

PARK LAWN COMPANY LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three-month Periods Ended September 30, 2018 and 2017

Introduction

The following Management's Discussion and Analysis ("MD&A") covers the operations, financial position and operating results of Park Lawn Company Limited (the "Company" or "Park Lawn") for the quarters ended September 30, 2018, and September 30, 2017, and is intended to help readers better understand the operations and key financial results, as they are, in our opinion, at the date of this report. The MD&A has been prepared in accordance with National Instrument 51-102F1, Continuous Disclosure Obligations, and should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2017 and the accompanying notes. Information contained in this management's discussion and analysis is based on information available to management as of November 28, 2018, the date that the Board of Directors approved the consolidated unaudited interim financial statements for the three- and nine-month periods ending September 30, 2018.

Additional information relating to Park Lawn Company Limited is filed at SEDAR at www.sedar.com and at CSE at www.thecse.com or can be obtained by contacting Investor Relations, Park Lawn Company Limited, 21 St. Clair Ave East, Suite 1001, Toronto, ON, M4T 1L9.

Historically, Park Lawn prepared its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Handbook of The Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011.

These statements are essentially forward-looking and are subject to risks and uncertainties, as described in the "Risks and Uncertainties" section below. Actual results, levels of activity, performance or achievements could differ materially from those projected, discussed or contemplated herein and are dependent upon on a number of factors, including the approval of the application for an amendment to the City of Toronto Official Plan and Zoning Bylaw for the Company's 2.9 acre parcel of land ("the Land"), of which the Company holds a 20% interest, as at September 30, 2018, following the sale of 80% of its interest in the Land to a third-party developer in January, 2016.

Unless otherwise noted, all amounts in this MD&A are presented in Canadian funds, which is the functional currency of the Company.

Park Lawn Company Limited shares are listed on the Canadian Securities Exchange (CSE) under the symbol PRL.

Forward-looking Statements

This MD&A contains forward-looking statements and information within the meaning of applicable securities legislation. These forward-looking statements reflect management's current beliefs and are based on assumptions and information currently available to the management of the Company. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "forecast", "outlook", "potential", "continue", "should", "likely", or the negative of these terms or other comparable terminology. Although management believes that the anticipated future results, performance, or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, readers should not place undue reliance on forward-looking statements and information, because they involve assumptions, known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance, or achievements expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, general and local economic conditions; and risk matters noted in the Overview; Impairment Testing of Property; Business Environment and Outlook; and, Risks and Uncertainties sections of this MD&A. The Company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by law.

Overview

Park Lawn Company Limited ("the Company") ("Park Lawn") owns a 20% interest in the 2.9 acre parcel of land at 57 Linelle Street, Toronto, Ontario, holds a vendor take back mortgage from Mattamy Development Corporation ("Mattamy") in the amount of \$4,920,000, and, as at December 31, 2016, owned 262,092 shares of Park Lawn Corporation. As discussed below, during its 2017 fiscal year, the Company sold 210,000 of those shares resulting in gains for accounting and income tax purposes. The Company's investment property located at 53 Linelle Street, comprising a house and land, was sold to a third party during the third quarter of its December, 2016 fiscal year, resulting in a pre-tax accounting gain, net of commissions and related costs, of \$323,369.

On January 6, 2016 the Company announced that it had completed the transaction with Mattamy Development Corporation ("Mattamy"). The parties entered into an agreement for the development of the Company's property ("the Land") located at 57 Linelle Street, Toronto. Mattamy acquired an 80% interest in the land for \$8.2 million. 30% of the purchase price was paid in cash upon closing with an additional 10% payable and paid in cash within 120 days of closing. For the balance of 60%, the Company has taken back a mortgage for up to three years. Interest is payable on the mortgage at 4.8% per year, with, no interest payable for 18 months subsequent to completion of the transaction, and 4.8% per annum thereafter, commencing July 2017. Under the terms of the transaction, Mattamy made two cash payments to the Company totaling \$118,403 to the Company prior to December 31, 2017. The Company has retained a 20% interest in the Land and has entered into a co-ownership agreement with Mattamy. The co-owners' agreement contemplates the development of the land for low-rise (i.e. single family homes) residential development. Under this agreement, Mattamy will be responsible for managing the approval process, site servicing and sale and construction of the units.

