



YORKTON
EQUITY GROUP INC.

Management Discussion & Analysis

Three months ended March 31, 2023

May 29, 2023

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, 2023.

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, 2023 (the "Interim Financial Statements") and the audited consolidated financial statements and the accompanying notes for the fiscal years ended December 31, 2022 and 2021 (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 May 29, 2023.

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 2023 and Q1 2022 refers to the three-month periods ended March 31, 2023 and 2022, respectively, and reference herein to Q4 2022, refers to the three-month period ended December 31, 2022.

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. The Company's current geographical focus is in secondary markets in Western Canada with diversified, growing economies, and strong population in-migration. The Company expects to expand its property acquisitions into other Canadian provinces in the future.

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

Strategy and Objectives

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

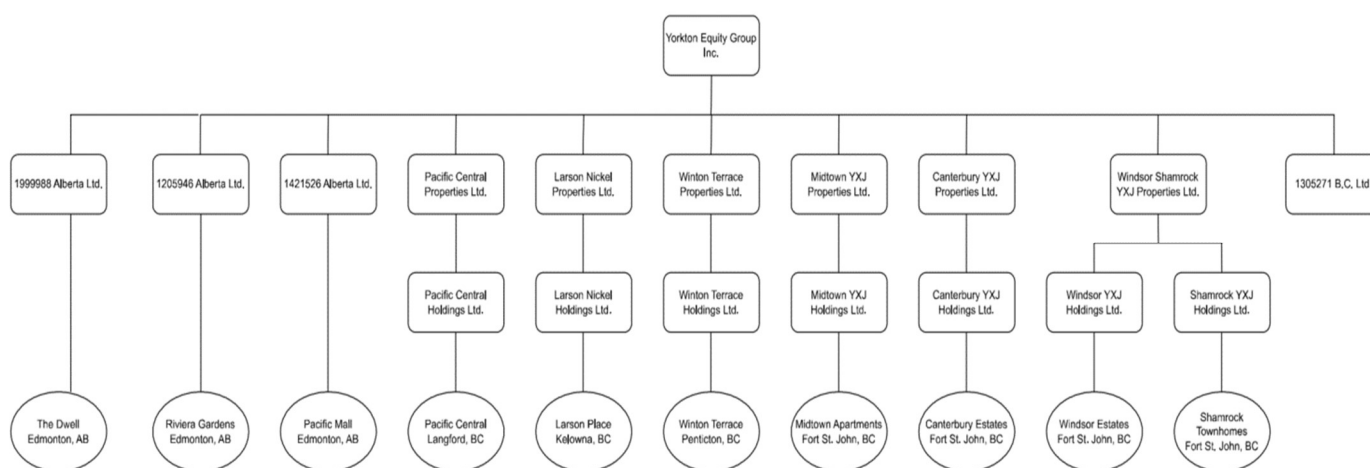
Yorkton's business objective is to create a portfolio of high-quality multi-family rental properties that generate strong cash flow and appreciation for our investors while providing attractive housing options for residents. To accomplish this, the Company seeks out quality residential rental properties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

Company Formation and Structure

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

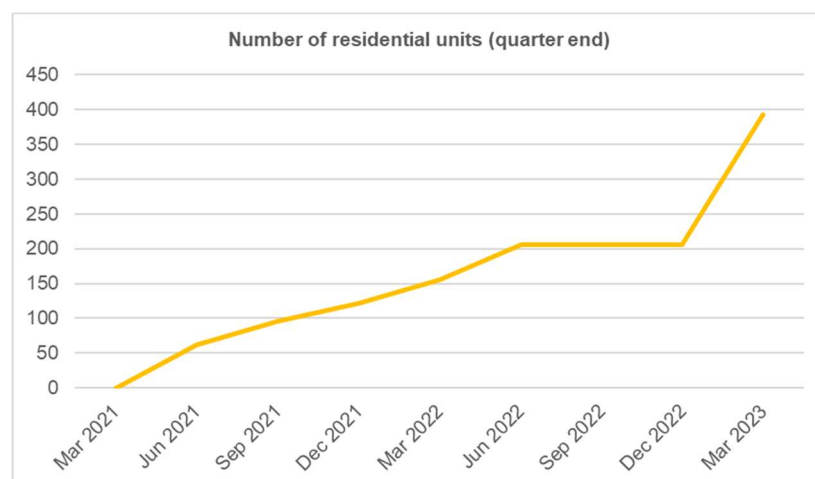
The principal office of the Company is located at 3165 Manulife Place, 10180 – 101 Street NW Edmonton, Alberta, T5J 3S4 and its registered office is located at 1700, 10175 – 101 Street NW Edmonton, Alberta, T5J 0H3.

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



Overview of Q1 2023

During Q1 2023, Yorkton acquired a significant new investment property to add to its growing portfolio. "The Dwell" is a one hundred and eighty-eight (188) unit multi-family residential complex, with construction completed in 2022, comprising of two luxury condominium grade buildings located in Edmonton, Alberta. Total aggregate consideration paid was \$41,736,000 and the Company financed the purchase with additional new CMHC insured mortgage debt of approximately \$40.2 million at an interest rate of 3.617% per annum amortized over fifty (50) years.



The acquisition of the Dwell together with other recent acquisitions in 2022 contributed to an increase in rental revenue to \$1,173,792 in Q1 2023 as compared to \$615,061 in Q1 2022, an increase of \$558,731 or approximately 91%. The increase in rental revenue resulted in Yorkton posting net income and comprehensive income of \$573 in Q1 2023 as compared to a net loss and comprehensive loss of \$218,927 in Q1 2022.

The Company's residential rent collection remained strong in Q1 2023. It is the Company's standard procedure to perform a thorough suitability assessment on new tenants, such as previous landlord and job reference checks as well as credit checks. Moreover, the Company has in place efficient rent collection and eviction processes for tenants who default on their rent payments, which follow all proper legal procedures. During Q1 2023 the Company did not incur any significant bad debt expense from its residential tenants. As at March 31, 2023, 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 due from certain commercial tenants and is committed to working with those tenants to defer rent for those who have been adversely affected by the COVID-19 pandemic, through the economic recovery, on a case-by-case basis.

On January 1, 2023, the Company entered into an agreement with a company directly controlled by Ben Lui, the CEO of the Company, to provide administrative services. The agreement has a term of one (1) year and will automatically be extended for one (1) additional year on the same terms and conditions. During Q1 2023, the Company incurred administrative fees of \$149,499.

