YORKTON EQUITY GROUP INC.

Management Discussion & Analysis

Three months ended March 31, 2022

May 26, 2022

The following Management's Discussion and Analysis ("MD&A") provides an explanation of the interim financial position, operating results, performance and outlook of Yorkton Equity Group Inc. (the "Company" or "Yorkton") as at and for the three months ended March 31, 2022.

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

This MD&A has been reviewed and approved by the Audit Committee and the Board of Director's of the Company and is effective as of May 26, 2022.

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

Unless indicated otherwise, reference herein to Q1 2022 and Q1 2021 refers to the three-month periods ended March 31, 2022 and 2021, respectively and reference herein to Q4 2021 refer to the three-month period ended December 31, 2021.

Business Overview

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

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

Strategy and Objectives

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

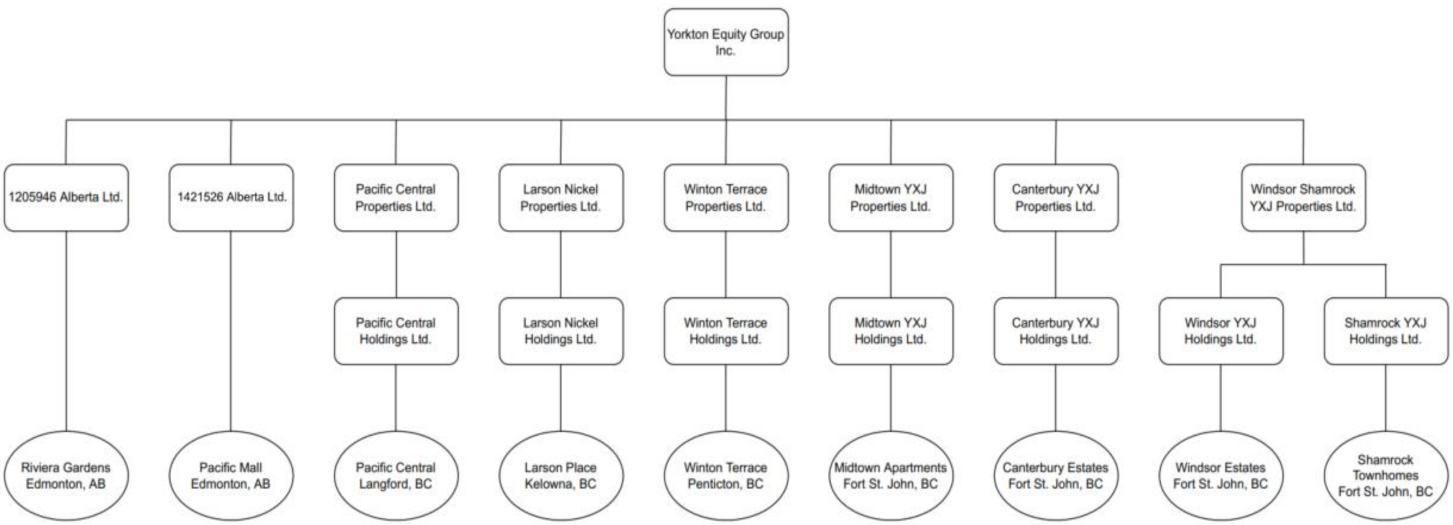
Yorkton's business objective is to grow its portfolio of affordable mid-market multi-family residential rental properties. To accomplish this, the Company seeks out quality rental properties in secondary markets in Canada, with a current focus in British Columbia, with strong upside potential and diversified,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

Company Formation and Structure

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

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

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



Overview of Q1 2022

Yorkton continues to make significant gains in Q1 2022, increasing rental revenue by approximately $501,000 or approximately 441% and growing its investment property portfolio through the acquisition of (2) multi-family residential rental properties, comprising 33 units, in the Province of British Columbia for an aggregate total consideration of approximately $4.6 million. Renovation work on the suites of one of the Company's multi-family residential rental properties substantially completed during Q1 2022 with the property now approaching full occupancy and helping to further increase rental revenues.

On January 5, 2022, the Company received a demand non-revolving loan of $1,000,000 at a variable interest rate of prime plus 0.75% per annum to be repaid in equal blended monthly payments based on an amortization period of 180 months.

On January 12, 2022, the Company refinanced a mortgage payable with a principal balance of approximately $3.5 million with a CMHC insured mortgage of $3,638,568. This refinancing has reduced the interest rate from a variable interest rate of the greater of prime plus 2.5% or 4.95% per annum down to a fixed rate of 2.44% per annum. The refinanced mortgage is amortized over 40 years and matures on June 1, 2027.

On January 26, 2022, the Company completed a non-brokered private placement of 2,588 unsecured convertible debenture units ("Debenture Units") at an issue price of $1,000 per Debenture Unit for gross proceeds of $2,588,000. Each Debenture Unit is comprised of an unsecured convertible debenture of the Company (the "Convertible Debenture") in the principal amount of $1,000 with an interest rate of 7% per annum and matures in 5 years together with 600 common share purchase warrants. Each common share purchase warrant may be exercisable into one common share of the Company at a price of $0.60 per common share for a period of 5 years. The principal amount of each Convertible Debenture may, at the option of the Convertible Debenture holder, be convertible, in whole or in part, into common shares at a conversion price of $0.60 per common share.

