



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

Management Discussion & Analysis

Year ended December 31, 2023

April 22, 2024

The following Management's Discussion and Analysis ("MD&A") provides an explanation of the financial position, operating results, performance and outlook of Yorkton Equity Group Inc. (the "Company" or "Yorkton") as at and for the fiscal year ended December 31, 2023.

This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes for the fiscal years ended December 31, 2023 and 2022 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). All amounts are expressed in Canadian dollars.

This MD&A has been reviewed and approved by the Audit Committee and the Board of Director's of the Company and is effective as of April 22, 2024.

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

Unless indicated otherwise, references herein to 2023 and 2022 refers to the fiscal years ended December 31, 2023 and 2022, respectively.

Business Overview

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

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

Strategy and Objectives

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

Yorkton's business objective is to 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

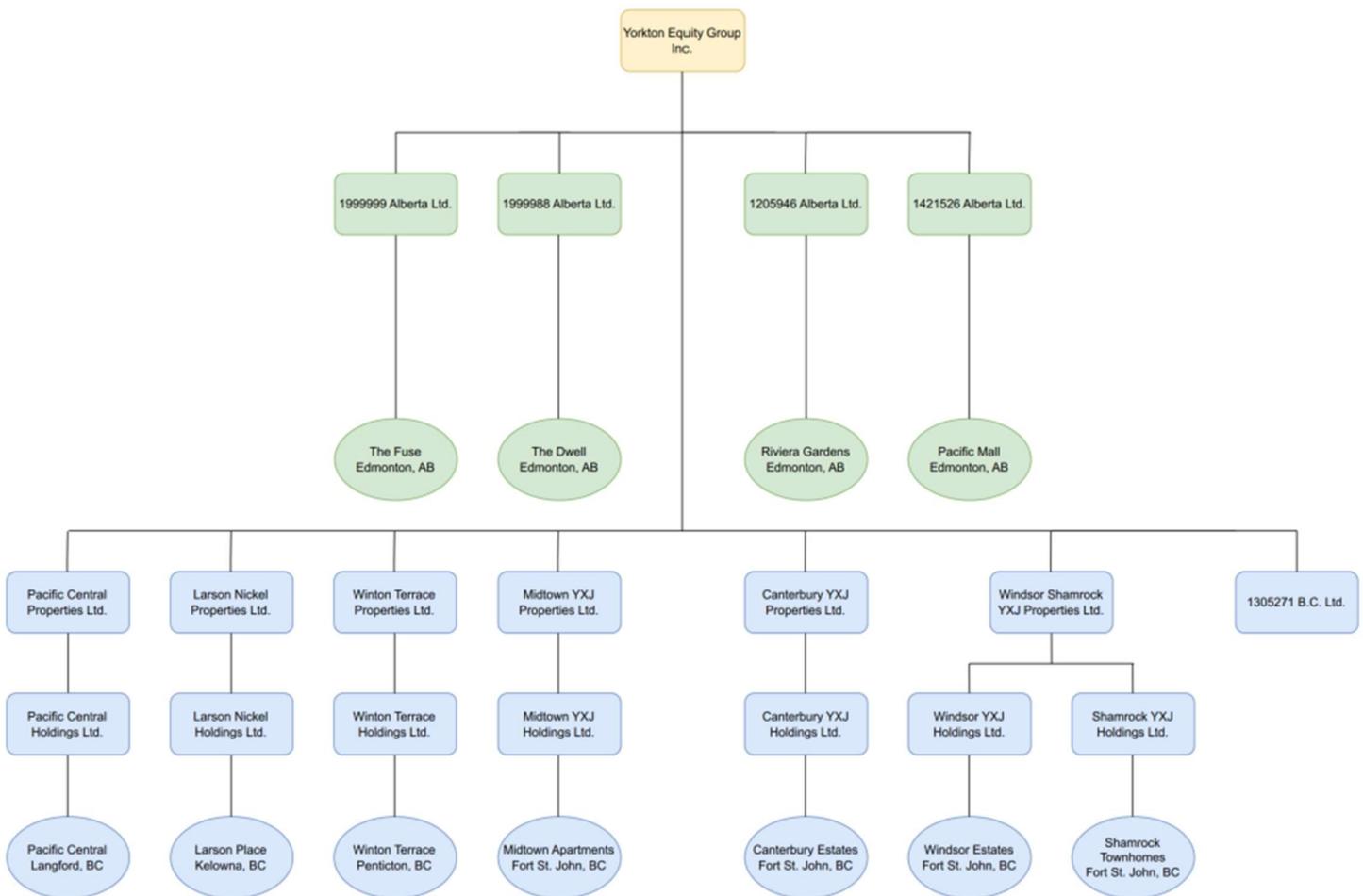
the efficiency and effectiveness of Yorkton's operations and allow Yorkton's management team to be customer focused and to measure and monitor the progress and efficacy of its organic growth.

Company Formation and Structure

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

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

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



Overview of 2023

During 2023, Yorkton acquired two (2) significant new investment properties to add to its growing portfolio:

- “The Dwell” was acquired on February 27, 2023 and is a one hundred and eighty-eight (188) unit multi-family residential complex, with construction completed in 2022, comprising of two luxury condominium grade buildings located in Edmonton, Alberta. The purchase price was \$41,736,000 and the Company financed the purchase with additional new CMHC insured mortgage debt of \$40,159,300 at an interest rate of 3.617% per annum amortized over fifty (50) years.
- “The FUSE” was acquired on October 16, 2023 and is a one hundred and twenty-five (125) unit condominium grade multi-family residential complex, constructed in 2015, and is comprised of two buildings located in Edmonton, Alberta. The purchase price was \$25,625,000 and the Company financed the purchase with new CMHC insured mortgage debt of \$24,423,140 at an interest rate of 4.000% per annum amortized over fifty (50) years.

These acquisitions in 2023 together with strong organic growth have contributed to an increase of \$3,824,546 or 127.8% in rental revenue and \$2,455,022 or 133.0% in net rental income in 2023 as compared to 2022.

