



## **Management Discussion & Analysis**

Three and nine months ended September 30, 2025

November 18, 2025

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## General and Forward-Looking Statements Disclaimer

### General

The following Management's Discussion and Analysis ("MD&A") provides an explanation of the interim financial position, operating results, performance and outlook of Yorkton Equity Group Inc. (the "Company" or "Yorkton") as at and for the three and nine months ended September 30, 2025.

This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements and the accompanying notes for the three and nine months ended September 30, 2025 (the "Interim Financial Statements") and the audited consolidated financial statements and the accompanying notes for the fiscal years ended December 31, 2024 and 2023 (the "Annual Financial Statements"). The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). The Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting* as issued by the IASB. All amounts are expressed in Canadian dollars.

This MD&A has been reviewed and approved by the Audit Committee and the Board of Director's of the Company and is effective as of November 18, 2025.

The Interim Financial Statements, Annual Financial Statements, Annual Information Form (the "AIF") and additional information about the Company can be found on SEDAR+ at [www.sedarplus.ca](http://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 Q3 2025 and Q3 2024 refers to the three-month periods ended September 30, 2025 and 2024, respectively, Q2 2025 and Q2 2024 refers to the three-month periods ended June 30, 2025 and 2024, respectively, and Q1 2025 and Q1 2024 refers to the three-month periods ended March 31, 2025 and 2024, respectively. References herein to Q4 2024 refers to the three-month period ended December 31, 2024.

### 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.

## **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 continues to monitor economic trends across Canada and may expand its property acquisitions into other provinces in the future as opportunities align with its strategic objectives.

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.

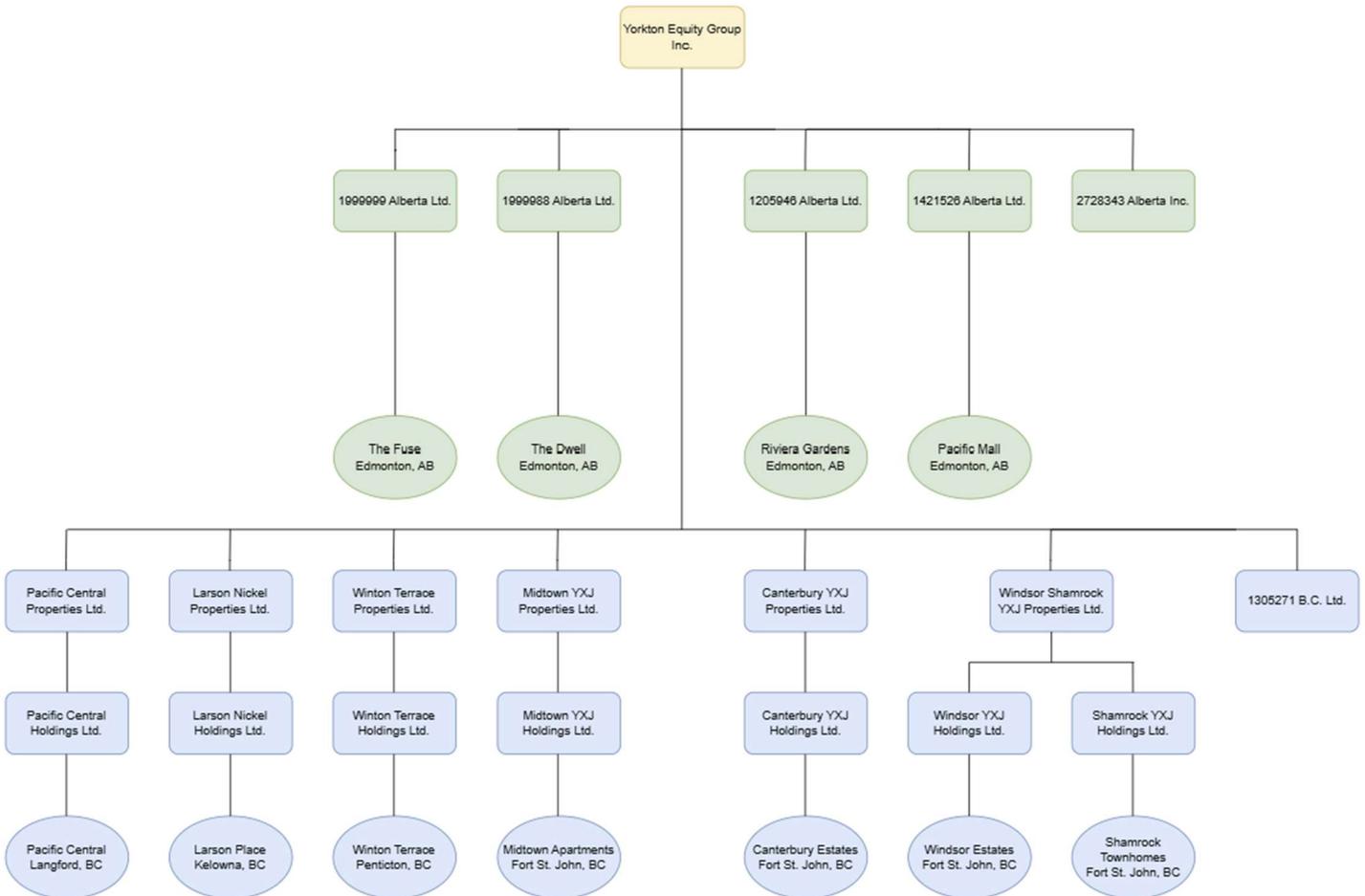
Yorkton's business objective is to create a portfolio of high-quality, multi-family rental properties that generate strong cash flow and appreciation for our shareholders, while offering attractive and comfortable housing options for our valued residents, guided by a customer-focused philosophy. To achieve this, the Company targets high quality and affordable residential rental properties in Canadian markets characterized by strong growth potential, diverse and expanding economies, significant population in-migration, high housing demand and low vacancy rates. The Company's current focus is in Alberta, due to its affordable housing, low cost of living, fewer regulations around rent control, and strong job market, with the highest median income among all provinces and second only to the northern territories. The Company finances these acquisitions with long-term mortgage loans insured by the Canada Mortgage Housing Corporation ("CMHC"), which provides access to stable, low-cost financing at favourable interest rates.

## 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:



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## Overview of Q3 2025

The Company's focus is to create a portfolio of high-quality, multi-family rental properties that generate strong cash flow and appreciation. For these residential properties, during three and nine months ended September 30, 2025, as compared to the same periods in 2024, Yorkton reported:

- an increase in total rental revenue of 6% and 4%, respectively;
- an increase in net operating income of 2% and 3%, respectively;
- a consistently high average occupancy rate of 97% and 96%, respectively; and
- an increase in the average monthly rental rate of 7% and 6%, respectively.

During the nine months ended September 30, 2025, management has implemented operational efficiency improvements across its portfolio to improve the performance of existing operations. These improvements have focused on the properties in Edmonton, Alberta where there are fewer regulations around rent control. As tenant leases came up for renewal, rents were adjusted to align with prevailing market rates. This strategic adjustment led to higher tenant turnover, initially resulting in increased vacancy losses and elevated maintenance costs associated with unit repairs and refreshes. Management expects these effects will stabilize as the portfolio benefits from the increased rental rates and occupancy improves.

In Q1 2025, management focused on optimizing operations at the recently acquired FUSE property, which had been acquired at an attractive valuation due to historical underperformance and below-market rental rates. Management saw potential to improve the property's performance through focused operational optimization and disciplined execution. This strategy has proven effective, with the FUSE achieving increases in average monthly rental income per unit of 6% and 8% for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024. The FUSE also maintained strong average occupancy levels of 98% and 99% in Q2 2025 and Q3 2025, respectively, compared to 93% in Q1 2025.

Building on this success, similar optimization initiatives were implemented at the Riviera Gardens and The Dwell properties beginning in Q2 2025. These initiatives further reflect the effectiveness of the Company's management team and its focus on operational efficiencies. Riviera Gardens achieved increases in average monthly rental income per unit of 15% and 13% for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024. In addition, the property's average occupancy improved to 94% in Q3 2025, up from 90% in Q2 2025. The Dwell achieved increases in average monthly rental income per unit of 6% and 4% for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024, and its average occupancy improved to 97% in Q3 2025, up from 95% in Q2 2025.