On March 31, 2022, the Company completed a non-brokered private placement of 221 unsecured convertible debentures ("Convertible Debentures") at an issue price of $1,000 per Debenture Unit for gross proceeds of $221,000. Each Convertible Debenture has a principal amount of $1,000 with an interest rate of 7% per annum and matures in 5 years. The principal amount of each Convertible Debenture may, at the option of the Convertible Debenture holder, be convertible, in whole or in part, into common shares at a conversion price of $0.60 per common share.

As at March 31, 2022, the Company wholly owned six (6) multi-family residential rental properties (the "Residential Properties"), comprising 155 residential units and 1 commercial unit, in the Provinces of British Columbia and Alberta. The Company's Residential Properties units include townhouses and low and mid-rise apartments located in British Columbia (Kelowna, Langford (Metro Victoria), Penticton, and Fort St. John) and Alberta (Edmonton). As at March 31, 2022, approximately 94% of the Company's residential units were rented, while 1% were being renovated and the remaining 6% were left vacant. See table and property description below for more details on the Q1 2022 additions.

As at March 31, 2022, the Company wholly owned one (1) commercial rental property (the "Commercial Property"), comprising net leasable area of 28,036 square feet, which was a retail and commercial mall located in Edmonton, Alberta. As at March 31, 2022, approximately 87% of the Company's commercial space was rented and the remaining 13% was left vacant.

Residential properties acquired in Q1 2022

The following table summarizes certain aspects of the multi-family residential rental properties acquired in Q1 2022:

Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total	Avg Monthly Rent/Unit
Canterbury Estates 8408 92 Avenue Fort St. John, BC	-	-	-	21	21	$1,316
Midtown Apartments 9827 97 Avenue Fort St. John, BC	1	5	6	-	12	$826
Total	1	5	6	21	33	$1,141

The following is a detailed description of the multi-family residential rental properties acquired in Q1 2022:

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

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

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

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

Subsequent events

On March 23, 2022, the Company entered into an agreement to refinanced two (2) mortgages payable. One mortgage payable with a principal balance of approximately $3.1 million and another short-term mortgage payable with a principal balance of approximately $2 million. In April 2022, both mortgages were replaced by a CMHC insured mortgage of $7,638,845 at an interest rate of 3.15% for a five (5) year fixed term maturing on June 1, 2027, and is amortized over 35 years. The refinanced mortgage payable is secured by the investment property, general assignment of rent, general security agreement and a personal guarantee from the CEO of the Company equal to 40% of the mortgage payable.

After March 31, 2022 and up to the date of this MD&A, the Company acquired an additional two (2) multi-family residential rental properties (the "Additional Properties"), comprising 50 townhouse units on two (2) adjacent complexes located in Fort St. John, British Columbia. The following table summarizes certain aspects of the Additional Properties as at the date of this MD&A:

Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total	Avg Monthly Rent/Unit
Windsor Estates(3) 8619 99 Avenue Fort St. John, BC	-	-	-	25	25	$1,217
Shamrock Townhomes(3) 9807 87 Street Fort St. John, BC	-	-	-	25	25	$955
Total	-	-	-	50	50	$1,083

The following is a detailed description of the Additional Properties:

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

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

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

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

The aggregate purchase price of the Additional Properties was $6,480,000. As part of the financing of the purchase, the Company obtained a CHMC insured mortgage of $5,404,010 at a fixed rate of 3.20% per annum, amortized over 30 years, maturing on June 1, 2027 and secured by the property, general assignment of rent, general security agreement and a personal guarantee from the CEO of the Company. The mortgages require the Shamrock Townhomes and Windsor Estates' holding companies to maintain a debt service coverage ratio of not less than 1.30:1 based on an interest rate of 3.50%.

COVID – 19 Pandemic

Beginning in 2020, the COVID-19 pandemic has resulted in all levels of governments worldwide enacting emergency measures to combat the spread of the virus, whose measures has had a substantial impact on the economy. There still remains uncertainty associated with the unprecedented nature of the pandemic and until the pandemic is contained, a substantial portion of economic activity will continue to be adversely affected. Uncertain economic conditions resulting from the COVID-19 pandemic may, in the short or long term, have a materially adverse impact on the Company's tenants and equity markets, all of which could materially adversely affect the Company's operations and financial performance. Although significant progress has been made in vaccinating the Canadian population and many restrictions have already been relaxed in British Columbia and Alberta, it remains unclear as to when the pandemic will be under control, and when public health measures will be fully removed. It remains difficult to reliably estimate the impact on the financial results and condition of the Company in future periods. Management has taken decisive measures to mitigate the risk and uncertainty resulting from the COVID-19 pandemic and has given consideration as to the impact of COVID-19 on the Company and concluded that the Interim Financial Statements and Annual Financial Statements appropriately reflect and disclose management's best estimate and uncertainty regarding the impact of COVID-19 on the Company.

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

Cleaning

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

Rent collection and tenant support

The Company's residential rent collection remains strong. During Q1 2022, the Company did not incur any significant bad debt expense from its residential tenants and as at March 31, 2022, there is no significant amount of rent receivable from residential tenants.