Yorkton also saw a significant increase in the fair value of its investment properties, which reflects a continued strong real estate market in the geographic locations that the Company operates in, together with strategic purchases. The increase in the fair market value was primarily driven by the residential investment properties in Edmonton, Alberta, which accounted for \$3,817,759 of the total fair value adjustments of \$4,161,301 reported on the consolidated statement of income (loss) and comprehensive income (loss). Overall, all of Yorkton's residential investment properties saw increases in their fair market values. This was partially offset by a decrease in the fair market value of the commercial investment property and land held for development.

Net loss before other income and income tax expense improved to \$18,009 in 2023 as compared to \$602,653 in 2022, primarily as a result of the factors discussed above and the Company's diligent control over overhead costs. When including the fair market value increase identified above, Yorkton reported net income and comprehensive income of \$3,437,960 and income per common share of \$0.03 in 2023 as compared to a net loss and comprehensive loss of \$161,973 and a net loss per common share of \$0.00 in 2022.

The Company's residential rent collection remained strong during 2023. It is our standard procedure to perform a thorough suitability assessment on new tenants, such as previous landlord and job reference checks as well as credit checks. Moreover, the Company has in place efficient rent collection and eviction processes for tenants who default on their rent payments, which follow all proper legal procedures. During 2023, the Company incurred minimal bad debt expense from its residential tenants. See “Credit Risk” in the “Risk Assessment” section for additional details.

The Company does have a significant amount of rent receivable and a promissory note receivable due from certain commercial tenants and is committed to working with those tenants to defer rent on a case-by-case basis.

During 2023, Yorkton completed the following non brokered private placements of convertible debentures:

- On January 26, 2023, for gross proceeds totaling \$258,000. See “Financing” in the “Liquidity and Capital Resources” section for additional details.
- On April 20, 2023, for gross proceeds totaling \$250,000. Pursuant to this private placement, the CEO of the Company acquired 55 of the convertible debentures in the principal amount of \$55,000. See “Financing” in the “Liquidity and Capital Resources” section for additional details.
- On October 17, 2023 and December 19, 2023, for gross proceeds of \$2,736,000. Pursuant to this private placement, a company directly controlled by the CEO of the Company acquired 2,000 of

the convertible debentures in the principal amount of \$2,000,000 and the CEO and his family member acquired 121 of the convertible debentures in the principal amount of \$121,000. See "Financing" in the "Liquidity and Capital Resources" section for additional details.

On January 1, 2023, Yorkton entered into an agreement with a company directly controlled by Ben Lui, the CEO of Yorkton, to provide administrative and accounting services. The agreement has a term of one (1) year and will automatically be extended for one (1) additional year on the same terms and conditions. During 2023, the Company incurred administrative and accounting fees of \$228,485.

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. During 2023, 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. The 119,500 common shares repurchased during 2023 have been cancelled. The NCIB expired on January 26, 2024.

On June 1, 2023, the Company granted 177,000 common share purchase options with an exercise price of \$0.17 and which expire on July 16, 2023. The holder exercised 122,647 of the common share purchase options on June 2, 2023 and the remaining 54,353 common share purchase options expired unexercised on July 16, 2023.

During 2023, 20,377,666 common share purchase warrants expired unexercised.

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. See property descriptions below for more details.

Residential Properties

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
Edmonton, Alberta						
The Dwell 5530/5538 Schonsee Dr. NW Edmonton, AB	-	41	143	4	188	\$1,430 ⁽¹⁾
The FUSE 2105/2109 – 68 St SW Edmonton, AB	-	23	102	-	125	\$1,410 ⁽¹⁾
Riviera Gardens 13704/13806 – 24 St NW Edmonton, AB	-	16	38	8	62	\$988 ⁽¹⁾ \$1,917 ⁽²⁾⁽³⁾
Fort St. John, BC						
Windsor Estates ⁽³⁾ 8619 99 Avenue Fort St. John, BC	-	-	-	25	25	\$1,293 ⁽¹⁾
Shamrock Townhomes ⁽³⁾ 9807 87 Street Fort St. John, BC	-	-	-	25	25	\$974 ⁽¹⁾
Canterbury Estates 8408 92 Avenue Fort St. John, BC	-	-	-	21	21	\$1,387 ⁽¹⁾
Midtown Apartments 9827 97 Avenue Fort St. John, BC	1	5	6	-	12	\$835 ⁽¹⁾
BC Interior						
Larson Place 200-220 Nickel Road Kelowna, BC	-	-	9	10	19	\$2,113 ⁽¹⁾
Winton Terrace 797 Winnipeg Street Penticton, BC	1	10	15	-	26	\$979 ⁽¹⁾
Vancouver Island, BC						
Pacific Central 2835 Peatt Road Langford, BC	-	3	12	-	15	\$1,587 ⁽¹⁾ \$1,946 ⁽²⁾
Total	2	98	325	93	518	\$1,300⁽¹⁾ \$1,932⁽²⁾

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 a detailed description of the Residential Properties acquired in 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.

Commercial Property

There were no additional acquisitions of commercial properties during 2023. The Company owns a two-storey retail and commercial building commonly known as the 'Pacific Mall' in Edmonton, Alberta. The Pacific Mall comprises net leasable area of 28,036 square feet and as at December 31, 2023 the average annual base rent per occupied square foot was \$12.04.