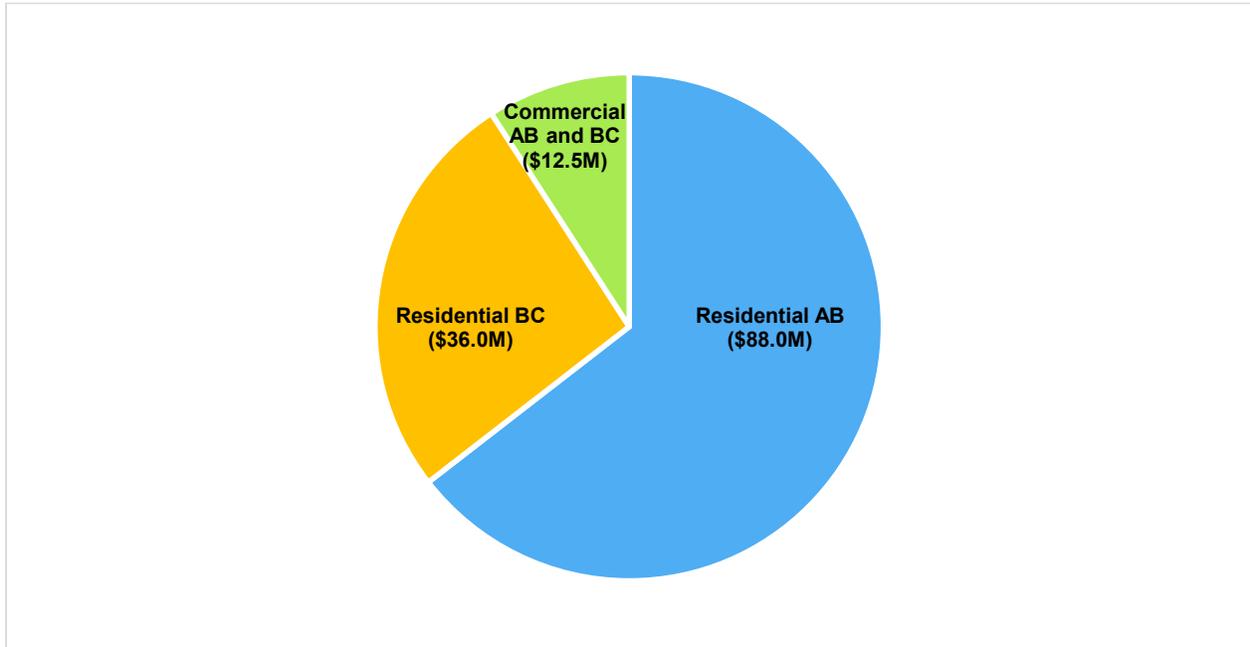
For the Company's Alberta commercial property, rental revenue and net operating income was not significant during the three and nine months ended September 30, 2025 or 2024. Management is currently assessing the performance of this property and exploring alternatives to optimize its potential.

Overall, the Company reported a net income and comprehensive income of \$62,900 during Q3 2025 and \$980,869 during the nine months ended September 30, 2025. The net income during the three and nine months ended September 30, 2025, was primarily a result of an increase in the fair value of the residential properties of \$100,000 and \$1,424,557, respectively, due to overall improvements in the stabilized net operating income from increases in rents, and was partially offset by deferred income tax expense of \$Nil and \$504,691, respectively, related to the increase in fair value of the properties and other tax items.

On June 6, 2025, the Company received acceptance from the TSX Venture Exchange to commence a normal course issuer bid (the "NCIB") to repurchase, for cancellation, up to an aggregate of 5,634,028 common shares of the Company. The funds used to repurchase the common shares of the Company pursuant to the NCIB will only come from cash provided by operating activities of the Company. The NCIB will expire on June 5, 2026. During the nine months ended September 30, 2025, the Company repurchased 44,000 of its common shares under the NCIB at a weighted average price of \$0.20 per common share, for

total consideration of \$9,176, including commissions. A total of 37,500 of these common shares were cancelled during the same period.

The below chart illustrates the allocation of the value of Yorkton's investment properties as at September 30, 2025:



As at September 30, 2025, the total value of Yorkton's residential units is \$124,000,388 (\$88,023,142 in Alberta and \$35,977,246) in British Columbia, which excludes a commercial unit located within a residential property in British Columbia) and the total value of Yorkton's land held for development and commercial property located in Alberta and commercial unit located within a residential property in British Columbia is \$12,457,035 (\$12,001,035 in Alberta and \$456,000 in British Columbia).

As at September 30, 2025, the Company wholly-owned ten (10) multi-family rental properties, comprising 518 residential units and one (1) commercial unit, in the Provinces of Alberta and British Columbia. The Company's residential properties include townhouses and low and mid-rise apartments located in Alberta (Edmonton) and British Columbia (Kelowna, Langford (Metro Victoria), Penticton, and Fort St. John). As at September 30, 2025, 97% of the Company's residential units were rented and the remaining 3% were vacant due to normal tenant turnover and the Company's one (1) commercial unit located within a residential property was occupied with a commercial lease.

As at September 30, 2025, the Company wholly-owned one (1) commercial rental property with an adjacent parking lot held for development located in Edmonton, Alberta, comprising net leasable area of 28,026 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 the adjacent parking lot. As at September 30, 2025, 89% of the Company's commercial space was rented and the remaining 11% is available for lease.

On January 3, 2025, the Company entered into an asset purchase agreement (the "Asset Purchase Agreement") to sell certain restaurant assets to an arm's-length party (the "Purchaser") for total consideration of \$483,030. In connection with the Asset Purchase Agreement, on January 10, 2025, the Company entered into a new five (5) year lease agreement with the Purchaser for the restaurant premises located within the Company's commercial property. In addition, effective January 31, 2025, the Company and the existing tenant of the restaurant (the "Previous Tenant") entered into a lease surrender agreement

(the "Lease Surrender Agreement"), pursuant to which the Previous Tenant surrendered the lease and vacated the restaurant premises prior to the original lease expiry.

On February 7, 2025, the Company entered into a loan agreement with Lui Holdings Corp. ("Lui Holdings"), a company directly controlled by Ben Lui, to borrow \$1,400,000. The loan bears interest at an annual rate of 3.05%, with interest payable monthly. The principal is repayable on demand. The Company has invested the loan proceeds in a guaranteed investment certificate ("GIC") at a commensurate rate of interest while it identifies potential investment property acquisitions.

On June 24, 2025, the Company entered into a credit agreement establishing a demand operating loan facility of up to \$700,000. The loan facility bears interest at a variable annual rate equal to the prime rate plus 1.00%. Interest is payable monthly. The principal is repayable on demand and may be prepaid at any time without penalty. The loan facility is secured by a first-ranking security interest over cash and cash equivalents held by the lender up to an aggregate amount of \$1,400,000. As at September 30, 2025, the outstanding balance of the loan facility was \$369,427 (December 31, 2024 – \$Nil).

During the nine months ended September 30, 2025, one (1) new commercial tenant was secured in the Company's commercial property in Edmonton on a five (5) year lease, for 1,000 square feet of space. The tenant has substantially completed the renovation and is currently awaiting the necessary business license. Rent is expected to commence upon receipt of the required license.

### **Subsequent events**

On October 16, 2025, the Company removed all buyer's conditions for the acquisition of "The Crystallina".





The Crystallina is a one hundred and eighty-four (184) unit multi-family residential complex constructed in 2016 and comprising of three condominium quality buildings and a free standing amenity building, situated on approximately 3.81 acres of land located in the Crystallina Nera East neighborhood of Edmonton, Alberta with a purchase price of \$46,000,000. The Company has paid non-refundable deposits totaling \$1,000,000. The remaining amount of the purchase price, subject to the usual adjustments, will be paid on the closing date by a combination of cash and the CMHC insured bank mortgage. In connection with the acquisition, the Company incorporated 2728343 Alberta Inc. to hold the property.

On October 20, 2025, the Company repaid and closed its demand operating loan facility of up to \$700,000.

On October 20, 2025, the Company cancelled 6,500 of its common shares that had been repurchased under the NCIB during September 2025.

In October 2025, the Company repurchased 8,500 of its common shares under the NCIB at a weighted average price of \$0.19 per common shares for a total cost of \$1,632, including commission. The repurchased common shares will be cancelled.

On November 18, 2025, 559,905 common share purchase options with an exercise price of \$0.20 per common share expired unexercised.

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## Outlook

Management believes the continued expected population growth of Alberta supports a positive outlook for the Company. Yorkton remains focused on the strategic and accretive acquisition of multi-family rental properties in Alberta, a province that continues to attract new residents due to its relatively affordable housing, lower cost of living, resilient economy, and strong labour market. Alberta also has the highest average and median household incomes among all provinces, second only to the northern territories. Management believes the Company is well positioned to capitalize on this growth, supported by its extensive lender relationships and access to favourable mortgage financing through CMHC lending programs.

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 anticipates this strong in-migration will continue to support demand for multi-family rental accommodation in the region.

These favourable demographic and economic trends are expected to keep residential rental vacancy rates low, which will in turn increase competition among tenants and support continued upward pressure on rents. Management expects that this will continue to increase rental rates in Alberta, which is not currently subject to rent control legislation and where the only restriction is that a landlord may only increase rents for existing tenants once every twelve months; there is no restriction on the amount of the increase. However, certain properties in Alberta are subject to rent increase limits on "affordable units" as a condition of their CMHC insured mortgages. The Company is permitted to increase rents on these "affordable units" by up to 12.2% for the remainder of 2025. Effective January 1, 2026, rent increases on "affordable units" will be determined based on the Consumer Price Index ("CPI") for the month in which the tenant is given notice of the increase. See "Financing" in the "Liquidity & Capital Resources" section below for additional details. This should position the Company for improved financial performance, leading to property appreciation going forward.

