any, and to the rights, privileges and restrictions normally attached to Common Shares.

### **Preferred Shares**

Preferred Shares may be issued from time to time in one or more series and, the Board of Directors is authorized to fix, from time to time, before issuance, the number of shares in and the designation, rights, privileges, restrictions, and conditions attaching to the shares of each series of Preferred Shares. The Preferred Shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntarily or involuntarily, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank equally with the Preferred Shares of every other series and be entitled to preference over the Common Shares and the shares of any other class ranking junior to the Preferred shares.

### **Common Share Purchase Options**

On June 16, 2023, the Company implemented an omnibus security based compensation plan which includes a ten percent (10%) rolling stock option plan (the "Stock Option Plan") together with a ten percent (10%) fixed security based compensation plan (other than stock options) (the "Equity Compensation 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, management company 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 ten percent (10%) of the issued and outstanding common shares at that time, exercisable for the period of up to ten (10) years. As the Stock Option Plan is considered a "rolling" plan, the Company must obtain shareholder

approval of the Stock Option Plan at each annual meeting of shareholders in accordance with the policies of the TSXV.

The Equity Compensation Plan provides that the Board of Director of the Company may, from time to time, in its discretion, grant to directors, officers, employees, management company employees, and consultants of the Company, non-transferrable stock appreciation rights, deferred share units, restricted share units, performance share units, and any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Company from treasury, provided that the number of common shares reserved for issuance under the Equity Compensation Plan shall not exceed ten percent (10%) of the issued and outstanding common shares at its implementation.

In addition, the number of common shares reserved for issuance to any one person and to insiders, as a group, shall not exceed five percent (5%) and ten percent (10%), respectively, 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, employee, management company employee, and consultant and all other terms and conditions of the award, subject to the rules of the TSXV.

The following common share purchase options are outstanding as at December 31, 2023:

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

### Common Share Purchase Warrants

The following common share purchase warrants are outstanding as at December 31, 2023:

Expiry date	Exercise Price	Warrants exercisable
January 17, 2027	\$0.60	1,488,000
January 25, 2027	\$0.60	64,800
		1,552,800

### Convertible Debentures

The Company issues convertible debentures, from time to time, to help finance its development. The convertible debentures have a 5-year life with interest paid in cash annually. The Company, 36 months after the closing date, has the right, but not the obligation, to redeem the principal amount and any unpaid interest. The principal amount of the convertible debenture may, at the option of the convertible debenture holder, be converted, in whole or in part, into common shares at the conversion price included in convertible debenture agreement.

In addition, for a period of 30 calendar days following the 3<sup>rd</sup> and 4<sup>th</sup> anniversary after the closing date, the holders of the January 2023 Convertible Debentures and April 2023 Convertible Debentures may request the Company to repurchase the convertible debenture subject to the discretion of management of the Company, acting reasonably, and other certain conditions.

The following table shows the maximum quantity of common shares that would be issued if all convertible debentures outstanding were converted:

<b>Issue date</b>	<b>Gross proceeds</b>	<b>Conversion price</b>	<b>Max. quantity of common shares on conversion</b>	<b>Maturity date</b>
January 17, 2022	\$ 2,480,000	\$0.60	4,133,333	January 16, 2027
January 25, 2022	108,000	0.60	180,000	January 24, 2027
March 31, 2022	221,000	0.60	368,333	March 30, 2027
June 3, 2022	196,000	0.60	326,666	June 2, 2027
January 26, 2023	258,000	0.30	860,000	January 25, 2028
April 20, 2023	250,000	0.30	833,333	April 19, 2028
October 17, 2023	2,000,000	0.20	10,000,000	October 16, 2028
December 19, 2023	736,000	0.20	3,680,000	December 18, 2028
	<b>\$ 6,249,000</b>	<b>\$0.40</b>	<b>20,381,667</b>	

For the details of each convertible debenture issuance see “Three Year History – 2023 to 2021” in the “General Development of Business” section above.

### **Purchase of Common Shares for Cancellation**

On January 27, 2023, the Company received approval from the TSX Venture Exchange to commence a normal course issuer bid (the “NCIB”) to repurchase, for cancellation, up to an aggregate of 5,633,871 common shares of the Company. The funds used to repurchase the common shares of the Company pursuant to the NCIB will only come from cash provided by operating activities of the Company. The NCIB expired on January 26, 2024.