Subsequent events

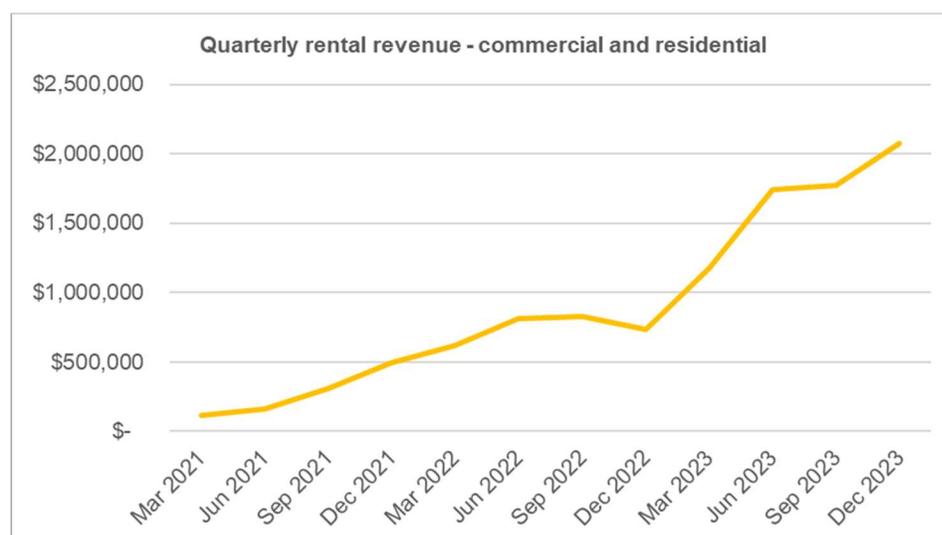
On February 21, 2024, the Company consolidated the three (3) mortgages payable held by 1421526 Alberta Ltd. into one (1) demand non-revolving mortgage with a principal balance of \$3,252,300. The consolidated mortgage payable bears interest at prime plus 1.25% per annum and is repayable in equal blended 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.

Annual Financial and Operational Highlights

As at December 31	2023 \$	2022 \$	2021 \$
Net rental income	4,300,233	1,845,211	560,704
Loss before other income (expenses)	(18,009)	(602,653)	(1,004,449)
Loss per share, before other income (expenses) (basic and diluted)	(0.00)	(0.01)	(0.01)
Fair value adjustment on investment property	4,161,301	634,990	573,039
Interest income	18,241	37,108	-
Share of profit of equity-accounted investee	-	-	356,703
Impairment of investment in Yorkton 108 LP	-	-	(1,144,343)
Income tax expense	(723,573)	(231,418)	(37,476)
Net and comprehensive income (loss)	3,437,960	(161,973)	(1,256,526)
Net income (loss) per share (basic and diluted)	0.03	(0.00)	(0.01)
Cash provided by (used in) operating activities	3,630,554	781,186	(976,475)
Cash provided by (used in) financing activities	62,339,747	11,224,564	20,084,165
Cash provided by (used in) investing activities	(68,145,932)	(11,235,465)	(17,929,102)
Total assets	129,051,683	58,611,266	45,861,654
Working capital deficit	(2,859,582)	(767,641)	(10,784,698)
Total non-current liabilities	99,033,610	33,177,584	11,306,429
Weighted average number of common shares outstanding	112,698,769	112,635,393	97,338,049

Rental revenue

Total rental revenue increased by \$3,824,546 or 127.8% to \$6,817,880 in 2023 compared to \$2,993,334 in 2022. This was due primarily to increases in residential lease and non lease revenue, from organic growth, achieved by strong rental demand in the markets the Company operates in, most significantly in Edmonton, Alberta where there has been a rapidly expanding population from interprovincial and international immigration, a resilient economy, a robust labor market, affordable housing costs and fewer regulations around rent controls compared to other markets in Canada, and the acquisitions of The Dwell and The FUSE.



Net Rental Income

For the year ended December 31,	Residential Properties		
	2023	2022	% change
Rental revenue	\$ 6,527,070	\$ 2,608,366	150%
Operating expenses	(2,332,924)	(1,069,668)	118%
Net rental income	\$ 4,194,146	\$ 1,538,698	177%
Operating margin	64%	59%	8%
Average occupancy rate	97%	94%	3%
Weighted average number of units	389	189	106%
Average rental rate per unit/per month ⁽¹⁾	\$ 1,441	\$ 1,223	18%
Average operating expense per unit/per month ⁽²⁾	\$ 500	\$ 472	6%

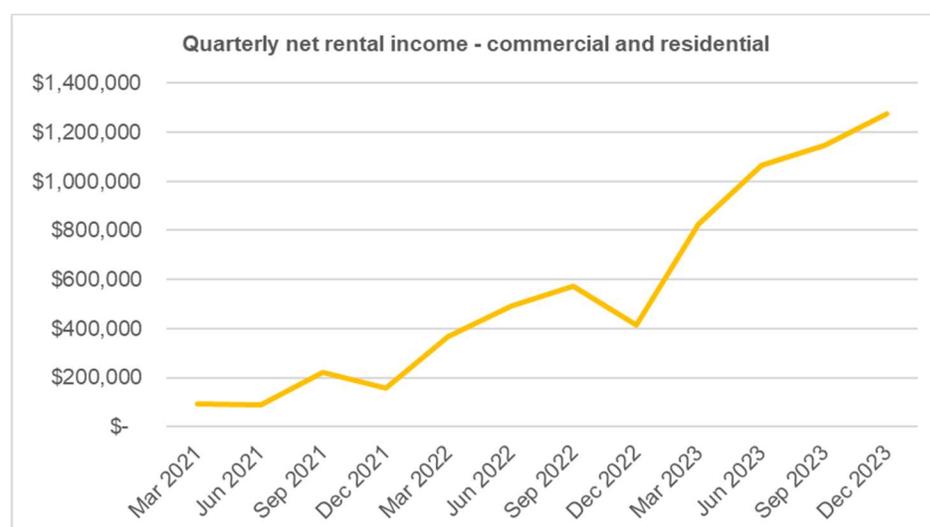
Notes:

- (1) The average rent per month per occupied weighted average number of units.
- (2) The average operating expenses per month per weighted average number of units.

For the year ended December 31,	Commercial Property		
	2023	2022	% change
Rental revenue	\$ 290,810	\$ 384,968	(24%)
Recovery of operating expenses	378,587	428,789	(11%)
Operating expenses	(563,310)	(507,244)	11%
Net rental income	\$ 106,087	\$ 306,513	(65%)
Operating margin	16%	38%	(58%)
Average occupancy rate	86%	88%	(2%)
Weighted average number of sq feet	28,036	28,036	-
Average rental rate per sq foot per month ⁽¹⁾	\$ 1.01	\$ 1.30	(22%)
Average operating expense per sq foot per month ⁽²⁾	\$ 1.67	\$ 1.51	11%

Notes:

- (1) The average base rental rate includes only the base rent for units 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.
- (2) The average operating expenses are substantially recovered, other than for vacant units, from the tenants of the Commercial Property and is calculated as the average operating expenses per month per weighted average number of square feet.