In addition, management continues to evaluate potential new acquisitions to grow its portfolio, performing a careful and thorough due diligence process that considers not only the financial strength of the individual properties but also their integration with the Company's overall investment property portfolio and business model. Most recently, on October 16, 2025, this approach led the Company to remove all buyer's conditions for the acquisition of The Crystallina (see "Subsequent events" in the "Overview of Q3 2025" section above for additional details). Management believes that The Crystallina presents an opportunity to improve operational performance and increase both property value and net operating income. Alongside its acquisition strategy, management continues to streamline property operations to enhance net operating income ("NOI") through rental rate increases, investment in cost saving measures and technologies, leveraging economies of scale and strengthening its value proposition to customers.

Management is closely monitoring both industry-specific developments and broader macroeconomic trends. This includes recent updates to the CMHC MLI Select program as well as global conditions such as potential impacts from tariffs or other trade restrictions imposed by foreign nations, changes in government policies, and interest rate trends. As circumstances evolve, management will adapt its strategy accordingly. We believe the fundamentals of the multi-family rental sector remain stable and resilient in the face of these challenges, and that Yorkton is well positioned to navigate evolving risks and capitalize on emerging opportunities.

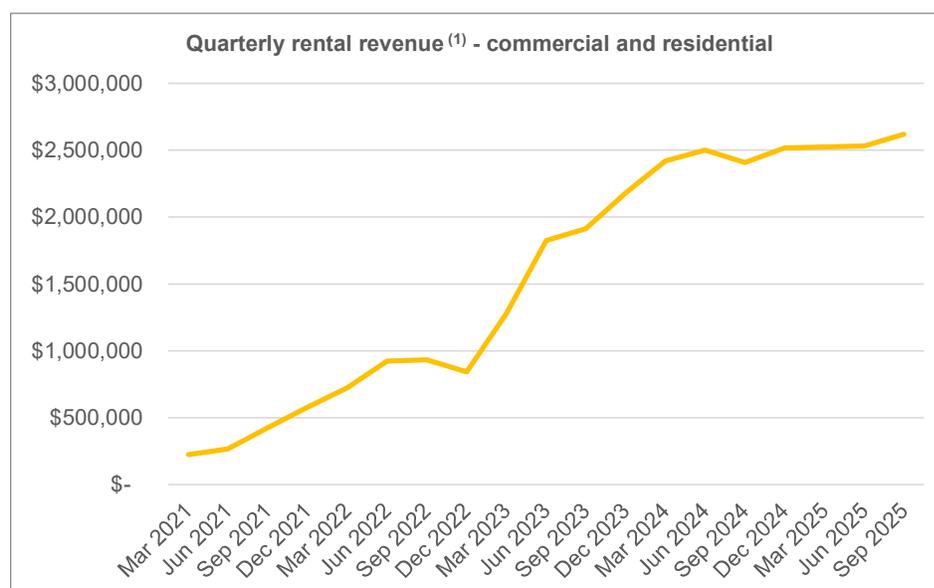
## Discussion of Quarterly Information

Three and nine months ended September 30,	Three months		Nine months	
	2025 \$	2024 <sup>(1)</sup> \$	2025 \$	2024 <sup>(1)</sup> \$
Net operating income	1,553,452	1,442,609	4,506,518	4,324,864
Income (loss) before other income	(53,477)	(56,603)	15,712	(114,458)
Income (loss) per share, before other income (basic and diluted)	(0.00)	(0.00)	0.00	(0.00)
Fair value adjustment on investment property	100,000	1,470,918	1,424,557	2,868,936
Interest income	16,377	96	45,291	12,361
Income tax expense	-	(228,615)	(504,691)	(533,640)
Net and comprehensive income	62,900	1,185,796	980,869	2,233,199
Net income per share (basic and diluted)	0.00	0.01	0.01	0.02
Cash provided by operating activities	956,749	1,179,239	3,579,309	3,469,047
Cash used in financing activities	(872,940)	(898,357)	(2,151,209)	(3,572,479)
Cash provided by (used in) investing activities	27,071	(113,313)	(74,464)	(197,660)
Total assets	140,167,643	131,934,398	140,167,643	131,934,398
Working capital deficit	(13,250,134)	(2,990,578)	(13,250,134)	(2,990,578)
Total non-current liabilities	90,709,766	99,621,573	90,709,766	99,621,573
Weighted average number of common shares outstanding (basic and diluted)	112,657,020	112,680,574	112,672,636	112,680,574

**Note:**

- (1) The prior period amounts have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the net and comprehensive income.

### Rental revenue



**Note:**

- (1) The prior period amounts have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the net and comprehensive income.

Total rental revenue increased by \$210,996 or 9% to \$2,619,863 in Q3 2025 as compared to \$2,408,867 in Q3 2024 and increased by \$345,510 or 5% to \$7,674,319 in the nine months ended September 30, 2025 as compared to \$7,328,809 in the same period in 2024. The increase was driven primarily by higher average monthly residential rents, which rose by 7% and 6%, respectively, during the three- and nine-month periods ended September 30, 2025. These rent increases reflect the effectiveness of management in optimizing operations during 2025 and were supported by strong rental demand 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. In addition, there was an increase in rental revenue from the Commercial Property as a result of new leases signed during the nine months ended September 30, 2025.

### Net Operating Income

For the three months ended September 30,	Residential Properties		
	2025	2024 <sup>(1)</sup>	% change
Rental revenue	\$ 2,398,637	\$ 2,263,582	6%
Direct operating costs	(924,839)	(824,104)	12%
Net operating income	\$ 1,473,798	\$ 1,439,478	2%
Operating margin	61%	64%	(3%)
Average occupancy rate	97%	98%	(1%)
Weighted average number of units	518	518	0%
Average rental revenue per unit/per month <sup>(2)</sup>	\$ 1,590	\$ 1,488	7%
Average direct operating costs per unit/per month <sup>(3)</sup>	\$ 595	\$ 530	12%

For the nine months ended September 30,	Residential Properties		
	2025	2024 <sup>(1)</sup>	% change
Rental revenue	\$ 7,046,115	\$ 6,786,763	4%
Direct operating costs	(2,724,332)	(2,568,885)	6%
Net operating income	\$ 4,321,783	\$ 4,217,878	3%
Operating margin	61%	62%	(1%)
Average occupancy rate	96%	98%	(2%)
Weighted average number of units	518	518	0%
Average rental revenue per unit/per month <sup>(2)</sup>	\$ 1,569	\$ 1,482	6%
Average direct operating costs per unit/per month <sup>(3)</sup>	\$ 584	\$ 551	6%

#### Notes:

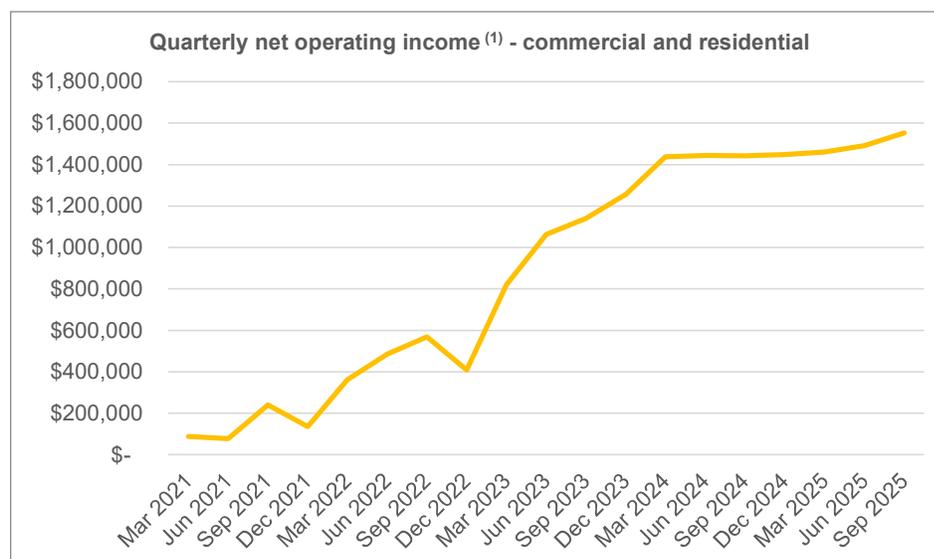
- (1) The prior period amounts have been reclassified, where applicable, to conform to the presentation used in the current year.
- (2) The average rental revenue per month per occupied weighted average number of units.
- (3) The average direct operating costs per month per weighted average number of units.

