
MANAGEMENT'S DISCUSSION & ANALYSIS

This management discussion and analysis ("MD&A") is dated as of November 14, 2017 and should be read in conjunction with the audited consolidated financial statements of the Company for the period ended September 30, 2017 ("Financial Statements"). The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

Forward-Looking Statements

All statements, other than statements of historical fact, in this MD&A are forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Overview and Description of Business

Aydon Income Properties Inc. (the "Company" or "Aydon") was formed by amalgamation on January 22nd, 2015, pursuant to a Plan of Arrangement between Forbairt Development Acquisition Company Ltd. ("Forbairt") and 0941092 B.C. Ltd. ("BC0941092") dated June 25, 2014, pursuant to which Forbairt, amalgamated with Genesis Income Properties Inc. ("Genesis"), a private company incorporated in British Columbia on April 7, 2014, for the purpose of creating a vehicle for investing in income-producing residential properties, initially in the United States of America. Forbairt, formerly a wholly-owned subsidiary of BC0941092, was incorporated in British Columbia on April 29, 2014. The Company's registered office is located at 202 - 5626 Larch Street, Vancouver, BC, V6M 4E1, Canada.

Prior to the amalgamation, the Company's predecessor companies, Forbairt and Genesis, had not commenced commercial operations. Following the amalgamation of Genesis and Forbairt on January 22, 2015 to form Aydon, a total of 20,665,613 common shares were issued at a deemed price of \$0.05 per share to the previous shareholders of the two amalgamating companies. The full details of the transaction were included in the Plan of Arrangement, which was approved by the Supreme Court of British Columbia on August 27th, 2014, and a copy of which is filed on SEDAR.

On March 11th, 2015, Aydon completed all requirements for a listing on the Canadian Securities Exchange and was called to trade on March 12th, 2015.

Aydon is strategically positioned to take advantage of the historic financial crisis and severe downturn in the residential housing market in the United States that has forced banks to foreclose on tens of thousands of homes over the past six years. The effects of the sub-prime lending boom are widely known but, unlike in Canada where the housing markets has been fairly resilient, many areas of the US housing market have been more adversely affected and in some areas such as Metropolitan Detroit, prices dropped in excess of 75%. Mortgage lending also continued to decline as banks tightened their credit underwriting rules. This has resulted in

a significantly increased number of families renting homes rather than purchasing. The percentage of families choosing to rent continues to rise, making the ownership of suitable rental houses an increasingly profitable business. A number of regions now exist across the US where housing prices have dropped to particularly low prices and rental demand has increased significantly. There are many properties available in these locations and they are periodically auctioned and sold to the market by financial and government institutions.

The Company was established for the purpose of investing in income-producing residential properties in the USA and Canada. The Company's business model calls for the financing of the acquisition of rental and development properties through the establishment of Limited Partnerships which will be under the management of General Partners owned and operated by the Company.

Once a track record of success has been established through the Limited Partnerships the Company intends to secure additional financing to carry out its business plan and build up its own portfolio of residential properties, both single and multi-family, in the targeted regions. Longer term earnings growth will be achieved through increased market share and continued expansion through acquisition into other strategic areas of the United States.

The success of the Company is dependent upon certain factors that may be beyond management's control, such as political, currency, and liquidity risk. If the Company is unable to fund its investments or otherwise fails to invest in an active business, its business, financial condition or results of operations could be materially and adversely affected.

For the period from January 1, 2017 to September 30, 2017, the Company incurred a comprehensive loss of \$368,997.

The Company's ability to continue its operations as intended is dependent on its ability to obtain necessary financing and raise sufficient capital to cover potential asset purchases, marketing and other costs of ownership in order to generate sufficient revenue to cover management and other fees payable.

Summary of Quarterly Results

As the Company was formed by way of the Amalgamation on January 22, 2015, the information in this section prior to January 22, 2015 relates to the financial information of Genesis, which was incorporated on April 7, 2014.