Net rental income increased by \$2,455,022 or 133.0% to \$4,300,233 in 2023 as compared to \$1,845,211 in 2022. The increase is the result of the performance of the residential investment property portfolio which had strong organic growth, from high demand in the markets the Company operates in and achieved by streamlining operations through utilizing the newly implemented YARDI VOYAGER system, together with recent purchases in 2022 and 2023 of residential investment properties. During 2022, the Company purchased Canterbury Place and Midtown Property on January 31, 2022, and Shamrock Townhomes and Windsor Estates on April 11, 2022. During 2023, the Company purchased The Dwell on February 27, 2023 and The FUSE on October 16, 2023, for an additional 313 units and a total purchase price of \$67,361,000.

In 2023, the net rental income from the Residential Properties was \$4,194,146 as compared to \$1,538,698 in 2022. This increase was due to the factors identified above. The net rental income from the Residential Properties is expected to continue to improve in future periods as rental rates have been increasing in Alberta and British Columbia due to high demand in those real estate rental markets and as the operations of the additional properties that have been recently acquired through organic growth are streamlined and economies of scale are achieved.

In 2023, the net rental income from the Commercial Property was \$106,087 as compared to \$306,513 in 2022. This decrease was primarily due to the continued rental concessions provided to a restaurant tenant of the Commercial Property to accommodate for the financial hardship that the tenant continues to face due to previous government imposed COVID-19 health mandates. The government imposed COVID-19 health mandates were relaxed during 2022 and the Company is beginning to see an improvement in the rental revenue from the tenant.

Financing costs

Financing costs increased by \$1,870,903 or 118.7% to \$3,446,952 in 2023 compared to \$1,576,049 in 2022. This increase was attributable to the acquisition of additional residential investment properties during 2022 and 2023 and the issuance of convertible debentures during 2022 and 2023.

During the year ended December 31, 2023, the Company financed two (2) new mortgages for additional net funding of approximately \$62.9 million and issued approximately \$3.2 million of unsecured convertible debentures. See "Financing" in the "Liquidity & Capital Resources" section below for additional details.

During the year ended December 31, 2022, the Company financed five (5) new mortgages for additional net funding of approximately \$10.5 million, refinanced three (3) existing mortgages with a principal balance of approximately \$8.6 million with two (2) mortgages with a principal balance of approximately \$11.2 million, and issued approximately \$3.0 million of unsecured convertible debentures. See "Financing" in the "Liquidity & Capital Resources" section below for additional details.

The Company finances the purchase of its Residential Properties with low-cost, long-term CMHC insured mortgage loans and finances its Commercial Property with short term mortgage loans which give it additional flexibility to manage those mortgage loans.

General and administration

General and administration expense increased to \$778,620 in 2023 as compared to \$724,103 in 2022, an increase of \$54,517 or 7.5%. However, as a percentage of rental revenue, general and administration expense was lower at 11.4% in 2023 as compared to 24.2%. This improvement was driven by Yorkton's diligent control over its overhead expenses.

The significant changes in general and administrative expenses between 2023 and 2022 were:

- Insurance costs decreased by \$47,865 or 72.0% to \$18,590 in 2023 as compared to \$66,455 in 2022. The decrease in insurance was due to a lower insurance premium as a result of the Company's clean claim history.

- Professional fees decreased by \$152,309 or 29.0% to \$372,751 in 2023 as compared to \$525,060 in 2022. The decrease in professional fees was primarily due to the cancellation of certain consulting agreements.
- Administration and accounting fees of \$228,485 in 2023 related to an agreement, effective January 1, 2023, between the Company and a company directly controlled by the CEO of the Company to provide administrative and accounting services and was necessary to manage the growing operations of Yorkton.

Bad debt expense

Bad debt expense was \$68,763 in 2023 and \$124,982 in 2022, a decrease of \$56,218 or 45.0%. The bad debt expense in 2022 and 2023 was primarily related to allowances made on rent receivable and promissory notes receivable from a restaurant tenant of the Commercial Property due to the financial hardship that the tenant continues to face from previous government imposed COVID-19 health mandates. The government imposed COVID-19 health mandates were relaxed during 2022 and the Company is beginning to see an improvement in the rental revenue from the tenant.

Property tax

There was no significant change in property tax expense. In 2023 property tax expense was \$19,396 compared to \$19,231 in 2022. Property tax expense is the administrative portion of property taxes on the Commercial Property. There was no significant change to the property tax rates on the Commercial Property in 2023 as compared to 2022.

Depreciation

Depreciation is not significant and was \$4,511 in 2023 as compared to \$3,499 in 2022. Depreciation is taken on the Company's equipment and intangible asset. In 2023, the Company acquired equipment with a cost of \$Nil (2022 - \$5,381) and an intangible asset with a cost of \$51,367 (2022 - \$Nil).

Fair value adjustment on investment properties

The fair value adjustment on investment properties reflects the changes in the fair market values of the Company's investment properties. The gain of \$4,161,301 in 2023 (2022 - \$634,990) in the fair market value of the Company's investment properties reflects a continued strong real estate market in the geographic locations that the Company operates in, together with the strategic purchases. The increase in the fair market value was primarily driven by the residential investment properties in Edmonton, Alberta, which accounted for \$3,817,759 of the total fair value adjustments). Overall, all of Yorkton's residential investment properties saw increases in their fair market values. This was partially offset by a decrease in the fair market value of the commercial investment property and land held for development.

Interest income

Interest income during 2023 and 2022 was not significant. During 2023, interest income primarily related to interest earned on cash held at a financial institution. During 2022, interest income primarily related to interest earned from short term unsecured advances to related parties with an interest rate of 4.5% per annum, and which had no specific terms of repayment.