For the three months ended September 30,	Commercial Property		
	2025	2024 <sup>(1)</sup>	% change
Rental revenue	\$ 103,707	\$ 62,345	66%
Recovery of operating expenses	117,519	82,940	42%
Operating expenses	(141,572)	(142,154)	0%
Net operating income	\$ 79,654	\$ 3,131	2,444%
Operating margin	36%	2%	1,571%
Average occupancy rate	89%	85%	5%
Weighted average number of sq feet	28,026	28,026	0%
Average rental rate per sq foot per month <sup>(1)</sup>	\$ 1.39	\$ 0.87	59%
Average operating expense per sq foot per month <sup>(2)</sup>	\$ 1.68	\$ 1.69	(0%)

For the nine months ended September 30,	Commercial Property		
	2025	2024 <sup>(1)</sup>	% change
Rental revenue	\$ 287,701	\$ 229,379	25%
Recovery of operating expenses	340,503	312,667	9%
Operating expenses	(443,469)	(435,060)	2%
Net operating income	\$ 184,735	\$ 106,986	73%
Operating margin	29%	20%	49%
Average occupancy rate	89%	87%	2%
Weighted average number of sq feet	28,026	28,026	0%
Average rental rate per sq foot per month <sup>(1)</sup>	\$ 1.28	\$ 1.05	23%
Average operating expense per sq foot per month <sup>(2)</sup>	\$ 1.76	\$ 1.72	2%

Notes:

- (1) The prior period amounts have been reclassified, where applicable, to conform to the presentation used in the current year.
- (2) The average rental revenue excludes the recovery of operating expenses and is calculated as the average rental revenue per month per occupied weighted average number of square feet.
- (3) The average direct operating costs are substantially recovered, other than for vacant units, from the tenants of the Commercial Property and are calculated as the average direct operating costs per month per weighted average number of square feet.



**Note:**

- (1) The prior period amounts have been reclassified, where applicable, to conform to the presentation used in the current period. The changes do not affect the net and comprehensive income.

Net operating income increased by \$100,843 or 8% to \$1,553,452 in Q3 2025 as compared to \$1,442,609 in Q3 2024 and increased by \$181,654 or 4% to \$4,506,518 in the nine months ended September 30, 2025 as compared to \$4,324,864 in the same period in 2024. The increase is primarily a result of the improvements in the results of the Residential Properties in the respective periods.

In Q3 2025, the net operating income from the Residential Properties was \$1,473,798 as compared to \$1,439,478 in Q3 2024. During the nine months ended September 30, 2025, the net operating income from the Residential Properties was \$4,321,783 as compared to \$4,217,878 in the same period in 2024. This was largely driven by increases in average monthly rent of 7% and 6% for the three and nine months ended September 30, 2025, respectively. During the three and nine months ended September 30, 2025, the increases in rental revenue were partially offset by higher direct operating costs, arising from maintenance costs associated with unit repairs and refreshes during tenant turnover at The FUSE and Riviera Gardens, as the Company focused on improving the properties' operations and rental rates (discussed in the "Overview of Q3 2025" section above). Net operating income from the Residential Properties is expected to continue improving in future quarters. This is due to management's successful efforts to stabilize rental rates in line with current market levels, the anticipated continued increases in rental rates in Alberta and British Columbia driven by strong demand, and the expected further streamlining of property operations.

In Q3 2025, the net operating income from the Commercial Property was \$79,654 as compared to \$3,131 in Q3 2024. During the nine months ended September 30, 2025, the net operating income from the Commercial Property was \$184,735 as compared to \$106,986 in the same period in 2024. Rental revenue increased due to new tenant leases, including the recent change of tenant in the restaurant premises. These changes are expected to improve the rental income of the Commercial Property. During the three and nine months ended September 30, 2025, there was no significant change in operating expenses.

**Financing costs**

Financing costs did not significantly change and were \$1,240,638 in Q3 2025 as compared to \$1,221,134 in Q3 2024 and were \$3,696,545 during the nine months ended September 30, 2025 as compared to \$3,674,274 in the same period in 2024.

The Company did not take on any additional mortgage financing between Q3 2024 and Q3 2025 and continues to paydown the mortgage principal with the net operating income generated by the investment properties. There was no change in the principal outstanding on the convertible debentures between Q3 2024 and Q3 2025 and certain convertible debentures, which bear interest at a variable rate (as discussed in the "Liquidity & Capital Resources" section below), have seen a decrease in their interest rate due to decreases in the prime rate through 2024.

On February 7, 2025, the Company received a \$1,400,000 loan from Lui Holdings, as discussed in the "Overview of Q3 2025" section above. The loan bears interest at a favourable rate of 3.05%. During the three and nine months ended September 30, 2025, the Company incurred interest expense of \$11,635 and \$27,375, respectively (2024 - \$Nil), on the loan payable.

On June 24, 2025, the Company entered into a credit agreement establishing a demand operating loan facility of up to \$700,000, as discussed in the "Overview of Q3 2025" section above. The loan facility bore interest at a variable annual rate equal to the prime rate plus 1.00%. On October 20, 2025, the Company repaid and closed the facility. During the three and nine months ended September 30, 2025, the Company incurred interest expense of \$7,282 (2024 - \$Nil), on the operating loan.

The Company finances the purchase of its Residential Properties with long-term mortgage loans insured by CMHC, which provides access to stable, low-cost financing at favourable interest rates, and finances its Commercial Property with a short term mortgage loan, which gives it additional flexibility to manage the debt.

### **General and administration**

General and administration expense increased to \$361,577 in Q3 2025 as compared to \$273,084 in Q3 2024, an increase of \$88,493 or 32% and increased to \$781,671 in the nine months ended September 30, 2025 as compared to \$753,469 in the same period in 2024, an increase of \$28,202 or 4%.

As a percentage of rental revenue, general and administration expense was higher at 14% in Q3 2025 as compared to 11% in Q3 2024 and was stable at 10% during the nine months ended September 30, 2025 and 2024.

These changes in the three and nine months ended September 30, 2025 as compared to the same periods in 2024 were primarily a result of:

- an increase of \$29,725 and \$64,508, respectively, in professional fees, primarily from legal services;
- an increase of \$83,763 and \$193,643, respectively, in the administration and accounting fee, related to an agreement, renewed effective January 1, 2025, between the Company and Lui International Group Inc., to provide administrative and accounting services, necessary to manage the operations of Yorkton;
- an increase of \$12,057 and \$26,075, respectively, in office costs, primarily from software costs;
- a decrease of \$34,108 in share-based compensation, as no new stock options were granted during the nine months ended September 30, 2025; and
- a net overall recovery of bad debt of \$184,329 related to the transactions described in the "Overview of Q3 2025" section above for the restaurant premises lease and the Asset Purchase Agreement. The Company has accounted for these transactions based on their economic substance, which is the repayment of outstanding accounts receivable.

### **Depreciation**

Depreciation is not significant and was \$4,714 and \$12,590 in the three and nine months ended September 30, 2025 as compared to \$4,994 and \$11,579 in the same periods in 2024. Depreciation is taken on the Company's equipment and intangible asset. During the three and nine months ended September 30, 2025, the Company acquired equipment with a cost of \$Nil (2024 - \$Nil and \$10,000, respectively) and added \$5,614 and \$18,069, respectively, to its intangible asset (2024 - \$6,334).

### **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 Residential Properties, as determined by the Company using the direct capitalization of income method. The gain of \$100,000 and \$1,424,557, respectively, during the three and nine months ended September 30, 2025 (2024 - \$1,470,918 and \$2,868,936, respectively) in the fair market value of the Company's Residential Properties reflects improvements in the stabilized net operating income of certain properties, which resulted from effective operational optimization by management and increases in market rents from continued strong real estate demand in the respective cities. There was no material change identified in the fair market value of the Commercial Property or the adjacent land held for development by the Company from the values at December 31, 2024.

### Interest income

Interest income is not significant and was \$16,377 and \$45,291 during the three and nine months ended September 30, 2025 as compared to \$96 and \$12,361 in the same periods in 2024. Interest income primarily relates to interest earned on cash and cash equivalents held at a financial institution.

### Deferred income tax expense

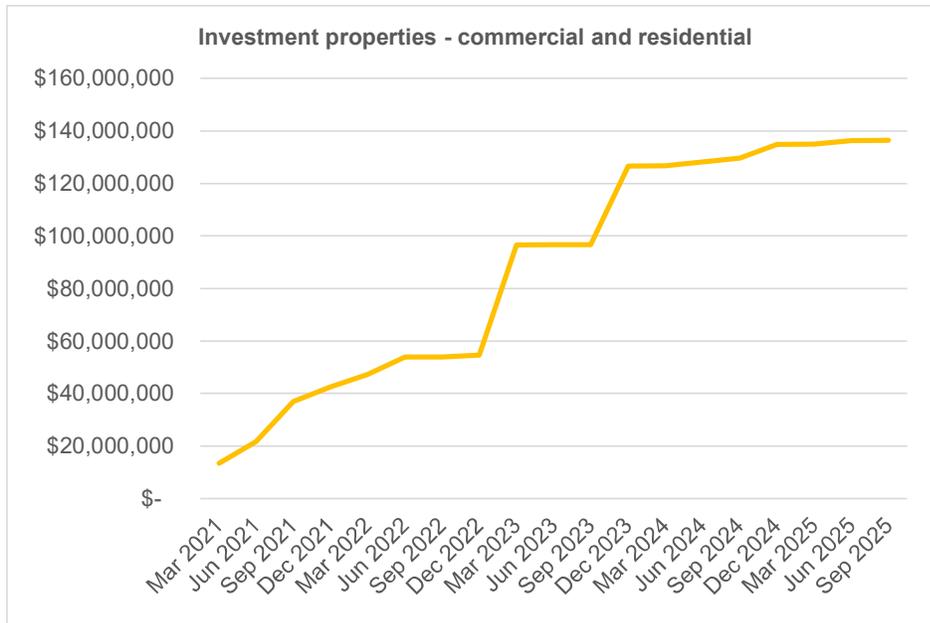
Deferred income tax expense was \$Nil and \$504,691, respectively, during the three and nine months ended September 30, 2025 as compared to \$228,615 and \$533,640, respectively, in the same periods in 2024. Deferred income tax expense arises primarily from the expected future tax impact of the increase in the fair value of the Company's Residential Properties together with other tax items.