On January 26, 2023, the Company completed a non brokered private placement of convertible debentures for gross proceeds totaling \$258,000. See "Financing" in the "Liquidity and Capital Resources" section below for the details of the convertible debentures issued during Q1 2023.

On January 27, 2023, the Company received approval from the TSX Venture Exchange to commence a normal course issuer bid (the "NCIB") to repurchase, for cancellation, up to an aggregate of 5,633,871 common shares of the Company. In March 2023, the Company repurchased 20,000 of its common shares under the NCIB at a weighted average price of \$0.15 per common share for a total cost, including commission, of \$3,152. The repurchased common shares were subsequently cancelled on May 5, 2023.

As at March 31, 2023, the Company wholly owned nine (9) multi-family rental properties (the "Residential Properties"), comprising 393 residential units and 1 commercial unit, in the Provinces of Alberta and British Columbia. The Company's Residential Properties units include townhouses and low and mid-rise apartments located in Alberta (Edmonton) and British Columbia (Kelowna, Langford (Metro Victoria), Penticton, and Fort St. John). As at March 31, 2023, approximately 97% of the Company's residential units were rented and the remaining 3% were vacant due to normal tenant turnover. See table and property description below for more details.

As at March 31, 2023, the Company wholly owned one (1) commercial rental property (the "Commercial Property") located in Edmonton, Alberta, comprising net leasable area of 28,036 square feet, which is a retail and commercial mall with an approved mixed-use development of 296 apartment units on two high-rise towers on its adjacent parking lot. As at March 31, 2023, approximately 88% of the Company's commercial space was rented and the remaining 12% are available for lease. See property descriptions below for more details.

Residential Properties as at March 31, 2023

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

Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total Residential units	Avg Monthly Rent per Unit ⁽¹⁾
The Dwell 13704/13806 – 24 Street Edmonton, Alberta	-	41	143	4	188	\$1,434 ⁽¹⁾
Riviera Gardens 13704/13806 – 24 Street Edmonton, Alberta	-	16	38	8	62	\$1,025 ⁽¹⁾ \$1,917 ⁽³⁾
Larson Place 200-220 Nickel Road Kelowna, BC	-	-	9	10	19	\$2,184 ⁽¹⁾
Pacific Central 2835 Peatt Road Langford, BC	-	3	12	-	15	\$1,564 ⁽¹⁾ \$1,950 ⁽²⁾
Winton Terrace 797 Winnipeg Street Penticton, BC	1	10	15	-	26	\$999 ⁽¹⁾
Canterbury Estates 8408 92 Avenue Fort St. John, BC	-	-	-	21	21	\$1,354 ⁽¹⁾
Midtown Apartments 9827 97 Avenue Fort St. John, BC	1	5	6	-	12	\$837 ⁽¹⁾
Windsor Estates ⁽³⁾ 8619 99 Avenue Fort St. John, BC	-	-	-	25	25	\$1,396 ⁽¹⁾
Shamrock Townhomes ⁽³⁾ 9807 87 Street Fort St. John, BC	-	-	-	25	25	\$1,026 ⁽¹⁾
Total	2	75	223	93	393	\$1,344⁽¹⁾ \$1,934⁽²⁾⁽³⁾

Notes:

- (1) Average monthly rent per residential unit as at March 31, 2023.
- (2) Monthly rent from the commercial unit as at March 31, 2023.
- (3) Monthly rent from cellular tower as at March 31, 2023.

The following is a detailed description of the residential property acquired in 2022:

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



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

Commercial Property as at March 31, 2023

There were no additional acquisitions of commercial properties during Q1 2023. The Company owns a two-storey retail and commercial building commonly known as 'Pacific Mall' in Edmonton, Alberta. Pacific Mall comprises net leasable area of 28,036 square feet and as at March 31, 2023 the average annual rent per square foot was approximately \$16.09.

Subsequent events

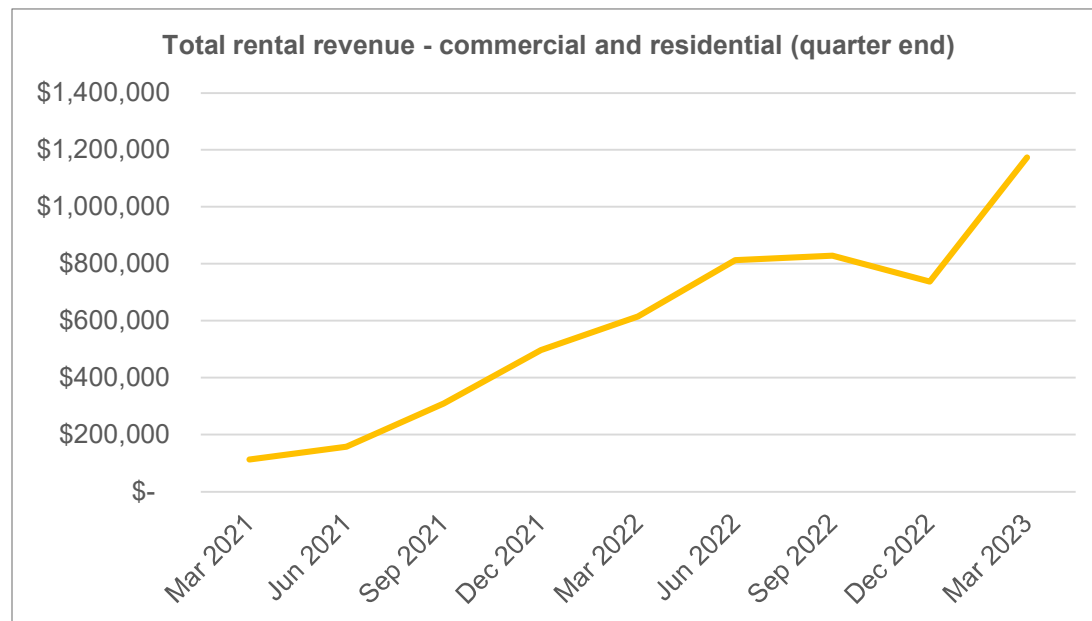
On April 20, 2023, the Company completed a non-brokered private placement of 250 unsecured convertible debentures (the "April 2023 Convertible Debentures") at an issue price of \$1,000 per April 2023 Convertible Debenture for gross proceeds of \$250,000. Each April 2023 Convertible Debenture has a principal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