Total Assets

Total assets grew by \$70,440,417 or 120.2% to \$129,051,683 in 2023 as compared to \$58,611,266 in 2022. The growth in total assets is related primarily to the acquisition of The Dwell and The FUSE during 2023, together with an increase in the fair market value of the investment properties in 2023. The aggregate value of the Residential Properties and Commercial Property as at December 31, 2023 was \$126,630,000 compared to \$54,630,000 on December 31, 2022.



Quarterly Financial and Operational Highlights

Quarter ended	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Net rental income	\$ 1,262,116	\$ 1,145,466	\$ 1,067,593	\$ 825,058
Income (loss) before other income	132,096	2,400	(134,886)	(17,619)
Income (loss) per share, before other income (basic and diluted)	0.00	0.00	(0.00)	(0.00)
Fair value adjustment on investment property	4,161,301	-	-	-
Interest income	-	-	49	18,192
Income tax expense	(723,573)	-	-	-
Net and comprehensive income (loss)	3,569,824	2,400	(134,837)	573
Net income (loss) per share (basic and diluted)	0.03	0.00	(0.00)	0.00
Total assets	\$ 129,051,683	\$ 99,741,624	\$ 98,224,443	\$ 98,449,008
Weighted average number of common shares outstanding (basic and diluted)	112,682,204	112,731,487	112,716,512	112,677,427

Quarter ended	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Net rental income	\$ 413,508	\$ 573,116	\$ 490,765	\$ 367,822
Income (loss) before other income	(355,297)	26,174	(54,603)	(218,927)
Income (loss) per share, before other income (basic and diluted)	(0.00)	0.00	(0.00)	(0.00)
Fair value adjustment on investment property	634,990	-	-	-
Interest income	7,540	8,223	21,345	-
Income tax expense	(204,714)	-	(26,704)	-
Net and comprehensive income (loss)	82,519	34,397	(59,962)	(218,927)
Net income (loss) per share (basic and diluted)	0.00	0.00	(0.00)	(0.00)
Total assets	\$ 58,611,266	\$ 58,091,324	\$ 58,181,556	\$ 50,856,729
Weighted average number of common shares outstanding (basic and diluted)	112,677,427	112,677,427	112,609,318	112,575,822

Highlights of the Company's financial results for the fourth quarter ended December 31, 2023:

- Rental revenue was \$2,132,790 in Q4 2023 as compared to \$736,954 in Q4 2022 and \$1,773,863 in Q3 2023. The increases are due to the acquisition of The Dwell in February 2023 and The FUSE in October 2023. See "Residential Properties" in the "Overview of 2023" section above for additional details.
- Net rental income was \$1,262,116 in Q4 2023 as compared to \$413,508 in Q4 2022 and \$1,145,466 in Q3 2023, for the same reasons as mentioned above.
- Financing costs were \$1,144,987 in Q4 2023 as compared to \$426,445 in Q4 2022 and \$860,688 in Q3 2023. These increases were primarily attributable to the acquisition of The Dwell and The FUSE during 2023 and the issuance of convertible debentures in 2023. The Company finances the purchase of its Residential Properties with low-cost, long-term CMHC insured mortgage loans and finances its Commercial Property with short term mortgage loans which give it additional flexibility to manage interest rates. During Q4 2023 the Company:
 - financed the purchase of The FUSE with additional new CMHC insured mortgage debt of \$24,423,140 at an interest rate of 4.000% per annum amortized over fifty (50) years; and
 - issued convertible debentures for gross proceeds of \$2,736,000 at an interest rate of 8% per annum for a period of five (5) years.

- See "Financing" in the "Liquidity and Capital Resources" section below for additional details.
- General and administration costs were a recovery of \$7,241 in Q4 2023 as compared to expense of \$212,122 in Q4 2022 and \$234,912 in Q3 2023. The decrease is primarily due to the annual true up of the administration and accounting fee, pursuant to the terms of the agreement with YGI (see "Transactions with Related Parties" section below for additional details), which is billed based on a percentage of actual costs incurred by YGI. This adjustment resulted in a net recovery of administration and accounting fees of \$105,389 during Q4 2023.
- Bad debt was a recovery of \$15,237 in Q4 2023 as compared to an expense of \$124,982 in Q4 2022 and \$42,000 in Q3 2023. The bad debt expense is primarily related to changes in the allowance made for rent receivable and promissory notes receivable from a restaurant tenant of the Commercial Property due to the financial hardship that the tenant continues to face from previous government imposed COVID-19 health mandates. The government imposed COVID-19 health mandates were relaxed during 2022 and the Company is beginning to see an improvement in the rental revenue from the tenant.
- The Company recognized an increase in fair value of its investment properties of \$4,161,301 in Q4 2023 as compared to \$634,990 in Q4 2022 and \$Nil in Q3 2023. The increase arises primarily from the Company's strategic purchases of residential investment properties in Edmonton, Alberta, which accounts for \$3,817,759 of the increase. Overall, all of Yorkton's residential investment properties saw increases in their fair market values and this was partially offset by a decrease in the fair market value of the commercial investment property and land held for development.
- Yorkton recognized deferred income tax expense of \$723,573 in Q4 2023 as compared to \$204,714 in Q4 2022 and \$Nil in Q3 2023. The deferred income tax expense arises primarily from the investment properties.

Liquidity & Capital Resources

Liquidity is important as it allows the Company to implement its overall secure and aggressive growth strategy. Liquidity is a measure of the availability of cash to fund ongoing business activities and capital and liability commitments and is defined by the Company to include cash and any unused committed revolving credit facility. As at December 31, 2023, the Company had cash of \$775,005 (2022 - \$2,950,636) and an unused committed revolving credit facility, restricted to the funding of renovation costs on the Commercial Property, as approved by the lender, of \$376,747 (2022 - \$341,104).

Working capital

As at December 31, 2023, the Company had a working capital deficiency of \$2,859,582 (2022 - \$767,641) which is due primarily to \$3,230,998 of short term mortgages payable on the Commercial Property included in current liabilities (2022 - \$3,392,450). The Company maintains the mortgages on the Commercial Property as short term as it seeks to maintain flexibility in its mortgage financing to allow it to capitalize on favourable interest rates. The Company expects to refinance the mortgages on the Commercial Property when they come due for a further one (1) year term. Without considering these mortgages in the calculation of working capital, the Company would have had working capital of \$371,416 as at December 31, 2023 (2022 - \$2,624,809).