### Total Assets

Total assets grew by \$8,233,245 or 6% to \$140,167,643 at September 30, 2025 as compared to \$131,934,398 at September 30, 2024. The growth in total assets is related primarily to the overall net increase in the fair market value of the investment properties between the periods, together with an increase in cash and cash equivalents.

The increase in the aggregate value of the Residential Properties and Commercial Property as at September 30, 2025 to \$136,457,423, as compared to \$129,659,691 on September 30, 2024, was due to an overall increase in the fair market values of the Company's Residential Properties.

The increase in cash and cash equivalents during the nine months ended September 30, 2025, was primarily due to the proceeds from a loan from Lui Holdings of \$1,400,000, see the "Overview of Q3 2025" section above for additional details.



## Summary of Quarterly Results

Quarter ended	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Net operating income	\$ 1,553,452	\$ 1,492,151	\$ 1,460,915	\$ 1,448,412
Income (loss) before other income	(53,477)	(141,058)	210,247	(36,523)
Income (loss) per share, before other income (basic and diluted)	(0.00)	(0.00)	0.00	(0.00)
Fair value adjustment on investment property	100,000	1,324,557	-	5,078,433
Interest income	16,377	25,333	3,581	1,306
Income tax expense	-	(504,691)	-	(709,134)
Net and comprehensive income	62,900	704,141	213,828	4,334,082
Net income per share (basic and diluted)	0.00	0.01	0.00	0.04
Total assets	\$ 140,167,643	\$ 139,791,342	\$ 138,496,747	\$ 137,076,628
Weighted average number of common shares outstanding (basic and diluted)	112,657,020	112,680,574	112,680,574	112,680,574

Quarter ended	September 30, 2024 <sup>(1)</sup>	June 30, 2024 <sup>(1)</sup>	March 31, 2024 <sup>(1)</sup>	December 31, 2023 <sup>(1)</sup>
Net operating income	\$ 1,442,609	\$ 1,444,170	\$ 1,438,085	\$ 1,257,017
Income (loss) before other income	(56,603)	(56,913)	(942)	132,096
Income (loss) per share, before other income (basic and diluted)	(0.00)	(0.00)	(0.00)	0.00
Fair value adjustment on investment property	1,470,918	1,398,018	-	4,161,301
Interest income	96	10,285	1,980	-
Income tax expense	(228,615)	(305,025)	-	(723,573)
Net and comprehensive income	1,185,796	1,046,365	1,038	3,569,824
Net income per share (basic and diluted)	0.01	0.01	0.00	0.03
Total assets	\$ 131,934,398	\$ 130,238,194	\$ 128,981,722	\$ 129,051,683
Weighted average number of common shares outstanding (basic and diluted)	112,680,574	112,680,574	112,680,574	112,682,204

**Note:**

- (1) The prior period amounts have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the net and comprehensive income.

**Highlights of the Company's financial results for the third quarter ended September 30, 2025:**

- Rental revenue was \$2,619,863 in Q3 2025 as compared to \$2,530,669 in Q2 2025 and \$2,408,867 in Q3 2024. The increases are due primarily to increases in residential lease and non-lease revenue, achieved by effective operational optimization by management and strong rental demand in the markets the Company operates in.
- Net operating income was \$1,553,452 in Q3 2025 as compared to \$1,492,151 in Q2 2025 and \$1,442,609 in Q3 2024, for the same reason as mentioned above, and offset by an increase in residential direct operating costs in Q3 2025.
- Financing costs were \$1,240,638 in Q3 2025 as compared to \$1,237,814 in Q2 2025 and \$1,221,134 in Q3 2024. There was no significant change between the quarters. The Company continues to paydown the mortgage principal with the net operating income generated by the investment properties and has not entered into new mortgages payable or issued convertible debentures in Q3 2025. Additional financing costs were incurred during Q3 2025 from a loan with

Lui Holdings and an operating loan, as discussed in the "Overview of Q3 2025" and the "Discussion of Quarterly Information" sections above.

- General and administration costs were \$361,577 in Q3 2025 as compared to \$391,365 in Q2 2025 and \$273,084 in Q3 2024. The increase in general and administration costs in Q3 2025 as compared to Q3 2024 are due to increases in legal fees, administration and accounting fees, and office costs and are partially offset by a decrease in share-based compensation and the recovery of bad debt expense as discussed in the "Discussion of Quarterly Information" section above. The decrease in general and administration costs in Q3 2025 as compared to Q2 2025 is primarily due to legal fees incurred in Q2 2025.
- The fair value adjustment on investment properties was \$100,000 in Q3 2025 as compared to \$1,324,557 in Q2 2025 and \$1,470,918 in Q3 2024. It reflects the changes in the fair market values of the Company's Residential Properties, primarily because of improvements in the stabilized net operating income which arise from increases in rents due to management efforts to optimize operations and continued strong rental demand in the respective cities.
- The deferred income tax expense was \$Nil in Q3 2025 as compared to \$504,691 in Q2 2025 and \$228,615 in Q3 2024. Deferred income tax expense arises primarily from the expected future tax impact of the increase in the fair value of the Company's Residential Properties and other tax items.

## 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 unrestricted cash and any unused committed revolving credit facility. As at September 30, 2025, the Company had unrestricted cash and cash equivalents of \$1,712,407 (December 31, 2024 - \$358,771) and a demand operating loan facility of up to \$700,000, of which \$369,427 was drawn (December 31, 2024 – no such facility). On October 20, 2025, the Company repaid the operating loan in full and closed the facility.

### Working capital

As at September 30, 2025, the Company had a working capital deficiency of \$13,250,134 (December 31, 2024 - \$3,297,950), primarily due to the following:

- A short-term mortgage payable of \$3,086,730 on the Commercial Property (2024 – \$3,135,871). The Company has mortgaged the Commercial Property on a short-term basis to maintain flexibility and capitalize on potentially more favourable future interest rates, given the current downward trend in interest rates. Management expects to refinance this mortgage payable upon maturity for an additional term of one (1) year or longer.
- Mortgages payable on certain Residential Properties of \$10,098,859. These mortgages have long-term amortization periods of over 30 years and are subject to periodic renewal terms of five (5) years. Their current terms mature within twelve (12) months after the reporting date. Given that interest rates are currently trending lower, management plans to renew these mortgages closer to their maturity dates when rates are expected to be more favourable, for additional five (5) year terms in the normal course of business.

Without considering the above mortgages in the calculation of working capital, the Company would have had a working capital deficiency of \$64,545 as at September 30, 2025 (December 31, 2024 – \$162,079).

During the three and nine months ended September 30, 2025, the Company generated cash from operating activities totalling \$956,749 and \$3,579,309, respectively, as compared to \$1,179,239 and \$3,469,047, respectively, in the same periods in 2024. Management expects cash generated from operating activities to improve through the remainder of 2025 due to regular residential tenant turnover in British Columbia and the upcoming renewal of residential leases in Edmonton, both of which will allow the Company to increase rents to re-align with current market rates. In addition, the Company may increase

rental rates on units designated as “affordable units” pursuant to certain mortgage covenants (see below “Mortgages payable” under “Financing” in the “Liquidity & Capital Resources” section for additional details) by up to 12.2% for the remainder of 2025, as permitted by CMHC based on the August 2025 CPI for “rented accommodation” in Alberta. Effective January 1, 2026, rent increases for “affordable units” will be determined based on the CPI for “rented accommodation” in Alberta for the month in which the tenant is given notice of the increase. The Company has generally been increasing the residential rent in its Edmonton portfolio in line with prevailing market rents and pursuant to the CPI index, as required, upon tenant turnover and lease renewals.

## Financing

The Company has the option of obtaining any required additional financing from equity and debt instruments, including mortgage financing and equity take-out re-financing on the Company's investment properties, as well as the issuance of common shares and/or convertible debentures in private placements, or from the disposition of its investment properties.

There is no guarantee that additional financing will be available to the Company, and if available, may not be on terms that are favourable or acceptable to the Company.

### Convertible debentures

No convertible debentures were issued during Q3 2025 or Q3 2024.