Selected Quarterly Information

Three months ended March 31,	2023 \$	2022 \$
Net rental income	825,058	367,822
Net and comprehensive income (loss)	573	(218,927)
Net earnings (loss) per share (basic and diluted)	0.00	(0.00)
Cash provided by (used in) operating activities	965,194	(441,862)
Cash provided by financing activities	38,730,542	4,119,538
Cash used in investing activities	(41,950,979)	(4,737,907)
Total assets	98,449,008	50,856,729
Working capital (deficit)	(3,247,164)	(5,681,718)
Total non-current liabilities	72,551,050	20,713,751
Weighted average number of common shares outstanding (basic)	112,677,427	112,575,822
Weighted average number of common shares outstanding (diluted)	140,804,221	112,575,822

Rental revenue

Total rental revenue increased by \$558,731 or approximately 91% to \$1,173,792 in Q1 2023 compared to \$615,061 in Q1 2022. This was primarily due to an increase of approximately \$506,000 in rental revenue from the newly acquired multi-family rental properties together with an increase of approximately \$18,000 in rental revenue from the Commercial Property, which is discussed and analyzed in "net rental income" section below and an increase of approximately \$35,000 in non lease revenue.



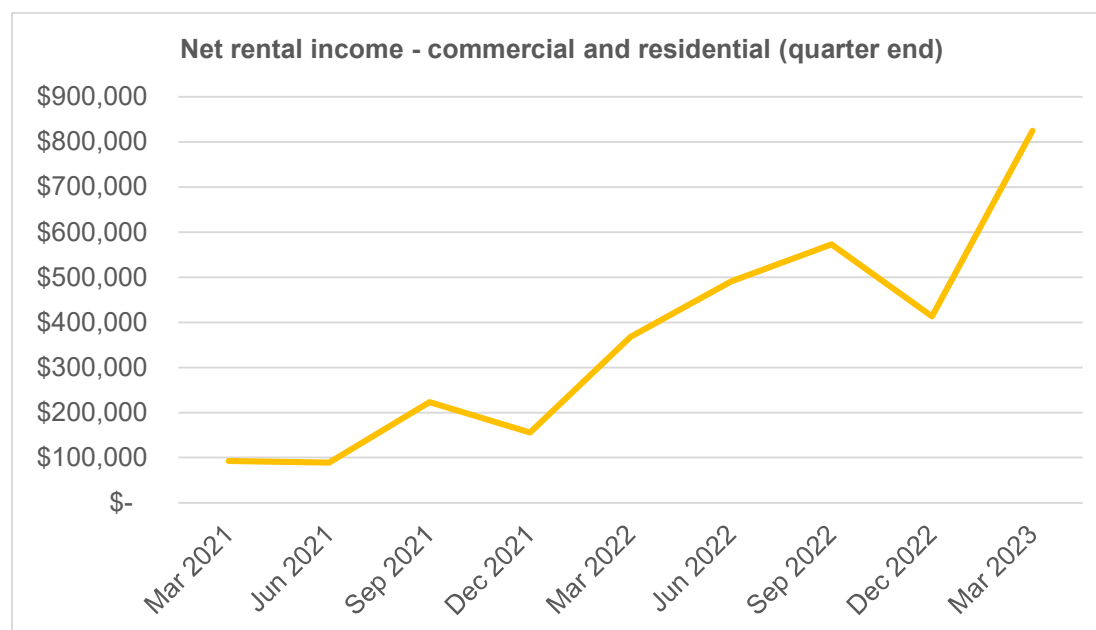
Net Rental Income

Three months ended March 31,	Residential Properties		
	2023	2022	% change
Rental revenue	1,053,977	519,281	103%
Operating expenses	(322,096)	(230,547)	40%
Net rental income (loss)	731,881	288,734	153%
Operating margin	69%	56%	N/A
Average occupancy rate	95%	94%	1%
Weighted average number of units	272	144	89%
Average rental rate per unit per month ⁽¹⁾	\$1,292	\$1,202	7%
Average operating expense per unit per month ⁽²⁾	\$395	\$534	(26%)

Three months ended March 31,	Commercial Property		
	2023	2022	% change
Rental revenue	119,815	95,780	25%
Recovery of operating expenses	105,728	106,735	(1%)
Operating expenses	(132,366)	(123,477)	7%
Net rental income	93,177	79,088	18%
Operating margin	41%	39%	N/A
Average occupancy rate	88%	87%	1%
Weighted average number of sq feet	28,036 sq feet	28,036 sq feet	-
Average rental rate per sq foot per month ⁽¹⁾	\$1.42	\$1.14	25%
Average operating expense per sq foot per month ⁽²⁾	\$1.57	\$1.47	7%

Notes:

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



Net rental income increased by \$457,236 or approximately 124% to \$825,058 in Q1 2023 as compared to \$367,822 in Q1 2022. The increase is the result of the purchase of multi-family rental properties in 2022 and Q1 2023. The Company purchased The Dwell on February 27, 2023 and Shamrock Townhomes and Windsor Estates on April 11, 2022. The Dwell played a significant role in driving this growth, adding total rental revenue of approximately \$310,000 and net rental income of approximately \$148,000 in the last month of Q1 2023, as the acquisition closed on February 27, 2023.

In Q1 2023, the net rental income from the Commercial Property was \$93,177 as compared to \$79,088 in Q1 2022. This increase was primarily due to scheduled rent increases in existing tenant rental agreements.

In Q1 2023, the net rental income from the Residential Properties was \$731,881 as compared to \$288,734 in Q1 2022. This is due to the addition of multi-family rental properties in 2022 and Q1 2023. The net rental income from the multi-family rental properties is expected to continue to improve in future periods as the operations of the additional properties that have been recently acquired through organic growth are streamlined and economies of scale are achieved.

Financing costs

Financing costs increased by \$190,708 or approximately 49% to \$582,009 in Q1 2023 compared to \$391,301 in Q1 2022. This increase was primarily attributable to the acquisition of additional multi-family rental properties during 2022 and Q1 2023 and the issuance of approximately \$3.3 million in convertible debentures during 2022 and in Q1 2023.

During Q1 2023, the Company financed one (1) new mortgage for additional net funding of approximately \$40.2 million and issued \$258,000 of unsecured convertible debentures. See "Financing" in the "Liquidity & Capital Resources" section below for additional details.

Subsequent to March 31, 2023, the Company raised \$250,000 through the issuance of unsecured convertible debentures. See "Subsequent events" in the "Overview of Q1 2023" section above for additional details.

The Company finances the purchase of multi-family 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.