The Company and Mattamy will divide profits from the development with the Company receiving 20% and Mattamy 80%. Based upon terms of the agreement with Mattamy and current market conditions, management of Park Lawn could receive total pretax income of \$8.7 million to over \$11 million from the project. The sale to Mattamy resulted in a pre-tax accounting, net of commissions and related costs, of \$5,806,496. In addition, with the expected development of the Land, the Company sold its rental property located at 53 Linelle Street, Toronto, to a third party as described above.

With the January 6, 2016, sale and the assumption by Mattamy of responsibility for the management and completion of the approval process for rezoning of the Land for low-rise (i.e. town house) residential development with the City of Toronto, management believes that the Company is no longer subject to material risk associated with this particular residential real estate development in Toronto. In the future, the Company may enter into additional real estate developments and again become subject to those risks.

Prior to the end of its second 2016 fiscal quarter, the Company held a subordinated, secured promissory note ("the Note") due from Park Lawn Limited Partnership ("PLLP"), with a principal of \$5,096,498, bearing interest at 5.5% per annum. During the Company's third fiscal quarter of 2016, this note was settled, with the Company receiving a cash payment of \$1,000,000 and the issuance of 262,092 shares ("the Shares") of Park Lawn Corporation ("PLC"). The value of those shares on the TSX-V on the date of settlement of the Note was approximately \$15.11 per share, resulting in a pre-tax accounting and capital loss of \$136,288. From the date of settlement, the PLC shares were subject to a holding period of six months. During its fiscal 2017 year, the Company sold 210,000 PLC shares. The 52,092 remaining Shares, which are traded on the Toronto Stock Exchange, had a closing price of \$22.85 per share as at December 31, 2017. On March 27, 2018 the Company sold 15,000 of its PLC shares for proceeds of \$27.00 per share before commissions. As at September 30, 2018, the market value of the Company's remaining holding of 37,092 shares was \$26.62 per share.

On May 23, 2017, the Company announced that it would be making a Normal Course Issuer Bid ("NCIB") through the facilities of the Canadian Securities Exchange. Under the NCIB, the Company would purchase for cancellation a maximum of 49,603 shares representing up to 10% of the public float of the currently issued and outstanding shares of the Company. As at December 31, 2017, the company had purchased 49,303 of its outstanding shares and all purchased shares had been cancelled as of December 31, 2017. On December 1, 2017 the Company announced that it was cancelling the NCIB.

On June 13, 2018 the Company announced that it would be making a Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company will purchase up to 44,672 shares representing up to 10% of the public float of the currently issued and outstanding shares of the Company. During the quarter ended September 30, 2018, the Company had purchased 36,000 shares of its outstanding shares and shares purchased have been cancelled. Subsequent to that date, the Company repurchased for cancellation an additional 8,672 shares and announced that the current NCIB had been completed.

Other than the NCIBs, there was no change in the Company's approach to capital management during the three- and nine-month periods ended September 30, 2018 and 2017.

Consolidation

The consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries (including Kening Properties Limited and Westside Cemetery Holdings Limited). All significant accounts and transactions between consolidated entities are eliminated. Should there be a party with a minority interest in a property that the Company controls, that minority interest would be reflected as "Non-controlling interest" in the consolidated statements of financial position.

Financial Statements and Accounting Principles

The Company's significant accounting policies are summarized in Note 2 to its consolidated financial statements. There have been no changes in significant accounting policies from the Company's 2017 audited annual financial statements. In addition, there has been no change in the Company's financial instrument risks and policies except as discussed in Note 4 to those statements.