### Mortgages payable

Where possible, the Company seeks to finance its property acquisitions with long-term mortgage loans insured by CMHC, which provides access to stable, low-cost financing at favourable interest rates, to achieve a strong positive cash flow and NOI from the properties.

On February 21, 2024, and as amended on June 3, 2024, the Company consolidated three (3) mortgages payable held by a wholly-owned subsidiary, 1421526 Alberta Ltd., into one (1) demand non-revolving mortgage with an initial principal balance of \$3,252,300, and which bears interest at a fixed rate of 7.24% per annum, is repayable in equal blended monthly payments based on an amortization of 264 months, and has a term of one (1) year. 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 debt service coverage ratio (“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. As at September 30, 2025, this mortgage payable had a balance of \$3,086,730 and for the three and nine months ended September 30, 2025, the actual DSCR was 0.95 and 1.72, respectively. The DSCR of 1.72 during the nine months ended September 30, 2025 was primarily as a result of the recovery of bad debt, see the “Overview of Q3 2025” section above for additional details. The mortgage payable has a term of one (1) year and therefore has been presented as a current liability in the condensed interim consolidation statement of financial position.

In addition, the following wholly-owned subsidiaries are required to maintain a certain number of “affordable units”, as defined by the Canada Mortgage and Housing Corporation (“CMHC”), based on 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.

Investment property holding company	Mortgage balance as at September 30, 2025	Required minimum affordable units	Actual affordable units at September 30, 2025
1999988 Alberta Ltd.	\$38,989,842	25%	25%
1999999 Alberta Ltd.	\$23,562,294	80%	80%

The Company monitors its compliance with the mortgages payable covenants through the continuous monitoring of rental rates and the Alberta CPI published by Statistics Canada, and the preparation of an annual budget and quarterly reviews of actual results. The annual budget and quarterly results, including the calculation and tracking of compliance with mortgage covenants, are prepared by management and reviewed with the Board of Directors.

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 most beneficial rates by getting quotes from multiple lenders, obtaining CMHC insurance (when possible), and monitoring fluctuations in the interest rate market. The Company also continuously assesses if it is advantageous to refinance existing mortgages based on market interest rates and mortgage loan terms.

#### Operating loan

On June 24, 2025, the Company entered into a credit agreement establishing a demand operating loan facility of up to \$700,000. The loan facility bears interest at a variable annual rate equal to the prime rate plus 1.00%. Interest is payable monthly and the principal is repayable on demand. The loan facility is secured by a first-ranking security interest over cash and cash equivalents held by the lender up to an aggregate amount of \$1,400,000. At September 30, 2025, the outstanding balance of the loan facility was \$369,427 (December 31, 2024 – \$Nil). On October 20, 2025, the Company repaid the loan in full and closed the facility.

#### Amount due to related parties

On February 7, 2025, the Company entered into a loan agreement with Lui Holdings to borrow \$1,400,000. The loan bears interest at an annual rate of 3.05% and is repayable on demand. See the “Transactions with Related Parties” section below for additional details.

For the other amounts due to related party of \$62,425 (December 31, 2024 - \$284,733), \$27,375 is overdue (December 31, 2024 - \$Nil) and \$35,050 has no formal terms of repayment (December 31, 2024 - \$284,733). See the “Transactions with Related Parties” section below for additional details.

#### **Contractual obligations**

The Company monitors its contractual obligations in order to plan for the allocation of sufficient funds to meet the obligations as they come due. This includes preparing an annual budget and monitoring the specific dates of interest and principal repayments on the mortgages payable and convertible debentures.

As at September 30, 2025, the Company had the following contractual obligations, other than the loan payable to related party which bears interest at a fixed rate of 3.05% and is repayable on demand and the operating loan which bears interest at a variable annual rate equal to the prime rate plus 1.00% and is due on demand. These obligations are anticipated to be funded by operations, proceeds from the refinancing of maturing mortgages and, if required, future fundraising.

Payments due by period

Estimated future principal payments required to meet convertible debenture obligations as at September 30, 2025 are as follows:

Years ending September 30,	Amounts
2027	\$ 3,005,000
2028	508,000
2029	2,736,000
Total principal outstanding	6,249,000
Allocated to equity	(1,541,802)
Interest accretion	713,602
Deferred financing costs	(82,622)
	<b>\$ 5,338,178</b>

Estimated future principal payments required to meet mortgage obligations as at September 30, 2025 are as follows:

Years ending September 30,	Amounts
2026	\$ 14,090,164
2027	19,591,324
2028	38,938,215
2029	23,598,007
Total principal outstanding	96,217,710
Deferred financing costs	(1,519,208)
	<b>\$ 94,698,502</b>

Composition of convertible debentures

As at September 30, 2025	Amount	% of Convertible debentures	Weighted average interest rate
Variable rate convertible debentures	\$ 196,000	3.14%	8.95%
Fixed rate convertible debentures	6,053,000	96.86%	7.54%
Total principal outstanding	6,249,000	100.00%	7.58%
Allocated to equity	(1,541,802)		
Interest accretion	713,602		
Deferred financing costs	(82,622)		
	<b>\$ 5,338,178</b>		

The Company is exposed to minimal interest rate risk on its convertible debentures. As at September 30, 2025, more than 96% of the convertible debentures are at a fixed interest rate.

Composition of mortgages

<b>As at September 30, 2025</b>	<b>Amount</b>	<b>% of Mortgages</b>	<b>Weighted average interest rate</b>
Fixed rate mortgages:			
Non-CMHC insured	3,086,730	3.21%	7.24%
CMHC insured	93,130,980	96.79%	3.39%
Total principal outstanding	96,217,710	100.00%	3.51%
Deferred financing costs	(1,519,208)		
	<b>\$ 94,698,502</b>		

Yorkton's mortgages consist of both short-term non-CMHC insured and long-term CMHC insured fixed rate mortgages. The Company maintains the short term non-CMHC mortgage on the Commercial Property and closely monitors interest rates.

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 September 30, 2025, the convertible debentures mature in the following years:

<b>Maturing during the year ended September 30,</b>	<b>Balance maturing</b>	<b>% of convertible debentures</b>	<b>Weighted average interest rate</b>
2027	\$ 3,005,000	48.09%	7.13%
2028	508,000	8.13%	8.00%
2029	2,736,000	43.78%	8.00%
Total principal outstanding	6,249,000	100.00%	7.58%
Allocated to equity	(1,541,802)		
Interest accretion	713,602		
Deferred financing costs	(82,622)		
	<b>\$ 5,338,178</b>		

### Mortgage maturity schedule

As at September 30, 2025, the mortgages payable matured in the following years:

<b>Maturing during the year ended September 30,</b>	<b>Balance maturing</b>	<b>% of Mortgages</b>	<b>Weighted average interest rate</b>
2026	\$ 13,185,589	13.70%	3.15%
2027	19,496,731	20.26%	2.95%
2028	39,406,795	40.96%	3.62%
2029	24,128,595	25.08%	4.00%
Total principal outstanding	96,217,710	100.00%	3.51%
Deferred financing costs	(1,519,208)		
	<b>\$ 94,698,502</b>		

## Proposed Transaction

On October 16, 2025, the Company removed all buyer's conditions for the acquisition of "The Crystallina", a one hundred and eighty-four (184) unit multi-family residential complex constructed in 2016 and comprising of three condominium quality buildings and a free standing amenity building, situated on approximately 3.81 acres of land located in the Crystallina Nera East neighborhood of Edmonton, Alberta with a purchase price of \$46,000,000. The closing date of the acquisition is expected in January 2026.

A CMHC insured mortgage of approximately \$44,300,000, inclusive of financing costs, has been approved by the CMHC for The Crystallina. A commitment letter with a lender has been secured, providing for a fifty (50)-year amortization period and an interest rate to be fixed prior to closing, not to exceed 4% per annum. As a condition of the CMHC insured bank mortgage the property holding company, 2728343 Alberta Inc., will be required to maintain a minimum of 80% of the units in The Crystallina as "affordable units", as defined by the CMHC, based on 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 Company has paid non-refundable deposits totaling \$1,000,000. The remaining amount of the purchase price, subject to the usual adjustments, will be paid on the closing date by a combination of cash and the CMHC insured bank mortgage.

The Company expects The Crystallina to generate approximately \$3,500,000 in rental revenue and approximately \$2,100,000 in net operating income in 2026. Mortgage interest expense will depend on the interest rate in effect at the time the rate is locked, which may occur prior to the closing date. The Company continues to monitor interest rate trends and market expectations to secure the most favourable rate possible. Total financing costs are currently estimated at approximately \$1,900,000 for 2026.

## Application of New and Revised IFRS

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

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

This new standard maintains many of the current requirements for the presentation of financial statements

and adds new requirements concerning the statement of profit or loss, management-defined performance measures, and the principles of aggregation and disaggregation of information. The new requirements concerning the statement of income and comprehensive income include requiring entities to classify income and expenses included in the statement of income and comprehensive income in one of five categories (operating, investing, financing, income taxes, discontinued operations), and prescribing that subtotals for operating profit or loss and profit or loss before financing and income taxes are presented. Management is assessing the impact of the standard.