General and administration

General and administration expense in Q1 2023 was \$255,202 compared to \$189,474 in Q1 2022. The overall increase was \$65,728 (approximately 35%) and was due to \$106,296 of administrative fees related to an agreement, effective January 1, 2023, between the Company and a company directly controlled by the CEO of the Company to provide administrative services, which was partially offset by a decrease in professional fees of \$37,599 related to fewer acquisitions of investment properties and fewer convertible debenture issuances in Q1 2023.

Property tax

In Q1 2023 property tax expense was \$4,767 compared to \$5,234 in Q1 2022. Property tax expense is the administrative portion of property taxes on the Commercial Property. There was no significant change to the property tax rates on the Commercial Property in Q1 2023 as compared to Q1 2022.

Depreciation

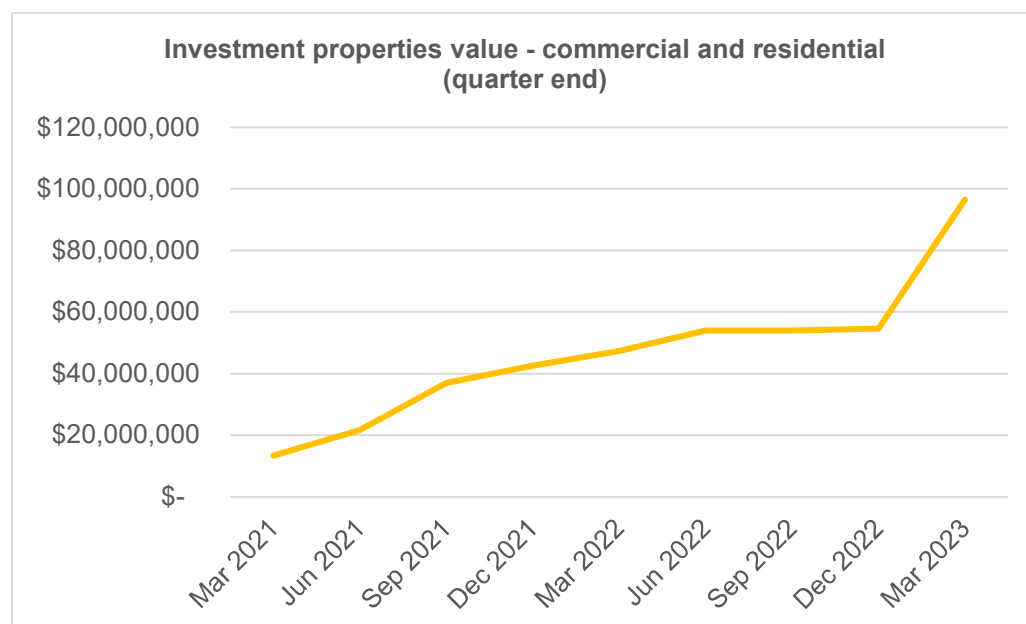
Depreciation is not significant and was \$699 in Q1 2023 compared to \$740 in Q1 2022. Depreciation is taken on the Company's equipment. The Company did not acquire any equipment in Q1 2023.

Interest income

Interest income during Q1 2023 was \$18,192 and related to interest earned on cash held at a financial institution.

Total Assets

Total assets grew by \$47,592,279 or approximately 94% to \$98,449,008 as at March 31, 2023 as compared to \$50,856,729 as at March 31, 2022. The growth in total assets is related primarily to the acquisition of additional multi-family rental properties during the remainder of 2022 and in Q1 2023. The aggregate value of the Residential Properties and Commercial Property as at March 31, 2023 was \$96,548,352 compared to \$47,282,526 on March 31, 2022.



Quarterly Financial and Operational Highlights

Quarter ended	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Net rental income	\$ 825,058	\$ 413,508	\$ 573,116	\$ 490,765
Income (loss) before other income (expenses)	(17,619)	(355,217)	26,174	(54,603)
Earnings (loss) per share, before other income (expenses) (basic and diluted)	(0.00)	(0.00)	0.00	(0.00)
Fair value adjustment on investment property	-	634,990	-	-
Net and comprehensive income (loss)	573	82,519	34,397	(59,962)
Net earnings (loss) per share (basic and diluted)	0.00	0.00	0.00	(0.00)
Total assets	\$ 98,449,008	\$ 58,611,345	\$ 58,091,324	\$ 58,181,556
Weighted average number of common shares outstanding (basic)	112,677,427	112,677,427	112,677,427	112,609,318
Weighted average number of common shares outstanding (diluted)	140,804,221	112,677,427	139,507,323	112,609,318

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

Highlights of the Company's financial results for the first quarter ended March 31, 2023:

- Rental revenue increased to \$1,173,792 in Q1 2023 as compared to \$736,954 in Q4 2022 and \$615,061 in Q1 2022 due to the additions of the Residential Properties in 2022 and Q1 2023.
- Net rental income increased to \$825,058 in Q1 2023 as compared to \$736,954 in Q4 2022 and \$367,822 in Q1 2022 for the same reason as discussed above.
- Financing costs increased to \$582,009 in Q1 2023 compared to \$426,445 in Q4 2022 and \$391,301 in Q1 2022. This increase was primarily attributable to the acquisition of additional multi-family rental properties during 2022 and Q1 2023 and the issuance of convertible debentures in 2022 and Q1 2023. The Company finances the purchase of multi-family 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. During Q1 2023 the Company financed an additional new mortgage debt of approximately \$40.2 million and issued \$258,000 of unsecured convertible debentures. See "Financing" in the "Liquidity & Capital Resources" section below for additional details.
- General and administration costs in Q1 2023 were \$255,202 as compared to \$212,122 in Q4 2022 and \$189,474 in Q1 2022. The increase in Q1 2023 is primarily due to administrative fees related to an agreement, effective January 1, 2023, between the Company and a company directly controlled by the CEO of the Company to provide administrative services.

- The Company recognized an increase in fair value of \$634,990 on the investment properties in Q4 2022 as compared and \$573,039 in Q4 2021. This increases in fair value in Q4 2022 and Q4 2021 reflects a strong real estate market in the geographic locations that the Company operates in together with the strategic purchases of new investment properties in 2022 and Q1 2023.
- 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 significantly increased the costs of construction after the investment in Yorkton 108 LP was acquired by the Company, the general partner of Yorkton 108 LP determined that the financial risk exposure to increasing construction costs was too great together with the foreseeable interest rate escalation as a result of the anticipated ripple effect from inflation, the underlying asset was sold to a local developer through a licensed real estate broker. The Company received total distributions of \$2,498,962 during the year ended December 31, 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 during the year ended December 31, 2021 were used for the acquisition of certain Residential Properties during 2021 and 2022.

