NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR

IN RESPECT OF

THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF
AYDON INCOME PROPERTIES INC.
TO BE HELD ON DECEMBER 29, 2017

Dated as of November 27, 2017

Neither the Canadian Securities Exchange nor any securities commission has in any way passed upon the merits of the transaction described herein and any representation to the contrary is an offence.

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NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF

AYDON INCOME PROPERTIES INC.

NOTICE IS HEREBY GIVEN that an Annual and Special Meeting of Shareholders of Aydon Income Properties Inc. ("**Aydon**") will be held at 1190 Melville Street, Suite 702, Vancouver, British Columbia on December 29, 2017, at 11:00am (local time), for the following purposes:

1. to receive and consider Aydon's financial statements for the fiscal year ended December 31, 2016 and the accompanying report of the auditors;

2. to appoint Aydon's auditors for the ensuing year and to authorize the directors of the Company to fix their remuneration;

3. to elect Aydon's directors for the ensuing year;

4. to consider and, if deemed appropriate, adopt a resolution approving a reverse take-over of Aydon consisting of the acquisition of 100% of the outstanding securities of Delma Resorts & Hotels GP Inc., Delma Properties Canada LP, Delma Resorts & Hotels LP, Société en commandite Bromont I and 9216-3583 Québec Inc. (the "**Acquisition**");

5. to consider and, if deemed appropriate, adopt a special resolution approving an amendment to Aydon's articles of incorporation to change its name to "Delma Group Inc." upon completion of the Acquisition;

6. to consider and, if deemed appropriate, adopt a special resolution approving the consolidation of Aydon's common shares;

7. to consider and, if deemed appropriate, adopt a special resolution approving Aydon's continuance under the *Canada Business Corporations Act*;

8. to transact such other business that may properly come before the meeting.

The enclosed information circular discloses additional information on the matters to be acted upon at the meeting.

Vancouver, British Columbia, November 27, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

(*s) "Vid Wadhwani"*

Vid Wadhwani
Chairman & Chief Financial Officer

Since it is desirable that as many shares as possible be represented and voted at the Meeting, a shareholder, who is unable to attend the Meeting in person, is urged to complete and return the enclosed form of proxy following the instructions therein.

GLOSSARY OF TERMS

The following is a glossary of certain general terms used in this Circular, including the summary hereof. Terms and abbreviations used in the financial statements included in, or appended to this Circular are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**Acquisition**" means the acquisition of the Delma Entities by Aydon to be carried out in accordance with the terms of the Acquisition Agreement upon receipt of CSE Approval.

"**Acquisition Agreement**" means the share purchase agreement entered into among Aydon, Delma GP, Delma Resorts LP, Delma Properties LP, SEC Bromont and Bromont GP, dated July 20, 2017 (as amended on November 27, 2017).

"**Acquisition Effective Date**" means the effective date of the Acquisition, following receipt of CSE Approval.

"**Affiliate**" means a company that is affiliated with another company as described below.

A company is an "Affiliate" of another company if:

a) one of them is the subsidiary of the other; or

b) each of them is controlled by the same Person.

A company is "controlled" by a Person if:

a) voting securities of Aydon are held, other than by way of security only, by or for the benefit of that Person; and

b) the voting securities, if voted, entitle the Person to elect a majority of the directors of Aydon.

A Person beneficially owns securities that are beneficially owned by:

a) a company controlled by that Person; or

b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

"**Associate**" when used to indicate a relationship with a Person, means:

a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the Issuer;

b) any partner of the Person;

c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or

d) in the case of a Person who is an individual:

    (i) that Person's spouse or child, or

    (ii) any relative of the Person or of his spouse who has the same residence as that Person.

"**Aydon**" means Aydon Income Properties Inc., a company incorporated under the BCBCA.

"**Aydon Shareholders**" means holders of Aydon Shares.

"**Aydon Options**" means the issued and outstanding options under the Stock Option Plan.

"**Aydon Shares**" means the issued and outstanding common shares in the capital of Aydon.

"**Aydon Warrants**" means the issued and outstanding Aydon Share purchase warrants.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Bromont GP**" means 9216-3583 Québec Inc.

"**Bromont GP Shareholders**" means the holders of Bromont GP Shares.

"**Bromont GP Shares**" means the issued and outstanding shares of Bromont GP.

"**CBCA**" means the *Canada Business Corporations Act*.

"**CCQ**" means the *Civil Code of Quebec*.

"**Circular**" means this management information circular of Aydon, including the schedules hereto.

"**Closing Date**" means the date on which the Reverse Take-over, the Name Change, the Continuance and the Consolidation are completed.

"**Commissions**" means the Ontario Securities Commission, the Alberta Securities Commission and the British Columbia Securities Commission.

"**Consideration Shares**" means the aggregate 1,932,666,700 Resulting Issuer Shares to be issued by Aydon to holders of Delma Shares pursuant to the terms of the Acquisition Agreement.

"**Consolidation**" means the consolidation of all of the issued and outstanding Aydon Shares on the basis of one new Common Share for every 200 issued and outstanding Aydon Shares, effective as of the Acquisition Effective Date.

"**Continuance**" means the continuance of Aydon from the BCBCA to the CBCA.

"**CSE**" means the Canadian Securities Exchange.

"**CSE Approval**" means the final approval of the CSE in respect of the continued listing of the Aydon Shares on the CSE following completion of the Acquisition, as evidenced by the issuance of the final approval bulletin of the CSE in respect thereof.

"**CSE Policies**" means the rules and policies of the CSE in effect as of the date hereof.

"**Delma Corporation**" means Delma Resorts & Hotels Canada Corporation.

"**Delma Entities**" means Delma GP, Delma Properties, Delma Resorts, SEC Bromont and Bromont GP.

"**Delma GP**" means Delma Resorts & Hotels GP Inc.

"**Delma GP Shareholders**" means the holders of Delma GP Shares.

"**Delma GP Shares**" means the issued and outstanding shares of Delma GP.

"**Delma Properties**" means Delma Properties Canada LP, a limited partnership established under the CCQ.

"**Delma Properties LP Agreement**" means the limited partnership agreement dated September 1, 2009 between SGI Investments Canada GP Inc. and SGI Granada Editions Canada Inc., under which Delma Properties was created.

"**Delma Properties Units**" means the issued and outstanding units of Delma Properties.

"**Delma Resorts**" means Delma Resorts & Hotels LP, a limited partnership established under the CCQ.

"**Delma Resorts LP Agreement**" means the limited partnership agreement dated November 11, 2015 among Delma GP, SGI Investment Canada LP and 9484213 Canada Inc., under which Delma Resorts was created.

"**Delma Resorts Units**" means the issued and outstanding units of Delma Resorts.

"**Delma Shares**" means the Delma GP Shares and the Bromont GP Shares.

"**Delma Unitholders**" means the holders of Delma Units.

"**Delma Units**" means the Delma Properties Units, the Delma Resorts Units and the SEC Bromont Units.

“**DMCL**” means Dale Matheson Carr-Hilton Labonte LLP.

“**Effective Date**” means the date of this Circular, being November 27, 2017.

“**Escrow Agent**” means TSX Trust.

“**Escrow Agreement**” means the escrow agreement to be entered into by the Resulting Issuer, the Escrow Agent and certain principals of the Resulting Issuer in compliance with the requirements of the CSE, with the securities subject to such Escrow Agreement to be released as determined by the CSE.

“**Initial CSE Listing Statement**” means the initial CSE Form 2A listing statement of Aydon, dated as at and filed with the CSE on March 11, 2015.

“**Joint Venture Agreement**” means the joint venture agreement dated November 8, 2015 among Delma Corporation, Développement Golfmonts Inc., Christopher Folla and Julie Gaucher.

“**Management Fee**” means the fee paid to a Property manager to manage the Property, which consists of a base fee, a performance fee and an incentive fee.

“**Meeting**” means the annual and special meeting of the shareholders of Aydon to be held on December 29, 2017 for the purposes described in this Circular.

“**Name Change**” means the proposed change of Aydon’s name to “The Delma Group Inc.”, or such other name as may be determined by the board of directors of Aydon upon completion of the Acquisition.

“**Nominee Agreement**” means the nominee agreement dated November 8, 2015 between Delma Resorts and Delma Corporation.

“**Notice of Meeting**” means the notice of the Meeting delivered to the Aydon Shareholders together with this Circular.

“**Person**” means an individual or company.

“**Properties**” means the real estate held by the Delma Group, either alone or in partnership with third parties.

“**RCGT**” means Raymond Chabot Grant Thornton LLP.

“**Resulting Issuer**” or “**Delma Group**” means Aydon upon completion of the Acquisition following receipt of CSE Approval.

“**Resulting Issuer Board**” means the board of directors of the Resulting Issuer.

“**Resulting Issuer Options**” means the outstanding common share purchase options of the Resulting Issuer upon completion of the Acquisition.

“**Resulting Issuer Shares**” means the Resulting Issuer Class A Shares and the Resulting Issuer Class B Shares.

“**Resulting Issuer Class A Shares**” means Aydon’s outstanding class A subordinate voting shares upon completion of the Acquisition.

“**Resulting Issuer Class B Shares**” means Aydon’s outstanding class B multiple voting shares upon completion of the Acquisition.

“**Resulting Issuer Warrants**” means Aydon’s outstanding common share purchase warrants upon completion of the Acquisition.

“**Reverse Take-over**” means the proposed reverse take-over of Aydon by Delma upon completion of the Acquisition, which constitutes a “fundamental change” pursuant to CSE Policies and is subject to approval by a majority of the votes cast by shareholders of Aydon at the Meeting and CSE Approval.

“**SEC Bromont**” means Société en commandite Bromont I.

“**SEC Bromont Properties LP Agreement**” means the limited partnership agreement dated December 10, 2009 among Bromont GP, Gestion H. Petit Inc., Fiducie Familiale SP, Les Placements Jomica Inc. and Gestion Vaillancourt Mercier Inc., under which SEC Bromont was created.

“**SEC Bromont Unitholders**” means the holders of SEC Bromont Units.

“**SEC Bromont Units**” means the issued and outstanding units of SEC Bromont.

"**Stock Option Plan**" means Aydon's stock option plan.

"**Student Housing Projects**" means the student housing project described in Schedule H.

SUMMARY

The following is a summary of certain information contained elsewhere in this Circular, including the Schedules attached hereto and the documents incorporated by reference herein relating to Aydon, Delma and the Resulting Issuer, and should be read together with the more detailed information and financial data and statements contained or referred to elsewhere in this Circular, the Schedules attached hereto and the documents incorporated by reference herein. Terms with initial capital letters used in this summary are defined in the "Glossary of Terms".

All information contained in this Circular with respect to Aydon was supplied by Aydon for inclusion herein.

All information contained in this Circular with respect to the Delma Entities was supplied by the Delma Entities for inclusion herein.

The Meetings

The Meeting will be held on December 29, 2017 at 11:00 a.m. (local time) at 1190 Melville Street, Suite 702, Vancouver, British Columbia. The Meeting will be held for the purposes mentioned in the Notice of Meeting. The matters to be considered at the Meeting include, among others, the Reverse Take-over, the Name Change, the Consolidation and the Continuance.

The Companies

Aydon is a company incorporated under the BCBCA involved in investing on income producing residential properties in the USA and Canada. It is listed on the CSE under the symbol "AYD". As of the date of this Circular, the issued and outstanding capital of Aydon consists of 26,919,899 common shares (each, an "**Aydon Share**"), 1,586,818 common share purchase warrants (each, an "**Aydon Warrant**"), and 900,000 incentive stock options (each, an "**Aydon Option**"). The Aydon Options will be cancelled on the Closing Date. See "Part V - Information Concerning Aydon" – "General Development of the Business".

The Delma Group

The Delma Group is a privately-owned business that consists of Delma GP, a corporation incorporated under the CBCA. Each of Delma Properties and Delma Resorts are a limited partnership formed under the CCQ. The Delma Entities, together with their affiliates (together referred to as the "**Delma Group**") invest in the hospitality industry to perform property management services and land development. As of the date of this Circular, the issued and outstanding securities of each member Delma Entity is as follows:

Name	Number & Class of Securities
Delma Resorts & Hotels GP Inc.	280.7 Delma GP Shares
Delma Properties Canada LP	30,621 Delma Properties Units
Delma Resorts & Hotels LP	18,182 class A Delma Resorts Units 1,148 class B Delma Resorts Units
9216-3583 Québec Inc.	100 Bromont GP Shares
Société en commandite Bromont I	SEC Bromont Units

See "Part VI - Information Concerning Delma" – "General Development of the Business".

Resulting Issuer

It is anticipated that upon completion of the Amalgamation, the principal business of the Resulting Issuer will be investment in the hospitality industry. The Delma Group, each member of which will be a subsidiary of the Resulting Issuer, will conduct the principal business of the Resulting Issuer. See "Part VII - Information Concerning The Resulting Issuer".

The Amalgamation

Aydon has entered into the Acquisition Agreement with Delma GP, Delma Resorts LP, Delma Properties LP, SEC Bromont and Bromont GP. Aydon will acquire all of the outstanding securities of Delma GP, Delma Resorts LP, Delma Properties LP, SEC Bromont and Bromont GP.

Summary of the Terms of the Acquisition Agreement

Under the Acquisition Agreement Aydon will acquire all of the issued and outstanding Delma Shares, Delma Units, Bromont GP Shares and SEC Bromont Units.

The Acquisition will result in the Delma Entities becoming wholly-owned subsidiaries of Aydon. Subject to the approval of the Name Change, Aydon intends to change its name to "Delma Group Inc." upon completion of the Acquisition.

Interests of Insiders

Except as disclosed herein, no Insider, Promoter or Control Person of Aydon or the Delma Entities and no Associate or Affiliate of the same, has any interest in the Change of Business and the Acquisition other than that which arises from their holding Aydon Shares or Delma Entites Shares.

Board of Directors

The board of directors of Aydon upon completion of the Acquisition will be reconstituted to consist of seven members and will be comprised of current directors Messrs. Hasan al-Shawa, Henri Petit, Joseph Cianci, Hazem al-Shawa, François Castonguay, Terry Badour and Hubert Marleau. See "Part VII - Information Concerning The Resulting Issuer" – "Directors, Officers and Promoters of the Resulting Issuer".

Estimated Funds of the Resulting Issuer

The pro forma working capital position of Aydon as at October 31, 2017 (the most recent month-end prior to the date of this Circular), giving effect to the Acquisition as if it had been completed on that date, was $53,852. See "Part VII - Information Concerning The Resulting Issuer" – "Available Funds and Principal Purposes".

Selected Pro Forma Financial Information of the Resulting Issuer

The following table sets out certain financial information as at and for the nine-month period ending September 30, 2017 after giving effect to the Acquisition, as if such events had occurred on September 30, 2017 for balance sheet purposes. Such information is derived from and should be read in conjunction with the pro forma financial statements and the notes thereto attached hereto as Schedule "E".

Balance Sheet Data	September 30, 2017 (pro forma) ($)
Cash & Cash Equivalents	53,852
Total Assets	58,685,930
Shareholders' Equity	37,699,475

Income Statement Data	September 30, 2017 (pro forma) ($)	December 31, 2016 (pro forma) ($)
Administrative expenses	296,204	462,606
Net Income (Loss)	(2,433,913)	6,578,872
Comprehensive Income (Loss)	(2,442,424)	6,569,378

The information in the following tables is derived (a) the case of Aydon, its unaudited consolidated interim financial statements for the nine months ended September 30, 2017 and its audited financial statements as at April 30, 2015 and December 31, 2015 and 2016; and (b) in the case of the Delma Entities, from their unaudited consolidated financial statements for the nine months ended September 30, 2017 and their audited consolidated financial statements for the years ended December 31, 2015 and 2016 and should be read in conjunction with such statements:

Aydon

Balance Sheet Data	September 30, 2017 (unaudited) ($)	December 31, 2016 (audited) ($)	December 31, 2015 (audited) ($)	April 30, 2015 (audited) ($)
Cash & Cash Equivalents	52,617	397,019	56,382	171,938
Total Assets	174,438	397,019	170,719	171,938
Shareholders' Equity	(734,524)	(518,049)	22,936	160,904

Income Statement Data	September 30, 2017 (unaudited) ($)	December 31, 2016 (audited) ($)	December 31, 2015 (audited) ($)	April 30, 2015 (audited) ($)
Total Expenses	292,422	445,512	230,806	655,194
Net Loss	360,486	667,391	170,314	654,634
Comprehensive Loss	368,997	676,885	169,439	655,703

Delma GP, Delma Properties & Delma Resorts (Consolidated)

Balance Sheet Data	September 30, 2017 (unaudited) ($)	December 31, 2016 (audited) ($)	December 31, 2015 (audited) ($)
Cash and cash equivalents	606	606	49,605
Total Assets	16,241,760	16,301,760	647,305
Total Liabilities	963,000	423,000	47,253

Income Statement Data	September 30, 2017 (unaudited) ($)	December 31, 2016 (audited) ($)	December 31, 2015 (audited) ($)
Net Income (loss)	Nil	9,320,708	(48)
Administrative Expenses	Nil	12,368	(48)
Basic and diluted net loss per unit	Nil	571	(0.003)

Bromont GP & SEC Bromont (Consolidated)

Balance Sheet Data	September 30, 2017 (unaudited) ($)	December 31, 2016 (audited) ($)	December 31, 2015 (audited) ($)
Cash and cash equivalents	629	1,484	3,843
Total Assets	42,269,732	40,890,183	39,033,979
Total Liabilities	18,214,493	16,848,571	15,004,440

Income Statement Data	September 30, 2017 (unaudited) ($)	December 31, 2016 (audited) ($)	December 31, 2015 (audited) ($)
Net Income (loss)	13,150	16,799	16,679
Expenses	3,782	4,726	5,820

Listing and Share Price on the Exchange

The Common Shares are currently listed on the CSE under the trading symbol "AYD". The closing trading price of the Common Shares on the Exchange on July 14, 2017 (the day immediately preceding the halt in trading of the Aydon Shares) was $0.15. There is no public market for the Delma Shares, the Delma Units, the Bromont GP Shares or the SEC Bromont Units. See "Part V - Information Concerning Aydon" – "Stock Exchange Price".

Exchange Approval

As of the date of this Circular, the Exchange has not yet approved the Acquisition or the listing of the Resulting Issuer Class A Shares on the CSE upon completion of the Amalgamation; however, Aydon believes that approval will be obtained from the CSE over the next several days. Any approval issued by the CSE will be subject to Aydon fulfilling all of the requirements of the CSE.

Risk Factors

An investment in the Aydon Shares or the Resulting Issuer Class A Shares before or after completion of the Acquisition, as applicable, should be considered highly speculative due to the units involved with such an investment. For a detailed description of these risks, see "Part VII - Information Concerning The Resulting Issuer" – "Risk Factors of the Resulting Issuer".

NEITHER THE CSE NOR ANY SECURITIES REGULATORY AUTHORITY HAS IN ANY WAY PASSED UPON THE MERITS OF THE PROPOSED TRANSACTION DESCRIBED HEREIN.

MANAGEMENT INFORMATION CIRCULAR
FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
OF AYDON INCOME PROPERTIES INC. TO BE HELD ON DECEMBER 29, 2017

No person has been authorized to give any information or to make any representation with respect to the matters to be considered at the Meeting other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or proxy solicitation.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth under "Glossary of Terms". Information contained in this Circular is given as of the Effective Date, unless otherwise specifically stated.

All information contained in this Circular with respect to Aydon Income Properties Inc. was provided by Aydon Income Properties Inc. for inclusion herein, and with respect to such information, the Delma Entities and their management have relied on Aydon Income Properties Inc. All information contained in this Circular with respect to the Delma Entities was provided by those entities for inclusion herein, and with respect to such information, Aydon Income Properties Inc. and its board of directors and officers have relied on the Delma Entities.

CURRENCY

All currency amounts expressed herein, unless otherwise indicated, are in Canadian dollars.

FINANCIAL STATEMENT INFORMATION

The financial statements of Aydon and the Delma Entities (including the pro forma financial statements) contained in this Circular have been prepared in accordance with Canadian GAAP or IFRS, as indicated herein.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information provided in this Circular, including information incorporated by reference, may contain "forward-looking statements" about Aydon. In addition, Aydon may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of Aydon that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by Aydon that address activities, events or developments that Aydon expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of Aydon and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
- other risks described in this Circular and described from time to time in documents filed by Aydon with Canadian securities regulatory authorities.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including: (a) expectations and assumptions concerning timing of receipt of required shareholder and regulatory approvals and any applicable third party consents, if any; and (b) expectations and assumptions concerning the success of the operation of Aydon.

With respect to the forward-looking statements contained herein, although Aydon believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the availability of sources of income to generate cash flow and revenue; the volatility of Aydon's stock price; risks relating to the trading price of the Aydon relative to net asset value; the dependence on management and directors; risks relating to additional funding requirements; due diligence risks; exchange rate risks; risks relating to non-controlling interests; potential conflicts of interest; and potential transaction and legal risks, as more particularly described under the heading "*Risk Factors*" in this Circular.