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

Employee Support

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

Acquisitions

The Company made new acquisitions in Q1 2022 and has actively sought opportunities to acquire undervalued multi-family rental property assets in strategic markets. Current market dynamics and relatively low interest rates have created favourable conditions to expand Yorkton's multi-family residential rental property portfolio. In Q1 2022, Yorkton acquired two (2) multi-family residential rental properties in Fort St. John, British Columbia. Subsequent to March 31, 2022 and up to the date of this MD&A, Yorkton has acquired an additional two (2) multi-family residential rental properties in Fort St. John, British Columbia.

Financing

Throughout Q1 2022 during the current COVID-19 pandemic, Yorkton has continued to have growing access to mortgage financing opportunities. The Company has seen mortgage interest rates remain at relatively low levels which has provided an opportunity for the Company to obtain financing at lower interest rates. To date, governments have responded quickly to ensure capital remains available, and Yorkton intends to take full advantage of available financing opportunities.

Selected Quarterly Information

Three months ended March 31,	Q1 2022 $	Q1 2021 $
Net rental income	367,822	92,701
Net and comprehensive loss	(218,927)	(116,643)
Net loss per share (basic and diluted)		
Cash provided by (used in) operating activities	(441,862)	(203,722)
Cash provided by (used in) financing activities	4,119,538	(118,683)
Cash provided by (used in) investing activities	(4,737,907)	(80,483)
Total assets	50,856,729	14,831,104
Working capital (deficit)	(5,681,718)	(1,660,509)
Total non-current liabilities	20,713,751	1,026,802
Weighted average number of common shares outstanding	112,575,822	68,409,343

Rental revenue

Total rental revenue increased by $501,436 or approximately 441% to $615,061 in Q1 2022 compared to $113,625 in Q1 2021. This was primarily due to an increase of approximately $507,000 in rental revenue from the newly acquired multi-family residential rental properties partially offset by a decrease of approximately $8,000 in rental revenue from the Commercial Property, which is discussed and analyzed in "net rental income" section below.

Net Rental Income

Three months ended March 31,	Residential Properties Q1 2022	Commercial Property Q1 2022	Commercial Property Q1 2021	% change
Rental revenue	519,281	95,780	113,625	(16%)
Recovery of operating expenses	-	106,735	109,397	(2%)
Operating expenses	(230,547)	(123,427)	(130,321)	(5%)
Net rental income	288,734	79,088	92,701	(12%)
Operating margin	56%	39%	42%	N/A
Average occupancy rate	94%	87%	92%	(5%)
Weighted average number of units/sq feet (1)	144 units	28,036 sq feet	28,036 sq feet	-
Average rental rate per unit/sq foot(1) per month(2)	$1,202	$1.14	$1.35	(16%)
Average operating expense per unit/sq foot(1) per month(3)	$534	$1.47	$1.55	(5%)

Notes:

(1) The unit of measurement for residential properties is per unit and for commercial properties is per leasable square foot.

(2) For the Commercial Property the average rental rate includes only the base rent and excludes the recovery of operating expenses.

(3) For the Commercial Property the average operating expenses are substantially recovered, other than for vacant units, from the tenants of the Commercial Property.

Net rental income increased by $275,121 or approximately 297% to $367,822 in Q1 2022 as compared to $92,701 in Q1 2021. In Q1 2021, the Company's sole investment property was the Commercial Property. During 2021 and in Q1 2022, the Company purchased six (6) multi-family residential rental properties.

In Q1 2022, the net rental income from the Commercial Property was $79,088 as compared to $92,701 in Q1 2021. This decrease was due to continued rental concessions provided to certain tenants of the Commercial Property, primarily restaurants, to accommodate the restrictions and associated financial hardship that those tenants continue to face in Q1 2022 due to the government imposed COVID-19 health mandates. The Company expects rental revenue from the Commercial Property to improve through the remainder of 2022 as the COVID-19 health mandate is relaxed.

In Q1 2022, the net rental income from the Residential Properties was $288,734. This is expected to improve in future periods as the operations of the properties are streamlined and economies of scale are achieved.

General and administration

General and administration expense was relatively consistent, Q1 2022 was $189,474 and Q1 2021 was $182,958. The overall increase was $6,516 or approximately 4%.

Changes in general and administration expenses in Q1 2022 as compared to Q1 2021 include an increase in advertising and promotion of approximately $5,000 due to increased marketing efforts in Q1 2022, an increase in professional fees of approximately $12,000 related to the additional activity during Q1 2022 arising from the acquisition of multi-family residential rental properties and costs incurred related to market making, financial analysis and shareholder communications and a decrease in share-based compensation expense of approximately $14,000 as no new common share purchase options were granted in Q1 2022.

Financing costs

Financing costs increased by $370,381 or approximately 1,770% to $391,301 in Q1 2022 compared to $20,920 in Q1 2021. This increase was primarily attributable to the acquisition of additional multi-family residential rental properties during 2021 and in Q1 2022 and the issuance of convertible debentures. The Company finances the purchase of multi-family residential rental properties with low-cost, long-term CMHC insured mortgage loans and finances its Commercial Property with short term mortgage loans which give it additional flexibility to manage those mortgage loans. The Company continues to take advantage of current low interest rates to acquire new multi-family residential rental properties. In Q1 2022, the Company financed three (3) new mortgages for additional funding of approximately $5.1 million at a weighted average interest rate of approximately 2.85% per annum as at March 31, 2022, refinanced a mortgage with a principal balance of approximately $3.5 million at an interest rate of 4.95% with a mortgage of approximately $3.6 million at an interest rate of 2.44% per annum and issued approximately $2.8 million of unsecured convertible debentures with an interest rate of 7% per annum.