During 2023, the Company generated cash from operating activities totaling \$3,630,554 compared to \$781,186 in the same period in 2022. Management expects its cash generated from operating activities to improve in 2024 due to:

- regular residential tenant turnover in British Columbia and the upcoming renewal of residential rental contracts in Edmonton, both of which will allow the Company to increase its rental rates to current market rates, as of December 31, 2023, the Consumer Price Index ("CPI") for shelter in Alberta is over 10%, the Company has been increasing the residential rent in its Edmonton portfolio pursuant to the CPI guidelines upon tenant lease renewals and turnover; and

- the accretive acquisition of new residential investment properties in 2023 with positive operating cash flows.

Yorkton is also focused on continuing to streamline its operations and reduce costs and has completed the implementation of the YARDI VOYAGER system on November 1, 2023. The YARDI VOYAGER System is expected to allow the Company to continue to rapidly expand its investment property portfolio, improve operational oversight, and improve efficiencies as well as customer satisfaction. See the "Strategy and Objectives" section above for additional details.

Financing

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

Convertible debentures

During 2022 and 2023, the Company raised \$3,005,000 and \$3,244,000, respectively, through the issuance of unsecured convertible debentures.

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.

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 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 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 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, Ben Lui acquired 55 of the April 2023 Convertible Debentures in the principal amount of \$55,000.

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, Lui Holdings acquired 2,000 of the Q4 2023 Convertible Debentures in the principal amount of \$2,000,000. In addition, Ben Lui and Phylliz Lui, a family member of Ben Lui, acquired 33 and 88 of the Q4 2023 Convertible Debentures, respectively, in the principal amount of \$33,000 and \$88,000, respectively.

Loan payable to related party

During 2023, the Company entered into a loan with Lui Holdings to borrow up to \$1.7 million, of which it received \$1.5 million. The loan had a maturity date 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 days and ten percent (10%) per annum from the 31st day until the maturity date, or upon the early repayment of the loan in full, whichever came first. The loan was made by Lui Holdings for the purpose of satisfying the required deposits and other related payments for the acquisition of The FUSE. The Company drew a total of \$1.5 million on the loan and on October 17, 2023, the Company completed an initial tranche closing on the Q4 2023 Convertible Debentures, which included the \$1.5 million drawn down on the loan, which adopted the terms and conditions of the Q4 2023 Convertible Debentures.

Mortgages payable

During 2023, the Company financed two (2) new mortgages for additional net funding of approximately \$66.2 million in connection with the purchase of The Dwell and The FUSE. As at December 31, 2023, the mortgages have a remaining balance of approximately \$64.4 million and a weighted average interest rate of 3.762% per annum. The mortgage on The Dwell matures on June 1, 2028 and The FUSE matures on December 1, 2028. Both mortgages are being amortized over fifty (50) years, have a term of five (5) years from their respective origination dates and are secured by the respective property, general assignment of rent, and general security agreement.

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.

Where possible, the Company seeks to finance its mortgages with low-cost, long-term CMHC insured mortgage loans to achieve a strong positive cash flow and NOI from the properties.

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

Investment property holding company	Funding date	Mortgage balance as at December 31, 2023	Required financial covenant	Actual DSCR at December 31, 2023
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
		\$3,230,998		

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 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.

Contractual obligations

As at December 31, 2023, the Company had the following contractual obligations, which are anticipated to be managed using the funds expected to be generated from its operations, proceeds from the refinancing of maturing mortgages and, if needed, future fundraising efforts.

The Company closely monitors its contractual obligations in order 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.

Details of the Company's convertible debentures and mortgages payable are as follows:

Payments due by period

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 principal outstanding	6,249,000
Allocated to equity	(1,541,802)
Interest accretion	234,045
Deferred financing costs	(163,448)
	\$ 4,772,795

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 principal outstanding	98,260,302
Deferred financing costs	(2,728,343)
	\$ 95,531,959

Composition of convertible debentures

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 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.

Composition of mortgages

Year ending 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 principal outstanding	98,260,302	100.00%	3.53%
Deferred financing costs	(2,728,343)		
	\$ 95,531,959		

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.

Convertible debenture maturity schedule

As at December 31, 2023, the convertible debentures matured in the following years:

Maturing during the following financial year end	Balance maturing	% of convertible debentures	Weighted average interest rate
2027	\$ 3,005,000	48.09%	7.19%
2028	3,244,000	51.91%	8.00%
Total principal outstanding	6,249,000	100.00%	7.61%
Allocated to equity	(1,541,802)		
Interest accretion	234,045		
Deferred financing costs	(168,448)		
	\$ 4,772,795		

Mortgage maturity schedule

As at December 31, 2023, the mortgages payable matured in the following years:

Maturing during the following financial year end	Balance maturing	% of Mortgages	Weighted average interest rate
2024	\$ 3,230,998	3.29%	7.95%
2025	-	-	-
2026	10,481,906	10.67%	1.90%
2027	20,196,602	20.55%	2.95%
2028	64,350,796	65.49%	3.76%
Total principal outstanding	98,260,302	100.00%	3.53%
Deferred financing costs	(2,728,343)		
	\$ 95,531,959		

Application of New and Revised IFRS

The following amended standards are effective for year-ends starting after January 1, 2023 and have been adopted by the Company:

i) IAS 1 Presentation of financial statements

The amendment to IAS 1 clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition.

ii) Income taxes – deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of when the existing exemption for recognizing deferred income tax assets and deferred income tax liabilities on initial recognition of an asset and a liability is applied. The amendments clarify the requirement to account for deferred tax on transactions such as initial recognition of leases and decommissioning obligations where the transaction gives rise to an equal taxable and deductible temporary difference.

The adoption of the above standards did not have significant financial reporting implications.

Financial Instruments and Risk Management

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

The following provides an analysis of financial instruments that are measured at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data.