Consequently, all forward-looking statements made in this Circular and other documents of Aydon are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on Aydon. The cautionary statements contained or referred to in this section

should be considered in connection with any subsequent written or oral forward-looking statements that Aydon and/or persons acting on Aydon's behalf may issue. Aydon undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Market and Industry Data

This Circular includes market and industry data that has been obtained from third party sources, including industry publications. Aydon believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, Aydon has not independently verified any of the data from third party sources referred to in this Circular or ascertained the underlying economic assumptions relied upon by such sources.

PART I - GENERAL PROXY INFORMATION

Solicitation of proxies

The management of Aydon solicits proxies to be used at the Meeting to be held at the time and place and for the purposes set forth in the attached notice of meeting and at any adjournment thereof. The cost of this solicitation will be borne by Aydon. Accordingly, the management of Aydon has drafted this Circular that it is sending to all the security holders entitled to receive a notice of meeting.

If you cannot attend the Meeting in person, complete and return the enclosed form of proxy following the instructions therein.

Quorum for the Transaction of Business

Aydon's by-laws provide that the quorum at a meeting of the shareholders of Aydon shall be constituted by the attendance of two or more shareholders, present in person or represented by proxy, holding at least 5% of the votes attached to outstanding voting shares of Aydon.

Rights of Revocation of Proxies and Appointment of Proxyholder

The persons named in the enclosed form of proxy are directors and officers of Aydon. **A shareholder has the right to appoint as his or her proxy a person, who need not be a shareholder, other than the person whose name is printed on the accompanying form of proxy**. A shareholder who wishes to appoint some other person to represent him or her at the Meeting may do so by either inserting such other person's name in the blank space provided in the form of proxy and signing the form of proxy or by completing and signing another proper form of proxy.

A shareholder may revoke a proxy at any time by sending an instrument in writing executed by him or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized in writing, at the same address where the form of proxy was sent and within the delays mentioned therein or two business days preceding the date the Meeting resumes if it is adjourned, or remit to the chairman of such Meeting on the day of the Meeting or any adjournment thereof if applicable.

Exercise of discretion by proxies

The persons named in the enclosed form of proxy (the "**Named Proxyholders**") will vote the shares in respect of which they are appointed in accordance with the instructions of the shareholder appointing them.

In the absence of instructions, the Named Proxyholders will exercise the right to vote IN FAVOUR of each question defined on the form of proxy, in the notice of meeting or in the Circular.

Unless otherwise specified herein, all resolutions will be adopted by a simple majority of the votes represented at the Meeting.

Management does not know and cannot foresee at the present time any amendments or new points to be brought before the Meeting, or any adjournment thereof. If such amendments or new points were to be properly brought before the Meeting, or any adjournment thereof, the persons named in the enclosed form of proxy will vote on such matters in the way they consider advisable.

Authorized Capital Stock, Voting Securities and Principal Holders Thereof

The authorized capital stock of Aydon consists of an unlimited number of common shares without par value. Each common share entitles its holder to one vote. On the date hereof, there were 26,919,899 Aydon Shares issued and outstanding.

The board of directors of Aydon (the "**Board**") fixed the close of business on November 27, 2017 as the record date (the "**Record Date**") for determining which shareholders shall be entitled to receive notice of the meeting and to vote in person or by proxy at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of Aydon, the only person beneficially owned, directly or indirectly, or exercised control or direction over, common shares of Aydon carrying more than 10% of the voting rights attached to all issued and outstanding common shares, as of the date hereof, is Jadvindra Grewal, who holds 2,510,280 common shares, representing approximately 10.68% of the outstanding total.

Advice to Non-Registered Shareholders

The information set forth in this section should be reviewed carefully by the non-registered shareholders. Shareholders who do not hold their shares in their own name ("Beneficial Shareholders") should note that only proxies deposited by shareholders whose names appear on the records maintained by Aydon's registrar and transfer agent as registered holders of shares will be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, those shares will, in all likelihood, *not* be registered in the shareholder's name. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

National Instrument 54-101 of the Canadian Securities Administrators requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided directly to registered shareholders by Aydon. However, its purpose is limited to instructing the registered shareholder (*i.e*., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

The vast majority of brokers now delegate responsibility of obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**BFSI**") in Canada. BFSI typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to BFSI, or otherwise communicate voting instructions to BFSI (by way of the Internet or telephone, for example). BFSI then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder who receives a BFSI voting instruction form cannot use that form to vote shares directly at the Meeting. The voting instruction forms must be returned to BFSI (or instructions respecting the voting of shares must otherwise be communicated to BFSI) well in advance of the Meeting in order to have the shares voted. If you have any questions respecting the voting of shares held through a broker or other intermediary, please contact your broker or other intermediary for assistance.

This Circular and accompanying materials are being sent to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own ("**Objecting Beneficial Owners**", or "**OBO's**") and those who do not object to their identity being made known to the issuers of the securities they own ("**Non-Objecting Beneficial Owners**", or "**NOBO's**"). Subject to the provision of NI 54-101 issuers may request and obtain a list of their NOBO's from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and Aydon or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf. By choosing to send these materials to you directly, Aydon (and not the intermediary holding on your behalf) has assumed responsibility for delivering these materials to you and executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Aydon's OBO's can expect to be contacted by BFSI or their brokers or their broker's agents as set out above.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her broker (or his or her broker's agent), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the shares as proxyholder for the registered shareholder by entering his or her own name in the blank space on the proxy form provided to him or her by his or her broker (or his or her broker's agent) and return it to that broker (or that broker's agent) in accordance with the broker's instructions (or the agent's instructions).

All references to shareholders in this Circular, the enclosed form of proxy and the notice of meeting are to the registered shareholders unless specifically stated otherwise.

PART II - ANNUAL MEETING

Financial Statements

The Board has approved the audited comparative financial statements for the fiscal year ended December 31, 2016, together with the auditor's report thereon. Copies of these financial statements have been sent to those Shareholders who had requested receipt of same and are also available on SEDAR at www.sedar.com.

Re-Appointment of Auditors

At the Meeting, Shareholders will be asked to consider and approve the appointment of RCGT to serve as auditor of Aydon until the next annual general meeting of Shareholders at a remuneration to be fixed by the Board. Aydon's current auditor, DMCL, was first appointed in 2015.

Unless a Shareholder directs that his or her Aydon Shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the enclosed form of proxy intend to vote FOR the appointment of RCGT, to serve as auditors of Aydon until the next annual meeting of the Shareholder and to authorize the Board to fix their remuneration.

Election of Directors

Aydon's current Board consists of Vid Wadhwani, David Jackson, Allan Goulding. David Carkeek and Daniel Gouws. Each director elected will hold office until the next annual general meeting or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the articles of Aydon or unless he or she becomes disqualified to act as director.

Management of Aydon does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of Proxy reserve the right to vote for other nominees in their discretion.

Management of Aydon proposes to nominate the following seven persons as further described in the table below, for election by the Shareholders as directors of Aydon to hold office until the next annual meeting. Information concerning such persons, as furnished by the individual nominees, as at Record Date, is as follows:

Name, Province or State and Country of Residence and Anticipated Position with the Delma Group	Principal Occupation and Employment During the past Five Years(1)	Date of Appointment as a Director	Number of Shares Beneficially Owned(1)(2)	Number and of Shares Beneficially Owned and Percentage of Voting Rights Assuming Completion of the Acquisition
Hasan al-Shawa Quebec, Canada *Chairman & CEO*	Chairman & CEO of the SGI – Delma Properties Group since 2009.	N/A	Nil	707,250 Resulting Issuer Class A Shares 2,871,750 Resulting Issuer Class B Shares 66.22%
Henri Petit Quebec, Canada *Director, President, Properties – Development and Acquisitions & Corporate Secretary*	President & CEO, GHP Group since 1996.	N/A	Nil	343,337 Resulting Issuer Class A Shares 1,000,000 Resulting Issuer Class B Shares 23.08%
Joseph Cianci Quebec, Canada *Director, CFO & Treasurer*	Self-employed consultant since 1992. Trustee for privately-held family trusts.	N/A	Nil	Nil
Hazem al-Shawa Quebec, Canada *Director, President – Delma Resorts & Hotels*	Legal counsel, Delma Group, since 2009.	N/A	Nil	0%
François Castonguay(3) Quebec, Canada *President and Director*	Former President & CEO, Uniprix Group. Consultant and strategic advisor.	N/A	Nil	Nil

Name, Province or State and Country of Residence and Anticipated Position with the Delma Group	Principal Occupation and Employment During the past Five Years(1)	Date of Appointment as a Director	Number of Shares Beneficially Owned(1)(2)	Number and of Shares Beneficially Owned and Percentage of Voting Rights Assuming Completion of the Acquisition
Terry Badour(3) Vancouver, Canada *Director*	Executive Vice President, Law and Administration, for FRHI Holdings Limited (2010 to 2016). Currently retired.	N/A	Nil	Nil
Hubert Marleau(3)(4) Ontario, Canada *Director*	President, Founder and Director of Palos Capital Corporation	N/A	Nil	Nil

(1) The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of the management of Aydon and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above not elected at the last annual general meeting have held the principal occupation or employment indicated for at least five years.
(2) Voting securities beneficially owned, directly or indirectly, or over which control or direction is exercise.
(3) Proposed Member of the Audit Committee.
(4) Proposed chair of the Audit Committee.

Hasan al-Shawa is Chairman & CEO of the Delma Group. Mr. Shawwa has accumulated over 31 years of experience in business development and real estate in North America and the Middle East, and has been involved in investment & real estate projects in excess of USD $800 million since 1986. Mr. Shawwa sits on the board of directors of several North American and International companies and organizations. He is also the former President of the National Council on Canada Arab Relations and the former Vice President of Development for the Canadian Arab Federation. Mr. Shawwa holds board seats and senior executive positions with several other Canadian non-governmental organizations, and has advised the Canadian government with respect to the Canadian Arab community, foreign policy, and business relations with the Arab world. Mr. Shawwa and his wife were members of the Prime Minister of Canada's Round Table Conferences across the country in 2010 & 2011 covering the Canadian Economy, and the Immigration & Citizenship Policy. Mr. Shawwa is regularly quoted and interviewed in the Canadian mainstream media. He is a former member of two editorial boards at the Canadian Broadcasting Corporation (CBC). He was named Real Estate Businessman of the Year in 2005 by the Federal Minister of Development, received the Maple Leaf Award for Projects of the Year in 2007, and was recently nominated for the Ordre National du Quebec. Mr. Shawwa is also a member of the Advisory Board of the Shawwa Family Educational Fund.

Hazem al-Shawa is the internal legal counsel of the Delma Group. He has 25 years of experience in acquiring, owning, managing and redeveloping real estate and operating businesses. Mr. Shawwa served at several Middle Eastern and Canadian law firms in the early 1990s, then worked in the real estate field in Kuwait City, Cairo, Amman, New York, Seattle and Montreal. Mr. Shawwa sits on the boards of several North American and European companies.

Henri Petit is a trained lawyer, having started his practise in 1991 with Guy & Gilbert in Montreal, before starting his own law office. As president and CEO of GHP Group since 1996, has been acting as developer and managing partner in various commercial, industrial and multi-residential real estate developments or redevelopments, developing and owning over $200 million in projects. Mr. Petit has extensive experience in real estate acquisitions, leasing, financing and management. Mr. Petit holds a B.A. from Laval University and an LL.L from the University of Ottawa.

Joseph Cianci has been a chartered accountant since 1986. He has extensive experience in banking, finance, taxation and management advisory services gained as an accountant at DBO Dunwoody, RCGT and as the chief financial officer of a financial services trust, a publicly-listed real estate company, privately owned retail and real estate companies. He acts as a consultant and is a trustee for several privately held family trusts.

Francois Castonguay acted as President & Chief Executive Officer of Uniprix, a Canadian pharmaceutical company, from 2000 to 2015. He has a rich and diverse background in business, finance and retail and currently acts as a consultant and strategic advisor. He holds a degree in Business Administration and advanced in finance from York University in Toronto. He began his career as a director and then Vice-President at CitiBank Canada in financing medical equipment, leasing, medical, dental, hospitals, medical clinics and pharmacies. During his tenure, he pioneered the concept of financing goodwill in Quebec. He then joined Uniprix, where he spent five years as Executive Vice President before becoming President & CEO. At Uniprix, he was involved in implementing the acquisition of pharmacies from Cumberland Drugs in 1997. He also increased the number of Uniprix pharmacies from 147 to 374, and the company's revenues from $437 million to over $1.9 billion. Mr. Castonguay was a member of the IUSSM (Louis H. Lafontaine) as Chairman of the Board of Directors for more than 11 years and is active with the Cystic Fibrosis Foundation, the Charles Bruneau Foundation, the Cancer Research Society of Canada, the Arthritis Society, the Heart and Stroke Foundation, the Longueuil Symphony Orchestra, the Pierre-Boucher Hospital and the Charles-Lemoyne Hospital.

Hubert Marleau is President, Founder and Director of Palos Capital Corporation ("**Palos**"), a merchant bank and money management firm. With over 45 years of experience in the investment and financial community, Mr. Marleau is a leading figure in Canada's financial commnity. Mr. Marleau has been a governor of the Toronto Stock Exchange, the Montreal Stock Exchange, and the Vancouver Stock Exchange, and has been a director of the Investment Dealer Association of Canada. Mr. Marleau is or has been a board member of over 50 publicly traded companies. Before founding Palos in 2000, he was chief economist and director of research, then Senior Vice President, at Nesbitt Thomson

(Nesbitt Burns-Bank of Montreal), Senior Executive Vice President for Levesque Beaubien (National Bank Financial) in charge of the money market, bond, research, derivative, equity and development departments. He was also President and CEO of Marleau Lemire, a publicly-listed investment banking firm. He has raised funds privately and publicly for hundreds of emerging and mature companies, structured numerous mergers and acquisitions, and driven numerous financial deals in Canada. Mr. Marleau holds a Bachelor of Science in Economics from the University of Ottawa.

Terry Badour has over 30 years of professional experience, the bulk of which has been in the hospitality industry. He has in-depth experience in hotel purchase and sales, hotel financing, corporate structuring, management agreements, branded residential agreements and hotel operational matters, including food & beverage, spa and licensing. Mr. Badour was the Executive Vice President of Law and Administration at Fairmont Raffles Hotels and Resorts (Fairmont Raffles), having spent 19 years at the company and predecessor firms. In this role he was instrumental in taking a collection of 24 owned and operated hotels located exclusively in Canada and creating the luxury multi-brand global hospitality company that Fairmont Raffles became before it was acquired by Accor in 2016. Over his 19 year tenure at Fairmont Raffles, Mr. Badour was primarily responsible for the oversight of all legal, corporate services, compliance and related administrative functions, including executive compensation and internal audit, as well as serving as a member of Fairmont's Executive Committee. He oversaw execution of the company's development and strategic plans and all merger and acquisitions. Before joining Fairmont Raffles, between 1996 and 1999, Mr. Badour was Corporate Counsel and Assistant Secretary at Canadian Pacific Limited (one of Canada's then leading conglomerates), where he was responsible for legal services at the company's executive office in Calgary, Canada. Prior to joining Canadian Pacific Limited, Mr. Badour was in private practice at Norton Rose (formerly Ogilvy Renault) and subsequently at Lavery DeBilly. In 2002, Mr. Badour was named one of Canada's top general counsels by Lexpert magazine. In 2006, he was bestowed the Canadian General Counsel Award "Dealmaker of the Year". Mr. Badour holds a B.A. (cum laude) in Political Science from Concordia University (Montreal, Canada) and a LL.L. and J.D. from the University of Ottawa (Ottawa, Canada). In 2010 he was inducted into the University of Ottawa Law School Honour Society in recognition of his contribution to the legal community and the Law School. He is also a founding member of Legal Leaders for Diversity (LLD) and an active volunteer for the United Way of Toronto.

Management does not contemplate that any of the nominees will be unable to serve as a director. However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The persons named in the enclosed form of proxy intend to vote for the election of all of the nominees whose names are set forth above.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions or Individual Bankruptcies

Except as noted below, to the knowledge of Aydon, no proposed director of Aydon:

a) is, at the date of this Circular, or has been within 10 years before the date of this Circular, a director, Chief Executive Officer ("**CEO**") or Chief Financial Officer ("**CFO**") of any company, that:

   (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or

   (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or

b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including Aydon) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than:

c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Henri Petit was director, officer and majority shareholder of Gestion L.S.D.C. Inc. ("**LSDC**"), Copie Lab (1994) Inc. Imprimerie Lemoyne (1996) Inc., Copieurs Rive-Sud Inc. when they filed for bankruptcy in 2009 (in the case of LSDC) and 2003 (in the case of the other companies). He had acquired these companies on December 31, 2002 and learned in March 2003 that their audited financial statements contained major errors. The bankruptcies were a result of their true financial situation, which had been concealed from him and led to a lawsuit against the auditors that was settled out of court under a confidentiality agreement.

Hubert Marleau was a director of Mitec Telecom Inc. ("**Mitec**") when, on September 15, 2010, Mitec applied for and was granted a management cease trade order (an "**MCTO**"), as provided for in National Policy 12-203, from the *Autorité des marchés financiers* (the "**AMF**"), Mitec's lead regulator. On September 29, 2010, Mitec announced its financial results, which resulted in the lifting of the MCTO.

On May 31, 2011, the AMF instituted proceedings before the *Bureau de decision et de révision* (the "**BDRVM**") wherein the AMF sought payment by Palos Management Inc. ("**Palos**"), a company for which Mr. Marleau was then acting as president and chairman, of a monetary penalty of $36,500 and an order requiring Palos to submit certain components of certain financial statements which the AMF alleged were not duly filed for the periods ending June 30, 2009, December 31, 2009 and June 30, 2010. The proceedings related to investment funds managed by Palos and offered under statutory prospectus exemptions. In the interim, Mr. Marleau resigned as president and chairman of Palos. On November 23, 2011, Palos and the AMF entered into a joint submission and acknowledgement of facts in which Palos acknowledged the facts alleged by the AMF and agreed to pay an administrative penalty of $26,500.

Mr. Marleau was a director of GobiMin Inc. ("**GobiMin**") when, on May 1, 2013, cease trade orders were imposed on GobiMin by the Alberta Securities Commission ("ASC") and the British Columbia Securities Commission ("**BCSC**") due to GobiMin's delay in the filing its audited consolidated financial statements, management's discussion and analysis and certificates of annual filings which were due on April 30, 2013. Upon publication of these documents and of related filings on SEDAR on May 16, 2013, a full revocation of the cease trade orders was granted to GobiMin by the ASC and the BCSC in mid-July 2013 and the trading of the Company's shares was reinstated by the TSX Venture Exchange on July 30, 2013.

Unless the Shareholder directs that his or her shares be otherwise voted or withheld from voting in connection with the election of directors, the persons named in the enclosed Proxy will vote FOR the election of the seven nominees whose names are set forth above.

Other matters which may come before the meeting

Management is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Aydon Shares represented thereby in accordance with their best judgment on such matter.

EXECUTIVE COMPENSATION

The following Statement of Executive Compensation is prepared in accordance with National Instrument Form 51-102F6. The purpose of this Statement of Executive Compensation is to provide disclosure of all compensation earned by directors and certain executive officers in connection with their position as a director or officer of, or consultant to, Aydon.

For the purpose of this Circular:

"**CEO**" means each individual who acted as chief executive officer or acted in a similar capacity for any part of the most recently completed financial year;

"**CFO**" means each individual who acted as chief financial officer or acted in a similar capacity for any part of the most recently completed financial year; and

"**Named Executive Officers**" or "**NEO**" means:

a) the CEO;

b) the CFO;

c) each of Aydon's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than $150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 Statement of Executive Compensation; and

d) any individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity at the end of the most recently completed financial year.

During the fiscal period ended December 31, 2016, Aydon had four NEOs, being David Jackson, President and CEO, Vid Wadhwani, Chief Operating Officer, Allan Goulding, CFO and David Carkeek, Senior Vice-President.

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about Aydon's executive compensation objectives and processes and to discuss compensation decisions relating to its NEOs listed in the Summary Compensation Table below.

Objectives

An executive's compensation is aligned with his or her responsibilities and ability to influence business results, and varies with performance and level of responsibility. Aydon believes that executive compensation should support an appropriate relationship between executive pay and creation of shareholder value. To this end, Aydon believes that its executive compensation should:

a) provide compensation to that paid by similar companies, thereby enabling Aydon to attract and retain talented executives critical to its long-term success;

b) motivate and retain key executives to achieve strategic corporate objectives by rewarding them for achieving such; and

c) align the interests of executives with the long-term interests of shareholders through stock option awards, whose value over time depends upon the market value of the Aydon Shares.

Elements of the Compensation Program

Aydon compensated its executives on the following basis:

- base retainer;

- time based compensation for work performed on behalf of Aydon beyond the normal expected scope of their executive duties at the current stage of Aydon's development with bonuses to reward specific achievements

- stock options to provide long-term compensation incentives tied to increases in shareholder value.

Aydon believes at-risk compensation (including bonuses and stock options) is important, as it aligns the financial interests of its executives with the financial interests of its shareholders. The executive compensation program will be monitored by the Board.