Liquidity & Capital Resources

Liquidity is important as it allows the Company to implement its overall secure and aggressive growth strategy. Liquidity is a measure of the availability of cash to fund ongoing business activities and capital and liability commitments and is defined by the Company to include cash and any unused committed revolving credit facility. As at March 31, 2023, the Company had cash of \$695,393 (December 31, 2022 - \$2,950,636) and an unused committed revolving credit facility, restricted to the funding of renovation costs on the Commercial Property, as approved by the lender, of \$350,015 (December 31, 2022 - \$341,104).

Working capital

The Company requires sufficient working capital to cover its daily operations and mortgage expenses. In Q1 2023, the Company had a positive inflow of net funds in operations totaling \$965,194 compared to a cash outflow totaling \$441,862 in Q1 2022. Management expects funds to continue 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 \$3,247,164 (December 31, 2022 - \$767,641) which is related primarily to \$3,352,314 of short term mortgages payable on the commercial investment property included in current liabilities (December 31, 2022 - \$3,392,450). The Company maintains the mortgages on the commercial investment property as short term as it seeks to maintain flexibility in its mortgage financing to allow it to capitalize on favourable interest rates. The Company expects to refinance the mortgages on the commercial investment property when they come due for a further one (1) year term. Without considering these mortgages in the calculation of working capital, the Company would have had working capital of \$105,150 at March 31, 2023 (December 31, 2022 - \$2,624,809).

Financing

The Company obtains financing from equity and debt instruments, including mortgage financing on the Company's investment properties.

During Q1 2023, the Company raised approximately \$258,000 through the issuance of unsecured convertible debentures. Subsequent to March 31, 2023, and to the date of this MD&A, the Company raised

\$250,000 through the issuance of unsecured convertible debentures. See "Subsequent events" in the "Overview of 2022" section above.

On January 26, 2023, the Company completed a non-brokered private placement of 258 unsecured convertible debentures (the "January 2023 Convertible Debentures") at an issue price of \$1,000 per January 2023 Convertible Debenture for gross proceeds of \$258,000. Each January 2023 Convertible Debenture has a principal amount of \$1,000 with an interest rate equal to 8% per annum, payable annually, only in cash without any conversion of that interest component into common shares. Each January 2023 Convertible Debenture will mature on the date that is 5 years from the date of issuance. For a period of 30 calendar days following the 3rd and 4th anniversary after the closing date, the January 2023 Convertible Debenture holder may request the Company to repurchase the convertible debenture subject to the discretion of management of the Company, acting reasonably, and other certain conditions. The Company, after a period of 36 months following the date of closing, will also have the right, but not the obligation, to redeem the principal amount and any unpaid interest of the January 2023 Convertible Debenture in cash, without penalty, at any time prior to the date of maturity subject to certain conditions. The principal amount of each January 2023 Convertible Debenture may, at the option of the January 2023 Convertible Debenture holder, be converted, in whole or in part, into common shares at a conversion price of \$0.30 per common share.

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

During Q1 2023, the Company financed one (1) new mortgage for additional net funding of approximately \$40.2 million in connection with the purchase of The Dwell. The mortgage has an interest rate of 3.617% per annum and is amortized over fifty (50) years. The mortgage has a term of five (5) years and matures on June 1, 2028 and is secured by the property, general assignment of rent, and general security agreement.

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

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

Investment property holding company	Funding date	Mortgage balance as at March 31, 2023	Required financial covenant(s)	Actual DSCR at December 31, 2022
1421526 Alberta Ltd.	February 15, 2023	\$1,798,763	1.3x DSCR	0.94
1421526 Alberta Ltd.	June 12, 2022	\$599,985	1.3x DSCR	0.94
1421526 Alberta Ltd.	January 5, 2023	\$953,566	1.3x DSCR	0.94
		\$3,352,314		

For the three months ended March 31, 2023, primarily due to increases in the variable interest rate on the mortgages payable, the actual DSCR for the above noted mortgages payable was 1.12 and 1421526 Alberta Ltd. was not in compliance with the DSCR covenants. In addition, the above mortgages payable are all short term with maturities of one year or less. Therefore, they have been presented as current liabilities in the condensed interim consolidated statement of financial position.

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

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

Contractual obligations

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

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

Payments due by period

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

As at March 31,	Amounts	
2027	\$	3,005,000
2028		258,000
Total mortgage principal outstanding		3,263,000
Allocated to equity		(759,638)
Interest accretion		117,111
Deferred financing costs		(152,489)
	\$	2,467,984

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

Years ending March 31,	Amounts
2023	\$ 4,244,286
2024	918,240
2025	945,324
2026	10,733,556
2027	19,212,811
2028	38,583,739
Total mortgage principal outstanding	74,637,956
Deferred financing costs	(2,244,625)
	\$ 72,393,331

Composition of convertible debentures

As at March 31, 2023	Amount	% of Convertible debentures	Weighted average interest rate
Variable rate convertible debentures	\$ 196,000	6.00%	9.95%
Fixed rate convertible debentures	3,067,000	94.00%	7.08%
Total convertible debenture principal outstanding	3,263,000	100.00%	7.26%
Allocated to equity	(759,638)		
Interest accretion	117,111		
Deferred financing costs	(152,489)		
	\$ 2,467,984		

The Company is exposed to minimal interest rate risk on its convertible debentures. As at March 31, 2023, more than 94% of the convertible debentures are at a fixed interest rate.

Composition of mortgages

As at March 31, 2023	Amount	% of Mortgages	Weighted average interest rate
Variable rate mortgages:			
Non-CMHC insured	\$ 3,352,314	4.50%	7.45%
Fixed rate mortgages:			
CMHC insured	71,285,642	95.50%	3.17%
Total mortgage principal outstanding	74,637,956	100.00%	3.36%
Deferred financing costs	(2,244,625)		
	\$ 72,393,331		

Yorkton's mortgages consist of both short-term variable rate and long-term fixed rate mortgages. The Company maintains short term variable rate mortgages on the commercial investment property and has closely monitored the recent sharp increase in interest rates. In 2022, the Company refinanced certain variable interest rate mortgages on its residential investment properties with a CMHC insured fixed interest rate mortgage. The Company expects to continue to monitor the interest rate environment to determine if it is advantageous to convert the remaining variable rate interest mortgages to a fixed rate. All individual mortgages are secured with their respective real estate assets, general assignment of rent, general security agreement and a personal guarantee from Ben Lui, the CEO of the Company, equal to between 40% to 100% of the mortgage.