From time to time the market price of the Common Shares may not reflect their underlying value, and in such circumstances, management believes that the acquisition of its Common Shares for cancellation is in the best interest of the Company. The acquisition of Common Shares under the NCIB returns capital to shareholders of Yorkton in a tax-efficient manner that is accretive to net asset value.

Between January 27, 2023 and January 26, 2024, the Company repurchased 119,500 of its common shares under the NCIB at a weighted average price of approximately \$0.16 per common share for a total cost, including commission, of \$19,415.

## **MARKET FOR SECURITIES**

### **Trading Price and Volume**

The Common Shares of the Company trade on the TSXV under the symbol “YEG”. The following table sets out the high and low trading prices and volumes of trading for the Common Shares as traded on the TSXV for the periods indicated.

<b>Date</b>	<b>Low (\$)</b>	<b>High (\$)</b>	<b>Volume</b>
January 2023	0.150	0.170	69,076
February 2023	0.155	0.175	35,293
March 2023	0.140	0.170	138,675
April 2023	0.160	0.200	69,000
May 2023	0.155	0.190	52,620
June 2023	0.160	0.190	74,123
July 2023	0.155	0.165	78,607
August 2023	0.150	0.165	20,700
September 2023	0.140	0.165	97,668
October 2023	0.130	0.160	107,200
November 2023	0.130	0.150	181,598
December 2023	0.130	0.160	83,393

### **Prior Sales**

The following summarizes the issuances of securities of the Company that are not listed or quoted on a marketplace during the fiscal year ended December 31, 2023.

- On January 26, 2023, the Company issued 258 January 2023 Convertible Debentures at an issue price of \$1,000 per January 2023 Convertible Debenture for gross proceeds of \$258,000.
- On April 20, 2023, the Company issued 250 April 2023 Convertible Debentures at an issue price of \$1,000 per April 2023 Convertible Debenture for gross proceeds of \$250,000.
- On October 17, 2023, the Company issued 2,000 Q4 2023 Convertible Debentures at an issue price of \$1,000 per Q4 2023 Convertible Debenture for total aggregate gross proceeds of \$2,000,000.
- On December 19, 2023, the Company issued 736 Q4 2023 Convertible Debentures at an issue price of \$1,000 per Q4 2023 Convertible Debenture for total aggregate gross proceeds of \$736,000.

Additional details are described in “Convertible Debentures” under “Debt Financing” in “Three Year History – 2023 to 2021” in the “General Development of Business” section above.

### **ESCROWED SECURITIES**

As of December 31, 2023, there were no securities that were held, to the knowledge of the Company, in escrow or that were subject to a contractual restriction on transfer, with the exception of the Q4 2023 Convertible Debentures, which were subject to a contractual restriction on transfer of four (4) months and one (1) day from the date of issuance. The Q4 2023 Convertible Debentures represent 43.8% of all convertible debentures issued and outstanding as at December 31, 2023.

The contractual restriction on transfer of 2,000 Q4 2023 Convertible Debentures with a principal value of \$2,000,000 expired on February 18, 2024 and the contractual restriction on transfer of 736 Q4 2023 Convertible Debentures with a principal value of \$736,000 expired on April 20, 2024.

## DIRECTORS AND OFFICERS

The name, municipality, province and country of residence and principal occupation during the last five (5) years of each of the directors and executive officers are set forth below.

Name and Place of Residence and Office Held, if any	Present Principal Occupation and Principal Occupation During Past Five (5) Years	Date First Elected as a Director	Number of Voting Shares Beneficially Owned, Directly or Indirectly, or Controlled by Proposed Director
Ben Lui Edmonton, Alberta, Canada <i>President and Chief Executive Officer</i>	President and Chief Executive Office of the various Yorkton Group companies and strata corporations since 2002. The Yorkton Group owns and develops properties in Edmonton, Alberta, and Surrey, British Columbia with a focus on real estate developments and investments. In addition, Mr. Lui owns and leads a team of property management professionals in managing a large portfolio of residential and commercial properties in Western Canada.	November 17, 2020	82,511,845 <sup>(1)</sup>
Bill Smith <sup>(6)</sup> Edmonton, Alberta, Canada	Mr. Smith was Chairman and Senior VP of BioNeutra Global Corporation and Director and Senior VP of BioNeutra North America Inc., a private Alberta corporation.	November 17, 2020	27,500 <sup>(2)</sup>
Mark Wilbert <sup>(6)</sup> Edmonton, Alberta, Canada	From September 22, 2021: Associate with Canadian Independent Venture Realty; From May 17, 2014 to September 22, 2021: Real Estate Brokerage Partner with Coldwell Banker Venture Realty.	November 17, 2020	125,000 <sup>(3)</sup>
Jason Theiss <sup>(6)</sup> Edmonton, Alberta, Canada	A Chartered Professional Accountant.  Chief Financial Officer, Carrington Group of Companies From July 2007 to October 30, 2020: Chief Financial Officer of Bri-Chem Corp., a publicly trading company listed on the TSX.	November 17, 2020	Nil <sup>(4)</sup>