Compensation Governance

Aydon will rely solely on the Board, through discussion without any formal objectives, criteria or analysis, in determining the compensation of its executive officers. The Board is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to its NEOs and to its directors, and for reviewing the recommendations respecting compensation for any other officers from time to time, to ensure such arrangements reflect the responsibilities and risks associated with each position.

Base Salary

As Aydon develops and requires more time from its executive officers, the base retainer fee for each executive officer will be reviewed from time to time and established. Base fees will be established taking into consideration the executive officer's personal performance and seniority, contribution to Aydon's growth and profitability, and comparability with industry norms. Aydon believes that a competitive base retainer is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. Aydon also believes that attractive base retainers can motivate and reward executives for their overall performance.

Bonuses

Executives may be provided with annual cash incentive bonuses based on Aydon's annual financial performance. At the discretion of the Board, Aydon may also tie annual cash bonuses to the achievement of other financial and non-financial goals. In consideration of the fact that the directors acted without compensation for a significant length of time during the year under review, bonuses of $10,000 to each NEO were paid on achieving the milestone of listing of Aydon on the CSE in March 2015.

Aydon does not currently provide any incentive bonuses to its executive officers, directors, or employees, but may elect to do so in the future.

Risk of Compensation Practices and Disclosure

The Board has not proceeded to a formal evaluation of the implications of the risks associated with its compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board does not believe that Aydon's compensation program results in unnecessary or inappropriate risk taking, including risks that are likely to have a material adverse effect on Aydon.

Hedging Policy

The NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Neither the NEOs nor the directors are permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEOs or directors, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds.

Stock Options

Historically, Aydon did not provide any incentive stock option to its executive officers, directors, or employees. In November 2016, it issued an aggregate of 900,000 Aydon Options, which will be cancelled on the Closing Date, to its directors and officers in order to further align their interests with those of the Aydon Shareholders.

Benefits and Perquisites

The NEOs do not receive any benefits or perquisites other than as disclosed herein.

Summary Compensation Table

The following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to NEOs by Aydon and its subsidiaries for services in all capacities to Aydon during the fiscal periods ended April 30, 2015, April 30, 2016 and December 31, 2016:

Name and principal position	Year ended	Salary ($)	Share-based awards ($)	Option -based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
Vid Wadhwani *COO and Chairman*	12/2016 12/2015 4/2015	Nil Nil Nil	Nil Nil 47,526(3)	Nil Nil Nil	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	90,000(1) 90,000(2) 49,100(2)	90,000 90,000 96,626
David Jackson *President and CEO*	12/2016 12/2015 4/2015	Nil Nil Nil	Nil Nil 43,264(3)	Nil Nil Nil	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	84,000(4) 84,000(4) 36,500(2)	84,000 84,000 79,764
Allan Goulding *CFO*	12/2016 12/2015 4/2015	Nil Nil Nil	Nil Nil 34,420(3)	Nil Nil Nil	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	Nil (2) 31,000(2) 43,450(2)	Nil 31,000 77,870
David Carkeek *Senior Vice-President*	12/2016 12/2015 4/2015	Nil Nil Nil	Nil Nil 39,553(3)	Nil Nil Nil	Nil Nil N/A	Nil Nil N/A	Nil Nil N/A	90,000(1) 90,000(1) 55,800(2)	90,000 90,000 95,353

(1) Consists of base retainer fee of $7,500 per month as well as time based consulting fees paid for services rendered as officer of Aydon.
(2) Consists of base retainer fee of $3,000 per month as well as time based consulting fees paid for services rendered as officer of Aydon.
(3) Consideration paid to acquire interest and right to proprietary information, contacts and contracts related to the business of acquiring and operating a portfolio of single family residential properties in Detroit, MI.
(4) Consists of base retainer fee of $7,000 per month as well as time based consulting fees paid for services rendered as officer of Aydon.

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at December 31, 2016 to the NEOs of Aydon:

	Option-based Awards				Share-based Awards	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**
Vid Wadhwani *COO and Chairman*	100,000	0.10	Nov. 3, 2021	Nil	Nil	Nil
David Jackson *President and CEO*	100,000	0.10	Nov. 3, 2021	Nil	Nil	Nil
Allan Goulding *CFO*	Nil	N/A	Nov. 3, 2021	Nil	Nil	Nil
David Carkeek *Senior Vice-President*	100,000	0.10	Nov. 3, 2021	Nil	Nil	Nil

Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the period ended December 31, 2016:

Name	**Option-based awards – Value vested during the year ($)**	**Share-based awards – Value vested during the year ($)**	**Non-equity incentive plan compensation – Value earned during the year ($)**
Vid Wadhwani *COO and Chairman*	3,075.88(1)	Nil	Nil
David Jackson *President and CEO*	3,075.88(1)	Nil	Nil
Allan Goulding *CFO*	Nil	Nil	Nil
David Carkeek *Senior Vice-President*	3,075.88(1)	Nil	Nil

(1) On November 1, 2016, the Company granted 900,000 stock options to directors and consultants, which vested immediately and are exercisable at $0.10 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 0.70%, expected dividend yield – 0%, and average expected stock price volatility – 200%. During the year ended December 31, 2016, $27,683 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

Pension Plan Benefits

Aydon has no pension plan.

Termination and Change of Control Benefits

During the period ended December 31, 2016, there were no employment contracts, agreement, plans or arrangements for payments to an NEO, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of Aydon or a change in an NEO's responsibilities.

Director Compensation

Director Compensation Table

The following table sets forth information with respect to all amounts of compensation provided to the directors of Aydon (other than NEOs) for the period ended December 31, 2016.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Daniel Gouws *Director*	Nil	Nil	3,075.88(1)	Nil	Nil	Nil	3,075.88
Vern Stromkins *Director*	Nil	Nil	9,227.66(1)	Nil	Nil	Nil	9,227.66

(1) On November 1, 2016, the Company granted 900,000 stock options to directors and consultants, which vested immediately and are exercisable at $0.10 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 0.70%, expected dividend yield – 0%, and average expected stock price volatility – 200%. During the year ended December 31, 2016, $27,683 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

Share-Based Awards, Options-Based Awards and Non-Equity Incentive Plan Compensation

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding as at December 31, 2016 to the directors of Aydon, other than NEOs, whose compensation is fully reflected in the summary compensation table for the NEO's:

	Option-based Awards				Share-based Awards	
Name	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)
Daniel Gouws *Director*	100,000	0.10	Nov. 3, 2021	Nil	Nil	Nil
Vern Stomkins *Director*	300,000	0.10	Nov. 3, 2021	Nil	Nil	Nil

Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for the directors of Aydon during the period ended December 31, 2016, other than NEOs, whose compensation is fully reflected in the summary compensation table for the NEO's: Aydon has no Incentive plan.

Name	Option-based awards – Value vested during the year ($)	Share-based awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Daniel Gouws *Director*	3,075.88(1)	Nil	Nil
Vern Stromkins *Director*	9,227.66(1)	Nil	Nil

(1) On November 1, 2016, the Company granted 900,000 stock options to directors and consultants, which vested immediately and are exercisable at $0.10 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 0.70%, expected dividend yield – 0%, and

average expected stock price volatility – 200%. During the year ended December 31, 2016, $27,683 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

Long Term Incentive Plans

Aydon does not have a long term incentive plan other than the Stock Option Plan.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out, as of December 31, 2016, all required information with respect to compensation plans under which equity securities of Aydon are authorized for issuance:

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted-average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plans approved by securityholders	900,000	$0.10	2,556,489
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	900,000	$0.10	2,556,489

Stock Option Plan

The purpose of the Stock Option Plan is to provide an incentive to Aydon's directors, officers, employees, management companies and consultants to continue their involvement with Aydon, to increase their efforts on Aydon's behalf and to attract new qualified employees, while at the same time reducing the cash compensation Aydon would otherwise have to pay. The Stock Option Plan is also intended to assist in aligning management and employee incentives with the interests of the Aydon Shareholders.

The following is a brief description of the principal terms of the Stock Option Plan. A full copy of the Stock Option Plan is available to shareholders upon request.

- The number of Aydon Shares that may be issued pursuant to Aydon Options shall not exceed 10% percent of the issued and outstanding Aydon Shares at the date of grant.

- The term of Aydon Options granted under the Stock Option Plan is fixed by the Board and may not exceed five years from the date of grant. Aydon Options are non-assignable and non-transferable.

- The exercise price of Aydon Options granted under the plan is determined by the Board, provided that the exercise price is not less than the price permitted by the CSE or, if the Aydon Shares are not listed on the CSE, then such other exchange or quotation system on which the Aydon Shares are listed or quoted for trading.

- The terms of an option may not be amended once issued under CSE requirements. If an option is cancelled prior to the expiry date, Aydon shall not grant new Aydon Options to the same person until thirty days have elapsed from the date of cancellation.

- Vesting, if any, and other terms and conditions relating to such Aydon Options shall be determined by the Board or the Committee (as hereinafter defined) from time to time and in accordance with CSE requirements, if Aydon`s shares are listed on the CSE.

- Any Aydon Options granted pursuant to the plan will terminate generally within ninety days of the option holder ceasing to act as a director, officer, employee, management company or consultant of Aydon or any of its affiliates, and within generally thirty days of the option holder ceasing to act as an employee engaged in investor relations activities, unless such cessation is on account of death. If such cessation is on account of death, the Aydon Options terminate on the first anniversary of such cessation. If such cessation is on account of cause, or terminated by regulatory sanction or by reason of judicial order, the Aydon Options terminate immediately. Aydon Options that have been canceled or that have expired without having been exercised shall continue to be issuable under the plan. The plan also provides for adjustments to outstanding Aydon Options in the event of any consolidation, subdivision or exchange of the Aydon Shares.

- The plan is administered by the Board or, if the Board so elects, by a Committee (the "**Committee**"), which committee shall consist of at least two board members, appointed by the Board.

- The plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable, including vesting schedules, and other terms and conditions relating to such Aydon Options shall be determined by the Board or the Committee and in accordance with CSE requirements.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 ("**NI 58-101**") establishes corporate governance guidelines which apply to all public companies. Aydon has reviewed its own corporate governance practices in light of these guidelines. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

Board of Directors

The Board is currently comprised of five directors and it is proposed that seven directors will be nominated at the Meeting.

NI 58-101 recommends that the board of directors of every listed company should consist of a majority of individuals who qualify as "independent" directors under National Instrument 52-110 ("**NI 52-110**"), which provides that a director is independent if he or she has no direct or indirect "material relationship" with Aydon. "Material relationship" is defined as a relationship which could, in the view of Aydon's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

Of the proposed nominees, Hasan al-Shawa, Henri Petit, Joseph Cianci, François Castonguay and Hazem al-Shawa are considered "not independent" as they are employees of Delma or its affiliates. The remaining proposed directors are considered by the Board to be "independent", within the meaning of NI 52-110.

Mandate of the Board of Directors

The Board has responsibility for the stewardship of Aydon. That stewardship includes responsibility for strategic planning, identification of the principal risks of Aydon's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of Aydon's internal control and management information systems.

Directorships

None of the proposed directors are directors of other reporting issuers, other than Hubert Marleau who is a director of GobiMin Inc., Dundee Sustainable Technologies Inc., Niocan Inc., A.I.S. Resources Limited, Huntington Exploration Inc. and Eco Oro Minerals Corp.

Orientation and Continuing Education

Aydon has not formalized an orientation program. However, if a new director is appointed or elected, he or she is provided with orientation and education about Aydon which would include information the duties and obligations of directors, the business and operations of Aydon, documents from recent board meetings and opportunities for meetings and discussion with senior management and other directors. Specific details of the orientation of each new director would be tailored to that director's individual needs and areas of interest.

Aydon does provide continuing education opportunities to directors so that they may maintain or enhance their skills and abilities as directors and ensure that their knowledge and understanding of Aydon's business remains current.

Ethical Business Conduct

Aydon has not taken any formal steps to promote a culture of ethical business conduct, but Aydon and its management are committed to conducting its business in an ethical manner. This is accomplished by management actively doing the following in its administration and conduct of Aydon's business:

1. The promotion of integrity and deterrence of wrongdoing.
2. The promotion of honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.
3. The promotion of avoidance or absence of conflicts of interest.
4. The promotion of full, fair, accurate, timely and understandable disclosure in public communications made by Aydon.
5. The promotion of compliance with applicable governmental laws, rules and regulations.
6. Providing guidance to Aydon's directors, officers and employees to help them recognize and deal with ethical issues.

7. Helping foster a culture of integrity, honesty and accountability throughout Aydon.

Nomination of Directors

The Board as a whole is responsible for identifying and evaluating qualified candidates for nomination to the Board. In identifying candidates, the Board considers the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess, the competencies and skills that the Board considers each existing director to possess, the competencies and skills each new nominee will bring to the Board and the ability of each new nominee to devote sufficient time and resources to his or her duties as a director.

Other Board Committees

The Board has not established any committees other than the Audit Committee.

Assessments

The Board has not developed written descriptions or objectives for its executives and looks to generally accepted industry standards as adequately delineating the roles and responsibilities of such persons. There is no formal process for regular assessment of the Board, its committees and individual directors. The Board informally assesses performance through ongoing dialogue amongst Board members.

Interest of Certain Persons or Companies in Matters to be Acted Upon

No director or executive officer of Aydon, or any person who has held such a position since the beginning of the last completed financial year of Aydon, nor any nominee for election as a director of Aydon, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors.

Audit Committee

General

The Audit Committee is a standing committee of the Board of Directors, the primary function of which is to assist the Board in fulfilling its financial oversight responsibilities, which will include monitoring the quality and integrity of Aydon's financial statements and the independence and performance of Aydon's external auditor, acting as a liaison between the Board and Aydon's external auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management and the Board have established.

Terms of Reference for the Audit Committee

The Board has adopted the Terms of Reference for the Audit Committee, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The Audit Committee's Terms of Reference is attached as Schedule G to this Circular.

Composition

The proposed membership of the Audit Committee is as follows. Also indicated is whether they are "independent" and "financially literate":

Name of Member	Independent(1)	Financially Literate(2)
Hubert Marleau	Yes	Financially Literate
François Castonguay	No	Financially Literate
Terry Badour	Yes	Financially Literate

(1) A member of the Audit Committee is independent if he has no direct or indirect "material relationship" with Aydon. A material relationship is a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment. An executive officer of Aydon, such as the President or Secretary, is deemed to have a material relationship with Aydon.

(2) A member of the Audit Committee is financially literate if he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by Aydon's financial statements.

Because the Aydon Shares are listed on the CSE, it is categorized as a venture issuer. As a result, under National Instrument 52-110 *Audit Committees* ("**NI 52-110**") Aydon's Audit Committee can be composed of a minority of non-independent members.

Audit Committee Oversight

Since the commencement of Aydon's most recently completed financial year, there has not been a recommendation to the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

Reliance on Certain Exemptions

Since the commencement of Aydon's most recently completed financial year, Aydon has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services, however, as provided for in NI 52-110, the Audit Committee must pre-approve all non-audit services to be provided to Aydon or its subsidiaries, unless otherwise permitted by NI 52-110.

The table below sets out all fees billed by Aydon's external auditors in each of Aydon's three most recently completed financial years.

External Auditor Services Fees (By Category)

Financial Period Ended	**Audit Fees(1)**	**Audit Related Fees(2)**	**Tax Fees(3)**	**All Other Fees(4)**
December 31, 2015	$17,461.50	$14,994.00	Nil	$2,467.50
December 31, 2016	$16,399	$15,499	Nil	$900

(1) The aggregate fees billed by Aydon's auditor for audit fees.
(2) The aggregate fees billed for assurance and related services by Aydon's auditor that are reasonably related to the performance of the audit or review of Aydon's financial statements and are not disclosed in the 'Audit Fees' column.
(3) The aggregate fees billed for professional services rendered by Aydon's Auditor for tax compliance, tax advice and tax planning. These services involved the filing of Aydon's annual tax returns.
(4) The aggregate fees billed for professional services other than those listed in the other three columns.

Exemption

Pursuant to section 6.1 of NI 52-110, Aydon is exempt from the requirements of Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110 because it is a venture issuer.

Indebtedness of Directors and Senior Officers

None of the directors or executive officers of Aydon or any subsidiary thereof, has more than "routine indebtedness" to Aydon or any subsidiary thereof.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Aydon is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of each of the following persons in any matter to be acted upon at the Meeting other than the election of directors or the approval of the Stock Option Plan:

a) each person who has been a director or executive officer of Aydon at any time since the beginning of Aydon's last financial year;

b) each proposed nominee for election as a director of Aydon; and

c) each associate or affiliate of any of the foregoing.

Interest of Informed Persons in Material Transactions

Unless otherwise disclosed herein, no informed person or proposed nominee for election as a director, or any associate or affiliate of any of the foregoing, has or has had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of Aydon's most recently completed financial year, which has materially affected or will materially affect Aydon or any of its subsidiaries, other than as disclosed by Aydon during the course of the year or as disclosed herein.

PART III - THE REVERSE TAKE-OVER AND THE ACQUISITION

In connection with the Acquisition, Shareholders will be asked at the Meeting to approve, among other things, the Reverse Take-over. Details regarding the Acquisition, including the background to, reasons for, details of, conditions to and effect of, the Acquisition, are set forth in this Circular and the Schedules hereto. Shareholders are urged to carefully read the information in this Circular and the Schedules in order to make an informed decision.

General

Aydon has entered into the Acquisition Agreement with the Delma Entities, under which Aydon has agreed to acquire all of the issued and outstanding Delma Shares, Delma Units, Bromont GP Shares and SEC Bromont Units on the following terms (before giving effect to the Consolidation):

a) Aydon will purchase the Delma GP Shares, the units of Delma LP and the units of Delma Properties LP at a total price of $33,480,000 and issue 490,916,667 Aydon Class A shares and 625,083,333 Aydon Class B shares to Delma Properties LP Unitholders and Delma LP Properties Unitholders;

b) Aydon will purchase the Bromont GP Shares and the SEC Bromont Units at a total price of $24,500,000 and issue 616,666,700 Aydon Class A shares and 200,000,000 Aydon Class B shares to SEC Bromont Unitholders and Bromont GP Shareholders.

The Aydon Shareholders that held Aydon Shares before the Acquisition (the "**Pre-Acquisition Shareholders**") will receive $800,000 in value (the "**Additional Value**") if and when Aydon is able to generate $400,000 in net income from its Student Housing Projects as recognized in Aydon's audited financial statements (the "**Additional Income**"). The Additional Income shall be recognized at the latest in the 2019 audited financial statements of Aydon. The Additional Value will be paid by the issuance of Aydon Shares to the Pre-Acquisition Shareholders at a price per Aydon Share equivalent to the weighted average value of the Aydon Shares in the 10 days preceding the issuance of the Aydon's financial statements in which the Additional Income has been recognized (the "**Share Value**"). For example, if the Share Value is $8 then 100,000 Aydon Shares will be issued to the Pre-Acquisition Shareholders.

A total of 1,932,666,700 Consideration Shares are expected to be issued to the Delma Shareholders and Delma Unitholders. Upon the completion of the Acquisition, Delma Properties will be a wholly-owned subsidiary of Aydon (or the Resulting Issuer, as Aydon upon the completion of the Acquisition will be referred to for the purposes of this Circular). The principal business of the Resulting Issuer will be the current business of Delma except to the extent described under Part VII - Information Concerning the Resulting Issuer.

The Resulting Issuer Board upon completion of the Acquisition will consist of seven directors and will be comprised of Hasan al-Shawa, Henri Petit, Joseph Cianci, Hazem al-Shawa, François Castonguay, Terry Badour and Hubert Marleau.

Aydon also intends, subject to approval of the Name Change, to change its name to "The Delma Group Inc." upon completion of the Acquisition.

Upon completion of the Acquisition and the Consolidation, it is anticipated that the issued and outstanding capital of the Resulting Issuer will consist of 5,672,516 Resulting Issuer Class A Shares, 4,125,417 Resulting Issuer Class B Shares, 7,934 Resulting Issuer Warrants, and 855,323 Resulting Issuer Options. As a result, former shareholders of Delma will hold approximately 98.5% of the outstanding Aydon Shares on a non-diluted basis. See "Part VII - Information Concerning the Resulting Issuer - Pro Forma Consolidated Capitalization". The Resulting Issuer is also anticipated to have cash and cash equivalents of approximately $35,511.

Background to the Reverse Take-over and the Acquisition

The Board, in the course of a strategic review, has decided that the Reverse Take-over is the best available option to produce value for its shareholders. As a result, Aydon has entered into the Acquisition Agreement in order to complete the Reverse Take-over.

Securities Laws Matters

It is anticipated that the issuance of the Consideration Shares will be exempt from the prospectus and registration requirements of applicable securities laws and that those Aydon Shares so issued will generally be "freely tradable" (other than as a result of any "control person" restrictions which may arise by virtue of ownership thereof and subject to customary restrictions of general application) under applicable Canadian securities laws. However, it is expected that 1,050,587 Resulting Issuer Class A Shares and 3,871,750 Resulting Issuer Class B Shares will be subject to escrow requirements in accordance with CSE policies and the terms and conditions of the Escrow Agreement. See "Part VII - Information Concerning the Resulting Issuer - Escrowed Securities".