Convertible debenture maturity schedule

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

Maturing during the following financial year end	Balance maturing	% of convertible debentures	Weighted average interest rate
2027	\$ 3,005,000	92.09%	7.19%
2028	258,000	7.91%	8.00%
Total principal outstanding	3,263,000	100.00%	7.26%
Allocated to equity	(759,638)		
Interest accretion	117,111		
Deferred financing costs	(152,489)		
	\$ 2,467,984		

Mortgage maturity schedule

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

Maturing during the following financial year end	Balance maturing	% of Mortgages	Weighted average interest rate
2023	\$ 3,352,314	4.50%	7.45%
2024	-	-	-
2025	-	-	-
2026	10,642,234	14.26%	1.90%
2027	20,484,108	27.44%	2.83%
2028	40,159,300	53.80%	3.62%
Total mortgage principal outstanding	74,637,956	100.00%	3.36%
Deferred financing costs	(2,244,625)		
	\$ 72,393,331		

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.

Financial Instruments and Risk Management

Financial instruments include cash, restricted cash, accounts receivable, promissory note receivable, due from related party, investment, refundable security deposits, mortgages payable, due to related party, convertible debentures 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:

	March 31, 2023	December 31, 2022
Financial Assets Measured at Amortized Cost:		
Cash	\$ 695,393	\$ 2,950,636
Restricted cash	\$ 465,225	\$ 194,653
Accounts receivable	\$ 279,460	\$ 290,917
Promissory note receivable	\$ 202,092	\$ 202,092
Investment	\$ 40,833	\$ 40,495
Due from related party	\$ 47,318	\$ 14,691
Financial Liabilities Measured at Amortized Cost:		
Accounts payable and accrued liabilities	\$ 547,181	\$ 436,082
Refundable security deposits	\$ 465,225	\$ 194,653
Due to related party	\$ 12,867	\$ -
Mortgages payable	\$ 74,637,956	\$ 34,666,166
Convertible debentures	\$ 3,263,000	\$ 3,005,000

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

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

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

Transactions with Related Parties

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

Key management personnel and director remuneration

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

	March 31, 2023	March 31, 2022
Professional fees	\$ 26,857	\$ 18,630
Share-based compensation	-	-
	\$ 26,857	\$ 18,630

Related party transactions

During Q1 2023, the Company made advances to Yorkton Group International Ltd. ("YGI"), a company directly controlled by the CEO of the Company, including payment of property management and administrative services, of \$198,203 (2022 - \$218,951), and received advances and repayments of \$150,885 (2022 - \$7,651). As at March 31, 2023, \$47,318 was receivable from YGI (December 31, 2022 - \$nil).

During Q1 2023, the Company made advances to Lui International Group Inc. ("Lui International"), a company directly controlled by the CEO of the Company of \$200,029 (2022 - \$1,040,705), and received advances and repayments of \$227,587 (2022 - \$194,552). During Q1 2022, the advances to Lui International were short term unsecured advances which bear interest at 4.5% per annum and have no specific terms of repayment. The advances were made to deploy excess cash for the purpose of earning income while the Company identified potential investment property acquisitions. As at March 31, 2023, \$12,867 was payable to Lui International (December 31, 2022 - \$14,691 receivable from Lui International).

During Q1 2022, the Company received short-term advances from Lui Holdings Corp. ("Lui Holdings"), a company directly controlled by the CEO of the Company, of \$61,499.

During Q1 2022, the Company made repayments to Yorkton 108 Limited Partnership ("Yorkton 108 LP"), whose general partner was Yorkton 108 General Partner Ltd., a company directly controlled by the CEO of the Company, of \$37,541 for short term unsecured loans for general working capital purposes, which did not bear interest and had no specific terms of repayment.

During the three months ended March 31, 2023, the Company incurred property management fees of \$45,974 (March 31, 2022 - \$32,282), included in direct operating costs, incurred under a property management contract with Lui International, a company directly controlled by the CEO of the Company.

On January 1, 2023, the Company entered into an agreement with YGI, a company directly controlled by the CEO of the Company, to provide administrative services. The agreement has a term of one (1) year and will automatically be extended for one (1) additional year on the same terms and conditions. During the three months ended March 31, 2023, the Company incurred administrative fees of \$106,296 (2022 - \$nil).

Outstanding Share Data

As at the date of this MD&A, the Company has common shares issued and outstanding of 112,657,427 and fully diluted common share capital of 130,507,465.

Common shares

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

Shares issued:

	Common Shares	
	Number	Amount
Balance, December 31, 2021	112,575,822	14,200,857
Exercise of common share purchase options	101,605	21,939
Balance, December 31, 2022	112,677,427	14,222,796
Repurchase of common shares for cancellation	-	(2,525)
Balance, March 31, 2023	112,677,427	\$ 14,220,271

On January 27, 2023, the Company received approval from the TSX Venture Exchange to commence a normal course issuer bid (the "NCIB") to repurchase, for cancellation, up to an aggregate of 5,633,871 common shares of the Company. The funds used to repurchase the common shares of the Company pursuant to the NCIB will only come from cash provided by operating activities of the Company. The NCIB will expire on January 26, 2024. In March 2023, the Company repurchased 20,000 of its common shares under the NCIB at a weighted average price of approximately \$0.15 per common share for a total cost, including commission, of \$3,152. The repurchased common shares were subsequently cancelled on May 5, 2023.

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 ten percent (10%) of the issued and outstanding common shares at that time, exercisable for the period of up to ten (10) years.

As the stock option plan is considered a "rolling" plan, the Company must obtain shareholder approval of the Stock Option Plan at each annual meeting of shareholders in accordance with the policies of the TSXV.

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, 2023		December 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	559,905	\$0.20	584,905	\$0.21
Granted	-	-	150,000	\$0.20
Exercised	-	-	(101,605)	\$0.20
Forfeited	-	-	-	-
Expired	-	-	(73,395)	\$0.27
Outstanding, end of period	559,905	\$0.20	559,905	\$0.20
Exercisable, end of period	559,905	\$0.20	559,905	\$0.20

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

See 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, 2023		December 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	21,930,466	\$0.38	20,377,666	\$0.36
Issued	-	-	1,552,800	\$0.60
Outstanding, end of period	21,930,466	\$0.38	21,930,466	\$0.38

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

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 17, 2027	\$0.60	1,488,000
January 25, 2027	\$0.60	64,800
		21,930,466

On May 12, 2023, 11,342,000 common share purchase warrants 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 warrants.