Subsequent to March 31, 2022, the Company also financed two (2) new mortgages for additional net funding of approximately $5.4 million at a weighted average interest rate of approximately 3.20% per annum and refinanced two (2) existing mortgages with a principal balance outstanding of approximately $5.1 million with a weighted average interest rate of approximately 6.50% per annum with a CMHC insured mortgage of approximately $7.6 million, securing an equity takeout of approximately $2.5 million, at a interest rate of 3.15% per annum.

Property tax

There was no significant change in property tax expense. In Q1 2022 property tax expense was $5,234 compared to $5,136 in Q1 2021. Property tax expense is the administrative portion of property taxes on the Commercial Property. There was no significant change to the property tax rates on the Commercial Property in Q1 2022 as compared to Q1 2021.

Depreciation

Depreciation is not significant and was $740 in Q1 2022 compared to $330 in Q1 2021. Depreciation is taken on the Company's equipment. The Company acquired equipment with a cost of $5,381 during Q1 2022.

Total Assets

Total assets grew by $36,025,625 or approximately 243% to $50,856,729 in as at March 31, 2022 as compared to $14,831,104 as at March 31, 2021. The growth in total assets is related primarily to the acquisition of additional multi-family residential rental properties in 2021 and Q1 2022. The aggregate value of the Residential Properties and Commercial Property on March 31, 2022 was $47,282,526 compared to $13,440,483, representing only the Commercial Property, on March 31, 2021, on the condensed interim consolidated statement of financial position.

Quarterly Financial and Operational Highlights

Quarter ended	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Net rental income	$ 367,822	$ 155,704	$ 223,085	$ 89,214
Loss before other income (expenses)	(218,927)	(516,832)	(212,807)	(158,167)
Loss per share, before other income (expenses) (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)
Fair value adjustment on investment property	-	573,039	-	-
Share of profit of equity-accounted investee	-	356,703	-	-
Impairment of investment in Yorkton 108 LP	-	(1,144,343)	-	-
Net and comprehensive loss	(218,927)	(768,720)	(220,850)	(150,313)
Net loss per share (basic and diluted)	(0.00)	(0.01)	(0.00)	(0.00)
Total assets	$ 50,856,729	$ 45,861,654	$ 40,513,885	$29,898,341
Weighted average number of common shares outstanding (basic and diluted)	112,575,822	112,521,849	112,162,492	95,934,571

Quarter ended	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Net rental income	$ 92,701	$ 71,937	$ 76,690	$ 168,492
Income (loss) before other income (expenses)	(116,643)	50,999	(93,483)	70,158
Income (loss) per share, before other income (expenses) (basic and diluted)	(0.00)	0.00	(0.00)	0.00
Listing expense	-	(808,389)	-	-
Fair value adjustment on investment property	-	(856,709)	-	-
Net and comprehensive income (loss)	(116,643)	(424.426)	(93,483)	70,158
Net income (loss) per share (basic and diluted)	(0.00)	(0.01)	(0.00)	0.00
Total assets	$ 14,831,104	$ 14,944,188	$ 14,598,076	$14,586,658
Weighted average number of common shares outstanding (basic and diluted)	68,409,343	40,665,763	36,862,905	36,862,905

Highlights of the Company's financial results for the first quarter ended March 31, 2022:

- Rental revenue increased to $615,061 in Q1 2022 as compared to $497,249 in Q4 2021 and $113,625 in Q1 2021. Net rental income also increased to $367,822 in Q1 2022 as compared to $155,705 in Q4 2021 and $92,701 in Q1 2021. These increases were due to the acquisition of additional multi-family residential rental properties throughout 2021 and in Q1 2022.
- General and administration costs in Q1 2022 were $189,474 as compared to $337,718 in Q4 2021 and $182,958 in Q1 2021. The increase in Q4 2021 is due to annual professional fee accruals for audit and property valuation fees.
- Financing costs increased to $391,301 in Q1 2022 as compared to $227,235 in Q4 2021 and $20,920 in Q1 2021. This increase was primarily attributable to the acquisition of additional multi-family residential rental properties during 2021 and in Q1 2022 and the issuance of convertible debentures. The Company finances the purchase of multi-family residential rental properties with low-cost, long-term CMHC insured mortgage loans and finances its Commercial Property with short term mortgage loans which give it additional flexibility to manage those mortgage loans. The Company continues to take advantage of current low interest rates to acquire new multi-family residential rental properties. In Q1 2022, the Company financed three (3) new mortgages for additional funding of approximately $5.1 million at a weighted average interest rate of approximately 2.85% per annum as at March 31, 2022, refinanced a mortgage with a principal balance of approximately $3.5 million at an interest rate of 4.95% with a mortgage of approximately

$3.6 million at an interest rate of 2.44% per annum and issued approximately $2.8 million of unsecured convertible debentures with an interest rate of 7% per annum.