Name and Place of Residence and Office Held, if any	Present Principal Occupation and Principal Occupation During Past Five (5) Years	Date First Elected as a Director	Number of Voting Shares Beneficially Owned, Directly or Indirectly, or Controlled by Proposed Director
William Harper Vancouver, British Columbia, Canada <i>Acting Chief Financial Officer and Corporate Secretary</i>	A Chartered Professional Accountant.  Between 2009 and 2017 Mr. Harper worked at an audit firm in Vancouver, British Columbia working with both public and private companies across a wide spectrum of industries, including in the real estate sector. Between 2017 and 2019 he was a manager at a back office outsourcing company in Vancouver, British Columbia. He is currently the principal of an accounting firm which provides fractional CFO services to publicly traded companies listed on the TSX Venture Exchange in various industries, including real estate, software, and construction.	N/A	Nil
Reg Liyanage Edmonton, Alberta, Canada <i>Executive Vice President</i>	Mr. Liyanage has extensive experience in project management, development, and redevelopment of commercial properties with the Yorkton group of companies since 2002.	N/A	805,700 <sup>(5)</sup>

**Notes:**

- (1) Mr. Lui indirectly owns these Shares through Lui Holdings Corporation. As well, Mr. Lui, directly and indirectly, holds Common Share purchase options for an additional 275,000 Common Shares and 2,088 convertible debentures which are convertible into 10,348,333 common shares, which, if exercised, would raise the total number of Common Shares beneficially owned, directly or indirectly, by Mr. Lui to 92,860,178 Common Shares.
- (2) As well, Mr. Smith holds Common Share purchase options for an additional 50,000 Common Shares and 27,500 Common Share purchase warrants, which if exercised, would raise the total number of Common Shares beneficially owned, directly or indirectly, by Mr. Smith to 105,000 Common Shares.
- (3) As well, Mr. Wilbert holds Common Share purchase options for an additional 50,000 Common Shares and 125,000 Common Share purchase warrants, which if exercised, would raise the total number of Common Shares beneficially owned, directly or indirectly, by Mr. Wilbert to 300,000 Common Shares.
- (4) Mr. Theiss holds Common Share purchase options for 50,000 Common Shares, which if exercised, would raise the total number of Common Shares beneficially owned, directly or indirectly, by Mr. Thiess to 50,000 Common Shares.
- (5) As well, Mr. Liyanage holds Common Share purchase options for an additional 134,905 Common Shares and 782,500 Common Share purchase warrants, which if exercised, would raise the total number of Common Shares beneficially owned, directly or indirectly, by Mr. Liyanage to 1,723,105 Common Shares.
- (6) Member of the audit committee.

The term of office of directors expires annually at the time of the Company's annual meeting or when their successor is duly appointed or elected. The term of office of the Company's officers expires at the discretion of the Company's Board of Directors.

The Board of Directors of the Company has an Audit Committee composed of Messrs. Theiss, Smith, and Wilbert, all of whom are independent.

As at April 22, 2024, the directors and executive officers of the Company as a group beneficially owned, directly or indirectly, or exercised control or direction over 83,470,045 Common Shares. This represents 74.1% of the 112,680,574 outstanding Common Shares.

### **Cease Trade Orders or Bankruptcies**

No director or executive officer of the Company, is at the date hereof, or within the ten years prior to the date hereof has been, a director, a chief executive officer or chief financial officer of any corporation (including the Company) that: (a) while that person was acting in that capacity, was subject to a cease trade or an order similar to a cease trade order or an order that denied such corporation access to any statutory exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days; or (b) was subject to a cease trade an order or similar to a cease trade order or an order that denied such corporation access to any statutory exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after that person ceased to act in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Except as set forth below, no existing director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (a) is, as at the date hereof, or has been within the past 10 years from the date hereof, a director or executive officer of any Company (including the Company) that while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the past 10 years before the date of this hereof become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

The Acting Chief Financial Officer, Mr. William Harper, was an executive officer of a corporation which, pursuant to an arm's length purchase agreement for the acquisition of the corporation by N Harris Computer Corporation (a wholly owned subsidiary of Constellation Software Inc. (TSX:CSU)), made a proposal under the Bankruptcy and Insolvency Act (Canada).