Regulatory Approvals and Filings

Neither Aydon nor the Delma Entities, as applicable, are aware of any material licenses or regulatory permits that it holds which might be adversely affected by the Acquisition or which must be obtained or of any other approval by any federal, provincial, state or foreign government or administrative or regulatory agency that would be required to be obtained prior to the completion of the Acquisition, other than CSE Approval.

Representations, Warranties and Covenants

The Acquisition Agreement contains representation and warranties made by each of Aydon and the Delma Entitites in respect of their respective assets, liabilities, financial position, business and operations. Each of the Delma Entities and Aydon also provided covenants in favour of the other which govern their respective conduct of their operations and affairs prior to completion of the Acquisition.

Conditions to the Acquisition

The Acquisition Agreement contains certain conditions to the obligations of Aydon and the Delma Entities to complete the Acquisition. Unless all of such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, the Acquisition will not be completed. The following is a summary of the significant conditions contained in the Acquisition Agreement:

a) no material adverse change shall have occurred in the condition of either the Delma Entities or Aydon;

b) the CSE shall have accepted the Reverse Take-over and approved the listing of the Consideration Shares to be issued under the Acquisition, subject only to such conditions as are acceptable to Aydon and the Delma Entities, acting reasonably; and

c) the Acquisition shall have been approved by the Aydon Shareholders.

Consents and Approvals

Management of Aydon and the Delma Entities believe that all material consents, rulings, approvals and assurances required for the completion of the Acquisition will be obtained prior to the Acquisition Effective Date; however, there can be no assurance that all of the conditions to the completion of the Acquisition will be fulfilled prior to the anticipated Closing Date of January 3, 2018 or at all.

Recommendations of the Board

The Board has unanimously determined that the Reverse Take-over and the Acquisition are fair to Shareholders, and are in the best interests of Aydon and the Aydon Shareholders and has authorized the submission of the Reverse Take-over to Shareholders for approval. Accordingly, the Board unanimously recommends that the Shareholders vote FOR the resolution approving the Reverse Take-over and all other matters to be considered at the Meeting.

The members of the Board and the officers of Aydon held or controlled an aggregate of 10,854,286 Aydon Shares representing 42.46% of the outstanding Aydon Shares (on a non-diluted basis) as at the Record Date. Each of the members of the Board and the officers of Aydon have indicated that they intend to vote all of their Aydon Shares in favour of the Reverse Take-over and all other matters to be considered at the Meeting.

Risk Factors

The Resulting Issuer will principally carry on the business of Delma. The business currently conducted by Delma and to be conducted by the Resulting Issuer, upon completion of the Acquisition, is subject to a number of risks as outlined below. In evaluating the Reverse Take-over and the Acquisition, Shareholders should carefully consider, in addition to the other information contained in this Circular, the risks and uncertainties described below before deciding to vote in favour of the Reverse Take-over. While this Circular has described the risks and uncertainties that management of Aydon and the Delma Entities believe to be material to the Resulting Issuer's business, it is possible that other risks and uncertainties affecting the Resulting Issuer's business will arise or become material in the future.

If the Resulting Issuer is unable to effectively address these and other potential risks and uncertainties following the completion of the Acquisition, its business, financial condition or results of operations could be materially and adversely affected. In this event, the value of the Resulting Issuer Class A Shares could decline and you could lose all or part of your investment.

A description of the risk factors associated with Aydon's current business is included in Aydon's Initial CSE Listing Statement and is available under Aydon's profile on the CSE website at www.thecse.com.

Risks relating to the properties

The Properties have rental cycles in which a substantial number of rooms are rented seasonally. The concentration of rental cycles heightens the Delma Group exposure to the typical risks associated with rental cycles, including the risk of vacancies following non-rental of rooms, reduced occupancy rates and lower Rental Income.

The Properties may face increased competition from other properties.

The Properties are located in areas where other competing properties are present and new properties may be developed which may compete with the Properties. The appeal and attractiveness of the Properties may decrease in the future, especially if new hotels and resorts are built and/or existing properties undergo upgrading and the Properties fail to keep pace. The income from, and the market value of the Properties will be dependent on the ability of the Properties to compete against other properties for business. If, in the future, competing properties are more successful in attracting and retaining customers, the income from the Properties could be reduced, thereby adversely affecting the Delma Group's cash flow.

The Properties may require significant capital expenditure beyond the Management's current estimate and the Delma Group may not be able to secure funding.

The Properties may require significant capital expenditure beyond management's current estimate for refurbishment, renovation and improvements the Delma Group may not be able to fund capital improvements solely from cash derived from its operating activities and/or obtain additional equity and/or debt financing on favorable terms or at all. If the Delma Group is not able to procure such financing, the Management may be unable to refurbish, renovate and/or improve the Properties which may adversely affect rental negotiations and rental rates in the future the Delma Group may also require additional debt and equity financing to fund future expansion, operational needs and debt service payments. Without the required funding, the Delma Group may not be able to carry out its operations effectively, incur sufficient capital expenditures or respond to competitive pressures.

Transportation infrastructure near the Properties may be redirected, relocated, terminated, delayed or not completed.

There is no assurance that the existing and/or planned transportation infrastructure and public transport services around the Properties will not be redirected, relocated, terminated or delayed. If the current infrastructure or planned infrastructure is redirected, relocated, terminated, delayed or not completed, it may have an adverse effect on the accessibility of the Properties, including worsening traffic congestion around the Properties, and reduce the flow of traffic to Properties. This may then have an adverse effect on the demand, appeal and the rental rates for the Properties and have an adverse effect on the financial condition and results of operations of the Delma Group

The Delma Group may be adversely affected by construction or development works around the vicinity of the Properties.

Construction or development works around the vicinity of the Properties may cause physical damage to the Properties or disruption to operations of the Delma Group. Any damage to the Properties will result in disruption to the business and operations often ants and may result in the Delma Group being unable to collect Rental Income on space affected by such damage. Traffic will also be affected by potential inconveniences resulting from such damage. Renovations, redevelopment works or physical damage to the Properties or continued development of the Properties may disrupt the operations of the Properties and collection of Rental lncome or otherwise resulting in an adverse impact to the financial condition of the Delma Group.

The quality and design of the Properties have a direct influence over the demand for space in, and the rental rates of, the Properties.

The Properties may need to undergo renovation, upgrading, development; redevelopment or asset enhancement programs from time to time to retain their competitiveness and may also require unforeseen adhoc maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining retail and office properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. ln addition, the Properties may be required to undergo rectification works to comply with local regulatory requirements. The business and operations of the Properties may suffer some disruption and it may not be possible to collect any Rental lncome in full, or at all, on space affected by such renovation or redevelopment works. Any inconvenience caused may also potentially lower customer rentals. ln addition, physical damage to the Properties resulting from fire or other causes may lead to a significant disruption to the business and operation of the Properties and, may impose unbudgeted costs on the Delma Group and result in an adverse impact on the financial condition and results of operations the Delma Group.

The Properties might be adversely affected if the Management and the Property Management do not provide adequate management and maintenance.

Delma Hospitality & Facilities Management is responsible for the management and the property management of the group property and if it fails to provide adequate management and maintenance, the value of the Properties might be adversely affected and this may result in the loss of tenants or lower rental rates, which will adversely affect the financial condition of the Delma Group. Failure to provide adequate management and maintenance to Properties may also lead to a decrease in traffic, with patrons being attracted to the competitors of the Delma Group. This will affect the financial performance of the Delma Group.

The Delma Group may suffer material losses in excess of insurance proceeds or the Delma Group may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties.

The Properties face the risk of suffering physical damage caused by tire, acts of God such as natural disasters or other causes, as well as potential public liability claims. ln addition, certain types of risks (such as war risk and losses caused by the outbreak of contagious diseases, contamination or other damages caused by breaches of environmental law) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, the Delma Group insurance policies for the Properties include property damage caused by fire, lightning or explosion, consequential losses (including loss of revenue), machinery breakdown, equipment damage, theft, accidental damage and public liability but do not in general cover acts of war, outbreak of contagious diseases, contamination or other damages caused by breaches of environmental law. Should an uninsured loss or a loss in excess of insured amounts occur, the Delma Group could be required to incur additional unbudgeted capital expenditure, pay compensation and/or lose capital invested in the affected Property as well as anticipated future revenue from that Property as it may not be able to rent out or sell the affected property. No assurance can be given that material losses in excess of insurance proceeds (if any) will not occur. ln addition, the Delma Group insurance policies and terms of coverage will be subject to renewal and negotiations on a periodic basis in the future and there is no assurance as to the nature and extent of coverage that will be available on commercially reasonable terms in the future. Any material increase in insurance rates or decrease in available coverage in the future will adversely affect Delma Group's business, results of operations and financial condition.

The due diligence on the Properties may not have identified all material defects, breaches of laws and regulations and other deficiencies.

Save for due diligence on the tile and legal matters affecting the Properties, no other due diligence was carried out in respect of the Properties. Such due diligence may not have revealed all breaches of laws or regulations or defects or deficiencies affecting the Properties, including to the title thereof. No technical due diligence was undertaken by the Management on the Properties. There can be no assurance that the Properties do not or will not have defects or deficiencies, which will require additional expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties. Such costs or liabilities may involve significant and potentially unpredictable levels of expenditure that could have a material adverse effect on The Delma Properties Group business, financial condition results of operations and prospects. Moreover, the representations, warranties and indemnities made in favor of the Delma Group by the Vendors may not offer sufficient protection for the costs and liabilities arising from any defect or deficiency.

The Appraised Values of the Properties are based on various assumptions that may or may not materialize; the price at which the Delma Group is able to sell the Properties in future may be lower than the acquisition value of the Properties.

There can be no assurance that the assumptions relied on to derive the Appraised Values of the Properties are accurate measures of the market, and the said values of the Properties may be evaluated inaccurately. Property valuation in general involves using assumptions, estimates, subjective parameters and/or close proxies. The lndependent Property Valuator may have included a subjective determination of certain factors relating to the Properties such as their relative market positions, financial and competitive strengths, and physical condition. The lndependent Property Valuator may also have taken into account external factors such as demand and supply, general economic conditions and interest rates. The valuation of any of the Properties does not guarantee a sale price at that value at present or in the future as values might change and are subject to market conditions as well. The price at which the Delma Group may sell any of the Properties may be lower than the Appraised Value or its purchase consideration.

The Delma Group is dependent on third parties for certain services.

Certain services to the Properties, for example, water, electricity and sewerage treatment may be provided by third party service providers or may not be located within the Properties. There is no assurance that the third parties or other parties contracted by the third parties will fulfill their obligations under any contracts of service. The Delma Group is also dependent on the Property Management for providing property management services, tenancy management services, marketing and marketing coordination services and project management services. Any interruption to such services to the Properties may disrupt business operations and have a material adverse effect on Delma Resorts & Hotels' business, financial condition, results of operations and prospects.

Risk relating to the Delma Group's operations

The Delma Group is exposed to economic and real estate market conditions (including uncertainties and instability in global market conditions and increased competition in the hospitality market).

The Properties are located in North America, South America, Europe, and Caribbean. As a result, the Delma Group's results of operations depend, to a large extent, on local economies and real estate market conditions. A decline of a local economy could adversely affect the Delma Group results of operations and future growth. The performance of the Delma Group may also be adversely affected by a number of local real estate market conditions, such as the competitiveness of competing hospitality properties or the supply and demand of hospitality properties. There can be no assurance that the local economy will continue to improve, that property values, rents and occupancy rates will not decline, or that interest rates or inflation will not rise in the future. An economic decline in the local economy, a decline in real estate market conditions or other developments outside the control of the Delma Group would have a material adverse effect on it's business, financial condition and results of operations.

The Delma Group may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. There can be no assurance that the Delma Group will be able to raise funds at a reasonable cost that could have a material adverse effect on the Delma Group Hotels' business, financial condition and results of operations.

The Delma Group's revenues from, and the value of, the Properties may be adversely affected by a number of factors, including, but not limited to:

(i) The ability to collect rent from the patrons on a timely basis or at all;

(ii) the amount and extent to which the Delma Group may grant rental rebates to patrons;

(iii) defects affecting the Properties that could affect operations;

(iv) a drop in rental rates due to changes in rental rates of comparable hospitality properties;

(v) the general macroeconomic and supply and demand trends affecting the economic conditions in the real estate market sector in the local economies;

(vi) management's ability to provide adequate management and maintenance or to purchase or put in place adequate insurance;

(vii) changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Rights related to the properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment; and

(viii) acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases, natural disasters and other events beyond the control of management.

Operating risks inherent to the hospitality property industry and increases in operating and other expenses of the Properties could have an adverse effect on the Delma Group financial condition and results of operations. The Delma Group ability to maintain a certain level of cash flow liquidity could be affected if it's operating and other expenses increase without a corresponding increase in revenue. ln addition to other factors mentioned herein, factors that could increase operating and other costs of the Properties, include, but are not limited to, the following:

(i) Increase in utility costs (including any increase in preferential tariff granted by utility service providers);

(ii) increase in construction, repair and maintenance costs (including mechanical and engineering costs);

(iii) increase in third party sub-contracted service costs;

(iv) increase in insurance premiums;

(v) increase in payroll expenses;

(vi) increase property and related taxes and other statutory charges;

(vii) increase in property management cost and Management Fee;

(viii) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies; and

(ix) increase in costs of financing for operating or capital requirements.

Additionally, capital expenditures and other expenses may be irregular since on-going repairs and maintenance involves significant and potentially unpredictable expenditures. Both the amount and timing of such expenditures will have an impact on the cash flow of the Delma Group. If the Properties do not generate revenue sufficient to meet operating expenses, debt service and capital expenditures, the Delma Group's income and cash flow may be affected.

Many of these factors may have an adverse effect on the net property income derived from the Properties. The valuation of the Properties (to be obtained at least once every three years from the date of the last valuation) will reflect such factors and as a result, such valuation may fluctuate significantly upwards or downwards.

The Delma Group is subject to risks inherent in concentrating investments primarily in hospitality properties.

The Delma Group principal investment policy is to invest in hospitality real estate properties. As such, the Delma Group will be subject to additional risks compared to a portfolio that is diversified in terms of location and type. These risks include, and are not limited to, a downturn in the local economy, movements in interest rates and changes in policies or laws affecting real property, which could in turn affect the valuation of the Properties, reduce patrons rental income, decrease rental and occupancy rates, and have a material adverse effect on the Delma Group business, results of operations and financial conditions.

The Delma Group may face risks associated with debt financing and existing and future debt facilities and debt covenants may limit or affect the Delma Group operations.

Upon listing on the CSE, the Delma Group will have total indebtedness of approximately $20,986,455 representing approximately 35.76% of its estimated total asset value. The Delma Group is subject to risks associated with existing and future debt financing, including the risk that its cash flow will be insufficient to meet the required payments of principal and interest under such financing.

The Delma Group may not be able to meet all of its obligations to repay any future borrowings through its cash flow from operations. The Delma Group may be required to repay maturing debt with funds from additional debt or equity financing or both. There is no assurance that such financing will be available on acceptable terms or at all.

If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, the Delma Group will not be able to repay all maturing debt. ln such cases, if the Delma Group defaults under such debt facilities, the lenders may be able to declare a default and initiate enforcement. Proceedings in respect of any security provided, and/or call upon any guarantees provided. Further, if any of the Properties are mortgaged, the lender could foreclose such Properties or the lender could require a forced sale of the Properties with a consequent loss of income and asset value to the Delma Group. Even if the Delma Group is able to secure new debt financing, the Delma Group may be subject to the risk that the terms of any refinancing undertaken will be less favorable than the terms of the borrowings sought to be refinanced (including bank borrowings or issuances of debenture and bonds). The Delma Group may also be subject to certain covenants that may limit or otherwise adversely affect its operations. Such covenants may also restrict the Delma Group ability to acquire properties or undertake other capital expenditure and may require it to set aside funds for maintenance or repayment of security deposits or require the Delma Group to maintain certain financial ratios (such as loan to value ratios). The trigger in go of any of such covenants may have an adverse impact on the Delma Group financial condition. lncreases in interest rates could significantly affect the Delma Group financial condition and results of operations. The interest rates of borrowings could be subject to changes based on the cost of funds of the respective lenders, which could be subject to renegotiation on a periodic basis. If the interest rates for the Delma Group’s existing or future borrowings increase significantly, its cost of funds will increase which may adversely impact its results of operations, planned capital expenditure and cash flows.

Management may not be able to successfully implement its investment strategies, including asset enhancements, for the Delma Group.

There is no assurance that management will be able to implement its investment strategies successfully or that it will be able to expand the Delma Group portfolio at any specified rate or to any specified size. The success of implementation of its investment strategies depends on the identification of suitable assets and the ability to obtain financing. Management may not be able to make acquisitions or investments on favorable terms or within a desired time frame, which will impede the growth of the Delma Group. The Delma Group’s ability to make new property acquisitions under its acquisition growth strategy may be adversely affected by the emergence of competitors in hospitality property markets. There may be significant competition for investment opportunities from other property investors, commercial property development companies and private investment funds. There is no assurance that the Delma Group will be able to compete effectively against such entities. Even if the Delma Group were able to successfully acquire property or investments, there is no assurance that it will achieve its intended return on such acquisitions or investments. Further, the Delma Group’s external growth strategy and its asset selection process may not be successful and may not provide positive returns to shareholders. Acquisitions may divert management's attention away from day-to-day operations and cause disruptions to the Delma Group operations. Even if management can identify suitable assets and investment opportunities for the Delma Group, obtaining funding for such acquisitions and investments may be difficult. Potential vendors may view negatively the prolonged timeframe and lack of certainty associated with the raising of equity capital to fund any such purchase. They may instead prefer other potential purchasers. Management may from time to time initiate asset enhancement on some of the Properties. There is no assurance that such plans for asset enhancement will materialize, or in the event that they do materialize, they may not achieve their desired results or may incur significant costs.

The Delma Group depends on certain key personnel and the loss of any key personnel may adversely affect its operations.

The Delma Group’s performance depends, in part, upon the continued service and performance of it’s executive officers. These key personnel may leave the employment of the Management. If the above were to occur, the Management will need to spend lime searching for a replacement and the duties that such executive officers are responsible for may be affected. The loss of any of these individuals could have a material adverse effect on the Delma Group’s financial condition and the results of operations, and have an adverse effect on the Delma Group’s financial condition and results of operations. No guarantee can be given that there will be changes in the management of the Delma Group. In the event that a member of management ceases to hold office, the Delma Group may need to appoint a replacement, which may materially and adversely affect the Delma Group’s financial condition and results of operations.

The Delma Group may be adversely affected by the illiquidity of real estate investments and the lack of alternative uses and may be exposed to a higher level of risk compared to other types of companies that have a more diverse range of investments.

The Delma Group’s focus on hospitality properties involves a higher level of risk as compared to a portfolio that has a more diverse range of investments that are more liquid. Real estate investments are relatively illiquid and such illiquidity may limit the Delma Group’s ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. The Delma Group may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets if a quick sale is required. The Delma Group may face difficulties in securing timely and commercially favorable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on the Delma Group financial condition and results of operations. Further, the Delma Group principal policy of investing, directly or indirectly, in real estate will subject the Delma Group to risks inherent in concentrating in real estate. The level of risk could be higher as compared to other types of companies that have a more diverse range of investments in other sectors. A concentration of investments in real estate assets exposes the Delma Group to the risk of a downtime in the real estate market. Such downturns may lead to a decline in occupancy for properties or real estate-related assets in the Delma Group portfolio, which could affect the Delma Group’s rental income from the Properties, lead a decline in the capital value of the Delma Group’s portfolio and negatively affect the results of operations and financial condition of the Delma Group.

Possible change of investment strategies may adversely affect shareholders investments the Delma Group.

The Delma Group's policies with respect to certain activities, including investments and acquisitions, will be determined by management. Shareholders and potential investors should note that management has wide discretion to determine the investment strategies of the Delma Group and may decide to invest in other types of assets, including any real estate assets, real estate-related assets, as well as non-real estate-related assets. Furthermore, as with other investment decisions, there are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves.

The Delma Group may be subject to litigation.

The Delma Group is subject to third-party litigation risk from third parties, including contractors and patrons of the Properties which could result in significant liabilities and damage to the Delma Group's reputation.

The Delma Group is exposed to the risk of litigation or claims, contractors or patrons of the Properties, which may arise for a variety of reasons, including accidents or injuries that may be suffered by them while at the Properties. If the Delma Group is required to bear costs arising out of such litigation, this may have a material adverse effect on the Delma Group's business, financial condition, results of operations and prospects.

The Delma Group may engage in interest rate hedging transactions, which can limit gains and increase costs.

Subject to obtaining any necessary approvals from the relevant authorities, the Delma Group may enter into interest rate hedging transactions to protect itself from the effects of interest rate on floating rate debt. lnterest rate hedging activities may not have the desired beneficial impact on the results of operations or financial condition of the Delma Group. Interest rate hedging could adversely affect the Delma Group because among others:

(i) The party owing money in the hedging transaction may default on its obligation to pay;

(ii) the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs the Delma Group's ability to sell or assign its side of the hedging transaction; and

(iii) the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting standards to reflect changes in fair value. Such changes, although unrealized, would reduce the Delma Group's net asset value if it is due to downward adjustments.