- No bad debt was recorded in Q1 2022 as compared to bad debt of $119,454 in Q4 2021 and no bad debt in Q1 2021. The bad debt expense in Q4 2021 was related to allowances made on rent receivable and a promissory note receivable from tenants of the Commercial Property due to the COVID-19 pandemic.
- The Company recognized an increase in fair value of $573,039 on the investment properties in Q4 2021. This increase reflects a strong real estate market in 2021 in the geographic locations that the Company operates in together with the strategic purchases of new investment properties in 2021. There were no changes in fair value recognized in Q1 2022 and Q1 2021.
- During Q4 2021, the Company recognized $356,703 for its share of the net profit of Yorkton 108 LP. On acquisition, the Company expected to hold the investment in Yorkton 108 LP while the underlying development project was completed. However, due to unforeseen construction costs increases associated with COVID-19 supply chain disruptions, which increased the costs of construction after the investment in Yorkton 108 LP was acquired by the Company, the general partner of Yorkton 108 LP determined that the financial risk exposure to increasing construction costs was too great and the underlying asset was sold. The Company received total distributions of $2,498,962 during Q4 2021 and recorded an impairment loss of $1,144,343 which represents the Company's share of additional capitalized costs recorded in Yorkton 108 LP since the investment was acquired on April 30, 2021. The impairment loss is a non-recurring and non-cash item as the investment in Yorkton 108 LP was acquired through the issuance of common shares of the Company. The cash distributions of $2,498,962 received in Q4 2021 have been used for the acquisition of certain multi-family residential rental properties during Q4 2021 and Q1 2022.

Liquidity & Capital Resources

Access to liquidity is important as it allows the Company to implement its overall secure and aggressive growth strategy. Liquidity is a measure of the availability of sufficient cash to fund ongoing business activities and capital and liability commitments. Liquidity is defined by the Company to include cash and any unused committed revolving credit facility. As at March 31, 2022, the Company had cash of $1,120,120 (December 31, 2021 - $2,180,351) and unused committed revolving credit facility of $314,373 (December 31, 2021 - $305,462) for total available liquidity of $1,434,493 (December 31, 2021 - $2,485,813).

Working capital

The Company requires sufficient working capital to cover its daily operations and mortgage expenses. In Q1 2022, the Company used net funds in operations of $441,862 (Q1 2021 - $203,722). Management expects funds to be generated from operations as the Company's investment property portfolio continues to grow and the Company completes accretive acquisitions of new investment properties with positive operating cash flows.

As at March 31, 2022, the Company had a working capital deficiency of $5,681,718 (December 31,2021 - $10,784,698). The working capital deficiency relates primarily to the current portion of mortgages of $8,769,658 (December 31, 2021 - $11,328,195) which are due within the next twelve months and are included in current liabilities. The Company seeks to maintain flexibility in its mortgage financing to allow it to capitalize on favourable interest rates and therefore maintains certain mortgages on short term maturities.

Financing

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

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

During Q1 2022, the Company financed three (3) new mortgages for additional funding of approximately $5.1 million at a weighted average interest rate of approximately 2.85% per annum as at March 31, 2022, refinanced a mortgage with a principal balance of approximately $3.5 million at an interest rate of 4.95% with a mortgage of approximately $3.6 million at an interest rate of 2.44% per annum and issued approximately $2.8 million of unsecured convertible debentures with an interest rate of 7% per annum. Subsequent to March 31, 2022, the Company also financed two (2) new mortgages for additional net funding of approximately $5.4 million at a weighted average interest rate of approximately 3.20% per annum and refinanced two (2) existing mortgages with a principal balance outstanding of approximately $5.1 million with a weighted average interest rate of approximately 6.50% per annum with a CMHC insured mortgage of approximately $7.6 million, securing an equity takeout of approximately $2.5 million, at an interest rate of 3.15% per annum. Where possible, the Company seeks to finance its mortgages with low-cost, long-term CMHC insured mortgage loans to achieve a strong positive cash flow and net operating income (NOI) from the properties.

Certain individual investment property holding companies are required to maintain a stabilized debt service coverage ratio of not less than between 1.20:1 to 1.30:1 for certain mortgages payable. As at March 31, 2022, the investment property holding companies were in compliance with these covenants with the exception of the mortgage payable with a carrying value of $3,117,791, due to vacancies created during the suite upgrades and renovations of the associated investment property, which has been included in the current portion of mortgages payable on the condensed interim consolidated statement of financial position. The lender has provided confirmation of forbearance of the breach and has agreed that no further action will be taken, and this mortgage was subsequently refinanced after March 31, 2022.

Contractual obligations

As at March 31, 2022, the Company had the following contractual obligations, which are anticipated to be managed using the funds expected to be generated from its operations, proceeds from the refinancing of maturing mortgages and, if needed, future fundraising efforts.

Payments due by period

Estimated future principal payments required to meet mortgage obligations as at March 31, 2022 are as follows:

Years ending March 31,		**Amounts**
2023	**$**	**8,980,574**
2024		**362,893**
2025		**370,865**
2026		**379,018**
2027 and after		**17,125,356**
Total mortgage principal outstanding		**27,218,706**
Deferred financing costs		**(1,004,394)**
	$	**26,214,312**

Composition of mortgages

As at March 31, 2022		Amount	% of Mortgages	Weighted average interest rate
Variable rate mortgages:				
Non-CMHC insured	$	8,625,479	32%	5.26%
Fixed rate mortgages:				
CMHC insured		18,593,227	68%	2.18%
Total mortgage principal outstanding		27,218,706	100%	3.21%
Deferred financing costs		(1,004,394)		
	$	26,214,312		

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

Subsequent to March 31, 2022, the Company obtained CMHC insured mortgages on $5,117,791 of the non-CMHC insured mortgage principal outstanding at March 31, 2022, consistent with the Company's strategy of financing multi-family residential rental properties, where possible, with low-cost, long-term CMHC insured mortgage loans.