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

	2023	2022
Financial Assets Measured at Amortized Cost:		
Cash	\$ 775,005	\$ 2,950,636
Restricted cash	\$ 383,969	\$ 194,653
Accounts receivable	\$ 231,080	\$ 290,917
Promissory note receivable	\$ 202,092	\$ 202,092
Investment	\$ 40,833	\$ 40,495
Due from related parties	\$ 337,600	\$ 14,691
Financial Liabilities Measured at Amortized Cost:		
Accounts payable and accrued liabilities	\$ 846,531	\$ 436,082
Refundable security deposits	\$ 514,642	\$ 194,653
Due to related party	\$ 3,904	-
Mortgages payable	\$ 98,260,302	\$ 34,666,166
Convertible debentures	\$ 6,249,000	\$ 3,005,000

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

The fair values of mortgages payable and convertible debentures are determined using level 2 measurements, is determined by discounting the future contractual cash flows under the current financing arrangements at a discount rate that represents an approximation to the borrowing rates presently available to the Company for debts with similar terms to maturity.

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

Transactions with Related Parties

The Company's related parties are its Board of Directors (Bill Smith, Jason Theiss, Mark Wilbert and Ben Lui), key management personnel include the Chief Executive Officer "CEO" (Ben Lui), Acting Chief Financial Officer "CFO" (William Harper) and Executive Vice President "EVP" (Reg Liyanage), as well as any companies controlled by key management personnel or directors. Transactions conducted with related parties took place in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Parent and ultimate controlling party

The parent and ultimate controlling party of the Company is Lui Holdings Corporation, a company controlled by the CEO of the Company.

Key management personnel and director remuneration

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

	2023	2022
Professional fees	\$ 86,220	\$ 76,762
Director fees	44,920	33,200
	\$ 131,140	\$ 109,962

Related party transactions

During 2023, the Company made advances to Yorkton Group International Ltd. ("YGI"), a company directly controlled by the CEO of the Company, of \$832,507 (2022 - \$643,254), and received repayments of \$548,525 (2022 - \$721,054). As at December 31, 2023, \$283,981 was receivable from YGI (2022 - \$Nil). The amounts were for short-term working capital and property management and administration and accounting fees.

During 2023, Yorkton made advances to Lui International Group Inc. ("Lui International"), a company directly controlled by the CEO of Yorkton, of \$3,435,612 (2022 – advances and repayments of \$2,035,515) and received repayments of \$3,396,684 (2022 – repayments of \$1,891,505, including interest). As at December 31, 2023, \$53,619 was receivable from Lui International (2022 - \$14,691). 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 Yorkton identified potential investment property acquisitions. This advanced was repaid to Yorkton during 2022. Other amounts were for short-term working capital and property management fees. During 2022, \$35,161 was recorded as interest income related to the above mentioned unsecured interest bearing advances to Lui International.

During 2022, the Company received short-term advances from Lui Holdings Corp. ("Lui Holdings"), a company directly controlled by the CEO of the Company, of \$6,1498. On May 26, 2022, the Company repaid \$61,498 to Lui Holdings. During 2023, the Company entered into a loan with Lui Holdings for up to \$1,700,000, of which it had received \$1,500,000 during the year. The loan had a maturity date 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 days and ten percent (10%) per annum from the 31st day until the maturity date, or upon the early repayment of the loan in full, whichever came first. The loan was made by Lui Holdings, for the purpose of satisfying required deposits and other related payments for the acquisition of The FUSE. See "Residential Properties" in the "Overview of 2023" section above for additional details. On October 17,

2023, the Company completed an initial tranche closing on the non-brokered private placement of the Q4 2023 Convertible Debentures, which included the loan, which adopted the terms and conditions of the Q4 2023 Convertible Debentures. See "Financing" in the "Liquidity and Capital Resources" section above for additional details. As at December 31, 2023, \$3,904 (2022 - \$Nil) remained payable to Lui Holdings for accrued and unpaid interest on the loan.

During 2023, Yorkton incurred property management fees of \$282,379 (2022 - \$119,195), included in direct operating costs, incurred under a property management contract with Lui International.

On January 1, 2023, the Company entered into an agreement with YGI to provide administrative and accounting services. The agreement has a term of one (1) year and will automatically be extended for one (1) additional year on the same terms and conditions. During 2023, the Company incurred administrative and accounting fees of \$228,485 (2022 - \$Nil).

On April 20, 2023, the Company completed a non-brokered private placement of unsecured convertible debentures. See "Financing" in the "Liquidity and Capital Resources" section above for additional details. Pursuant to this private placement, Ben Lui acquired 55 of the convertible debentures in the principal amount of \$55,000.

On December 19, 2023, the Company completed a non-brokered private placement of unsecured convertible debentures. See "Financing" in the "Liquidity and Capital Resources" section above for additional details. Pursuant to this private placement, Ben Lui acquired 33 of the convertible debentures in the principal amount of \$33,000 and Phylliz Lui, a family member of Ben Lui, acquired 88 of the convertible debentures in the principal amount of \$88,000.

Outstanding Share Data

As at the date of this MD&A, the Company has common shares issued and outstanding or 112,680,574 and fully diluted common share capital of 135,174,946.

Common shares

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

Shares issued:

	Common Shares	
	Number	Amount
Balance, December 31, 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
Repurchase of common shares for cancellation	(119,500)	(13,607)
Exercise of common share purchase options	122,647	25,074
Balance, December 31, 2023	112,680,574	\$ 14,234,263

See the notes to the Company's Financial Statements for additional information regarding the Company's common 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 continuity of the Company's outstanding and exercisable common share purchase options is as follows:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	559,905	\$0.20	584,905	\$0.21
Granted	177,000	\$0.17	150,000	\$0.20
Exercised	(122,647)	\$0.17	(101,605)	\$0.20
Expired	(54,353)	\$0.17	(73,395)	\$0.27
Outstanding, end of year	559,905	\$0.20	559,905	\$0.20
Exercisable, end of year	559,905	\$0.20	559,905	\$0.20

As at December 31, 2023, the 559,905 common share purchase options outstanding and exercisable expire on November 18, 2025 and have an exercise price of \$0.20 per common share.