### **Penalties and Sanctions**

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company, has been subject to: (a) any penalties or sanctions imposed by a court relating to the securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflict of Interest**

Certain directors of Yorkton are also directors of other real estate companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the Business Corporations Act (Alberta). See "Interest of Management and Others in Material Transactions" section below.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Yorkton is not aware of any material legal proceedings or regulatory actions, contemplated or actual, to which Yorkton is a party or of which any of their property is the subject matter.

During the financial year ended December 31, 2023, there have been no: (a) penalties or sanctions imposed against Yorkton by a court relating to securities legislation or by securities regulatory authority; (b) other penalties or sanctions imposed by a court or regulatory body against Yorkton that would likely be considered important to a reasonable investor in making an investment decision; and (c) settlement agreements entered into by Yorkton before a court relating to securities legislation or which a securities regulatory authority.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed below and elsewhere in this AIF, no director or executive officer of the Company and no person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding common shares of the Company, and no associate or affiliate of any of the persons or companies referred to above, has any material interest, direct or indirect, in any transactions within the three most recently completed financial years, or during the current financial year that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

- On December 19, 2023, the Corporation issued 33 Q4 2023 Convertible Debentures to Ben Lui in the principal amount of \$33,000 on the terms and conditions as noted in “Convertible Debentures” under “Debt Financing” in “Three Year History – 2023 to 2021” in the “General Development of Business” section above.
- On October 17, 2023, the Corporation issued 2,000 Q4 2023 Convertible Debentures to a company controlled by Ben Lui in the principal amount of \$2,000,000 on the terms and conditions as noted in “Convertible Debentures” under “Debt Financing” in “Three Year History – 2023 to 2021” in the “General Development of Business” section above.
- On October 16, 2023, the Company entered into an agreement with a company controlled by Ben Lui to exclusively consult, rent, lease and manage The FUSE property. The fees payable under the agreement are based on a percentage of the total gross rental income from the property plus other fees. The term of the agreement is from October 16, 2023 to October 31, 2024 and then continues on a month to month basis thereafter.
- On September 28, 2023, the Company issue an unsecured grid promissory note, to a company controlled by Ben Lui, to borrow up to a maximum amount of \$1,700,000. The unsecured grid promissory note matured twenty-four (24) months from the date of issuance and bore interest at a rate of five percent (5%) per annum for the first thirty (30) days and ten percent (10%) per annum from the 31<sup>st</sup> day until the maturity date or upon the early repayment of the unsecured grid promissory note in full, whichever came first. The Company had the right at any time to pay all or any portion of the balance owing on the unsecured grid promissory note without notice, bonus or penalty. On October 17, 2023, the Company completed an initial tranche closing on the Q4 2023 Convertible Debentures and the unsecured grid promissory note adopted the terms and conditions of the Q4 2023 Convertible Debentures.
- On April 20, 2023, the Company issued 55 April 2023 Convertible Debentures to Ben Lui in the principal amount of \$55,000 on the terms and conditions as noted in “Convertible Debentures” under “Debt Financing” in “Three Year History – 2023 to 2021” in the “General Development of Business” section above.