	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended	Two months ended	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended
	30-Sept-17	30-June-17	31-Mar-17	31-Dec-16	30-Sep-16	30-Jun-16	31-Mar-16	31-Dec-15	31-Oct-15	31-Jul-15	30-Apr-15	31-Jan-15	31-Oct-14	31-Jul-14
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenue	1,475	6,293	7,070	-	-	-	-	8,648	28,345	-	-	498	62	-
Net Loss	141,537	108,123	110,825	667,391	68,788	137,057	83,246	38,636	30,169	101,509	182,501	1,345	357,492	97,186
Loss per share	(0.005)	(0.004)	(0.004)	(0.015)	(0.002)	(0.01)	(0.004)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.02)	(0.01)
Total Assets	\$174,438	\$198,452	\$255,310	\$397,019	\$148,791	\$151,621	\$180,807	170,719	83,924	107,630	171,938	121,411	113,972	184,277

Results of Operations

Nine Months ended September 30th, 2017

The Company is a venture corporation in the initial stages of its development and has earned nominal revenues to date.

The Company incurred a net loss of \$360,486 and comprehensive loss of \$368,997 for the nine month period ended September 30th, 2017, compared to a net loss of \$290,505 and comprehensive loss of \$290,813 for the nine month period ended September 30th, 2016. Some of the more significant items comprising the expenses for the nine month period ended September 30, 2017, compared to the nine month period ended September 30th, 2016, were ongoing filing fees related to the cost of maintaining a listing on the CSE of \$41,130 (September 30th, 2016 - \$23,942); management fees of \$181,220 (September 30th, 2016 - \$218,450), and professional fees of \$46,305 (September 30th, 2016 - \$21,379).

The Company does not have any employees; all of its services are carried out by the directors and officers or by consultants retained on an as needed basis.

Liquidity and Capital Resources

As of September 30, 2017, the Company had a cash position of \$52,617, compared to \$1,646 as at December 31, 2016, representing an increase of approximately \$50,971. As of September 30, 2017, the Company had a working capital deficit of \$255,053, compared to working capital deficit of \$38,577 as at December 31, 2016.

The Company estimates that it will require approximately \$400,000 to fund general and administrative expenses for the next twelve months. The current cash on hand is not sufficient to meet our cash requirements for the next twelve months. As the Company continues with the process of raising funds for the Limited Partnerships, it expects to receive increasing fees for management of the Partnerships. Should these fees not be sufficient to meet ongoing costs we will require additional financing to fund our administrative expenses and for any proposed acquisitions, if applicable. We have historically satisfied our capital needs primarily by issuing equity securities and convertible debentures.

The Company's future capital requirements will depend on many factors, including, among others, cash flow from operations. The Company will need to raise additional funds through debt or equity financing to pursue its plans and objectives. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and

its shareholders. Accordingly, the Company is investigating various business opportunities that ideally will increase the Company's positive cash flow.

The Company has no further funding commitments or arrangements for additional financing at this time and there is no assurance that it will be able to obtain any additional financing on terms acceptable to it, if at all. Any additional funds raised will be used for general and administrative expenses and for the acquisition of a property or properties, as applicable. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise.

The Company's business plan is based on the establishment of Limited Partnerships to own targeted rental properties providing exceptional returns on investment. Aydon controls the General Partner of the Limited Partnership and earns management and financing fees from its provision of services to those partnerships and those fees are used to cover its cost of operations and to ultimately provide a return to shareholders in the future.

Changes in Accounting Policies including Initial Adoption

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this revised standard and is currently assessing the impact that this standard will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

The Company has not early adopted this revised standard and is currently assessing the impact that this standard will have on its consolidated financial statements.

Financial Instruments

The Company's financial instruments consist of accounts payable; the fair values of which are considered to approximate their carrying value due to their short-term maturities or ability for

prompt liquidation. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Strategic and operational risks are risks that arise if the Company fails to raise sufficient equity and/or debt financing in order to purchase a sufficient number of properties to achieve the critical sized portfolio of assets required to sustain its financing and operational costs. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2017, the Company had cash of \$52,617, short term receivables of \$21,898, assets held for resale of \$95,115 and prepaid deposit of \$4,808 all totalling \$174,438 to settle accounts payable and accrued payable of \$429,491 which fall due for payment within twelve months of the financial position date. Management will also consider different alternatives to secure adequate debt or equity financing to meet the Company's short term and long term cash requirements.