Interest rate hedging involves risks and transaction costs, which may reduce overall returns.

The Delma Group may incur unanticipated costs and liabilities in connection with environmental laws and regulations.

The owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws may impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances. The presence of hazardous substances on any Property may have an adverse effect on the Delma Group ability to sell any of its Properties or borrow using its Properties as collateral. To the extent that the Delma Group becomes liable for costs of removing any hazardous substances, it will have on the adverse effect on cash flow.

Occurrence of any acts of God, war and terrorist attacks may adversely and materially affect the business and operations of the Properties.

Acts of God, such as natural disasters, are beyond the control of the Delma Group. These may materially and adversely affect the economy, infrastructure and livelihood of the local population including the Delma Group. The Delma Group's business and income available for distribution may be adversely affected should such acts of God occur. There is no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations of the Properties.

Risks relating to an investment in Resulting Issuer Class A Shares

The pro forma financial statements included herein may not reflect actual financial position and results.

The pro forma financial statements have been prepared to show the effect of the Acquisition, based on the assumption that the Acquisition has occurred as of December 31, 2016 and September 30, 2017. As the pro forma financial statements are prepared for illustrative purposes only, that information, because of its nature, does not give a true picture of the Resulting Issuer's financial position. Further, such information does not purport to predict the Resulting Issuer's future financial position. The pro forma financial statements have been prepared on an aggregate basis as if the Properties have been operated under the Resulting Issuer throughout and as at the periods and dates presented. The pro forma financial statements are also not necessarily indicative of the results of operations that would have been attained had the Resulting Issuer actually existed earlier.

The net asset value per Resulting Issuer Class A Share may be diluted if further issues are priced below the then current net asset value per share.

When the Resulting Issuer contemplates new issues of Resulting Issuer Class A Shares, the offering share price for which may be above, at or below the then-current net asset value per Resulting Issuer Class A Share. The net asset value per Resulting Issuer Class A Share may be diluted if new Shares are issued and the use of proceeds from such issue of Resulting Issuer Class A Shares generates insufficient cash flow to cover the dilution. Where new Resulting Issuer Class A Shares are issued at less than the net asset value per share, the then current net asset value of each existing Resulting Issuer Class A Share may be diluted.

Shareholders who do not or are not able to participate in future equity financing by the Delma Group will experience a dilution in their interest in the Delma Group.

If shareholders do not or are not able to participate in any future equity fund raising, such as rights issues or private placements, their proportionate interest in the Delma Group will be reduced. Any consideration received by such shareholders in exchange for any rights under future equity fund raisings may not be sufficient to compensate for the dilution of their shareholdings as a result of the equity fund raising.

The price of the Resulting Issuer Class A Shares may decline after the Listing.

The trading price of the Resulting Issuer Class A Shares will depend on many factors, including, but not limited to:

(i) The perceived prospects of the Delma Group's business and investments and the market hospitality properties or Real Estate-Related Assets;

(ii) differences between the Delma Group's actual financial and operating results and those expected by investors and analysts;

(iii) changes in analysts' recommendations or projections, if any;

(iv) changes in general economic or market conditions;

(v) the market value of the Delma Group assets;

(vi) the perceived attractiveness of the Resulting Issuer Class A Shares against those of other equity or debt securities, including those not in the real estate sector;

(vii) the balance of buyers and sellers of the Resulting Issuer Class A Shares;

(viii) any changes to the regulatory system, including the tax system;

(ix) management's ability to implement successfully its investment and growth strategies; and

(x) broad market fluctuations, including increases in interest rates and weakness of the equity and debt markets.

Shares may trade at prices that are higher or lower than the net asset value per share. To the extent that the Delma Group retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the Delma Group's total asset value and net asset value, may not correspondingly increase the market price of the Resulting Issuer Class A Shares. Any failure to meet market expectations with regards to future earnings may adversely affect the market price for the Resulting Issuer Class A Shares. Where new Resulting Issuer Class A Shares are issued at less than the market price of Shares, the value of an investment in Resulting Issuer Class A Shares may be affected. The Resulting Issuer Class A Shares are not capital-protected/guaranteed products. There is no guarantee that shareholders can regain the amount invested.

Cyclical market and economic conditions may affect the price and demand for the Resulting Issuer Class A Shares.

Cyclical movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Resulting Issuer Class A Shares. In particular, an increase in market interest rates may have an adverse impact on the market price of the Shares if the annual yield on the price paid for the Shares gives investors a lower return compared to other investments.

There is no assurance that the Shares will remain listed and/or not be suspended from trading.

Although it is intended that the Resulting Issuer Class A Shares will remain listed, there is no guarantee of the continued listing of the Resulting Issuer Class A Shares. Among other factors, the Delma Group may not continue to satisfy the public spread requirements under the CSE's listing requirements. Accordingly, Shareholders will not be able to sell their Resulting Issuer Class A Shares through trading if the Resulting Issuer Class A Shares are no longer listed and/or are suspended from trading for an indefinite period.

No assurance that the Acquisition will be completed

The completion of the Acquisition remains subject to a number of conditions, including, but not limited to, approval by ordinary resolution of Aydon Shareholders, satisfaction of standard closing conditions for transactions of this nature, and CSE Approval. There can be no assurance that the Acquisition will be completed as proposed or at all.

PART IV - MATTERS TO BE ACTED ON AT THE MEETING

Reverse Take-over

Upon completion of the Acquisition, the business of the Resulting Issuer will be the current business of Delma except to the extent described under Part VII - Information Concerning the Resulting Issuer. Completion of the Acquisition will involve the Reverse Take-over which constitutes a "fundamental change" to Corporation under Policy 8 of the CSE and is therefore subject to approval by Shareholders and the CSE. Aydon has submitted a listing statement (Form 2A) in respect of the proposed Reverse Take-over to the CSE for review and completion of the Reverse Take-over and the Acquisition remains subject to receipt of CSE Approval.

For information on the Reverse Take-over that will be carried out by way of the Acquisition see "Part III - The Reverse Take-over and the Acquisition", "Part VI - Information Concerning Delma", and "Part VII - Information Concerning the Resulting Issuer".

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve and authorize the following resolution in respect of the Reverse Take-over:

"BE IT RESOLVED TO:

1. APPROVE the Reverse Take-over of the Aydon by Delma, as more particularly described in the management information circular of Aydon;

2. AUTHORIZE and direct any one director or officer of Aydon to do all things and to execute all instruments, documents as in their opinion may be necessary or desirable in order to give effect to this resolution including but without limitation making an necessary filings with the CSE and any other regulatory authorities; and

3. AUTHORIZE the board of directors of Aydon, notwithstanding the approval of its shareholders as herein provided, to revoke this resolution before it is acted upon, without further approval of the shareholders of Aydon."

The Board unanimously determined that the Reverse Take-over is fair to Shareholders, is in the best interests of Aydon and the Shareholders and authorized the submission of the Reverse Take-over to Shareholders for approval.

The Board has unanimously approved the Reverse Take-over and recommends that Shareholders vote FOR the Reverse Take-over Resolution. In order to be effective, the Reverse Take-over Resolution requires approval of a majority of the votes cast in respect thereof in person or by proxy at the Meeting. The Named Proxyholders, if appointed as proxies, intend to vote FOR the Reverse Take-over Resolution.

Name Change

Shareholders will be asked to consider and, if deemed appropriate, approve and adopt a special resolution authorizing the Board to amend the articles of incorporation of Aydon to effect the change of name of Aydon to "The Delma Group Inc." or any such other name as the Board, the Director under the BCBCA, and the CSE may approve.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve and authorize the following resolution in respect of the Name Change (the "Name Change Resolution"):

"BE IT RESOLVED TO:

1. AUTHORIZE Aydon Income Properties Inc. (the "**Corporation**") to apply to the Registrar of Companies appointed under the Business Corporations Act (British Columbia), for a certificate of amendment changing its name to "The Delma Group Inc." (the "**Name Change**");

2. APPROVE the draft articles of amendment submitted to the directors;

3. AUTHORIZE any director of Aydon to sign the articles of amendment.

4. AUTHORIZE the board of directors of Aydon, notwithstanding the approval of its shareholders as herein provided, to revoke this resolution, in its sole discretion, before it is acted upon, without further approval of the shareholders of Aydon."

The Board has unanimously approved the Name Change and recommends that Shareholders vote FOR the Name Change Resolution. In order to be effective, the Name Change Resolution must be approved by at least 66 2/3% of the votes cast in respect thereof in person or by proxy at the Meeting. The Named Proxyholders, if appointed as proxies, intend to vote FOR the Name Change Resolution.

Continuance

Introduction

The shareholders will be asked at the Meeting to consider and, if thought fit, to pass a special resolution set forth below (the "**Continuance Resolution**"), authorizing Aydon to make application for a Certificate of Continuation under the CBCA that effects the Continuance.

The Continuance, if approved, will change the legal domicile of Aydon and will affect certain of the rights of shareholders as they currently exist under the BCBCA. Accordingly, shareholders should consult their own independent legal advisors regarding implications of the Continuance which may be of particular importance to them.

Procedure for the Continuance

In order to effect the Continuance, the following steps must be taken:

a) the shareholders of Aydon must approve the Continuance Resolution at the Meeting, authorizing Aydon to, among other things, file the continuation application with the Director appointed under the CBCA (the "**Director**");

b) the Registrar of Companies under the BCBCA (the "**BC Registrar**") must approve the proposed Continuance under the CBCA, upon being satisfied that the Continuance will not adversely affect creditors or shareholders of Aydon;

c) Aydon must apply to the Director for a Certificate of Continuance under the CBCA; and

d) Aydon must file a notice of discontinuance with the BC Registrar, who will then issue a Certificate of Discontinuance.

Effect of the Continuance

Upon issuance of a Certificate of Continuance for Aydon under the CBCA, Aydon will cease to be a corporation governed by the BCBCA and will be governed by the CBCA. The Continuance does not create a new legal entity and will not prejudice or affect the continuity of Aydon. The Continuance will not result in any change in the business of Aydon. Upon the completion of the Continuance, there is no change in: (i) the ownership of corporate property; (ii) liability for obligations; (iii) the existence of a cause of action, claim or liability to prosecution; (iv) enforcement against Aydon of any civil, criminal or administrative proceedings pending; and (v) the enforceability of any conviction or judgment against or in favour of Aydon. Furthermore, any Aydon Shares issued before the Continuance are deemed to have been issued in compliance with the CBCA and articles of continuance. The Continuance does not deprive a holder of Aydon Shares of any right or privilege, or relieve a holder of Aydon Shares of any liability in respect of such Aydon Shares.

Certain Corporate Differences Between the BCBCA and the CBCA

In general terms, the CBCA provides to shareholders of Aydon substantively the same rights as are available to shareholders under the BCBCA, including the right of dissent and appraisal and the right to bring derivative actions and oppression actions.

The following is a summary comparison of certain provisions of the BCBCA and the CBCA and differences in those provisions that pertain to the rights of the shareholders of Aydon. This summary is not exhaustive and shareholders are advised to review the full text of the CBCA and consult their legal advisors regarding the implications of the Continuance.

<u>Constating Documents</u>

As a CBCA corporation, a corporation's charter documents consist of articles of incorporation and any amendments thereto to date. Upon the completion of the Continuance, Aydon will cease to be governed by the BCBCA and will thereafter be deemed to have been formed under the CBCA. As part of the Continuance, shareholders of Aydon will be asked to approve the adoption of articles which comply with the requirements of the CBCA, copies of which are available for review by shareholders at Aydon's office, during normal business hours and at the Meeting. In addition, a copy of such articles will be mailed, free of charge, to any shareholder who requests a copy, in writing, from Aydon.

Aydon's articles of continuance will provide for the existence of at least two classes of common shares, class A and class B, identical in all respects except that the Resulting Issuer Class A Shares to be issued to the public shareholders will each carry one right to vote at any meeting of the shareholders, whereas the Resulting Issuer Class B Shares to be issued to Gestion H. Petit Inc., 9334-1063 Quebec Inc., Granada Canada Inc., HKS Family Trust, Panagiotis Mitropoulos and Lina Maglieri will each carry 100 such rights. The articles will provide that on the fifth anniversary of the date of the Acquisition Effective Date, the Resulting Issuer Class B Shares will be automatically converted into Resulting Issuer Class A Shares and thereby lose their multiple-voting feature, without any compensation payable to the holders of Resulting Issuer Class B Shares.

The Resulting Issuer Class A Shares include take-over bid protective provisions (commonly known as "coattails"), which are summarized as follows. If an offer to purchase Resulting Issuer Class B Shares must, by reason of applicable securities legislation or the requirements of any stock exchange on which the Common Shares are listed, be made to all or substantially all holders of Resulting Issuer Class B Shares, the holders of the Resulting Issuer Class A Shares shall have the right, after the sixth day after the offer was made, to convert each Resulting Issuer Class A Share into one Resulting Issuer Class B Share. The newly-issued Resulting Issuer Class B Shares will be reconverted into Resulting Issuer Class A Shares if the offer to purchase Resulting Issuer Class B Shares is abandoned, withdrawn or not completed in accordance with its terms.

Directors

The CBCA provides that a reporting corporation must have a minimum of three directors and requires that at least 25% of the directors of a corporation be resident Canadians. The BCBCA provides that a reporting corporation must have a minimum of three directors but there is no residency requirement for directors.

Under the CBCA, directors may be removed by ordinary resolution whereas under the BCBCA, directors may be removed by a special resolution or, if the articles of a corporation otherwise provide that a director may be removed by a resolution of the shareholders entitled to vote at general meetings passed by less than a special majority or may be removed by some other method, by the resolution or method specified.

Requisite Approvals

Under the BCBCA, a corporation can establish in its articles the levels for various shareholder approvals, other than those levels that are prescribed by the BCBCA. The percentage of votes required for a special resolution can be specified in the articles and may be no less than two-thirds and no more than three quarters of the votes cast.

The CBCA does not provide flexibility with respect to the level of shareholder approval required for ordinary resolutions and special resolutions. Under the CBCA, an ordinary resolution must be passed by no less than a majority of the votes cast by shareholders entitled to vote with respect to the resolution and a special resolution must be passed by not less than two-thirds of the votes cast by the shareholders entitled to vote with respect to the resolution.

Shareholders' Proposals

A shareholder of a corporation incorporated under the CBCA who is entitled to vote may submit notice of a shareholder proposal. To be eligible to make a proposal, a person must:

a) be a registered holder or beneficial owner of a prescribed number of shares for a prescribed period. Under the regulations currently in effect, the prescribed number of shares is the number of voting shares (i) that is equal to 1% of the total number of the outstanding voting shares of the corporation as of the day on which the shareholder submits a proposal, or (ii) whose fair market value as determined as of the close of business on the day before the shareholder submits the proposal to the corporation, is at least $2,000. Under the regulations currently in effect, the prescribed period is the 6-month period immediately before the day on which the shareholder submits the proposal;

b) have the prescribed level of support of other registered holders or beneficial owners of shares. Under the regulations currently in effect, the prescribed minimum amount of support for a shareholder's proposal is (a) 3% of the total number of shares voted, if the proposal was introduced at an annual meeting of shareholders; (b) 6% of the total number of shares voted at its last submission to shareholders, if the proposal was introduced at two annual meetings of shareholders; and (c) 10% of the total number of shares voted at its last submission to shareholders, if the proposal was introduced at three or more annual meetings of shareholders;

c) provide to the corporation his or her name and address and the names and addresses of those registered holders or beneficial owners of shares who support the proposal; and

d) provide to the corporation the number of shares held or owned by those registered shareholders or beneficial owner of shares who support the proposal.

In comparison, a person submitting a proposal under the BCBCA must have been a registered owner or beneficial owner of one or more shares carrying the right to vote at general meetings and must have owned such shares for an uninterrupted period of at least two years before the date of signing the proposal. Similar to the requirements of the CBCA, the proposal must be signed by shareholders who, together with the submitter, are registered or beneficial owners of: (a) at least 1% of the issued shares of the corporation that carry the right to vote at general meetings; or (b) shares with a fair market value exceeding an amount prescribed by regulation (currently $2,000).

Requisition of Meetings

The BCBCA provides that one or more shareholders of a company holding not less than 5% of the issued voting shares of the company may give notice to the directors requiring them to call and hold a general meeting within four months. The CBCA permits the holders of not less than 5% of the issued shares that carry the right to vote at a meeting to require the directors to call and hold a meeting of shareholders of a company for the purposes stated in the requisition. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

Oppression Remedies

Pursuant to section 227 of the BCBCA, a shareholder (which term includes beneficial shareholders and any person whom the court considers to be an appropriate person to make an application under section 227) of a corporation has the right to apply to the court for an order under section 227 on the grounds that the affairs of the corporation are being or have been conducted, or that the powers of the directors are being exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or that some act of the corporation has been done or is threatened, or that some resolution of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more shareholders, including the applicant. In response to such application, the court may make such order as it considers appropriate, including an order to direct or prohibit any act proposed by the corporation.

The CBCA contains rights that are substantially broader than the BCBCA in that they are available to a larger class of complainants. Under the CBCA, a registered shareholder or beneficial owner, former registered shareholder or beneficial owner, director, former director, officer, former officer of a corporation or any of its affiliates, the Director, or any other person who, in the discretion of the court, is a proper person to seek an oppression remedy may apply to the court for an order to rectify the matters complained of where, in respect of a corporation or any of its affiliates, any act or omission of the corporation or its affiliates effects a result, the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted in a manner, or the powers of the directors of the corporation or its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director, or officer.

Shareholder Derivative Actions

Pursuant to section 232 of the BCBCA, a shareholder (which term includes beneficial shareholders and any person whom the court considers to be an appropriate person to make an application under section 232 of the BCBCA) or director of a corporation may, with leave of the court, and after having made reasonable efforts to cause the directors of the corporation to prosecute a legal proceeding, prosecute such proceeding in the name of and on behalf of the corporation to enforce a right, duty or obligation owed to the corporation that could be enforced by the corporation itself or to obtain damages for any breach of such right, duty or obligation. There is a similar right of a shareholder or director, with leave of the court, and in the name and on behalf of the corporation, to defend a legal proceeding brought against the corporation.

The CBCA contains similar provisions for derivative actions but the right to bring a derivative action is available to a broader group. In addition to shareholders and directors, the right under the CBCA is available to former shareholders, former directors, former officers, any affiliate of the foregoing, and any person who, in the discretion of the court, is a proper person to make an application to the court to bring a derivative action.

Rights of Dissent under the CBCA and BCBCA

The CBCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholders at the fair value of such shares. This dissent right is available when a corporation proposes to: (a) amend its articles to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class; (b) amend its articles to add, change or remove any restrictions on the business or businesses that the corporation may carry on; (c) amalgamate with another corporation pursuant to certain statutory provisions; (d) be continued under the laws of another jurisdiction; (e) sell, lease or exchange all or substantially all its property; or (f) carry out a going private transaction or squeeze-out transaction.

Similarly, the BCBCA provides a dissent remedy where a company proposes to: (a) alter its articles to alter restrictions on the powers of the company or on the business it is permitted to carry on; (b) adopt an amalgamation agreement; (c) approve an amalgamation into a foreign jurisdiction; (d) approve an arrangement, the terms of which arrangement permit dissent; (e) authorize or ratify the sale, lease or other disposition of all or substantially all of the company’s undertaking; and (f) authorize the continuation of the company into a jurisdiction other than British Columbia. The dissent right is also applicable to any other resolution, if dissent is authorized by the resolution, or under any court order that permits dissent.

Right to Dissent

A registered shareholder has the right to dissent (a “**Dissenting Shareholder**”) to the Continuance Resolution pursuant to Section 190 of the CBCA. The following description of the right to dissent and appraisal to which Dissenting Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such Dissenting Shareholder’s Aydon Shares, and is qualified in its entirety by the reference to the full text of 190 of the CBCA, the text of which is attached at Schedule F. A Dissenting Shareholder who intends to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of Section 190 of the CBCA. Failure to strictly comply with the provisions of Section 190 of the CBCA and to adhere to the procedures established therein may result in the loss of all rights thereunder.

Under the CBCA, a registered holder of Aydon Shares is entitled, in addition to any other right such holder may have, to dissent and to be paid by Aydon the fair value of the Aydon Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, determined as of the close of business on the last business day before the day on which the Continuance Resolution was adopted. A registered shareholder may dissent only with respect to all of the Aydon Shares held by such registered holder or on behalf of any one beneficial owner and registered in the Dissenting Shareholder’s name. **Only registered shareholders may dissent. Persons who are beneficial owners of Aydon Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that they may only do so through the registered owner of such securities. A registered holder, such as a broker, who holds Aydon Shares as nominee for beneficial holders, some of whom wish to dissent, must exercise dissent rights on behalf of such beneficial owners with respect to the Aydon Shares held for such beneficial owners. In such case, the demand for dissent should set forth the number of Aydon Shares covered by it.**

A Dissenting Shareholder must send to Aydon a written objection to the Continuance Resolution at or prior to the Meeting.

A registered shareholder wishing to exercise the right to dissent with respect to such holder's Aydon Shares must not vote such Aydon Shares at the Meeting, either by the submission of a proxy or by personally voting, in favour of the Continuance Resolution.