Other convertible securities

The Company issues convertible debentures, from time to time, to help finance its development. The convertible debentures have a 5-year life with interest paid in cash annually. The Company, 36 months after the closing date, has the right, but not the obligation, to redeem the principal amount and any unpaid interest. The principal amount of the convertible debenture may, at the option of the convertible debenture holder, be converted, in whole or in part, into common shares at the conversion price included in convertible debenture agreement. In addition, for a period of 30 calendar days following the 3rd and 4th anniversary after the closing date, the holders of certain convertible debentures may request the Company to repurchase the convertible debenture subject to the discretion of management of the Company, acting reasonably, and other certain conditions.

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

Issue date	Gross proceeds	Conversion price	Max. quantity of common shares on conversion	Maturity date
January 17, 2022	\$ 2,480,000	\$0.60	4,133,333	January 16, 2027
January 25, 2022	\$ 108,000	\$0.60	180,000	January 24, 2027
March 31, 2022	\$ 221,000	\$0.60	368,333	March 30, 2027
June 3, 2022	\$ 196,000	\$0.60	326,666	June 2, 2027
January 26, 2023	\$ 258,000	\$0.30	860,000	January 25, 2028
	\$ 3,263,000	\$0.58	5,868,332	

See "Financing" in the "Liquidity and Capital Resources" section above for the details of the convertible debentures issued during Q1 2023.

On April 20, 2023, the Company completed a non-brokered private placement of 250 unsecured convertible debentures (the "April 2023 Convertible Debentures") which may be converted, at a price of \$0.30 per common share, into a total of 833,333 common shares. See "Subsequent events" in the "Overview of Q1 2023" section above for additional details.

Off-Balance Sheet Arrangements

No off-balance sheet arrangement has been entered into by the Company for Q1 2023.

Outlook

As Canada aims to welcome approximately 1.5 million new immigrants between 2023 and 2025, the Company believes that housing demand will remain high in the near term and that there is excellent opportunity for the expansion and diversification of its multi-family rental property portfolio. In addition, the Company believes that with today's inflationary and rising interest rate environment, it may present opportunities to purchase high quality assets with high quality tenants at attractive valuations. The Company believes it is well positioned to leverage its extensive lender relationships and available CMHC lending programs to obtain favourable mortgage terms at a reasonable interest rate. Yorkton has demonstrated its confidence in its business model by its new acquisitions and portfolio integration over the past two years, expanding its investment property portfolio from Edmonton, Alberta, to multiple cities across British Columbia including Langford (Metro Victoria), Kelowna, Penticton and Fort St. John. The Company is currently focusing its accretive acquisition of multi-family rental properties in Alberta, which is the only province in Canada that has no provincial sales tax. With its favorable economic metrics, strong job market, affordable housing and low cost of living, it has been attracting strong interprovincial and international immigration resulting in very strong housing demand. There is also little rent control in the province, thereby giving landlords additional flexibility in setting rent to reflect business metrics and market conditions.

As evidence of this opportunity, on February 27, 2023, the Company closed on the purchase of The Dwell, a one hundred and eighty-eight (188) unit multi-family rental complex comprising of two luxury condominium grade buildings in Edmonton, Alberta for a purchase price of \$41,736,000. The Dwell contributed approximately \$310,000 to total rental revenue and approximately \$148,000 to net rental income in the last month of Q1 2023, as the acquisition closed on February 27, 2023. The Company has also recently expanded its professional property management team and upgraded its property management software to allow it to continue to provide superb services to its tenants. Yorkton has the capacity to continue to seek out similar property acquisitions and is currently actively evaluating potential investment properties to add to its growing portfolio allowing the Company to expand both its net operating income ("NOI") and its asset values to strengthen its earnings for shareholders.

Management believes that the overall demand for the rental of residential units in Canada will remain strong due to the current high mortgage interest rates and strict mortgage qualification requirements, both of which are driving the Canadian population away from home ownership and into the rental property market.

Management is monitoring the economic situation closely and intends to continue acquisitions of new investment properties through 2023 and beyond. Management performs a careful and thorough due diligence process for all new investment property acquisitions and considers not only the financial strength of the individual investment properties but also their integration with Yorkton's overall investment property portfolio and business model. Management also intends to continue to focus on its organic growth by streamlining the operations of the properties to improve NOI by investing in cost saving measures and technologies and leveraging economies of scale.

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

Risk Assessment

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

Certain significant expenditures, including property taxes, utility and maintenance costs, mortgage and leasehold payments, insurance costs and related charges, must be made throughout the period of ownership of real estate, regardless of whether the property is producing sufficient income to pay such expenses. In order to retain desirable rentable space and to generate adequate revenue over the long term, the Company must maintain or, in some cases, improve the condition of properties it currently owns and may acquire in the future to meet market demand. Maintaining a rental property in accordance with market standards can entail significant capital costs, which the Company may not be able to pass on to its tenants. Although the Company performs building inspections when purchasing new properties and has developed a budget to plan for ongoing maintenance and renovation costs, numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization. If the actual costs of maintaining or upgrading the Company's properties exceed estimates of the Company, or if hidden defects are discovered during maintenance or upgrading, which are not covered by insurance or contractual warranties, or if the Company is not permitted to raise the rents due to legal constraints, the Company will incur additional and unexpected costs.

If the Company is unable to refinance the existing mortgage indebtedness on a property at the end of the mortgage term or the terms of such refinancing are not as favourable or it cannot meet mortgage payments on any property, due to unforeseen circumstances such as higher than normal vacancy rates or unexpected significant increases in financing costs, losses could be sustained as a result of the mortgagee's exercise of its right of foreclosure or sale.

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

Tenant Terminations and Financial Stability

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

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

Credit risk

The Company is exposed to credit risk due to unexpected losses that could occur if a tenant fails to satisfy its lease obligations, if a borrower fails to repay on the promissory note receivable or if the related party fails to repay on the amount due from related party. 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 Company received a promissory note of \$250,000 from a tenant for rent receivable in arrears. The promissory note receivable does not bear interest, is due on demand on or before December 31, 2021 and was personally guaranteed by the tenant. As at March 31, 2023, the promissory note receivable was in default and had not been repaid and the Company had not demanded on its repayment rights. An expected credit loss of \$47,908 was recorded during the year ended December 31, 2021. The Company continues to work with the tenant on repayment.