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. As such, the Company's exposure to currency risk is minimal.

Disclosure of Outstanding Share Data

The total number of common shares issued and outstanding as at September 30, 2017 was 26,919,899 common shares and as at the date of this MD&A the number was unchanged.

The total number of warrants outstanding as at September 30, 2017 was 1,586,818 and as at the date of this MD&A the number of warrants outstanding was unchanged.

The total number of options outstanding as at September 30, 2017 was 900,000 and as at the date of this MD&A the number was unchanged.

For the period ending September 30, 2017:

On January 27, 2017, the Company completed a non-brokered private placement of 1,355,000 units at \$0.10 per unit for gross proceeds of \$135,500. Each unit consists of one common share and one non-transferable share purchase warrant, which will be exercisable at \$0.15 per share if exercised during the first year or \$0.20 if exercised during the second year. All unexercised warrants shall expire after a term of 2 years.

Off-Balance Sheet Arrangements

The Corporation does not currently have any off-balance sheet arrangements.

Transactions with Related Parties

During the period ended September 30, 2017, the Company entered into the following transactions with related parties:

The Company is a venture operation in the initial stages of its operations. As such a significant amount of time and effort was expended in the period under review by management in setting up the legal structures and the finances necessary to enable it to effectively carry out its business plan in the future. Significant time and effort was expended on the set up and structuring of the Company's Limited Partnership financing model and the production of its first Limited Partnership Offering Memorandum as a basis for future financing of operations. All named parties below actively participated in all aspects of those efforts and were paid a monthly retainer fee and, where the board of directors was of the opinion that the time and expertise expended by the director was in excess of a minimum expectation, further fees based on time charges were paid to compensate for that. The fees paid in the period under review were:

- (a) \$67,500 (nine months to September 30, 2016 - \$67,500) was accrued to Vid Wadhvani for his services as President & CEO (Chairman & CFO prior to May 2017) and services related to marketing and financing activities and general management of the day to day business. As at September 30, 2017, the Company had paid Mr. Wadhvani \$40,500 and owed \$93,825 (September 30, 2016 - \$62,260).
- (b) \$1,000 (nine months to September 30, 2016 - \$61,500) was accrued to David Jackson for his services as President and CEO until April 30, 2017 when he resigned. As at September 30, 2017, the Company had paid Mr. Jackson \$25,000 and owed \$Nil (September 30, 2016 - \$55,878).
- (c) \$67,500 (nine months to September 30, 2016 - \$67,500) was accrued to David Carkeek for his services as Chief Financial Officer (Chief Operating Office prior to May 2017), marketing and investor relations, raising of finance, administrative services and general management of the day to day business of the Company. As at September 30, 2017, the Company had paid Mr. Carkeek \$40,500 and owed \$110,286 in respect of management fees and \$7,324 in other expenditures incurred on behalf of the Company (September 30, 2016 - \$62,397).
- (d) Mr. Vern Stromkins, a non-executive director received no remuneration in the period under review. (September 30, 2016 - \$Nil). Mr. Stomkins resigned as a non-executive director as of July 20, 2017.
- (e) Mr. Daniel Gouws, a non-executive director received no remuneration in the period under review. (September 30, 2016 - \$Nil)

All transactions with related parties occurred in the normal course of operations and are measured at their fair value as determined by management. Unless otherwise indicated, the

period-end balances are unsecured, non-interest bearing, without specific terms of repayment and have arisen from the provision of services and fees described.

Proposed Transactions

During the nine month period under review the company progressed with the establishment of its property investment business in the USA and entered into a Share Purchase Agreement with the Delma Group.