The following Management's Discussion and Analysis provides a review of corporate and market developments, results of operations and financial position for the three-month period ended September 30, 2018 with comparative information. Information contained in this Management's Discussion and Analysis is based on information available to management as of November 28, 2018.

Results of Operations

For the fiscal quarter ended September 30, 2018, total revenue from operations was \$88,533 (2017 - \$89,006). The primary sources of the Company's operating revenue were interest earned on its short-term investments, and cash on deposit in an aggregate amount of \$25,426 (2017 - \$18,410), interest earned on the Mattamy mortgage vendor take back of \$58,878 (2017 - \$58,878), and dividends paid by Park Lawn Corporation of \$4,229 (2017 - \$7,720). Expenses for the quarter ended September 30, 2018, were \$88,155 (2017 - \$75,022), a net increase of \$13,133 due primarily to professional fees associated with the preparation of income tax returns (corresponding fees had been incurred during the second of quarter of 2017).

The table below presents a comparative analysis of the Company's operating expenses.

	3 months ended September 30, 2018	3 months ended September 30, 2017	Dollar Increase/ (Decrease)	Percentage Increase/ (Decrease)
Management and professional	\$ 68,583	\$ 60,699	\$ 7,884	13%
Office and general	19,572	14,323	5,249	37%
TOTAL	\$ 88,155	\$ 75,022	\$ 13,133	18%

Net income from operations before accounting gains and losses, other comprehensive income and income taxes for the three months ended September 30, 2018 was \$379 versus \$13,984 at September 30, 2017. Net income before income taxes for the quarter ended September 30, 2018 was \$84,577 (September 30, 2017 - \$43,280), an increase of \$54,903 directly attributable to the change in the market value of the remaining PLC shares (37,092) held by the Company as at September 30, 2018 versus the market value of the PLC shares (77,092) as at September 30, 2017.

Current income tax expense for the quarter ended September 30, 2018 was \$Nil (September 30, 2017 - \$4,000). Deferred income tax expense (recovery) was \$22,000 (September 30, 2017 – (\$6,000)). An analysis of the Company's income taxes to statutory rates as to its current and deferred income tax expenses is presented in Note 12 to the interim consolidated financial statements for the three- and nine-month periods ended September 30, 2018 and 2017. The changes in tax expense between the comparative periods is due primarily to the matters affecting the Company's disposition of PLC shares and the volatility in the fair market value of those shares, as discussed immediately above, and the anticipated application of certain non-capital losses of prior years.

Net and comprehensive income after income tax expense was \$62,577 for the Company's fiscal quarter ended September 30, 2018 (2017 - \$33,280).

Consolidated Balance Sheet: Liquidity, Assets, Liableness and Capital Resources

Current assets decreased by \$1,159,357 from December 31, 2017 to September 30, 2018. The net decrease is due principally to the following: a decrease in cash of \$1,191,631, an increase the market value of short-term investments of \$254,788, a reduction in market value of shares of PLC held for investment, and the repurchase of capital stock of \$318,600 under the NCIB. Cash decreased primarily due to long-term investments of \$912,696, principally in Slate Canadian Real Estate Opportunity Fund LP ("Slate") and Maritime Cold Storage Ltd. ("Maritime") during the first and third fiscal quarters of 2018, respectively. These investments are accounted for as available for sale, long-term investments on the Company's statements of financial position. These investments are discussed in greater detail in Note 7 to the consolidated unaudited interim financial statements for the three- and nine-month periods ending September 30, 2018. Additional reference should be made to Note 13 of those financial statements. The carrying value of the Company's investment in the PLC shares decreased by \$203,417 which is primarily due to the sale of 15,000 of those shares during the Company's first fiscal quarter of 2018.

Current liabilities increased by \$130,431 from December 31, 2017 to September 30, 2018 due principally to an increase in accounts payable of \$931, income taxes payable of \$108,000, and deferred incomes taxes payable of \$21,500. The current income taxes and deferred income taxes had been classified as long-term liabilities as at September 30, 2017, and are classified as current liabilities as at September 30, 2018, under Canadian income tax legislation.