Mortgage maturity schedule

As at March 31, 2022, the mortgages payable matured in the following years:

Maturing during the following years ended March 31,		Balance maturing	% of Mortgages	Weighted average interest rate
2022	$	8,625,479	32%	5.26%
2023		-	-	-
2024		-	-	-
2025		-	-	-
Subsequent		18,593,227	68%	2.18%
Total mortgage principal outstanding		27,218,796	100%	3.21%
Deferred financing costs		(1,004,394)		
	$	26,214,312		

Subsequent to March 31, 2022, the Company refinanced on demand and short-term mortgages with principal outstanding at December 31, 2021 of $5,117,791, with CMHC insured mortgages with a fixed term of approximately five (5) years.

Changes in Accounting Policies and Recent Accounting Pronouncements

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

a) Compound Financial Instruments

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

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

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

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

Financial Instruments and Risk Management

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

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

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

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

		March 31, 2022		December 31, 2021
Financial Assets Measured at Amortized Cost:				
Cash	**$**	**1,120,120**	$	2,180,351
Restricted cash	**$**	**156,339**	$	131,116
Accounts receivable	**$**	**182,458**	$	29,947
Promissory note receivable	**$**	**202,092**	$	202,092
Investment	**$**	**40,495**	$	40,174
Due from related parties	**$**	**909,275**	$	-
Financial Liabilities Measured at Amortized Cost:				
Accounts payable and accrued liabilities	**$**	**272,675**	$	482,533
Refundable security deposits	**$**	**156,339**	$	131,116
Due to related parties	**$**	**-**	$	124,221
Mortgage payable	**$**	**27,218,706**	$	22,146,869
Convertible debentures	**$**	**2,205,008**	$	-

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

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

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

Transactions with Related Parties

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

<u>Key management personnel and director remuneration</u>

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

		March 31, 2022		March 31, 2021
Wages and benefits	**$**	**18,630**	$	-
Share-based compensation		**-**		13,606
	$	**18,630**	$	13,606

<u>Related party transactions</u>

As at March 31, 2022, $nil was payable to a company indirectly controlled by the CEO of the Company (December 31, 2021 - $37,541) and $909,275 was receivable from companies directly controlled by the CEO of the Company (December 31, 2021 - $86,680 payable to companies directly controlled by the CEO of the Company). These amounts are unsecured, bear no interest and have no specific terms of repayment.

During the three months ended March 31, 2022, the Company paid property management fees of $32,282 (2021 - $16,802), included in direct operating costs, under a property management contract to a company directly controlled by the CEO of the Company.

Outstanding Share Data

As at the date of this MD&A, the Company has common shares issued and outstanding or 112,575,822 and fully diluted common share capital of 139,747,859.

Common shares

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

Shares issued:

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

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

Common Share Purchase Options

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

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

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

	March 31, 2022		December 31, 2021	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding, beginning of year	**584,905**	**$0.21**	1,166,195	$0.20
Granted	**-**	**-**	50,000	$0.42
Exercised	**-**	**-**	(101,200)	$0.20
Forfeited	**-**	**-**	(130,000)	$0.24
Expired	**(25,000)**	**$0.42**	(400,090)	$0.20
Outstanding, end of year	**559,905**	**$0.20**	584,905	$0.21
Exercisable, end of year	**559,905**	**$0.20**	584,905	$0.21

The following common share purchase options are outstanding as at March 31, 2022:

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

On January 16, 2022, 25,000 common share purchase options expired unexercised.

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

Common Share Purchase Warrants

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

	March 31, 2022		December 31, 2021	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Outstanding, beginning of year	**20,377,666**	$0.36	7,804,330	$0.30
Issued (Note 17(a))	**1,552,800**	**$0.60**	12,573,336	$0.40
Outstanding, end of year	**21,930,466**	**$0.38**	20,377,666	$0.36

The following common share purchase warrants are outstanding as at March 31, 2022:

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

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

Other convertible securities

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

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

Off-Balance Sheet Arrangements

No off-balance sheet arrangement has been entered into by the Corporation for Q1 2022.

Outlook

Despite the ongoing challenges of the COVID-19 pandemic, the Company believes there is significant opportunity for the expansion and diversification of its multi-family residential rental property portfolio. The Company expects the relatively low interest rate environment to persist through 2022 as the COVID-19 pandemic evolves and governments around the world, including the Government of Canada, continue to provide financial stimulus. Although increasing inflation may result in some upward pressure on interest rates, the Company believes that interest rates will remain at relatively low levels. Yorkton has demonstrated its confidence in its business model by the new acquisitions and portfolio integration over the 2021 year and in Q1 2022, expanding its investment property portfolio from Edmonton, Alberta, to multiple cities across British Columbia including Langford (Metro Victoria), Kelowna, Penticton and Fort St. John. Subsequent to March 31, 2022, the Company has expanded its presence in Fort St. John with the acquisition of an additional of two (2) multi-family residential rental properties. Yorkton's growing investment property portfolio will, over time, allow the Company to expand its net operating income, as well as grow its net asset value. The Company is planning to expand its property acquisitions into other Canadian provinces in the future.