## Financial Instruments and Risk Management

Financial instruments include cash and cash equivalents, restricted cash, accounts receivable, promissory notes receivable, due from related party, investment, refundable security deposits, mortgages payable, convertible debentures, operating loan, due to related party, loan payable 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:

	September 30, 2025	December 31, 2024
<b>Financial Assets Measured at Amortized Cost:</b>		
Cash and cash equivalents	\$ 1,712,407	\$ 358,771
Restricted cash	\$ 456,732	\$ 413,491
Accounts receivable	\$ 194,089	\$ 205,929
Promissory notes receivable	\$ 129,682	\$ 151,569
Investment	\$ 45,550	\$ 43,166
Due from related party	\$ 314,336	\$ 434,755
<b>Financial Liabilities Measured at Amortized Cost:</b>		
Accounts payable and accrued liabilities	\$ 955,235	\$ 856,499
Operating loan	\$ 369,427	\$ -
Refundable security deposits	\$ 647,612	\$ 577,232
Due to related party	\$ 62,425	\$ 284,733
Loan payable to related party	\$ 1,400,000	\$ -
Mortgages payable	\$ 96,217,710	\$ 97,093,137
Convertible debentures	\$ 6,249,000	\$ 6,249,000

The fair value of cash and cash equivalents, restricted cash, accounts receivable, promissory notes receivable, investment, due from related party, accounts payable and accrued liabilities, operating loan,

refundable security deposits, due to related party and loan payable 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" below.

## Transactions with Related Parties

The Company's related parties are its Board of Directors (Bill Smith, Jason Theiss, Mark Wilbert, Ben Lui and Tony Barlott – appointed on June 7, 2024 and resigned on March 19, 2025), key management personnel include the Chief Executive Officer "CEO" (Ben Lui) and Chief Financial Officer "CFO" (William Harper), 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:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Directors' fees	\$ 7,650	\$ 10,200	\$ 25,800	\$ 30,600
Professional fees	18,203	15,912	60,501	52,724
	\$ 25,853	\$ 26,112	\$ 86,301	\$ 83,324

### Related party transactions

During the three and nine months ended September 30, 2025, the Company made advances to Yorkton Group International Ltd. ("YGI"), a company directly controlled by the CEO of the Company, of \$Nil (2024 - \$75,484) and received repayments and advances of \$Nil (2024 - \$86,818 and \$141,467, respectively). As at September 30, 2025 and December 31, 2024, no amounts were due to or due from YGI. The amounts were for working capital purposes.

During the three and nine months ended September 30, 2025, the Company made advances to Lui International Group Inc. ("Lui International"), a company directly controlled by the CEO of Yorkton, of \$131,547 and \$502,073, respectively (2024 - \$166,589 and \$435,500, respectively), and received repayments of \$189,577 and \$622,492, respectively (2024 - \$97,411 and \$348,956, respectively). The amounts were primarily for working capital purposes. As at September 30, 2025, \$314,336 was receivable

from Lui International (December 31, 2024 – \$434,755). The amounts are short-term, have no specific terms of repayment and were made in connection with the provision of property management services.

During the three and nine months ended September 30, 2025, the Company received advances from Lui Holdings of \$405,017 and \$470,017, respectively (2024 – \$136,733) and made repayments of \$502,700 and \$719,700 (2024 - \$3,904). As at September 30, 2025, \$62,425 was payable to Lui Holdings (December 31, 2024 – \$284,733). The amounts are short-term, have no specific terms of repayment and relate to working capital.

On February 7, 2025, the Company entered into a loan agreement with Lui Holdings to borrow \$1,400,000. The loan bears interest at an annual rate of 3.05%, with interest payable monthly. The principal is repayable on demand. The Company has invested the loan proceeds in a guaranteed investment certificate (“GIC”) at a commensurate rate of interest while it identifies potential investment property acquisitions. During the three and nine months ended September 30, 2025, the Company incurred interest expense of \$11,635 and \$27,375, respectively (2024 - \$Nil), on the loan payable, which remains payable at September 30, 2025 and is included in the amount payable to Lui Holdings above.

During the three and nine months ended September 30, 2025, the Company incurred property management fees of \$159,900 and \$371,281, respectively (2024 - \$121,690 and \$331,971, respectively), and maintenance charges of \$48,865 and \$163,583, respectively (2024 - \$20,550 and \$84,807, respectively), included in direct operating costs, incurred under property management contracts with Lui International.

During the three and nine months ended September 30, 2025, the Company incurred administrative and accounting fees of \$177,513 and \$427,893, respectively, included in general and administration expense, incurred under an agreement with Lui International. In the same periods in 2024, similar fees totalling \$93,750 and \$234,250, respectively, were incurred under a prior agreement with YGI.

## Outstanding Share Data

As at the date of this MD&A, the Company has common shares issued and outstanding of 112,636,574 and fully diluted common share capital of 134,771,041.

### 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, 2024 and 2023	112,680,574	\$ 14,234,263
Repurchase of common shares for cancellation	(37,500)	(7,905)
<b>Balance, September 30, 2025</b>	<b>112,643,074</b>	<b>\$ 14,226,358</b>

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

### **Common Share Purchase Options**

The Company has implemented an omnibus security-based compensation plan, most recently approved at the annual general and special meeting of shareholders held on June 26, 2025, 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").

As at September 30, 2025, there were 559,905 common share purchase options outstanding and exercisable which expire on November 18, 2025, and have an exercise price of \$0.20 per common share and 200,000 common share purchase options outstanding and exercisable which expire on June 10, 2029, and have an exercise price of \$0.20 per common share.

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

### **Common Share Purchase Warrants**

As at September 30, 2025, there are 1,552,800 common share purchase warrants outstanding, of which 1,488,000 are exercisable at \$0.60 per common share and expire on January 17, 2027 and 64,800 are exercisable at \$0.60 per share and expire on January 25, 2027.

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

### **Other convertible securities**

The Company issued convertible debentures to help finance its development. The convertible debentures have a five (5) year life with interest paid in cash annually. Thirty-six (36) months after the closing date, the Company 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 thirty (30) calendar days following the 3<sup>rd</sup> and 4<sup>th</sup> anniversary after the closing date, the holders of certain convertible debentures with an aggregate principal amount of \$508,000 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
	<b>\$ 6,249,000</b>	<b>\$ 0.40</b>	<b>20,381,667</b>	

## Off- Balance Sheet Arrangements

No off-balance sheet arrangements have been entered into by the Company for Q3 2025.

## Risk Assessment

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](http://www.sedarplus.ca)). Please also see the risks which are summarized in the Corporation's Annual Information Form ("AIF") for the year ended December 31, 2024.

### 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.

### **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, general desirability of real estate investments, number and nature of potential purchasers in the market, availability of comparable investment opportunities, motivation of vendors, availability and cost of financing, and other market factors. 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.

### **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, health 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.

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. 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. Under Alberta rent legislation, a landlord is restricted to increase rents once every twelve months. 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, and other such related matters.

### **Competition for Tenants**

Vacancy rates can be impacted negatively by increased supply of multi-family units in the geographical regions that the Company operates. The real estate business is competitive. Many other developers, managers and owners of properties compete with the Company in seeking high quality 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 this competition for tenants could have an adverse effect on the Company's ability to lease units in its properties and on the rents charged.

Although the Company continues to maintain and upgrade the properties to attract high quality tenants, its performance will be affected by the supply and demand for multi-family rental real estate in Alberta, British Columbia and any other provinces in which it may operate. The potential for increased capital upgrade expenses and rent incentives, as well as reduced rental revenue exists in order to maintain its properties at a high level of occupancy or current rental rates.

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 such a 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.

### **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 may 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.

### **Future Property Acquisitions**

While the Company's strategy is to acquire additional investment properties, and the Company may enter into conditional purchase and sale agreements with respect to properties under buyer due diligence, there can be no assurance that such properties will be acquired. Further, there can be no assurance that the Company will be able to acquire properties at the rates of return that the Company is targeting.

## Appraisals of Properties

An appraisal is an estimate of market value and caution should be used in evaluating data with respect to appraisals. It is a measure of value based on information gathered in the investigation, appraisal techniques employed and quantitative and qualitative reasoning, leading to an opinion of value. The analysis, opinions and conclusions in an appraisal are typically developed based on and in conformity with, interpretations of the guidelines and recommendations set forth in the Canadian Uniform Standards of Professional Appraisal Practice. Appraisals are based on recent sales history of comparable properties and future expectations of their financial performance and while the appraiser's internal forecast of net income for the properties appraised are considered to be reasonable and indicative of the market conditions at that time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

## 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 September 30, 2025, total rent due from residential tenants was \$47,323 (December 31, 2024 - \$45,518) of which rent due from current tenants was \$46,974 (December 31, 2024 - \$45,518) and from former tenants was \$349 (December 31, 2024 - \$Nil).