- On February 21, 2023, the Company entered into an agreement with a company controlled by Ben Lui to exclusively consult, rent, lease and manage The Dwell property. The fees payable under the agreement are based on a percentage of the total gross rental income from the property plus other fees. The term of the agreement is from February 27, 2023 to February 28, 2024 and then continues on a month to month basis thereafter.
- The Company has entered into an agreement with a company controlled by Ben Lui for the provision of administration and accounting services. The agreement has a term of one (1) year from January 1, 2023 to December 31, 2023 and on each anniversary date falling thereafter, the term of the agreement will automatically be extended for one (1) additional year on the same terms and conditions. The fee paid is based on a certain percentage of the total expenditures incurred, by the company controlled by Ben Lui, in providing the services.
- On January 13, 2022, the Company advanced \$900,000, on a short term and unsecured basis, to a company controlled by Ben Lui, which bore interest at 4.5% per annum and had no specific terms of repayment. The advance was made to deploy excess cash for the purpose of earning income while the Company identified potential investment property acquisitions. The advance was substantially repaid during 2022 and the remaining amount was repaid in 2023.
- On April 30, 2021, the Company purchased 2,498,963 limited partnership units, equal to 25% of all limited partnership units, of Yorkton 108 Limited Partnership (“Yorkton 108 LP”) from a company controlled by Ben Lui, in exchange for the issuance of 14,593,943 common shares of the Company. The investment was initially recorded at the fair value of the asset acquired of \$3,436,041. The company controlled by Ben Lui originally acquired the Yorkton 108 LP units for \$2,498,963 in 2018. The difference between the amount of consideration paid by Yorkton to acquire the Yorkton 108 LP units and the consideration originally paid by the company controlled by Ben Lui is due to the change in fair value of the underlying investment of Yorkton 108 LP over the approximate time of 3 years.
- On April 30, 2021, the Company acquired all of the issued and outstanding common shares of 1205946 Alberta Ltd. (“Riviera Gardens”) from a company controlled by Ben Lui, for a purchase price of \$4,321,671 through the issuance of 16,940,000 common shares of the Company.
- On April 30, 2021, the Company entered into an agreement with a company controlled by Ben Lui to exclusively consult, rent, lease and manage the Riviera Gardens property. The fees payable under the agreement are based on a percentage of the total gross rental income from the property plus other fees. The term of the agreement is from May 1, 2021 to April 30, 2022 and then continues on a month to month basis thereafter.

## **TRANSFER AGENTS AND REGISTRARS**

The registrar and transfer agent of the Company is Computershare Trust Company of Canada, #600, 530 – 8 Ave. S.W., Calgary, Alberta, Canada, T2P 3S8.

## **MATERIAL CONTRACTS**

Except as otherwise disclosed elsewhere in this AIF and contracts entered into in the ordinary course of business, there are no material contracts which have been entered into by Yorkton within the most recently completed financial year, or before the most recently completed financial year that are still in effect.

## **INTEREST OF EXPERTS**

Effective September 21, 2022, The Company's auditors are Kenway Mack Slusarchuk Stewart LLP, Chartered Professional Accountants of Calgary, Alberta who are independent of the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta. Prior to that, the Company's auditors were RSM Alberta LLP, Chartered Professional Accountants of Edmonton, Alberta, who were independent of the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

The Company's portfolio value as of the financial year ended December 31, 2023 was determined by JLL Valuation Advisory. To the best of the Company's knowledge, no designated professional of JLL Valuation Advisory beneficially owns, directly or indirectly, greater than 1% of the issued and outstanding Common Shares of the Company.

## **ADDITIONAL INFORMATION**

Additional information, including directors', named executives' and officers' remuneration and indebtedness, principal holders of securities of Yorkton, and securities authorized for issuance under equity compensation plans, where applicable, is contained in the management information circular of Yorkton dated May 8, 2023, and filed on SEDAR+ on May 23, 2023, in respect of the annual meeting of the holders of Common Shares held on June 16, 2023.

Additional financial information is provided in Yorkton's financial statements and MD&A for the financial year ended December 31, 2023.

Additional information relating to the Company may also be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## SCHEDULE "A" – AUDIT COMMITTEE INFORMATION

### 1. The Audit Committee's Charter

The text of the Audit Committee's charter is attached hereto as Exhibit "A".

### 2. Composition of the Audit Committee

The Audit Committee consists of Jason Theiss, Bill Smith, and Mark Wilbert. All members of the Audit Committee are independent and financially literate (as those terms are defined in National Instrument 52-110 – Audit Committees).

### 3. Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each person appointed to the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

#### Jason Theiss

Mr. Theiss is a Chartered Professional Accountant who has over 17 years post designation accounting and executive management experience. Since November 2020, Mr. Theiss has been the Chief Financial Officer of Carrington Group of Companies, a real estate and construction development company. Prior to that, Mr. Theiss was the Chief Financial Officer of Bri-Chem Corp., a publicly trading company listed on the TSX for 13 years. Mr. Theiss has extensive experience in financing arrangements, mergers and acquisitions, financial statement disclosure and corporate governance. He has a Chartered Professional Accountant designation and a Bachelor of Business Administration degree.

#### Bill Smith

Mr. Smith was previously an advisor to the President and CEO, Chairman and Senior VP of BioNeutra Global Corporation, a publicly trading company listed on the TSXV. He was also a Director and Senior VP of BioNeutra North America Inc., a private Alberta corporation.