The Government of Canada forecasts economic growth of approximately 4.25% in 2022 and approximately 3.25% in 2023. In addition, the Canadian federal government is boosting its immigration targets, totalling 1.2 million new immigrants over the next three years and Ottawa's recent announcement that it intends to extend work permits for international students also bodes well on the demand side for the Company's multi-family residential rental properties. The U.S. government's US$1.9 trillion infrastructure package is also expected to spur significant economic growth that is expected to spill over into the Canadian economy creating jobs and opportunities to support increased immigration levels in the coming years.

Management believes that the above, combined with the robust Canadian residential real estate market, and the uncertainty from COVID-19 and its economic impact, will keep the overall demand for the rental of residential units high through the remainder of 2022.

Management is monitoring the economic situation closely and intends to continue acquisitions of new investment properties through the remainder of 2022. Management performs a careful and thorough due diligence process for all new acquisition and considers not only the financial strength of the individual investment property but also its integration with Yorkton's overall investment property portfolio and business model. Management also intends to focus on streamlining the operations of the investment properties through the remainder of 2022 to improve NOI by investing in cost saving efficiencies, utilizing technology and leveraging economies of scale.

Yorkton is honoured to be entrusted by its lenders, investors, and other stakeholders and the Company will work diligently to consistently deliver its outstanding value proposition over the long-term.

Risk Assessment

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

Real Estate Ownership

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

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

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

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

Tenant Terminations and Financial Stability

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

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

Credit risk

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

Commercial Property

For the Commercial Property, as at March 31, 2022 approximately 67% (December 31, 2021 – 92%) of accounts receivable is from two tenants and for the three months ended March 31, 2022 37% (2021 – 18%) of commercial rental revenue is from three tenants.

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

		March 31, 2022		December 31, 2021
Current	$	**27,007**	$	-
31-90 days		**27,175**		-
90 + days		**239,441**		197,990
		293,623		197,990
Allowance for doubtful accounts		**(178,412)**		(178,412)
	$	**115,211**	$	19,578

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

Debt Financing

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is susceptible to interest rate cash flow risk on its mortgages payable that bear interest at a variable rate and fair value risk on its mortgages payable that bear interest at a fixed rate.

As at March 31, 2022, the Company had $8.6 million (March 31, 2021 - $2.7 million) of mortgages payable which are carried at variable-rate interest. As such, for the three months ended March 31, 2022, all else being equal, the increase or decrease in net earnings for each 1% change in market interest rates would be $21,500 (2021 - $6,750).

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.

COVID-19

There has been and continues to be a global pandemic related to an outbreak of the novel coronavirus disease (COVID-19). This outbreak (and any future outbreaks) of COVID-19 has led (and may continue to lead) to disruptions in global economic activity, resulting in, among other things, a general decline in equity prices and lower interest rates. These circumstances are likely to have an adverse effect on levels of employment, which may adversely impact the ability of tenants to make timely payments on their rents. An increase in delinquent payments by tenants may negatively affect the Company's financial position. While governments are closely monitoring the rapidly evolving situation, no assurance can be made regarding the policies that may be adopted by the Bank of Canada, the Canadian federal, provincial or municipal governments, their agencies, the United States government or any other foreign or sub-national government to address the effects of COVID-19 or any resulting market volatility. Following multiple interest rate cuts by the Bank of Canada in March 2020, which cuts were announced in an attempt to curb the economic effects of COVID-19, it is possible that the Bank of Canada may make further interest rate cuts or that it may in the future resume interest rate increases. Any such increases or decreases may occur at a faster rate than expected. To the extent that interest rates increase as a result of the Bank of Canada's actions or otherwise, the availability of refinancing alternatives for credit facilities, mortgage and other loans may be reduced. No assurance can be made regarding such matters or their effect on real estate markets generally. The Company actively monitors regulatory developments and will adjust to any regulatory changes that may arise as a result of the COVID- 19 outbreak.

The COVID-19 outbreak may lead to disruptions of the Company's normal business activity and a sustained outbreak may have a negative impact on the Company and its financial performance. The Company has business continuity policies in place and is developing additional strategies to address potential disruptions in its operations. However, no assurance can be made that such strategies will successfully mitigate the adverse impacts related to the COVID-19 outbreak. A prolonged outbreak of COVID-19 could adversely impact the health of the Company's employees, counterparties and other stakeholders.

The full extent of the duration and impact that COVID-19, including any regulatory responses to the outbreak, will have on the Canadian, United States and global economies and the Company's business is highly uncertain and difficult to predict at this time.

Fair Value Risk

Real estate markets are in a constant state of flux and prices and values can vary in a short timeframe due to such factors as economic conditions, the general desirability of real estate investments, the number and nature of potential purchasers in the market, the availability of comparable investment opportunities, the motivation of vendors, the availability and cost of financing, etc. Changes in fair value will result in gains or losses in earnings being recorded in the consolidated financial statements, although these would be non-cash gains or losses until such time as a property is sold. Upon sale, there is a risk that the Company may realize sale proceeds of less, or even significantly less, than the fair value recorded in its real estate investments. In addition, transaction costs are not included in the fair value of investment properties which will reduce fair value gain (or increase the loss) on disposal of investment properties. Lower property value may also make refinancing of maturing mortgages more difficult, although with low leverage, this is less likely to occur.