An application may be made to the Supreme Court of British Columbia (the "**Court**") by Aydon or by a Dissenting Shareholder after the adoption of the Continuance Resolution to fix the fair value of the Dissenting Shareholder's Aydon Shares. If such an application to the Court is made by Aydon or a Dissenting Shareholder, Aydon must, unless the Court otherwise orders, send to each Dissenting Shareholder a written offer to pay the Dissenting Shareholder an amount considered by Aydon's Board of Directors to be the fair value of the Aydon Shares. The offer, unless the Court otherwise orders, will be sent to each Dissenting Shareholder at least 10 days before the date on which the application is returnable, if Aydon is the applicant, or within 10 days after Aydon is served with notice of the application, if a Dissenting Shareholder is the applicant. The offer will be made on the same terms to each Dissenting Shareholder and will be accompanied by a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with Aydon for the purchase of such holder's Aydon Shares in the amount of the offer made by Aydon (or otherwise) at any time before the Court pronounces an order fixing the fair value of the Aydon Shares.

A Dissenting Shareholder is not required to give security for costs in respect of an application. On the application, the Court will make an order fixing the fair value of the Aydon Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Aydon and in favour of each of those Dissenting Shareholders. The Court may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a shareholder of Aydon, until the date of payment.

On the Continuance becoming effective, or upon the making of an agreement between Aydon and the Dissenting Shareholder as to the payment to be made by Aydon to the Dissenting Shareholder, or upon the pronouncement of a Court order, whichever first occurs, the Dissenting Shareholder will cease to have any rights as a shareholder of Aydon other than the right to be paid the fair value of such holder's Aydon Shares, in the amount agreed to between Aydon and the Dissenting Shareholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Shareholder may withdraw the Dissenting Shareholder's dissent, and the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

All Aydon Shares held by Dissenting Shareholders who exercise their right to dissent will, if the holders are ultimately paid the fair value thereof, be deemed to be transferred to Aydon in exchange for such fair value.

Board Recommendation and Resolution

The Board of Directors believes that the Continuance is in the best interests of Aydon and therefore unanimously recommends that shareholders vote in favour of the special resolution.

Continuance Approval by Shareholders

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve and authorize the following resolution in respect of the Continuance (the "Continuance Resolution"):

"BE IT RESOLVED TO:

1. AUTHORIZE AND APPROVE the continuance of Aydon under the *Canada Business Corporations Act* (the "**CBCA**");

2. AUTHORIZE Aydon to apply to the Registrar of Companies appointed under the *Business Corporations Act* (British Columbia) (the "**Registrar**") for authorization to continue Aydon under the CBCA;

3. AUTHORIZE Aydon to apply to the Director appointed under the CBCA (the "**Director**") for a certificate of continuance continuing Aydon under the CBCA;

4. APPROVE the articles of continuance of Aydon to be filed with the Director, in the form attached to this information circular as Schedule I, with such amendments, deletions or alterations as may be considered necessary or advisable by any director or officer of Aydon, in order to ensure compliance with the CBCA and the requirements of the Director;

5. AUTHORIZE and direct any one director or officer of Aydon to do all things and to execute all instruments, documents as in their opinion may be necessary or desirable in order to give effect to the Consolidation and this resolution, including but without limitation making an necessary filings with the CSE and any other regulatory authorities; and

6. AUTHORIZE the board of directors of Aydon, notwithstanding the approval of its shareholders as herein provided, to revoke this resolution, in its sole discretion, before it is acted upon, without further approval of the shareholders of Aydon."

Shareholders have the right to dissent from the Continuance Resolution. See "*Right to Dissent*" in the section above for details of this dissent right.

The Board unanimously determined that the Continuance is fair to Shareholders, is in the best interests of Aydon and the Shareholders and authorized the submission of the Continuance to Shareholders for approval.

The Board has unanimously approved the Continuance and recommends that Shareholders vote FOR the Continuance Resolution. In order to be effective, the Continuance Resolution must be approved by at least 66 2/3% of the votes cast in respect thereof in person or by proxy at the Meeting. The Named Proxyholders, if appointed as proxies, intend to vote FOR the Continuance Resolution.

Share Consolidation

In connection with the Reverse Take-over, the Board has elected to submit to the Shareholders a special resolution approving an amendment to its articles of incorporation to consolidate the Aydon Shares. Approval of this special resolution would give the Board authority to implement the consolidation on a basis of one new common share for 100 outstanding Aydon Shares ("**Consolidation**"). In addition, notwithstanding approval of the proposed consolidation by Shareholders, the Board may revoke the special resolution and abandon the consolidation without further approval or action by or prior notice to Shareholders.

Background and Reasons for the Share Consolidation

It is the Board's opinion that Aydon's existing issued and outstanding share structure is not conducive to securing additional equity financing and that a restructuring is warranted in order to facilitate attracting new investments to the Resulting Issuer. Implementing the restructuring process in a timely manner could also put the Resulting Issuer in a much stronger position to take advantage of potential value-added opportunities.

Principal Effects of the Share Consolidation

If approved and implemented, the consolidation will occur simultaneously for all of the Aydon Shares and the consolidation ratio will be the same for all of those shares. The consolidation will affect all Shareholders uniformly and will not affect any Shareholder's percentage ownership interest in Aydon, except to the extent that the consolidation would otherwise result in any Shareholder owning a fractional share (see "Effect on Fractional Shareholders" below).

The principal effects of the consolidation will be that:

- the number of Aydon Shares issued and outstanding will be reduced from 26,919,899 shares to 134,599 (5,672,516 Resulting Issuer Class A Shares after the Acquisition) shares;
- the exercise price and/or the number of Aydon Shares issuable under any of Aydon's outstanding convertible securities, purchase warrants, stock options and any other similar securities will be proportionately adjusted upon the consolidation; and
- the number of Aydon Shares reserved for issuance under the Stock Option Plan will be reduced proportionately upon the consolidation.

Effect on Fractional Shareholders

No fractional share will be issued if, as a result of the consolidation, a registered Shareholder would otherwise become entitled to a fractional share. Consequently, any fraction resulting from the consolidation of a Shareholder's shares will be rounded down to the lower unit.

Effect on Convertible Securities, Stock Options and Other Arrangements

The number of Aydon Shares issuable under any of Aydon's outstanding convertible securities, purchase warrants, stock options and any other similar securities will be proportionately adjusted upon the consolidation in accordance with the terms of such securities based on the consolidation ratio approved by the Shareholders.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve and authorize the following resolution in respect of the Consolidation (the "Consolidation Resolution"):

"BE IT RESOLVED TO:

1. AUTHORIZE Aydon to amend its articles of incorporation as follows:

    i. Aydon's share capital is modified by means of the consolidation of all Aydon's issued and outstanding common shares on the basis of one common share for every 200 common shares (the "**Consolidation**");

ii. no fractional share will be issued if the Consolidation results in the issue of a fraction of a share; any fraction resulting from the consolidation of a Shareholder's shares will be rounded down to a lower unit;

2. AUTHORIZE the board of directors of Aydon, in its sole discretion, to implement the Consolidation;

3. AUTHORIZE and direct any one director or officer of Aydon to do all things and to execute all instruments, documents as in their opinion may be necessary or desirable in order to give effect to the Consolidation and this resolution, including but without limitation making an necessary filings with the CSE and any other regulatory authorities; and

4. AUTHORIZE the board of directors of Aydon, notwithstanding the approval of its shareholders as herein provided, to revoke this resolution, in its sole discretion, before it is acted upon, without further approval of the shareholders of Aydon."

The Board unanimously determined that the Consolidation is fair to Shareholders, is in the best interests of Aydon and the Shareholders and authorized the submission of the Consolidation to Shareholders for approval.

The Board has unanimously approved the Consolidation and recommends that Shareholders vote FOR the Consolidation Resolution. In order to be effective, the Consolidation Resolution must be approved by at least 66 2/3% of the votes cast in respect thereof in person or by proxy at the Meeting. The Named Proxyholders, if appointed as proxies, intend to vote FOR the Consolidation Resolution.

Other Matters to be Brought Before the Meeting

Management of Aydon is not aware of any matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the accompanying form of proxy confers discretionary authority to vote with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting.

Interests of Certain Persons in Matters to be Acted Upon

Directors and officers of Aydon own beneficially, directly or indirectly, or exercise control or direction over, an aggregate of approximately 10,854,286 Aydon Shares (approximately 42.46% of the Aydon Shares outstanding as at the Record Date). The directors and officers of Aydon have indicated that they will vote all of the Aydon Shares beneficially owned by them in favour of the Reverse Take-over and all other matters to be considered at the Meeting.

Except as disclosed elsewhere in this Circular, none of Aydon's directors or senior officers, or their associates and affiliates, have any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

Registrar and Transfer Agent

TSX Trust, at its Vancouver office located at Suite 2700, 650 West Georgia Street, Vancouver, BC V6B 4N9 is Aydon's registrar and transfer agent.

Additional Information

Aydon is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. As a result, Aydon files annual and other information with the local securities commissions and regulatory authorities of each of the above named provinces. The Canadian securities regulatory authorities maintain a website named "SEDAR" that contains reports, proxy and other information regarding issuers that file with the securities regulatory authorities. Aydon's filings can be found on the SEDAR website at www.sedar.com.

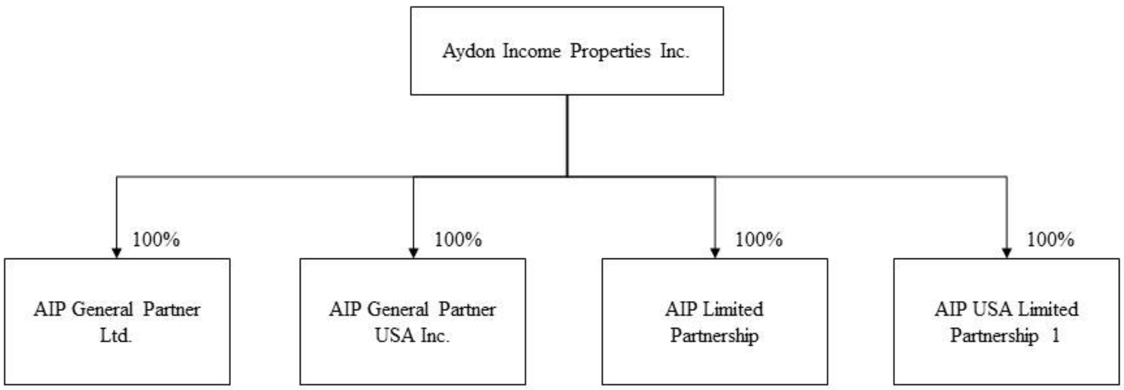
PART V - INFORMATION CONCERNING AYDON

Corporate Structure

Name and Incorporation

Aydon is the result of an amalgamation under the BCBCA, on August 27, 2014, of Genesis Income Properties Inc. and Forbairt Development Acquisition Corp. under a plan of arrangement. The principal and records office of Aydon is located at 202-5626 Larch Street, Vancouver, British Columbia, V6M 4E1. Aydon is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario.

Aydon's affiliates and other holdings are structured as follows:



General Development of the Business

Aydon was established for the purpose of investing in income-producing residential properties in the USA and Canada. Its business model calls for the financing of the acquisition of rental and development properties through the establishment of limited partnerships which are under the management of general partners owned and operated by Aydon.

On July 14, 2017, trading in the Aydon Shares was halted pursuant to CSE Policies. The trading halt remains in place as of the date of this Circular. As of the date hereof, there are 26,919,899 Aydon Shares issued and outstanding that trade on the CSE under the symbol "AYD".

Selected Financial Information and Management Discussion and Analysis

Annual and Interim Information

The following table sets forth selected financial information for Aydon for the nine-month period ended September 30, 2017 and the financial years ended December 31, 2016, December 31, 2015 and April 30, 2015 and selected balance sheet data as at September 30, 2017 and as at December 31, 2016, December 31, 2015 and April 30, 2015. Such information is derived from the financial statements of Aydon and should be read in conjunction with such financial statements. See Schedule A "Financial Statements of Aydon".

Balance Sheet Data	September 30, 2017 (unaudited) ($)	December 31, 2016 (audited) ($)	December 31, 2015 (audited) ($)	April 30, 2015 (audited) ($)
Cash & Cash Equivalents	52,617	397,019	56,382	171,938
Total Assets	174,438	397,019	170,719	171,938
Shareholders' Equity	(734,524)	(518,049)	22,936	160,904

Income Statement Data	September 30, 2017 (unaudited) ($)	December 31, 2016 (audited) ($)	December 31, 2015 (audited) ($)	April 30, 2015 (audited) ($)
Total Expenses	292,422	445,512	230,806	655,194
Net Loss	360,486	667,391	170,314	654,634
Comprehensive Loss	368,997	676,885	169,439	655,703

Management's Discussion and Analysis

Aydon's Management's Discussion and Analysis for the year ended December 31, 2016 and for the nine-month period ended September 30, 2017 is attached hereto as Schedule B "MD&A of Aydon".

Description of Securities

Securities

Aydon's authorized share capital consists of an unlimited number of Aydon Shares without par value. As at the date of this Circular, Aydon's outstanding capital consists of:

(i) 26,919,899 Aydon Shares;

(ii) 900,000 Aydon Options, exercisable at a price of $0.10 until October 31, 2021; and

(iii) 231,818 Aydon Warrants exercisable at a price of $0.20 per Aydon Share and expiring on May 31, 2018, and 1,355,000 Aydon Warrants exercisable at a price of $0.15 per Aydon Share until January 27, 2018 and $0.20 until their expiry on January 27, 2019.

Holders of Aydon Shares are entitled to one vote per share at meetings of the Aydon Shareholders, to receive dividends if, as and when declared by the Board and to receive pro rata Aydon's remaining property and assets upon its dissolution, liquidation or winding-up, subject to the rights of shares having priority over the Aydon Shares.

Stock Option Plan

As at the Effective Date, 900,000 Aydon Shares are reserved for issuance pursuant to the Stock Option Plan.

The following table sets out all stock options granted by Aydon:

Position of Holder with Aydon	Number of Options	Exercise Price ($)	Expiry Date
Current and Past Executive Officers	700,000	$0.10	October 31, 2021
Current Directors	200,000	$0.10	October 31, 2021
TOTAL	**900,000**		

Prior Sales

The following table sets forth the issuance of Aydon Shares (and securities convertible into Aydon Shares) during the 12-month period preceding the date of this Circular:

Date of Issuance	Number of Securities	Price per Security	Aggregate Price
October 31, 2016	One convertible debenture	$30,000(1)	$30,000(1)
November 1, 2016	900,000 Aydon Options	N/A(2)	N/A(2)
November 3, 2016	1,250,000 Aydon Shares	$0.04(3)	$50,000(3)
November 15, 2016	One convertible debenture	$13,556(4)	$13,556(4)
January 27, 2017	1,355,000 Aydon Shares	$0.10	$135,500
January 27, 2017	1,355,000 Aydon Warrants	N/A(5)	N/A(5)

(1) Convertible into Aydon Shares at a price of $0.30 each until November 30, 2016 and $0.50 each until November 16, 2018.

(2) Issued in consideration of services rendered; exercisable until October 31, 2021 at a price of $0.10 each.

(3) Issued at a deemed price of $0.04 each in consideration of the settlement of a debt in the amount of $50,000.

(4) Issued at a price of US$10,000, equal to approximately C$13,556 using the Bank of Canada noon rate on December 28, 2016. Convertible into Aydon Shares at a price of $0.30 each until November 14, 2017, $0.40 each until November 14, 2018 and $0.50 each until October 25, 2019.

(5) Exercisable until January 27, 2018 at a price of $0.15 each and January 27, 2019 at a price of $0.20 each.

Stock Exchange Price

The Aydon Shares have been listed and posted for trading on the CSE since March 12, 2015. Trading of the Aydon Shares was halted upon the announcement of the Acquisition Agreement in accordance with CSE Policies on July 14, 2017 and remains halted as of the date hereof.

The following table sets out the price ranges and trading volume of the Aydon Shares for the periods indicated on the CSE:

Period	High ($)	Low ($)	Trading Volume
November 2017	N/A	N/A	Trading halted
October 2017	N/A	N/A	Trading halted
Q3 2017	0.015	0.015	100,000
Q2 2017	0.18	0.015	413,350
Q1 2017	0.065	0.01	84,790
Q4 2016	0.15	0.01	117,673
Q3 2016	0.15	0.03	67,505
Q2 2016	0.16	0.10	13,250
Q1 2016	0.17	0.11	90,854
Q4 2015	0.10	0.05	92,000

Non-Arm's Length Party Transactions/Arm's Length Transactions

Non-Arm's Length Party Transactions

Within 24 months from the Effective Date, Aydon has not acquired any assets or been provided any services in any transaction, or in any proposed transaction, from any director, officer or insider of Aydon, the proposed nominees for election as directors of Aydon, the proposed officers or insiders of the Resulting Issuer or their Associates or Affiliates.

Legal Proceedings

Management knows of no legal proceedings, contemplated or actual, involving Aydon or which could materially affect Aydon.

Auditor, Transfer Agents and Registrars

Auditor

Aydon's auditor is DMCL at its Vancouver office located at 1500-1140 West Pender Street, Vancouver, British Columbia, V6E 4G1.

Transfer Agent and Registrar

The transfer agent and registrar of Aydon is TSX Trust, at its Vancouver office located at Suite 2700, 650 West Georgia Street, Vancouver, BC V6B 4N9.

Material Contracts

Aydon has not entered into any material contracts and will not enter into any material contracts prior to completion of the Acquisition other than:

(i) the Acquisition Agreement; and

(ii) the Escrow Agreement.

Copies of these agreements will be available for inspection at the head office of Aydon at 202-5626 Larch Street, Vancouver, British Columbia, V6M 4E1 during ordinary business hours on any business day prior to the Acquisition Effective Date and for a period of 30 days thereafter.

PART VI - INFORMATION CONCERNING DELMA

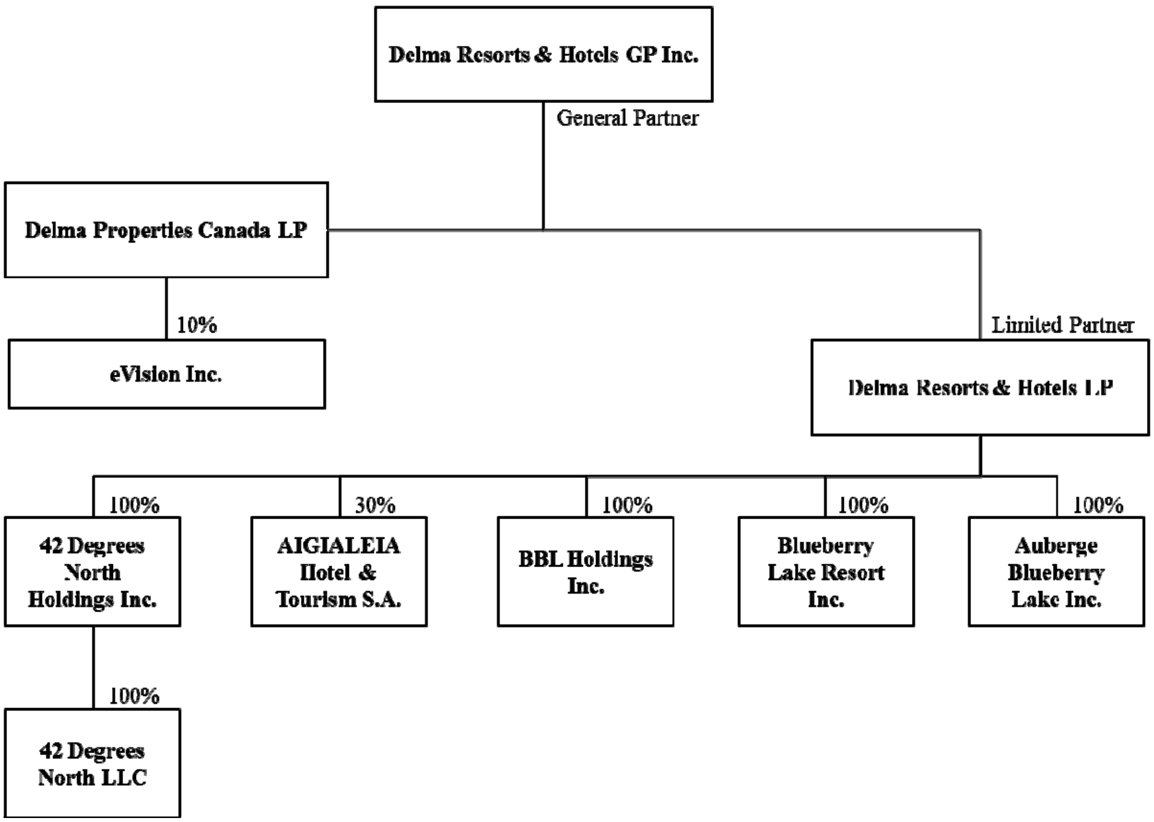
Corporate Structure

Name and Incorporation

Delma GP is a corporation incorporated under the CBCA. Each of Delma Properties and Delma Resorts are a limited partnership formed under the CCQ. The Delma Entities, together with their affiliates (together referred to as the "**Delma Group**") invest in the hospitality industry to perform property management services and land development. Delma GP was incorporated on October 28, 2015. Delma Properties was established under a limited partnership agreement dated September 1, 2009. Delma Resorts was established under a limited partnership agreement dated November 11, 2015. The head office and address for service of each Delma Entity is located at 310-925 de Maisonneuve Boulevard West, Montreal, Quebec, H3A 0A5.