Mr. Smith holds a Business Administration Degree. Mr. Smith's career includes that of a professional athlete (Edmonton Eskimos), a businessman (a Tire operation, a technology company – Alberta Supernet, and a consulting company - Bill Smith & Associates Inc.), and the Mayor for the City of Edmonton, Alberta. He has also served on a number of public and private boards of directors.

#### Mark Wilbert

Mr. Wilbert is an associate with Canadian Independent Realty Ltd and has over 10 years of experience in both Commercial and Residential transactions focusing on investment properties from distressed assets to apartment buildings. He has received many accolades in the real estate market.

Mr. Wilbert's background includes Real Estate Investment, Commercial Banking, International Logistics and International Law. Mr. Wilbert holds a Bachelor of Commerce Degree from the University of Alberta and graduated from the Department of International Relations at Fudan University in Shanghai.

#### 4. Reliance on Certain Exemptions

At no time since the commencement of the financial year ended December 31, 2023, has the Company relied on the exemptions, in whole or in part, in sections 2.4, 3.2, 3.4, 3.5 or under Part 8 of NI 52-110.

#### 5. Reliance on the Exemptions in Subsection 3.3(2) or Section 3.6

At no time since the commencement of the financial year ended December 31, 2023, has the Company relied on any of the exemptions contained in the following sections of NI 52-110: subsection 3.3(2) (*Controlled Companies*) or section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*).

#### 6. Reliance on Section 3.8

At no time since the commencement of the financial year ended December 31, 2023, has the Company relied on the exemptions contained in NI 52-110 subsection 3.8 (*Acquisition of Financial Literacy*).

#### 7. Audit Committee Oversight

At no time since the commencement of the financial year ended December 31, 2023, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

#### 8. Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services other than the general requirements under the heading "External Audit" of the Audit Committee Charter which states that the Audit Committee must pre-approve any non-audit services to the Company and the fees for those services.

#### 9. External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two financial years for audit and non-audit related services are as follow:

Financial Year	Audit Fees <sup>(1)</sup> (\$)	Audit Related Fees <sup>(2)</sup> (\$)	Tax Fees <sup>(3)</sup> (\$)	All Other Fees <sup>(4)</sup> (\$)
2023	45,000	Nil	13,250	Nil
2022	84,900	15,750	42,158	Nil

**Notes:**

- (1) Audit fees were for professional services rendered by Kenway Mack Slusarchuk Stewart LLP for the audit of the Company's 2023 and 2022 annual financial statements.
- (2) Audit related fees were for assurance and related services rendered which reasonably related to the performance of the audit of the annual consolidated financial statements and are not reported under "Audit Fees" above.
- (3) Tax fees include tax compliance, tax advice and tax planning professional services.
- (4) Fees disclosed in the table above under the item "All Other Fees" relate to products and services other than the audit fees, audit related fees and tax fees.

## **EXHIBIT “A” - AUDIT COMMITTEE CHARTER – YORKTON EQUITY GROUP**

### **I. Mandate**

The primary function of the audit committee (the “Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation’s systems of internal controls regarding finance and accounting, and the Corporation’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation’s financial reporting and internal control system and review the Corporation’s financial statements.
- Review and appraise the performance of the Corporation’s external auditors.
- Provide an open avenue of communication among the Corporation’s auditors, financial and senior management and the Board of Directors.

### **II. Composition**

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be independent directors.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Corporation’s Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation’s financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

### **III. Meetings**

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Audit Committee members with copies to the Board of Directors, the Chief Financial Officer or such other officer acting in that capacity, and the external auditor.

### **IV. Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

#### **Documents/Reports Review**

1. Review and update this Charter annually.
2. Review the Corporation’s financial statements, MD&A and any annual and interim earnings and

any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

### **External Auditors**

3. Require the external auditors to report directly to the Committee.
4. Review annually the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation.
5. Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation and confirming their independence from the Corporation.
6. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
7. Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
8. Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval and the compensation of the external auditors.
9. Review with management and the external auditors the terms of the external auditors' engagement letter.
10. At each meeting, may consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
11. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
12. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
13. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent (5%) of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided.
  - ii. such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - iii. such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

### **Financial Reporting Process**

14. In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
15. Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
16. Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
17. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
18. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
19. Review any significant disagreement among management and the external auditors regarding financial reporting.
20. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
21. Review the certification process.
22. Establish procedures for:
  - i. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - ii. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

### **Other**

23. Review disclosure of any related-party transactions.

### **V. Authority**

The Committee may:

- (a) engage independent outside counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

The Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.