The amount due from related party is due from YGI, a company directly controlled by the CEO of the Company, and the credit risk is not considered to be significant.

Commercial Investment Property

As at March 31, 2023, approximately 76% (December 31, 2022 – 70%) of accounts receivable from the commercial investment property is from two (2) tenants (December 31, 2022 – two (2) tenants). For the three months ended March 31, 2023, approximately 44% (2022 – 37%) of commercial rental revenue is from two (2) tenants (2022 – three (3) tenants).

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

	March 31, 2023	December 31, 2022
Current	\$ 41,443	\$ 28,350
31-90 days	3,482	30,530
90 + days	492,758	373,526
	537,683	432,406
Allowance for doubtful accounts	(278,875)	(278,876)
	\$ 258,808	\$ 153,530

Certain tenants of the commercial investment property have experienced ongoing business disruptions due to the COVID-19 pandemic. The Company continues to work together with all affected tenants to collect on the outstanding amounts.

Debt Financing

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

Interest Rate Risk

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

As at March 31, 2023, the Company had approximately \$3.4 million (March 31, 2022 – approximately \$8.6 million) of mortgages payable which are carried at variable-rate interest. Each 1% change in market interest rates would, all else being equal, increase or decrease net earnings for the three months ended March 31, 2023 by approximately \$8,500 (three ended March 31, 2022 – \$21,500).

Access to Capital

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

Pandemic Risk

The COVID-19 pandemic has had a substantial impact on the economy. Although these impacts appear to be lessening over time, there still remains uncertainty associated with the unprecedented nature of the pandemic. Uncertain economic conditions resulting from the COVID-19 pandemic may, in the short or long term, continue to have a materially adverse impact on the Company's tenants and/or capital markets, both of which could materially adversely affect the Company's operations and financial performance. Significant progress has been made in vaccinating the Canadian population and restrictions have been lifted in Alberta and British Columbia. However, it remains unclear as to the full effects of the pandemic and its continued impact on real estate markets, such as the demand for retail and office space which have not fully recovered to their pre-pandemic levels. It remains difficult to reliably estimate the impact on the financial results and conditions of the Company in future periods. No assurance can be made regarding such matters or their effect on real estate markets generally.

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

Inflation, Labour Shortages and Supply Chain Risk

There is a risk that the Company could be adversely affected due to market changes particularly in supply disruptions, inflation and interest rates. Canada has seen significant inflation in the latter part of 2022,

against the backdrop of sustained higher housing prices, substantial supply constraints and geopolitical conflicts, which have increased prices for energy and agricultural markets. There has also been significant disruption to the global supply chain recently, including as a result of the conflict between Russia and Ukraine, further disrupting global recovery as economies emerge from the impact of the pandemic. Further, as labour and material shortages persist, the expected onset of new supply of rental housing may take longer as construction completion times are extended. All of this increases the supply risk to the Company.

Fair Value Risk

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

Competition for Tenants

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

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

Future Property Acquisitions

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

Competition for Real Estate Investments

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

Liquidity risk

The Company's exposure to liquidity risk is dependent on generating rental revenue to sustain operations. The Company controls liquidity risk by managing working capital and cash flows. The Company's contractual obligations for its non-derivative financial liabilities as at March 31, 2023 consists of accounts payable and accrued liabilities of \$547,181 (December 31, 2022 - \$436,082) and refundable security deposits of \$465,225 (December 31, 2022 - \$194,653) that have a contractual maturity in the next 12 months. There is no contractual maturity for the amounts due to related party as there are no terms of repayment. The mortgages payable have terms maturing as disclosed in the "Liquidity & Capital Resources" section. The convertible debentures have terms maturing as disclosed in the "Other convertible securities" section.

General Economic Conditions

The Company is affected by general economic conditions, local real estate markets, competition from other available rental premises, including new developments, and various other factors. The competition for tenants also comes from opportunities for individual home ownership, including condominiums, which can be particularly attractive when home mortgage loans are available at relatively low interest rates, in this case, although the Company has contingency plans to convert the rental units into market condominium units for sale, there is no guarantee the conversion will be successful or the units can be sold for a profit. The existence of competing developers, managers and owners for the Company's tenants could have an adverse effect on the Company's ability to lease suites in its properties and on the rents charged, increased leasing and marketing costs and increased refurbishing costs necessary to lease and re-lease suites, all of which could adversely affect the Company's revenues and, consequently, its ability to meet its obligations. In addition, any increase in the supply of available space in the markets in which the Company operates or may operate could have an adverse effect on the Company.

General Uninsured Losses

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

Government Regulation

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

Multi-unit residential rental properties are subject to rent control legislation in most provinces in Canada. Although neither Alberta nor Saskatchewan is subject to rent control legislation; however, under Alberta rent legislation, a landlord is only entitled to increase rents once every twelve months. Each province in which the Company operates maintains distinct regulations with respect to tenants' and landlords' rights and obligations. The legislation in various degrees provides restrictions on the ability of a landlord to increase rents above an annually prescribed guideline or require the landlord to give tenants sufficient notice prior to an increase in rent or restricts the frequency of rent increases permitted during the year. In British Columbia, the annual rent increase guidelines as per applicable legislation attempts to link the

annual rent increases to some measure of changes in the cost-of-living index over the previous year. The legislation also, in most cases, provides for a mechanism to ensure rents can be increased above the guideline increases for extraordinary costs. As a result of rent controls the Company may incur property capital investments in the future that will not be fully recoverable from rents charged to the tenants. Applicable legislation may be further amended in a manner that may adversely affect the ability of the Company to maintain the historical level of cash flow from its properties.

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

Dependence on Key Personnel

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

Failure or Unavailability of Computer and Data Processing Systems and Software

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

Cyber Security Risk

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

Climate Change Risk

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

Limited Operating History

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

Joint Venture Investments

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

Environmental Matters

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

Litigation Risks

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

Forward-Looking Statements Disclaimer

Certain information included in this MD&A contains forward-looking statements and information (collectively "forward-looking statements") within the meaning of applicable securities laws. These forward-looking statements include, but are not limited to, statements made concerning Yorkton's objectives, including, but not limited to, the outlook, increasing its occupancy rates, and future acquisition opportunities, and its long-term secure and aggressive growth strategy, its strategies to achieve those objectives, the anticipated impact of inflation and rising interest rates, the ongoing impact of the 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, the duration and severity of future waves of the COVID-19 pandemic or 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 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 TSXV under the symbol "YEG".

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