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

Common Share Purchase Warrants

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

	2023		2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of year	21,930,466	\$0.38	20,377,666	\$0.36
Issued	-	-	1,552,800	\$0.60
Expired	(20,377,666)	\$0.36	-	-
Outstanding, end of year	1,552,800	\$0.60	21,930,466	\$0.38

During the year ended December 31, 2023, 20,377,666 common share purchase warrants expired unexercised.

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

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

Other convertible securities

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 3rd and 4th 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:

Issue date	Gross proceeds	Conversion price	Max. quantity of common shares on conversion	Maturity date
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
	\$ 6,249,000	\$0.40	20,381,667	

See "Financing" in the "Liquidity and Capital Resources" section above for the details of the convertible debentures issued during 2022 and 2023.

Off- Balance Sheet Arrangements

No off balance sheet arrangement has been entered into by the Company for 2023.

Outlook

Management believes the fast-growing population of Alberta supports a positive outlook for Yorkton. Yorkton continues to focus its accretive acquisition of multi-family rental properties in Alberta, and management believes it is well positioned to leverage its extensive lender relationships and available CMHC lending programs to obtain favourable mortgage terms. With the affordable housing in Alberta and the province's healthy economy and strong labour market, there has been a continued influx of new residents from interprovincial and international immigration. Alberta has recently recorded one of the highest annual population growth rates in Canada, and Edmonton (the capital of Alberta) in particular has benefited with its population reaching an eight-year high. Management believes this strong in-migration will fuel high demand for multi-family rental accommodation.

In addition, because of the current high mortgage interest rates and strict mortgage qualification requirements, the Company believes that potential new homeowners, and certain existing homeowners, will be driven away from home ownership and into the rental market.

The above factors are expected to create demand tailwinds that will further reduce residential rental vacancy rates, which will in turn increase competition among tenants and put upward pressure on rents. With little rent control in Alberta, management expects that rental rates will continue to increase and the Company will benefit from the recent organic growth in its Alberta multi-family rental property portfolio. This should well position the Company for improved financial performance going forward.

Management is monitoring the economic situation closely. Management performs a careful and thorough due diligence process for all new investment property acquisitions and considers not only the financial strength of the individual investment properties but also their integration with Yorkton's overall investment property portfolio and business model. Management also intends to continue to focus on its organic growth by streamlining the operations of the properties to improve NOI by investing in cost saving measures and technologies and leveraging economies of scale.

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

Risk Assessment

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

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		-
		49,448		10,804
Allowance for doubtful accounts		(4,650)		(1,759)
	\$	44,798	\$	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
		508,946		432,406
Allowance for doubtful accounts		(322,664)		(278,876)
	\$	186,282	\$	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 related parties, YGI and Lui International, 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	
Fixed-rate instruments				
Mortgages payable	\$	95,029,305	\$	31,273,716
Convertible debentures		6,053,000		2,809,000
	\$	101,082,305	\$	34,082,716
Variable-rate instruments				
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 mortgages payable and convertible debentures have terms maturing as disclosed in the "Liquidity & Capital Resources" section.

General Economic Conditions

The Company is affected by general economic conditions, local real estate markets, competition from other available rental premises, including new developments, and various other factors. The competition for tenants also comes from opportunities for individual home ownership, including condominiums, which can be particularly attractive when home mortgage loans are available at relatively low interest rates, 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 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 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.

Joint Venture Investments

The Company may, in the future, co-invest in properties through joint ventures or other joint equity structures. In any such joint venture, the Company would not be in a position to exercise sole decision-making authority regarding the properties owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with the Company's business interests or goals and may be in a position to take actions contrary to the Company's policies or objectives. Such investments also have the potential risk of impasse on strategic decisions, such

as a sale, because neither the Company nor the joint venture partner would have full control over the joint venture. Any disputes that may arise between the Company and its joint venture partners could result in litigation or arbitration that could increase the Company's expenses and distract its officers and/or directors from focusing their time and effort on Company's business. In addition, the Company might in certain circumstances be liable for the actions of its joint venture partners.

Environmental Matters

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

Litigation Risks

The Company may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. The unfavorable resolution of any legal proceedings could have an adverse effect on the Company and its financial position and results of operations that could be material.

Forward-Looking Statements Disclaimer

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

Forward-looking statements are not guarantees of future events or performance and, by their nature, are based on the Company's current estimates and assumptions, which are subject to risks and uncertainties, including those described under the heading "Risks and Uncertainties", which could cause actual events or results to differ materially from the forward-looking statements contained in this MD&A. Those risks and uncertainties include, but are not limited to, those related to liquidity in the global marketplace associated with current economic conditions, tenant terminations and financial stability, competition for tenants, competition for real estate investments, changes to current government regulations, occupancy levels, access to debt and equity capital, changes to Canada Mortgage and Housing Corporation ("CMHC") rules regarding mortgage insurance, interest rates, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, environmental matters, uninsured perils, legal matters, the duration and

severity of future pandemics, and reliance on key personnel. This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements may include, but are not limited to, the impact of economic conditions in Canada and globally, the Company's future growth potential, prospects and opportunities, the general rental environment, relatively stable interest costs, access to equity and debt capital markets to fund (at acceptable costs), the future growth program to enable the Company to refinance debts as they mature, the availability of purchase opportunities for growth in Canada, the impact of accounting principles under IFRS, general industry conditions and trends, changes in laws and regulations including, without limitation, changes in mortgage rules, increased competition, the availability of qualified personnel, fluctuations in interest rates, and stock market volatility. Although the forward-looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, there can be no assurance actual results will be consistent with these forward-looking statements and no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur at all, or if any of them do so, what benefits that the Company will derive from them. As such, undue reliance should not be placed on forward-looking statements.

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

Additional Information

Additional information on the Company can be found on SEDAR+ at www.sedarplus.ca.

Shareholder communications information may be obtained here:

Ben Lui, CEO
Telephone: (780) 409-8228
Email: investors@yorktonequitygroup.com

The Company's shares are listed for trading on the TSXV under the symbol "YEG".

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