The Company's net working capital decreased from \$7,428,288 at December 31, 2017, to \$6,138,500 at September 30, 2018, a decrease of \$1,289,788 as a result of the factors discussed above. Retained earnings decreased \$117,097 from December 31, 2017 to September 30, 2018, due to the effect of the 2018 NCIB as discussed above and in Note 5 to the consolidated unaudited interim financial statements for the three- and nine-month periods ending September 30, 2018, offset by net income earned over those nine months.

Management Contract

The Company has a contract ("the Agreement") with Scotchbrook Holdings Inc. for consulting services related to development, and other company real estate matters. During the nine months ended September 30, 2018, the Company paid \$205,533 (2017 -\$205,533) to Scotchbrook Holdings Inc. under the Agreement. Scotchbrook Holdings Inc. is a company controlled by a director and an officer of the Company. Under the terms of the Agreement, the Company had previously announced that the Agreement would terminate at the end of the Company's 2018 fiscal year (i.e. within a "three-year notice period").

On November 23, 2018 the Board of Directors approved the extension of the Management Agreement between the Company and Scotchbrook Holdings Limited for an additional two years commencing on January 1, 2019, and under the same terms and conditions as the current agreement.

Disclosure Controls and Procedures

Pursuant to Multi-Lateral Instrument 52-109, which requires certification of disclosure in an issuer's annual and interim filings, the President and the Vice President and Treasurer have evaluated the effectiveness of the Company's internal disclosure controls and procedures for the Company's three-month period ended September 30, 2018, and have concluded that the Company's disclosure controls and procedures are designed effectively to ensure that information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed and reported within the time specified in those rules.

In addition, the President and the Vice-President and Treasurer have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting in accordance with IFRS. The internal controls are not expected to prevent and detect all misstatements due to error or fraud. There have been no changes in the Company's internal controls over financial reporting that have materially affected or are reasonably likely to affect the Company's internal controls over financial reporting for the three- and nine-month periods ended September 30, 2018, and for the year ended December 31, 2017.

IFRS Issued Standards

The International Accounting Standards Board ("IASB") issued the following standards, amendments and interpretations as at the date that the Board of Directors approved this Management's Discussion and Analysis, which the Company has adopted.

- IFRS 9, Financial Instruments, Classification and Measurement ("IFRS 9") comprises requirements for financial assets and liabilities. IFRS 9 is part of the IASB wider project to replace IAS 39 Financial Instruments – Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. IFRS is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Adoption of this standard by the Company on January 1, 2017 has not had a material effect.
- IFRS 15, Revenue from Contracts with Customers - IFRS 15 replaces IAS 11, *Construction Contracts*, and IAS 18, *Revenue*, as well as various interpretations regarding revenue. This standard introduces a single model for recognizing revenue that applies to all contracts with customers, except for contracts that are within the scope of standards on leases, insurance and financial instruments. This standard also requires enhanced disclosures. Adoption of IFRS 15 is mandatory and will be effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Adoption of this standard by the Company on January 1, 2017 has not had a material effect.
- IFRS 16, Leases – Effective for annual periods beginning on or after January 1, 2019. The most significant change introduced by IFRS 16 is a single lessee accounting model, bringing leases on-balance sheet for lessees. The Company is currently assessing the impact of adopting this standard on the Company's condensed interim consolidated financial statements and related note disclosures, although management of the Company does not expect adoption to have a material effect.
- IAS 7, Statement of Cash Flows – Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. The amendments to IAS 7 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. Adoption of this standard by the Company on January 1, 2017 has not had a material effect.

- IAS 12, Income Taxes - Effective for annual periods beginning on or after January 1, 2017 with earlier application permitted. IAS 12 has been revised to incorporate amendments issued by IASB in January 2016. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. Adoption of this standard by the Company on January 1, 2017 has not had a material effect.

