PARK LAWN COMPANY LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2017 and 2016

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 years ended December 31, 2017 and December 31, 2016 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 April 25, 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 December 31, 2017, 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 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 cancelation a maximum of 49,603 shares representing up to 10% of the public float of the currently issued and outstanding shares of the Company. The normal course issuer bid would be expected to commence on or about May 24, 2017 and would not extend beyond May 23, 2018. Any purchases would be made by the Company at the prevailing market process of the shares at the time of purchase and all purchased shares would be cancelled. During the fiscal year ended December 31, 2017, and as part of the Company's NCIB, the Company repurchased 49,303 of its shares. All repurchased shares have been cancelled. On December 1, 2017, the Company announced that it was cancelling its Normal Course Issuer Bid. Other than the NCIB, there were no changes in the Company's approach to capital management during the years ended December 31, 2017 and 2016. The Company is not subject to externally imposed capital requirements.

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 2016 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 year ended December 31, 2017 with comparative information. Information contained in this Management's Discussion and Analysis is based on information available to management as of April 25, 2017.

Selected Annual Information

FOR THE YEARS ENDED DECEMBER 31	2017	2016	2015
Gross Revenue	$ 291,448	$ 228,076	$ 297,121
Selling, General and Administrative Expenses	460,936	411,609	407,311
Rental Property	-	8,254	11,713
Operating Income (Loss) before the Undernoted Items and Income Taxes	(169,488)	$ (191,787)	$ (121,902)
Unrealized Gain on PLC Share Value	301,481	102,216	
Gain on Sale of PLC Shares	709,150	-	-
Loss on Settlement of Promissory Note	-	(136,288)	-
Gain on Sale of 53 Linelle Street - net	-	323,369	-
Gain on Sale of 57 Linelle Street - net	-	5,806,496	-
Provision for Current Income Taxes	-	(284,592)	52,000
Provision for Deferred Income Taxes	(96,500)	(296,936)	-
Net and Comprehensive Income (Loss)	$ 744,643	$ 5,322,478	$ (69,902)
Earnings (Loss) Per Share - Fully Diluted	0.674	4.710	(0.062)
Dividend Per Share		$ 0.50	-
Total Assets	$ 12,973,391	$ 12,845,406	$ 8,196,629
Total Long-term Liabilities (Deferred Income Taxes)	$ 242,138	$ 244,936	$ 243,265

Results of Operations

For the fiscal year ended December 31, 2017, total revenue from operations was $291,488 (2016 - $228,076). 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 $111,044 (2016 – $36,557), interest earned on the Mattamy mortgage vendor take back of $118,403 (2016 - $Nil), dividends paid by Park Lawn Corporation of $62,001 (2016 - $Nil), and interest earned on the PLLP promissory note of $Nil (2016 - $191,519). Expenses for the year ended December 31, 2017, were $460,936 (2016 -$419,863), a net increase of $41,073, principally as a result of professional and consulting fees with regard to the Mattamy transaction as discussed above.

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

	12 months ended December 31, 2017	12 months ended December 31, 2016	Dollar Increase/ (Decrease)	Percentage Increase/ (Decrease)
Management and professional	$ 378,367	$ 325,311	$ 53,056	16%
Office and general	82,569	75,674	6,895	9%
Interest on mortgage payable	-	5,623	(5,623)	-100%
Amortization of rental property	-	5,000	(5,000)	-100%
Other rental property expenses	-	8,254	(8,254)	-100%
TOTAL OPERATING EXPENSES	$ 460,936	$ 419,863	$ 41,074	10%

Net income (loss) from operations before other comprehensive income and taxes for the year ended December 31, 2017 was ($169,488) versus (2016 – ($191,787)). The principal reasons for the increase in the net operating income relates directly to interest earned on the Company's short-term investments and cash on deposit (versus interest earned in 2016 on the PLLP promissory note), mortgage interest on the Mattamy mortgage vendor take back, and dividends earned on the PLC shares, and the cessation of expenses following the second fiscal quarter of 2016 resulting from the above-noted disposition of the Company's rental property.

During its 2017 fiscal year, the Company sold 210,000 shares of PLC shares in aggregate. The Company realized an accounting gain and a pre-tax capital gain on the sale of these shares of $709,150, as well as an unrealized gain on the value of the PLC shares of $301,481.

Net income before tax for the fiscal year ended December 31, 2017, was $841,143 versus net income before taxes of $5,904,006 for the year ended December 31, 2016. The material difference between these years comprises gains of the sale of the Company's property at 53 Linelle Street and the sale of the Land at 57 Linelle Street, Toronto, Ontario, as discussed above, as well as earnings and gains on the Company's short-term investments and PLC Shares.

Current income tax expense for the year ended December 31, 2017 was $Nil (December 31, 2016 - $284,592). Deferred income tax expense was $96,500 (December 31, 2016 - $296,9936). An analysis of the Company's income taxes to statutory rates as to its current and deferred income tax expenses is presented in Notes 14 to the consolidated financial statements as at and for the years ended December 31, 2017 and 2016.

Net and comprehensive income after tax income tax expenses was $744,643 for the Company's fiscal year ended December 31, 2017 (2016 - $5,322,478).

The tables below present a quarterly comparative analysis of the Company's revenues, expenses, gains, losses and income taxes for the years ended December 31, 2017 and 2016.