Intercorporate Relationships

Delma's affiliates and other holdings are structured as follows:



Delma Resorts & Hotels GP Inc. acts as the general partner for both Delma Properties Canada LP and Delma Resorts & Hotels LP.

Delma Properties Canada LP holds a majority interest in Delma Resorts & Hotels LP, as a limited partner. It also holds a 10% stake in eVision Inc., a Montreal, Quebec-based technology business specialized in business process automation, research administration, grants management, ethics certification and compliance management, as well as government consulting.

Delma Resorts & Hotels LP holds a portfolio of real estate holdings through its ownership of its subsidiaries and its minority equity interests. It directly holds the following assets:

1. a 50% stake in Balmoral Golf & Resort in Morin Heights, Quebec as well as an agreement to develop commercial and residential land and a condo-hotel & spa in the same area.

42 Degrees North Holdings Inc. is a holding company that owns, though its subsidiary 42 Degrees North LLC, land in Ellicotteville, New York on which is being a 4-star resort.

BBL Holdings Inc. owns 150 acres of land near Blueberry Lake (in the Mont-Tremblant, Quebec area) that is zoned for development of houses and a condo-hotel resort.

Auberge Blueberry Lake Inc. owns the Blueberry Lake Club House, the Blueberry Lake Resort (in co-ownership with Blueberry Lake Resort Inc.), an office building and a one-acre lot (all in the Mont-Tremblant, Quebec area).

Blueberry Lake Resort Inc. owns the Blueberry Lake Resort (in co-ownership with Auberge Blueberry Lake Inc.), as well as access rights and usage rights to Blueberry Lake.

AIGIALEIA Hotel & Tourism S.A. holds the Panagopoula Resort in Patras, Greece, as well as a 30,000 square meter waterfront resort near Patras in Western Greece with 48 Villas and a hotel, which remains under construction.

General Development of the Business

Established in 2015, but tracing its corporate roots to 1990 in North America, the Delma Group is a Montreal, Canada based multinational, diversified real estate company focused on but not limited to the ownership, development and management of properties and projects in Canada, the USA and Greece. The operations primarily involve the design, marketing and operations of small, medium, and large projects.

The Delma Group is a vertically integrated real estate investment, re-development and operating company, and was founded as a vehicle to give its stakeholders access to high return US, Canadian and international real estate and hospitality investments and subsequently attracted other investors and partners through the success of its portfolio.

Unlike industries that offer high growth but unpredictable cash flows, the Delma Group's business model offers low risk-adjusted returns with stable cash flows. In general, the Delma Group properties are less exposed to uncertain business and financial risks, and have generated returns that have consistently met management estimates of shareholder returns. The Delma Group aims to create diversified portfolios that are resilient to changing markets and macroeconomic conditions, and to provide long-term returns that outperform the real estate industry.

The Delma Group has acquired a diverse portfolio, both in geographical location and in product type. The properties collectively represent a dedication to long-term ownership and opportunistic buying. The Delma Group has been very successful in identifying hidden value and new markets that have produced above average returns that other competitors have overlooked. Its goal is to have a stable portfolio with steady stream of dividends for the long term.

The Delma Group has broad expertise across national sectors and markets and a history of creating value for our shareholders and investors. It combines a flexible, entrepreneurial approach with a swift but rigorous investment process.

The Delma Group's founders are a group of leading organizations from several countries around the world who bring together their resources, expertise, network of offices, facilities, and clients, to create a sustainable, growing and diverse company that can serve its clients, shareholders, and investors as a one-stop shop.

BUSINESS STRATEGY

The Delma Group's Business Strategy is to capitalize on under-valued or distressed real estate assets while generating quality return on investments.

- Focus on high growth generating operations while effectively mitigating business risks
- Continued search of new projects on existing property in developed markets to deliver sustainable cash flows
- Focused, yet aggressive approach to real estate investing – Equity or debt investments in under-valued assets or ones which demonstrate strong prospects for value creation
- Continue to consolidate presence in the mid-size real estate via strategic bolt-on acquisitions
- Invest in areas that offer a demonstrable level of demand as well as compelling demographic fundamentals
- Focus on the preservation of capital while delivering superior risk-adjusted returns
- Continuously evaluate new complimentary opportunities to diversify revenue base
- Utilize our network of relationships that offers access to off-market opportunities
- Expand presence attractive, emerging markets for tourism

Transaction Knowledge

Every project is analyzed and reviewed in depth, including all financial, operational, environmental and capital market factors. Our strength is demonstrated in rigorous due diligence, careful market analysis and thorough knowledge of the capital markets.

Development & Value-Added Policy

Our strategy involves buying an existing property, improving it over a short to medium holding period through our proven track record of turning around such properties, and selling it at an opportune time for gain. This portfolio is usually expanded both in existing locations and new locations.

The key focus is on "asset selection" which involves identifying and purchasing assets at a low price, off-market deals - such as from banks, distressed sellers, or other properties at steep discounts.

Our Income Policy

Being an investor itself, the Delma Group derives maximize investor value by creating a wide portfolio of real estate & hospitality assets, as well as professional real estate services to third parties, generating strong cash flow and dividends, and ultimately, substantial capital gains as trends eventually reverse. This portfolio is expected to expand both in existing locations and to new locations.

Focus on "asset selection" by identifying and purchasing assets at a low price, off market deals - such as from banks, distressed sellers, or other properties at steep discounts, with the potential to increase yield from rent and reduced costs resulting from efficient management methodology.

Overview of Real Estate Investment Strategies:

Private equity real estate funds generally follow core, core-plus, value added, or opportunistic strategies when making investments. The Delma Group's management strives to follow a similar approach.

Core: This is an unleveraged strategy with predictable cash flows. The business will generally invest in stable, fully leased, multi-tenant properties within strong, diversified metropolitan areas.

Core Plus: The business will generally invest in core properties; however, many of these properties will require some form of enhancement or value-added element.

Value Added: This involves buying a property, improving it in some way, and selling it at an opportune time for gain. Properties are considered value added when they exhibit management or operational problems, require physical improvement, and/or suffer from capital constraints.

Opportunistic: The properties will require a high degree of enhancement. This strategy may also involve investments in development, raw land, mortgage notes, and niche property sectors. Investments are tactical.

Delma Properties is a Montreal, Canada based investment group that evaluates and focuses on developing, owning, and managing real estate. The Resulting Issuer will be a fully integrated real estate group with properties and operations in Canada, the United States and Greece. The operating portfolio includes office buildings, retail, residential, and industrial buildings, as well as millions of square feet of land for future development.

Delma Properties has demonstrated the capability to create significant value for its investors by investing in, developing, or acquiring under-valued assets and operating businesses, and repositioning these assets. The Delma Group was founded as a vehicle to access high return US and Canadian real estate investments and subsequently attracted investors the success of portfolio.

Delma Properties has been, through its owners and affiliated companies, an active investor and operator in the United States and Canada since 1990 as well as in other countries. The management has a broad expertise across national sectors and markets and a history of creating significant value for investors. Since 1990 the Delma Group has acquired, operated, and managed income-producing properties both in geographical location and in product type, including office buildings, multi-family rental apartments and condominiums, anchored shopping centers, hotels, and securities in private real estate companies.

Since its inception, the Delma Group has found innovative solutions, in a holistic and pragmatic way, and success with a dedication to long term ownership while capitalizing on real estate opportunities. As a company, the management thrives on the challenges of a continuously fluctuating and sometimes volatile environment.

The Delma Group has designed innovative solutions and success in both bull and bear real estate markets. We thrive on the challenges of a continuously fluctuating environment. The Delma Group's success is attributed to solid investment strategies and strict adherence to the principals of dedicated service, business ethics and professional demeanor.

Delma Properties' business model is focused on a combination of 3 main businesses:

Cash Flow Assets: Long-term investments in revenue-generating properties that generate steady cash flow.

Value Added Assets: Short to medium term investments in value added situations, properties that require construction, repositioning, redevelopment, and/or additional leasing and will add a higher return to the portfolio and increase the dividend to the investors.

Development Asset: Assets that add a higher return to the portfolio and increase the dividend to the investors.

Delma Developments

The business unit operates exclusively in real estate, including the management and investment in commercial, industrial and multi-residential properties and development of land or redevelopment of existing buildings throughout the province of Quebec.

Delma Developments is a key player in real estate projects development and is known for its team approach with cities, professionals, partners, investors, bankers, contractors and other participants involved, and talent ability to address the particularities of each specific project.

The subsidiary being sensitive to environmental issues, it realizes its projects with a long-term vision respectful of the environment. Delma Developments' main goal is to develop commercial, industrial and multi-residential real estate projects throughout Canada, USA, Europe and Africa, through geographically strictly selected partners.

Delma Developments has completed, as developer or owner, projects of various scales in the commercial, industrial and multi-residential real estate areas for a total exceeding $200 million. Alone or with partners, Delma Developments has completed developments for large banners corporations like Couche-Tard, Tim Hortons, Subway, Petro-Canada, Esso, Ultramar, Familiprix, Uniprix, Groupe Jean Coutu, etc. and with governmental organizations.

Properties Overview

Delma Resorts & Hotels is a full service, multinational hotel & resort owner, developer, and manager. It is a builder, developer, owner, manager/operator, and marketer of resorts and vacation properties across North America and Europe. Founded by individuals from leading organizations the subsidiary serves its clients, shareholders and investors in a holistic way in order to deliver consistent revenue growth since 2010.

It is a product of a revolutionary vision that aims to have a leading niche presence in the real estate investment industry. The subsidiary is an integrated property investor, owner, operator, and manager offering a range of resorts & hotels investment, operations, and services to its clients. It is positioned as a mid-size operator which allows the subsidiary to find value in opportunities that might be considered too small for the major hotel chains, but which are too costly or complex for small developers or landowners aspiring to develop their own land or properties. This strategy allows the management to make fast opportunistic decisions.

An Industry Leader:

- Revenue growth driven by average daily rate every year since 2010

Delma Resorts' key offerings include:

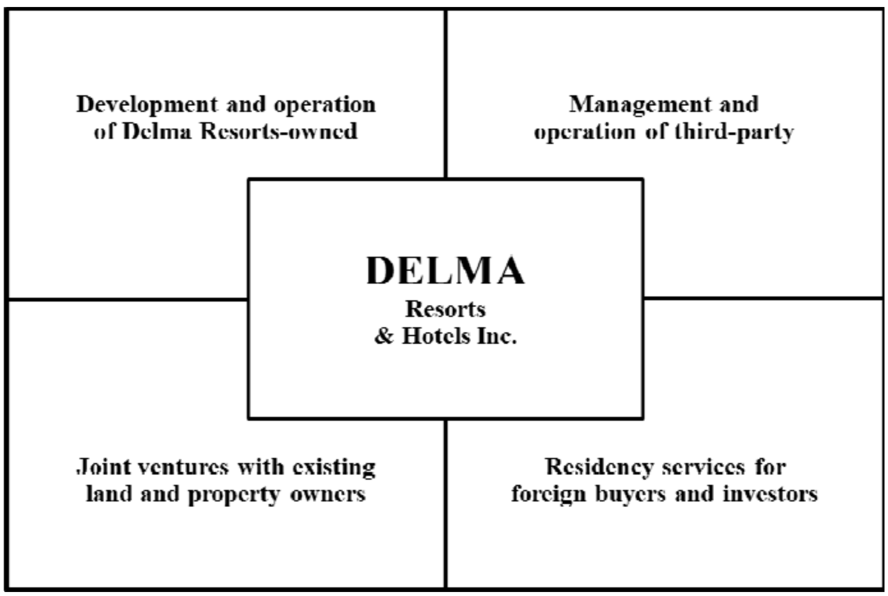
- Boutique resorts and hotels;
- international online reservation systems;
- dedicated sales and reservations team;
- an established network of real estate sales offices and associates;
- Delma-owned and operated call center with services in English, French and Spanish; has the possibility to expand to other languages;
- social media and marketing services;
- Delma Resorts' rewards club and gift certificates;
- access to existing network of tour operators and otherchannels;
- ownership mobility: buy one property freehold, and use others at our resorts around the world; and
- access to the Delma Resorts Loyalty Program and week exchanges.

Select Achievements in Resort Land, Home & Condo Sales:

- Sold $50 million of high end log homes in one month to buyers from England.
- Sold 60% of Phase I lots at the Ellicottville Resort in New York State in one day.
- Have over $150 million of development projects currently under way in resorts in Canada, and the United States,
- Have several planned projects in Europe & Africa in the hundreds of millions of dollars.

Products and Services Overview

The chart summarizes the different types of services offered by Delma Resorts subsidiary.



International Sales & Reservation Network

Delma Resorts has its own reservation system and owns and operates its own call center. It also works with international reservation systems in multiple languages and access to clients, tour groups, business travelers and conventions from across the world. Delma Resorts also has an extensive sales network in England, France, China, Hong Kong, the Middle East, and North America to sell homes, condos, and lands at its various properties and projects.

Residency Visa, Immigration, & Citizenship Options

Delma Resorts has partnered with various immigration law firms in Canada, the United States, Europe, and the Caribbean to provide services for potential international clients and investors who are seeking the Schengen Area Residency Visa, the Canadian & United States permanent residency and citizenship programs, and the various Caribbean countries' citizenship programs.

The Delma Rewards Club & Gift Certificates

This is a points card available to the Delma Group's guests, clients, and homeowners from across the world. The points can be redeemed for accomodation or other goods and services offered by the Delma Group.

Delma's Ownership mobility

As a home / condo owner in one of the Delma Group's owned properties, the owner has the right to use any units at the subsidiary's resorts in other countries around the world including Canada.

The owner owns 100% of his home / condo freehold. But the owner also has the right to use other properties at the Delma Group's resorts in exchange for offering his own unit for rentals during his time of absence.

- A client can buy a chalet in Blueberry Lake in Canada,
- Generate revenue from it through Delma Resorts & Hotels' rental program,
- Use it for their own vacation time as long as they want,
- As an owner, they can choose to use a chalet or condo at 42 Degrees North in New York State or in Kastos Island Resort, Greece, among many others.

Delma Resorts & Hotels' Lease to Own Program

Delma has a Lease-to-Own Program with banks in some of the regions it operates in, where clients can pay a down payment on a specific property and use the asset for personal use while making monthly payments. This allows the client to own the property within a specific period. The property can also generate income during the lease period for the client through the rental program.

The lease and purchase ("**LAP**") agreement is a rent-to-own agreement for a property that is leased in exchange of monthly installments with the option to purchase after 3 years of the signing of the contract. The LAP agreement was developed to facilitate access to property for non-residents by lowering financial / logistical barriers to entry.

Objectives:

- Offer all the benefits of ownership
- Lower the financial commitment and decision threshold
- Minimize the transaction complexity and management involvement

Target Markets:

- The LAP model was developed in the context of redevelopment of lower priced units
- The management estimates annual sales of 100 to 200 units in the UK market only

Delma Resorts Properties

Name	Location	Ownership
The Blueberry Lake Resort	Mont Tremblant, Quebec	100%
The Balmoral Resort, Estate, & Golf	Morin Heights, Quebec	50-50 joint venture
42 Degrees North Resort	Ellicottville, New York State	100%
Delma Panagopoula Resort	Patras, Greece	30%

The Blueberry Lake Resort

Blueberry Lake is a log chalet resort in the Tremblant region. The pet-friendly location comprises nearly 300 acres of forestry interspersed with 4 varieties of 50 luxury log chalets (each chalet has 3-6 bedrooms) and 60 log cottages. The site also offers two tennis courts that are exchangeable in to skating rinks in winter, a beach volleyball court, an outdoor pool and a central clubhouse with sauna, steam, massage rooms and indoor thermal pool. The site currently has 60-70% land still vacant for future development.


The site also provides access to trainers and guides for skiing, cross country skiing, snowshoeing, skating, golf, ice hockey and biking amenities. The site also houses a central log clubhouse that offers more than 3000 sq. ft. of meeting space, from boardrooms and breakout rooms to larger conference halls.



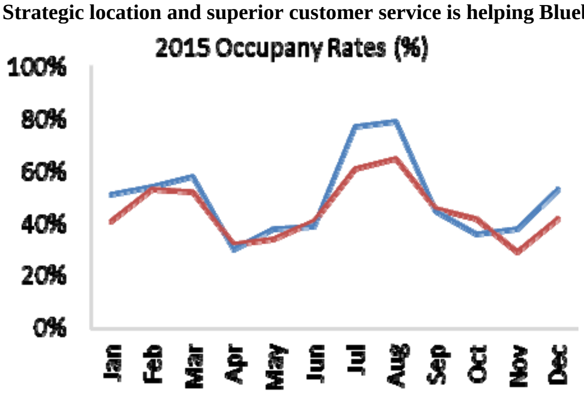
Other services offered include

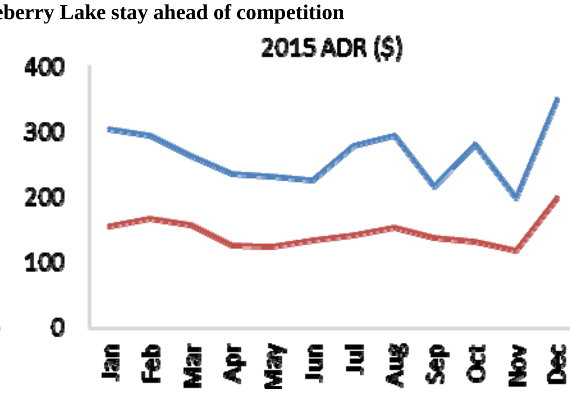
- 42" plasma TVs
- Pool tables
- Hot tubs
- Free high-speed wireless internet
- Concierge service
- Global cuisine
- Hiking and biking trails
- Acentral clubhouse and spa
- Indoor thermal baths, sauna and steam room
- Swimming pool
- Two private lakes
- Children playground

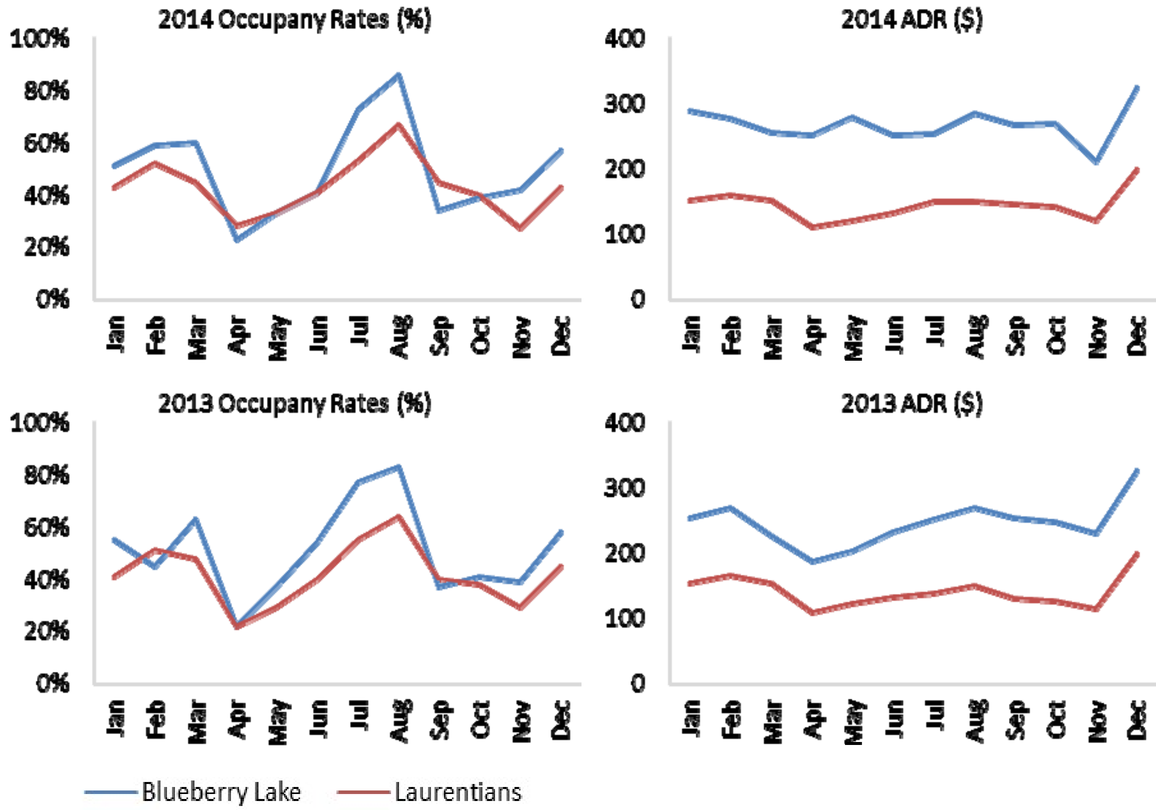
Second, Superior Occupancy and Client Satisfaction

At Blueberry Lake Resort, the subsidiary has reported a consistent track record of growing rental business in “off mountain” locations. Despite being 30 minutes north of Mont Tremblant and two hours from Montreal, this property has delivered occupancy rates in excess of 75% and its average daily rate was up 15% in 2014 vs. 2013. It is the “off mountain” expertise that the management believes would allow the site to deliver consistently growing results, well in excess of the average for the Laurentian region.