During the period, the Company received an accepted offer on the Glendimer Apartments, a 146 unit student housing complex also located near Washington State University with a purchase price of \$8,200,000. The Company is completing its due diligence and arranging both mortgage and equity financing with a target closing date of early January 2018.

The Company is also reviewing its current interests in Detroit, MI with respect to real estate market trends and considering the financial feasibility of liquidating these assets. Since March 28, 2017, the Company has sold five of the seven investment properties held in Detroit Michigan for gross proceeds of USD \$196,800.

Share Purchase Agreement:

The Company entered into a Share Purchase Agreement dated July 24th, 2017 (the "Agreement") with the Delma Group (Delma Resorts & Hotels GP Inc., Delma Properties Canada LP, Delma Resorts & Hotels LP, Société En Commandite Bromont I, 9216-3583 Québec Inc.) whereby Aydon will acquire all of the issued and outstanding shares and units of the Delma Group (the "Purchased Securities") for a price of \$50,327,000 paid by the issuance of common shares of the Issuer (the "Proposed Transaction").

The Proposed Transaction is subject to, among other things, receipt of the approval of the shareholders of the Issuer, approval of the CSE and standard closing conditions. The completion of the Proposed Transaction will constitute a "Fundamental Change" pursuant to Policy 8 of the CSE and a change of control of the Issuer will occur.

Prior to closing of the Proposed Transaction, the Company will change its name to the Delma Group of Companies Inc., or such other name as agreed to by the parties, and will complete a consolidation of its common shares (the "Aydon Shares") on the basis of one post-consolidated Aydon Share for every one hundred pre-consolidation Aydon Shares.

Pursuant to the Proposed Transaction, the Company will acquire the Purchased Securities for a price of \$50,327,000 paid by the issuance of 16,775,666 post-consolidated Aydon Shares to the Delma Group Shareholders. All member companies of the Delma Group will become wholly-owned subsidiaries of the Aydon and at closing will have consolidated net assets of at least \$50,000,000. No concurrent financing is anticipated to occur in connection with the Proposed Transaction. All outstanding options to purchase Aydon Shares pursuant to the Issuer's stock option plan will be cancelled upon closing of the Proposed Transaction.

The completion of the Proposed Transaction remains subject to a number of terms and conditions including, among other things:

- The Company having received shareholder approval of the Proposed Transaction by a majority of its shareholders;
- The Company and the Delma Group obtaining all necessary consents, orders and regulatory approvals, including the conditional approval of the CSE subject only to customary conditions of closing;
- No material change occurring to the business of the Issuer and the Delma Group prior to completion of the Proposed Transaction;
- The Company having no employees and at the closing having net assets of \$2,000;
- Delma Group and Delma Group Subsidiaries having consolidated assets totalling at least \$70,000,000 and having combined net assets of at least \$50,000,000.
- the satisfaction of obligations under the Share Purchase Agreement relating to each of the parties; and
- the delivery by each of the parties of standard closing documents.

Upon completion of the Proposed Transaction, the Company will continue on with the business of the Delma Group, and with its operating subsidiaries (the company after the Proposed Transaction being referred to herein as the “Resulting Issuer”).

Subsequent Additional Value

Pursuant to the Agreement, the Company’s shareholders of record, prior to the Proposed Transaction (the “Pre-Transaction Shareholders”) will receive an additional \$800,000 in value (the “Additional Value”) if and when the Company is able to generate \$400,000 in annual recurring income as approved by the board of directors of the Resulting Issuer. The Additional Income shall be recognized at the latest in the 2019 audited financial statements of the Company. The Additional Value will be paid by the issuance of post-consolidated Aydon Shares to the Pre-Transaction Shareholders at a price per share equivalent to the weighted average value of the Aydon Shares in the ten (10) days preceding the approval by the board of directors of the Resulting Issuer when the Additional Income has been recognized.

Subsequent events

No material events have occurred subsequent to September 30, 2017.

Additional Information

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. This MD&A should be read in conjunction with other disclosure documents provided by the Company, which can be accessed at www.sedar.com.