Business Environment and Outlook

On January 6, 2016 the Company completed the following transaction with Mattamy Development Corporation (“Mattamy”). The parties entered into an agreement (the “Agreement”) for the development of Company’s property (“the Land”) located at 57 Linelle Street, Toronto. Mattamy acquired an 80% interest in the Land for \$8.2 million, 40% of which, under the agreement, was paid to the Company in cash during the first two quarters of 2016. Of the outstanding balance of the selling price, \$4,920,000, the Company received a vendor take back mortgage the proceeds of which are payable in cash to the Company within three years of closing.

Interest is payable on the mortgage to the Company at 4.8% per annum, with no interest payable until July 2017. Interest of \$58,878 in respect of the Mortgage was received in cash during the Company’s fiscal quarter ended September 30, 2018 (\$176,635 – nine months ended September 30, 2018, received in cash). (Interest of \$118,403 in respect of the Mortgage was received in cash during the Company’s fiscal year ended December 31, 2017.)

The Company has retained a 20% interest in the land and has entered into a co-ownership agreement with Mattamy. The co-owners agreement contemplates the development of the land for low rise residential development. Under this agreement, Mattamy will be responsible for managing the approval process, site servicing and sale and construction of the units. The Company and Mattamy will divide profits from the development with 20% going to the Company and 80% to Mattamy. Park Lawn Company Limited estimates that it could receive total income of \$8.7 million to over \$11 million from the project

With the January 6, 2016, assumption by Mattamy Development Corporation of responsibility for the management and completion of the approval process with the City of Toronto for the town house project at 57 Linelle Street, Toronto, management believes that the Company is no longer subject to material risk associated with this particular residential real estate development in Toronto. In the future, the Company may enter into additional real estate development and again become subject to those risks.

As at the date that the Board of Directors approved this Management’s Discussion and Analysis, management intends to invest the majority of its excess cash and cash equivalents in short- and long-term investments and may continue to invest a portion of the Company’s excess cash in longer term investments that are within the Company’s financial instrument risk-acceptance criteria. (See Note 4 to the consolidated unaudited interim financial statements for the three- and nine-month period ended September 30, 2018 and 2017.)

Subsequent Events

Normal Course Issuer Bid

During the month of October 2018, the Company completed its NCIB that it had announced June 2018 with the purchase subsequent to September 30, 2018 of a total of 8,672 of its outstanding shares at a price of \$8.85 per share, providing for the maximum number of shares under this NCIB. These shares have been cancelled.

Slate Canadian Real Estate Opportunity Fund L.P.

During the month of November 2018, the Company invested an additional \$144,172 cash in Slate Canadian Real Estate Opportunity Fund L.P., bringing the total investment to \$294,494 of the \$545,000 that the Company intends to commit to the Slate.

Related Party Transactions

On November 23, 2018 the Board of Directors approved the extension of the Management Agreement between the Company and Scotchbrook Holdings Limited for an additional two years commencing on January 1, 2019, and under the same terms and conditions as the current agreement.

Risks and Uncertainties

As of January 6, 2016, Mattamy Development Corporation has assumed responsibility for the management and completion of the approval process with regard to the Land with the City of Toronto.

The Company does not consider there to be a significant credit risk for its investments based on investment grade ratings and performance criteria used in selecting these investments and monitoring of the price of shares of Park Lawn Corporation to the date that the Board of Directors approved the accompanying financial statements and none of the counterparties to these instruments have been in default of their obligations.

Reference should also be made to Note 4 to the Company's consolidated unaudited interim financial statements for the three-month period ended September 30, 2018.

Shares Outstanding

The authorized and issued capital stock of the Company comprises an unlimited number of common shares. 1,044,697 common shares are issued and outstanding as at September 30, 2018. See the discussion of subsequent events, immediately above.

Additional Information

Additional information relating to Park Lawn Company Limited is filed at SEDAR at www.sedar.com and at CNSX at www.thecse.com or can be obtained by contacting Investor Relations, Park Lawn Company Limited, 21 St. Clair Ave East, Suite 1001, Toronto, ON, M4T 1L9.