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

	September 30, 2025	December 31, 2024
Current	\$ 64,445	\$ 15,678
31-90 days	48,554	10,035
90 + days	10,619	19,805
	<b>123,618</b>	45,518
Allowance for doubtful accounts	<b>(47,674)</b>	-
	<b>\$ 75,944</b>	\$ 45,518

### Commercial investment property

For the commercial investment property, as at September 30, 2025, approximately 75% (December 31, 2024 – 80%) of accounts receivable is from two (2) tenants (December 31, 2024 – two (2) tenants).

In addition, during the three and nine months ended September 30, 2025, 72% and 80%, respectively (2024 – 78% and 79%, respectively), of commercial rental revenue is from two (2) tenants (2024 – two (2) tenants).

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

	September 30, 2025	December 31, 2024
Current	\$ 20,183	\$ 51,625
31-90 days	3,480	577,614
90 + days	169,946	62,511
	<b>193,609</b>	691,750
Allowance for doubtful accounts	<b>(75,464)</b>	(531,339)
	<b>\$ 118,145</b>	\$ 160,411

As at December 31, 2024, the previous promissory note, due from the Previous Tenant, was in default and the Company had not demanded on its repayment rights. A cumulative provision for bad debts of \$98,431 had been taken on the promissory note.

During the nine months ended September 30, 2025, the Company entered into the Asset Purchase Agreement and a new lease with the Purchaser for the restaurant premises in the commercial investment property and the Previous Tenant of the restaurant surrendered its lease, see the "Overview of Q3 2025" section above for additional details. As a result of these transactions, the previous promissory note was settled and as at September 30, 2025, new promissory notes receivable were outstanding from the Purchaser and are personally guaranteed by a shareholder of the Purchaser. The promissory notes are due as follows:

- \$50,000 – Due on February 28, 2025. This promissory note is in default; however, the Company has not yet demanded on its repayment rights.
- \$93,030 – Payable within thirty (30) days of demand by the Company, absent such demand, due on November 30, 2025.
- \$24,151 – Due on July 31, 2025. This promissory note is in default; however, the Company has not yet demanded on its repayment rights.

During the three and nine months ended September 30, 2025, the Company recorded a reserve for bad debt of \$12,500 and \$37,500, respectively (2024 - \$Nil), on the above promissory notes.

#### Other

The amount due from related party is due from Lui International, and the credit risk is considered to be minimal.

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

The movement in the allowance for doubtful accounts in respect of accounts receivable and promissory notes receivable above, during the nine months ended September 30, 2025 was as follows:

	Promissory notes receivable		Accounts receivable	
Balance at December 31, 2024	\$	98,431	\$	531,339
Amounts written off		(98,431)		(476,030)
Allowance for doubtful accounts		37,500		67,829
Balance at September 30, 2025	\$	37,500	\$	123,138

### 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 in the first half of 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 an 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 September 30, 2025, the interest rate profile of the Company's interest-bearing financial instruments are as follows:

	September 30, 2025		December 31, 2024	
<b>Fixed-rate instruments</b>				
Loan payable to related party	\$	1,400,000	\$	-
Mortgages payable		96,217,710		97,093,137
Convertible debentures		6,053,000		6,053,000
	\$	103,670,710	\$	103,146,137
<b>Variable-rate instruments</b>				
Operating loan	\$	369,427	\$	-
Convertible debentures		196,000		196,000
	\$	565,427	\$	196,000

The Company does not account for any fixed-rate financial instruments at fair value through profit or loss ("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 three and nine months ended September 30, 2025 by approximately \$1,400

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and \$4,200, respectively (2024 – \$500 and \$1,000, respectively).

### **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. As at September 30, 2025, the Company's contractual obligations for its non-derivative financial liabilities consists of accounts payable and accrued liabilities of \$955,235 (December 31, 2024 - \$856,499), an operating loan of \$369,427 (December 31, 2024 - \$Nil) and refundable security deposits of \$647,612 (December 31, 2024 - \$577,232) that have a contractual maturity in the 2025 year. For the amounts due to related party of \$62,425 (December 31, 2024 - \$284,733), \$27,375 is overdue (December 31, 2024 - \$Nil) and \$35,050 has no formal terms of repayment (December 31, 2024 - \$284,733), as disclosed in the "Transactions with Related Parties" section above. The loan payable to related party is due on demand as disclosed in the "Transactions with Related Parties" section above. The mortgages payable and convertible debentures have terms maturing as disclosed in the "Liquidity & Capital Resources" section above.

The Company may also seek to sell its investment properties or obtain additional financing from equity and debt instruments, including equity take out mortgage re-financing on the Company's investment properties, if necessary, to meet its contractual obligations.

### **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, interest rates, as described above, may increase more than anticipated and could adversely affect the Company's cash flows.

Further, continuing changes to CMHC programs, particularly within the MLI Select framework, have introduced increased complexity in securing insured financing for multi-unit residential investment properties. In order to access higher loan-to-value ("LTV") financing, properties must meet strict affordability, accessibility, and energy-efficiency criteria. Many existing multi-residential assets may not meet these thresholds, particularly in higher-rent or older building segments, thereby reducing eligible loan amounts and requiring greater equity contributions at acquisition. In addition, CMHC has adopted more conservative underwriting assumptions, including higher vacancy rate allowances and stricter treatment of operating expenses, which can reduce the underwritten net operating income and consequently the size of the loan available for financing. These changes may adversely affect Yorkton's ability to execute acquisitions on favorable terms and meet its growth objectives.

In addition, the Company is subject to loan covenants on certain mortgages payable, including the need to maintain an annual DSCR and a certain number of "affordable units" (as defined by the CMHC). There is a risk that the Company may not be able to maintain these covenants or may inadvertently breach a covenant, which could result in a default on the respective loan or other lender rights or remedies under the loan. The Company prepares an annual budget and reviews actual results on a regular basis to monitor its compliance with its DSCR loan covenant and continuously monitors rental rates and the Alberta CPI published by Statistics Canada for compliance with its "affordable units" covenants.

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## 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 experienced significant inflation in the latter part of 2022 and in 2023, the effects of which have continued to be felt in 2024. In addition, increased interest rates, supply constraints and geopolitical conflicts have resulted in persistent labour and material shortages and higher construction costs. If labour and material shortages persist, the expected onset of new supply of rental housing may take longer as construction completion times are extended. This increases the supply risk to the Company.

## 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. Capital market uncertainty, international political, trade or credit crisis or economic slowdown could adversely impact the business and the future profitability of the Company.

During periods of economic uncertainty, tenants may experience financial hardship, which could result in an increase in rent payment defaults or a shift in demand toward more affordable housing alternatives. These factors may exert downward pressure on rental rates and lead to higher vacancy levels, with potential long-term implications for the Company's financial performance. In addition, the Company's ability to obtain new financing or renegotiate existing financing arrangements may be adversely affected by tightening credit conditions or increased risk aversion in capital markets.

Ongoing geopolitical tensions have further exacerbated global economic instability, contributing to supply chain disruptions and heightened market volatility. Economic actions implemented by foreign governments, such as the introduction of tariffs or other trade restrictions on Canadian goods, may negatively impact the Canadian economy, including in Alberta and British Columbia, where the Company operates. Such developments could dampen housing and rental demand, slow net migration, and ultimately result in adverse effects on the Company's rental revenue and occupancy levels.

Further, the political environment across North America remains uncertain. The full impact of recently enacted or proposed government initiatives aimed at addressing housing development and affordability cannot yet be determined. However, such measures have the potential to materially influence market dynamics and, by extension, the Company's operational and financial outlook.

## General Uninsured Losses

The Company carries commercial property and general liability insurance and crime, employee dishonesty, 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.

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### **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.

The Company has retained a third-party IT company to monitor and maintain its computer and data processing systems, ensuring they remain up to date and operating properly. In addition, the Company performs backups of its data on a regular basis.

### **Cyber Security Risk**

Cyber security is an increasingly important aspect of business operations. A cyber-attack is an intentional attack which can include gaining unauthorised access to information systems to steal confidential information, maliciously encrypt files in order to extract a ransom, disrupt business operations, or corrupt data. 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.

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 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 changes in weather conditions, such as an increase in the severity and duration of wildfires, 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. In recent years, certain areas of Alberta and British Columbia have been negatively impacted by wildfires. To the extent these events result in significant damage to or closure of one or more of the Company's buildings, its operations and financial performance could be adversely affected through lost tenants and an inability to lease or re-lease units. In addition, these events could result in significant expenses to restore or remediate a property and increases in the costs of insurance if they result in significant loss of property or other insurable damage.

### **Limited Operating History**

Despite the significant experience of the senior management team in the real estate industry, the Company completed its reverse acquisition and commenced operations in 2020 and therefore has a limited history of operations. As such, the Company is subject to 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 continue to achieve the same financial results as in the past or be successful in achieving sufficient cash flow to pay ongoing interest obligations and other liabilities. The Company may be required to refinance and/or sell its investment properties to meet its obligations.

### **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.

### **Additional Information**

Additional information on the Company, including its AIF, can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Shareholder communications information may be obtained here:

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