Unaudited Quarterly Results

	2017 Q4	2017 Q3	2017 Q2	2017 Q1	12 months Ending Dec. 31, 2017
Gross Revenue	$99,793	$89,006	$30,131	$72,518	$291,448
Office, General and Administrative expenses	$95,649	$75,022	$143,618	$146,647	$460,936
Interest Expense on Long-Term Debt	$ -	$ -	$ -	$ -	$ -
Rental Expense	$ -	$ -	$ -	$ -	$ -
Operating Income	$4,144	$13,984	($113,487)	($74,129)	($169,488)
Other Comprehensive Income: Gain on PLC Share Value	$225,665	$29,296	$308,761	$446,909	$1,010,631
Current Taxes	$77,000	($4,000)	($48,000)	($25,000)	$ -
Deferred Income Taxes	($73,500)	($6,000)	$13,000	($30,000)	($96,500)
Net Income After Tax	$233,309	$33,280	$160,275	$317,780	$744,643
Earnings Per Share	0.226	0.041	0.153	0.254	0.674

	2016 Q4	2016 Q3	2016 Q2	2016 Q1	12 months Ending Dec. 31, 2016
Gross Revenue	$35,157	$51,750	$69,885	$71,285	$228,076
Office, General and Administrative expenses	$83,925	$75,187	$125,000	$116,875	$400,986
Interest Expense on Long-Term Debt	$0	$1,373	$2,124	$2,126	$5,623
Rental Expense	$288	$391	$5,011	$7,564	$13,254
Operating Income	($48,840)	($25,201)	($62,250)	($55,280)	($191,787)
Other Comprehensive Income: Gain on PLC Share Value	$102,216				$102,216
Gain (Loss) on Settlement of Promissory Note		($136,288)			($136,288)
Gain on Sale of 57 Linelle Street				$5,806,496	$5,806,496
Gain on Sale of 53 Linelle Street		$323,369			$323,369
Current Taxes	$28,673	($31,135)		($282,130)	($284,592)
Deferred Income Taxes	$39,360			($336,296)	($296,936)
Net Income After Tax	$121,769	$130,744	($62,250)	$5,132,790	$5,322,478
Earnings Per Share	0.108	0.116	(0.055)	4.477	4.710

Consolidated Balance Sheet: Liquidity and Capital Resources
Current Assets and Liabilities

Current assets increased by $127,985 from December 31, 2016 to December 31, 2017. The net increase was due principally to the following: The carrying value of the Company's investment in the PLC shares decreased by $2,871,620 which resulted from the sale of 210,000 of those shares as described above during the Company's 2017 fiscal year, offset by a holding gain in the value of the remaining shares of $301,481.
Cash and cash equivalents (as described in Note 6 to the 2017 consolidated financial statements) increased by $2,994,738 as summarized in the 2017 consolidated statement of cash flows.

Current liabilities decreased by $205,561 from December 31, 2016 to December 31, 2017 due to the payment of the Company's 2016 estimated current income tax liabilities, which was offset by an increase in 2017 in the current portion of deferred income taxes as a result of estimated portion of the taxable capital gain on the sale of the Land, referred to above, that will come due during the Company's 2018 fiscal year.

The Company's net working capital increased from $7,095,042 at December 31, 2016, to $7,428,288 at December 31, 2017, an increase of $333,246 as a result of the factors discussed above. Retained earnings increased $351,840 from December 31, 2016 to December 31, 2017, as described in the 2017 consolidated statements of changes in shareholders' equity resulting from net and comprehensive income from for the fiscal year ended December 31, 2017, offset by the effects of the Normal Course Issuer Bid.

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 year ended December 31, 2017, the Company paid $256,916 (2016 -$256,916) 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").

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 fiscal year ended December 31, 2017, 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 Company's fiscal year ending December 31, 2017.

IFRS Issued Standards

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 11, Joint Arrangements ("IFRS 11") - The IASB has amended IFRS 11 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments will be effective for annual periods beginning on or after January 1, 2016, with earlier adoption permitted. Adoption of this standard has not had a material effect. Adoption of this standard by the Company on that date 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 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 issues 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 announced that it had completed the transaction with Mattamy Development Corporation ("Mattamy"). The parties have entered into a joint venture agreement for the development of the Company's property at 57 Linelle Street, Toronto. Mattamy acquired an 80% interest in the land for $8.2 million. 30% of the purchase price was paid on closing with an additional 10% payable in 120 days, the latter amount of which was received by the Company on May 6, 2016. 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 interest payable starting July 2017. Mattamy made two cash payments totaling of $118,404 to the Company during the 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 of April 25, 2017, management intends to invest the majority of its excess cash and cash equivalents in short-term investments and will invest a portion of excess cash in longer term investments with appropriate risk.

Subsequent Events

Park Lawn Corporation Shares
On March 27, 2018 the Company sold 15,000 shares of its PLC for proceeds of $27.00 per share before commissions.

Slate Canadian Real Estate Opportunity Fund LP
In March, 2018, the Company made a commitment to invest $545,000 in Slate Canadian Real Estate Opportunity Fund L.P. ("the Fund"), a private equity fund established by Slate Asset Management to invest in real estate opportunities in Canada. At the time of commitment, the Company invested of approximately $300,917 in this Fund.

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 financial statements for the year ended December 31, 2017.

Shares Outstanding

The authorized and issued capital stock of the Company comprises an unlimited number of common shares. 1,080,697 common shares are issued and outstanding as at December 31, 2017.

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.