Revenue Producing Properties

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

Competition for Tenants

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

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

Future Property Acquisitions

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

Competition for Real Estate Investments

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

Liquidity risk

The Company's exposure to liquidity risk is dependent on generating rental revenue to sustain operations. The Company controls liquidity risk by managing working capital and cash flows. The Company's contractual obligations for its non-derivative financial liabilities consists of accounts payable and accrued liabilities of $272,675 (December 31, 2021 - $482,533) and refundable security deposits of $156,339 (December 31, 2021 - $131,116) that have a contractual maturity in the next 12 months. There is no contractual maturity for the amounts due to related parties as there are no terms of repayment. The mortgages payable have terms maturing as disclosed in the Liquidity & Capital Resources section.

General Economic Conditions

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

General Uninsured Losses

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

Government Regulation

The Company currently has interests in properties located in the provinces of Alberta and British Columbia. The nature of real estate construction and operation is such that refurbishment and structural repairs are required periodically, in addition to regular ongoing maintenance. In addition, legislation relating to, among other things, environmental and fire safety standards is continually evolving, and changes thereto may give rise to ongoing financial and other obligations of the Company, the costs of which may not be fully recoverable from tenants.

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

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

Dependence on Key Personnel

The Company will depend on the good faith, experience and judgment of the directors and officers of the Company to manage the business and affairs of the Company. The management of the Company depends on the services of certain key personnel, including in particular Ben Lui, as Chief Executive Officer. There can be no assurance that the Company will be able to retain its existing key personnel, attract qualified executives or adequately fill new or replace existing senior management positions or vacancies created by expansion, turnover or otherwise. The loss of the services of any one or more of the Company's key personnel or the inability to retain, attract or fill any such personnel or positions or vacancies could have an adverse effect on the Company.

Failure or Unavailability of Computer and Data Processing Systems and Software

The Company is dependent upon the successful and uninterrupted functioning of its computer and data processing systems and software. The failure or unavailability of these systems could interrupt operations or materially impact the Company's ability to collect revenues and make payments. If sustained or repeated, a system failure or loss of data could negatively and materially adversely affect the ability of the Company to discharge its duties and the impact on the Company may be material.

Cyber Security Risk

Cyber security is an increasingly important aspect of business operations. A cyber-attack is an intentional attack which can include gaining unauthored access to information systems to disrupt business operations, corrupt data or steal confidential information. Such an attach could compromise the Company, its employees and tenants' confidential information and may result in negative consequences, including remediation costs, loss of revenue, data corruption, additional regulatory scrutiny, litigations and reputational damages. As a result, the Company has implemented controls to help mitigate cyber security risks but these measures do not guarantee that a cyber attack will not occur or may not be successful due to the ever changing and increased sophistication of these types of attacks.

Climate Change Risk

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

Limited Operating History

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

Joint Venture Investments

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

Environmental Matters

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

Litigation Risks

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

Forward-Looking Statements Disclaimer

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

Forward-looking statements are not guarantees of future events or performance and, by their nature, are based on the Company's current estimates and assumptions, which are subject to risks and uncertainties, including those described under the heading "Risks and Uncertainties", which could cause actual events or results to differ materially from the forward-looking statements contained in this MD&A. Those risks and uncertainties include, but are not limited to, those related to liquidity in the global marketplace associated with current economic conditions, tenant terminations and financial stability, competition for tenants, competition for real estate investments, changes to current government regulations, occupancy levels, access to debt and equity capital, changes to Canada Mortgage and Housing Corporation ("CMHC") rules regarding mortgage insurance, interest rates, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, environmental matters, uninsured perils, legal matters, and reliance on key personnel. Of particular note, during 2020, 2021 and continuing into 2022, the world and Canada have been impacted by, and continue to be impacted by, the COVID-19 pandemic. In an attempt to slow down the spread of this virus, the various levels of government in Canada and throughout the world have enacted various forms of emergency measures. These measures, which include the implementation of travel bans, self-imposed and government-imposed quarantine periods and social distancing measures, including curfews and stay-at-home orders, have caused and continue to cause material disruption to businesses globally resulting in an economic slowdown and unprecedented unemployment levels. As of May 26, 2022, the full impact of the COVID-19 pandemic on the results of the Company remains uncertain. This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements may include, but are not limited to, the impact of economic conditions in Canada and globally including as a result of the COVID-19 pandemic, the Company's future growth potential, prospects and opportunities, the general rental environment, relatively stable interest costs, access to equity and debt capital markets to fund (at acceptable costs), the future growth program to enable the Company to refinance debts as they mature, the availability of purchase opportunities for growth in Canada, the impact of accounting principles under IFRS, general industry conditions and trends, changes in laws and regulations including, without limitation, changes in mortgage rules and other temporary legislative changes in light of the COVID-19 pandemic, increased competition, the availability of qualified personnel, fluctuations in interest rates, and stock market volatility. Although the forward-looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, there can be no assurance actual results will be consistent with these forward-looking statements and no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur at all, or if any of them do so, what benefits that the Company will derive from them. As such, undue reliance should not be placed on forward-looking statements.

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

Additional Information

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

Shareholder communications information may be obtained here:

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

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

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