Strategic location and superior customer service is helping Blueberry Lake stay ahead of competition







The Balmoral Resort, Estate, and Golf

Delma Resorts holds a 50% stake in the Balmoral Resort, Estate, and Golf under the Joint Venture Agreement, in connection with which Delma Corporation acts as nominee for Delma Resorts under the Nominee Agreement. Built and designed in 1991 by leading golf course architect Graham Cooke, the Balmoral Golf Club occupies with 270 acres of land in the Laurentian Mountains of Quebec, Canada. The Domaine Balmoral features luxurious homes, a select private country club with an 18-hole golf course, various facilities, exquisite landscaping and a restaurant. The Balmoral Golf Club and the available lands of Domaine Balmoral offer attractive investment opportunities.

Beginning in 2004, the Balmoral Golf Club underwent a restructuring and a refitting of its landscape and premises. The development company of Balmoral was founded in 1989 and acquired by its present owner in 2004. The cost of construction of the Balmoral Golf Club exceeds $18 million.

The Balmoral golf club's main promoters are the loyal clientele and residents of the Domaine Balmoral itself. Its features include:

- An 18-hole golf course
- The club house, featuring a restaurant, a bar, a pro shop, offices, a swimming pool and tennis courts
- A cart garage and various maintenance buildings
- A snack bar and multiple shelters and gazebos

The parties to the Joint Venture Agreement have agreed thereunder to refer clients to the Balmoral Resort. If and when 50% of the units that comprise the Balmoral Resort are sold, it will be transferred to a shell company ("**Newco**") to be incorporated upon reaching that milestone and the parties will negotiate and enter into a partnership agreement that will define their rights and obligations in connection with the Balmoral Resort. Delma Corporation will act as manager for a minimum of 20 years after incorporation of Newco.


42 Degrees North Resort, Ellicottville, New York, USA

42 Degrees North Resort is situated on approximately 1,200 acres at the site of the former Concord Club private ski club. Facilities available on the site include tennis courts, a swimming pool and a Nordic Spa in Phase 1, along with an extensive network of trails for hiking, biking, skiing and snowshoeing private plots of up to 8 acres are available at affordable prices starting at $80,000.

Delma Panagopoula Resort

This site houses 48 chalets and a small hotel resort that is situated on 30,000 square meters peninsula with a private beach.

Selected Financial Information and Management's Discussion and Analysis

Annual and Interim Information

The following table sets forth selected financial information for each Delma Entity for the financial years ended December 31, 2016 and 2015 and the nine-month period ended September 30, 2017. Such information is derived from the audited financial statements of Delma and should be read in conjunction with such financial statements. See "Schedule C - Financial Statements of the Delma Entities".

Delma GP, Delma Properties & Delma Resorts (Consolidated)

Balance Sheet Data	September 30, 2017 (unaudited) ($)	December 31, 2016 (audited) ($)	December 31, 2015 (audited) ($)
Cash and cash equivalents	606	606	49,605
Total Assets	16,241,760	16,301,760	647,305
Total Liabilities	963,000	423,000	47,253

Income Statement Data	September 30, 2017 (unaudited) ($)	December 31, 2016 (audited) ($)	December 31, 2015 (audited) ($)
Net Income (loss)	Nil	9,320,708	(48)
Administrative Expenses	Nil	12,368	(48)
Basic and diluted net loss per unit	Nil	571	(0.003)

Bromont GP & SEC Bromont (Consolidated)

Balance Sheet Data	September 30, 2017 (unaudited) ($)	December 31, 2016 (audited) ($)	December 31, 2015 (audited) ($)
Cash and cash equivalents	629	1,484	3,843
Total Assets	42,269,732	40,890,183	39,033,979
Total Liabilities	18,214,493	16,848,571	15,004,440

Income Statement Data	September 30, 2017 (unaudited) ($)	December 31, 2016 (audited) ($)	December 31, 2015 (audited) ($)
Net Income (loss)	13,150	16,799	16,679
Expenses	3,782	4,726	5,820

Management's Discussion and Analysis

Each Delma Entity's Management's Discussion and Analysis for the year ended December 31, 2016 and for the nine-month period ended September 30, 2017 is attached hereto as "Schedule D - MD&A of the Delma Entities".

Description of Securities

The authorized share capital of Delma GP consists of an unlimited number of Delma GP Shares. As of the date of this Circular, Delma GP's issued and outstanding capital consists of 280.7 Delma GP Shares.

The authorized share capital of Delma Properties consists of an unlimited number of units. As of the date of this Circular, Delma Properties' issued and outstanding capital consists of 30,621 Delma Properties Units.

The authorized share capital of Delma Resorts consists of an unlimited number of class A units (voting) and an unlimited number of class B units (non-voting). As of the date of this Circular, Delma Resorts' issued and outstanding capital consists of 18,182 class A Delma Resorts Units and 1,148 class B Delma Resorts Units.

The authorized share capital of Bromont GP consists of class A, class B, class C, class D, class B, class F, class G, class H, class I , class J, class K and class L shares. The class A shares are the Bromont GP Shares. As of the date of this Circular, Delma GP's issued and outstanding capital consists of 100 Bromont GP Shares.

The authorized share capital of SEC Bromont consists of 1,000 units. As of the date of this Circular, SEC Bromont's issued and outstanding capital consists of 1,000 units.

Delma Entities Capital Structure

Holders of Delma GP Shares are entitled to one vote per share at meetings of Delma GP Shareholders, to receive dividends if, as and when declared by the directors of Delma GP and to receive pro rata the remaining property and assets of Delma GP upon its dissolution, liquidation or winding-up, subject to the rights of shares having priority over the Delma GP Shares.

Holders of Delma Properties Units are entitled to one vote per unit at meetings of Delma Properties Unitholders, to receive allocations of Net Income, Net Loss, Taxable Income and Tax Loss, the right to obtain Cash Available for Distribution and Sale Proceeds, and the obligation to contribute the Subscription Price for the Partnership (in each case as defined in the Delma Properties LP Agreement).

Holders of class A Delma Resorts Units are entitled to one vote per unit at meetings of Delma Resorts Unitholders, to receive allocations of Net Income, Net Loss, Taxable Income and Tax Loss, the right to obtain Cash Available for Distribution and Sale Proceeds, and the obligation to contribute the Subscription Price for the Partnership (in each case as defined in the Delma Resorts LP Agreement). Holders of class B Delma Resorts Units are entitled to identical rights, with the exception that class B Delma Resorts Units do not carry any voting rights.

Holders of Bromont GP Shares are entitled to one vote per share at meetings of Bromont GP Shareholders, to receive dividends if, as and when declared by the directors of Bromont GP and to receive pro rata the remaining property and assets of Bromont GP upon its dissolution, liquidation or winding-up, subject to the rights of shares having priority over the Bromont GP Shares.

Holders of SEC Bromont Units are entitled to one vote per unit at meetings of SEC Bromont Unitholders and to participate in SEC Bromont's profits and losses.

Capitalization of Delma

The following table sets forth the capitalization of each Delma Entity as at December 31, 2016, being the date of the most recent balance sheet contained in this Circular, and as at the date of this Circular:

Designation of Security	Amount Authorized	Amount Outstanding as at December 31, 2016 (audited)	Amount Outstanding as at the date of this Circular
Delma GP Shares	Unlimited	280.7	280.7

Designation of Security	Amount Authorized	Amount Outstanding as at December 31, 2016 (audited)	Amount Outstanding as at the date of this Circular
Delma Properties Units	Unlimited	30,621	30,621
Delma Resorts Units	Unlimited	18,182 class A Delma Resorts Units 1,148 class B Delma Resorts Units	18,182 class A Delma Resorts Units 1,148 class B Delma Resorts Units
SEC Bromont Units	Unlimited	1,000	1,000
Bromont GP Shares	Unlimited	100	100

Dividend Policy

To date, no Delma Entity has paid any dividends. The future payment of dividends will be dependent upon the financial requirements of those entities to fund further growth, their financial condition and other factors that their management may consider in the circumstances. It is not contemplated that any dividends will be paid in the immediate or foreseeable future if at all.

Prior Sales

The following table sets forth the issuance of Delma Shares and Delma Units (and securities convertible into Delma Shares or Delma Units) during the 12-month period preceding the date of this Circular:

Date of Issuance	Number of Securities	Price per Security	Aggregate Price
December 22, 2016	162.2 Delma GP Shares	$1	$162.20
December 28, 2016	113.5 Delma GP Shares	$1	$113.50
December 22, 2016	21,996 Delma Properties Units	$1,000	$21,996,000
December 23, 2016	150 Delma Properties Units	$1,000	$150,000
December 28, 2016	2,934 Delma Properties Units	$1,000	$2,934,000
December 21, 2016	1,129 Delma Resorts Units	$1,000	$1,129,000
December 22, 2016	3,286 Delma Resorts Units	$1,000	$3,286,000
December 28, 2016	27,621 Delma Resorts Units	$1,000	$27,621,000

Stock Exchange Share Price

None of the securities of any Delma Entity are, or have been, posted for trading on any stock exchange.

Principal Shareholders

To the knowledge of the directors and executive officers of the Delma Entities, as at the date of this Circular, no persons beneficially own, or control or direct, directly or indirectly, voting securities of any Delma Entity carrying 10% or more of the voting rights attached to the Delma Units or SEC Bromont Units other than as follows:

Name and Muncipality of Residence of Shareholder	Type of Ownership	Number and Percentage of Delma Units or SEC Bromont Units Owned Prior to Completion of the Acquisition	Number of Resulting Shares Owned After Completion of the Acquisition	Percentage of Voting Rights Owned After Completion of the Acquisition
Hasan al-Shawa Montreal, Quebec	Indirect	22,491 Delma Properties Units (67.41%)	707,250 Resulting Issuer Class A Shares 2,871,750 Resulting Issuer Class B Shares	66.22%
Henri Petit Montreal, Quebec	Indirect	249 SEC Bromont Units (24.9%)	343,337 Resulting Issuer Class A Shares 1,000,000 Resulting Issuer Class B Shares	23.08%

(1) Based on an aggregate of 100 Delma Shares, 30,621 Delma Properties Units, 32,210 Delma Resorts Units, 1,000 SEC Bromont Units and 100 Bromont GP Shares issued and outstanding as of the date of this Circular.
(2) Based on a total of 5,672,516 Resulting Issuer Class A Shares and 4,125,417 Resulting Issuer Class B Shares expected to be outstanding following completion of the Acquisition, on an undiluted basis.

Executive and Director Compensation

Delma does not currently pay any form of compensation whatsoever to its directors or officers.

Material Contracts

The following are the only material agreements of the Delma Entities (other than certain agreements entered into in the ordinary course of business):

a) the Acquisition Agreement;

b) the Escrow Agreement;

c) the Joint Venture Agreement;

d) the Nominee Agreement;

e) the Delma Properties LP Agreement;

f) the Delma Resorts LP Agreement; and

g) the SEC Bromont LP Agreement.

The material contracts described above may be inspected at the registered office of Delma Properties at 310-925 Maisonneuve Boulevard West, Montreal, Quebec, H3A 0A5 during ordinary business hours until the Acquisition Effective Date and for a period of 30 days thereafter.

PART VII - INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Structure

Name and Incorporation

Upon Shareholder approval of the Reverse Take-over and completion of the Acquisition, the Resulting Issuer will continue to be a BCBCA corporation. Subject to Shareholder approval of the Name Change, the Resulting Issuer will file articles of amendment to change its name to "The Delma Group Inc.", or such other name as may be determined in the sole discretion of the Resulting Issuer's board of directors.

The Resulting Issuer's head and registered office will be located at 640 Orly Avenue, Suite 160, Dorval, Quebec, H9P 1E9.

Intercorporate Relationships

Upon completion of the Acquisition, Delma GP, Delma Resorts and Delma Properties will become wholly-owned subsidiaries of the Resulting Issuer.

Narrative Description of the Business

The Resulting Issuer's business objective after completion of the Acquisition will be to continue to be the same as previously carried on by Delma, as described under "Part VI - Information Concerning Delma".

Stated Business Objectives and Milestones

In the 12 months following completion of the acquisition of the Delma Entities, the Resulting Issuer intends to pursue acquisition targets in Quebec, New York, Spain, Greece and Kenya. Delma is currently in discussions with several groups with respect to potential acquisition targets, none of which has reached an advanced stage.

Description of Securities

Upon completion of the Acquisition, the outstanding capital of the Resulting Issuer will consist of:

(i) 5,672,516 Resulting Issuer Class A Shares;

(ii) 4,125,417 Resulting Issuer Class B Shares;

(iii) 855,323 Resulting Issuer stock options to purchase Resulting Issuer Class A Shares at an exercise price of $6 each; and

(iv) 7,934 Resulting Issuer Warrants to purchase Resulting Issuer Class A Shares, of which (a) 1,159 Resulting Issuer Warrants will be exercisable at a price of $20 each and will expire on May 31, 2018 and (b) 6,775 Resulting Issuer Warrants will be exercisable at a price of $15 each until January 27, 2018 and $20 each until their expiry on January 27, 2019.

Holders of Resulting Issuer Class A Shares will be entitled to one vote per Resulting Issuer Class A Share at meetings of shareholders of the Resulting Issuer, to receive dividends if, as and when declared by the directors of the Resulting Issuer and to receive pro rata the remaining property and assets of the Resulting Issuer upon its dissolution, liquidation or winding-up, subject to the rights of shares having priority over the Resulting Issuer Class A Shares. Holders of Resulting Issuer Class B Shares will have the same rights, except that they will be entitled to 100 votes per Resulting Issuer Class B Share at meetings of shareholders of the Resulting Issuer.

Pro Forma Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the Acquisition and the Consolidation including, without limitation, as described in the pro forma financial statements attached hereto as Schedule "E".

Designation of Security	Amount Currently Outstanding	Amount Outstanding After Giving Effect to the Acquisition
Resulting Issuer Class A Shares	134,599	5,672,516
Resulting Issuer Class B Shares	Nil	4,125,417
Long term debt	$479,472	$13,242,472
Resulting Issuer Options under the Stock Option Plan	4,500	855,323

Designation of Security	Amount Currently Outstanding	Amount Outstanding After Giving Effect to the Acquisition
Resulting Issuer Warrants	7,934	7,934

(1) See “Part VII - Information Concerning the Resulting Issuer - Options to Purchase Securities”.

Fully Diluted Share Capital

The following table sets out the diluted share capital of the Resulting Issuer after giving effect to the Acquisition and the Consolidation:

Designation of Security	After Giving Effect to the Acquisition	
	Number of Securities	Percentage of Securities
Aydon Shares issued and outstanding as at the date of the Circular	134,599	1.26%
Consideration Shares	9,663,334	90.64%
Shares reserved for issuance upon exercise of Resulting Issuer Options granted pursuant to the Stock Option Plan	855,323	8.02%
Shares reserved for issuance upon exercise of outstanding Resulting Issuer Warrants	7,934	0.08%
Total Number of Diluted Securities	**10,661,190**	**100%**

Available Funds and Principal Purposes

As at September 30, 2017 (the end of Aydon’s most recently completed interim financial period prior to the date of this Circular), Aydon had a working capital deficit of $255,053. Aydon has historically relied upon equity financings to satisfy its capital requirements and will continue to depend upon equity capital to finance its activities.

The consolidated *pro forma* balance sheet of the Resulting Issuer, which gives effect to the Acquisition as if it had been completed on December 31, 2016 and September 30, 2017, is attached hereto as Schedule E.

The *pro forma* working capital position of the Resulting Issuer as at October 31, 2017 (the most recent month-end prior to the date of this Circular), giving effect to the Acquisition as if it had been completed on that date, was $53,852.

In order to implement its business plan, the Resulting Issuer intends to raise the necessary funds either by issuing equity securities or by obtaining debt financing. The Delma Group’s management is of the view that both debt and equity financing will be more readily available to the Resulting Issuer and on more favourable terms after the completion of the Reverse Take-over and therefore anticipates completing one or more such financings after the Closing Date.

Use of Proceeds	Funds to be Expended
Costs of completing the acquisition of the Delma Entities	$100,000
General and Administrative Expenses	$1,000,000
TOTAL	**$1,100,000**

The Resulting Issuer intends to spend the funds available to it for the principal purposes indicated above. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer will require additional funds in order to fulfill all of its expenditure requirements to meet its new business objectives and expects to either issue additional securities or incur indebtedness. There can be no assurance that additional funding required by the Resulting Issuer will be available if required. However, it is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer’s objectives over the next 12 months.

Dividends

There are no restrictions that could prevent the Resulting Issuer from paying dividends. Any decision to pay dividends on its shares will be made by the Resulting Issuer’s board of directors on the basis of the Resulting Issuer’s earnings, financial requirements and other conditions existing at such future time. It is not contemplated that any dividends will be paid in the immediate or foreseeable future following completion of the Acquisition and that this policy will remain uncharged for at least 3 years.

Principal Securityholders of the Resulting Issuer

To the knowledge of the directors and officers of each of Aydon and the Delma Entities as of the date hereof, the following Persons will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Resulting Issuer after completion of the Acquisition.

Name and Municipality of Residence of Shareholder	Type of Ownership	Number and Percentage of Resulting Issuer Shares Owned After Completion of the Acquisition(1)	Number and Percentage of Voting Rights Owned After Completion of the Acquisition(1)
Hasan al-Shawa(2)	Indirect	707,250 Resulting Issuer Class A Shares 2,871,750 Resulting Issuer Class B Shares	66.22%
Henri Petit(3)	Indirect	343,337 Resulting Issuer Class A Shares 1,000,000 Resulting Issuer Class B Shares	23.08%

(1) Based on a total of 5,672,516 Resulting Issuer Class A Shares and 4,125,417 Resulting Issuer Class B Shares expected to be outstanding following completion of the Acquisition, on an undiluted basis.
(2) Held through Granada Canada Inc.
(3) Held through Gestion H. Petit Inc. and 9334-1063 Québec Inc.

Directors, Officers and Promoters of the Resulting Issuer

Name, Address, Occupation and Security Holdings

The names, municipalities of residence of the proposed directors and officers of the Resulting Issuer (other than Husam Shawwa), their proposed positions and offices to be held with the Resulting Issuer, and their principal occupations during the past five years and the number of securities of the Resulting Issuer which will be beneficially owned, directly or indirectly, or over which control or direction will be exercised by each upon completion of the Acquisition are set forth under "Part II - Annual Meeting - Election of Directors".

Husam Shawwa is anticipated to be President, Property Management of the Resulting Issuer. He currently holds that position with Delma Properties.

Management

A brief description of the biographies for all the proposed officers and directors of the Resulting Issuer are set out under "Part II - Annual Meeting - Election of Directors".

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Delma Entities also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Delma Entities have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Delma Entities will be in direct competition with the Delma Entities. Conflicts, if any, will be subject to the procedures and remedies provided under CBCA.

Promoter

No person or company will be a promoter of the Resulting Issuer, or has been within the two years immediately preceding the date of this Circular a promoter of Aydon or a Delma Entity.

Proposed Executive Compensation of the Resulting Issuer

Summary Compensation Table

The following table sets forth the anticipated compensation to be paid or awarded to the following executive officers of the Resulting Issuer: (i) the Chief Executive Officer; (ii) the Chief Financial Officer for the 12-month period after giving effect to the Acquisition; and (iii) each of the Resulting Issuer's three most highly-compensated executive officers (including of its subsidiaries), or the three most highly-compensated individuals acting in a similar capacity, other than the CEO and the CFO, whose total compensation is expected to be more than $150,000:

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option -based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compen-sation ($)	Total compen-sation ($)
					Annual incentive plans	Long-term incentive plans			
Hasan al-Shawa, Chairman & CEO	2017	300,000	Nil	300,000	Nil	Nil	Nil	Nil	600,000
Joseph Cianci, CFO	2017	250,000	Nil	250,000	Nil	Nil	Nil	Nil	500,000
Henri Petit, President, Delma Properties, Corporate Secretary	2017	300,000	Nil	300,000	Nil	Nil	Nil	Nil	600,000
Hazem al-Shawa, President, Delma Resorts	2017	150,000	Nil	150,000	Nil	Nil	Nil	Nil	300,000

Indebtedness of Directors and Officers

At any time since the beginning of the most recently completed financial year of Aydon or the Delma Entities, no director, executive officer or other senior officer of Aydon or a Delma Entity or person who acted in such capacity in the last financial year of Aydon or a Delma Entity, or proposed director or officer of the Reporting Issuer, or any Associate of any such director or officer is, or has been, indebted to Aydon or a Delma Entity nor has any such persons indebtedness to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or ·understanding provided by Aydon or any Delma Entity or a subsidiary thereof.

Investor Relations Arrangements

Neither the Aydon nor any Delma Entity is a party to any written or oral agreement or understanding to provide any promotional or investor relations services for Aydon or the Resulting Issuer.

Options to Purchase Securities

The following table provides information as to the option holders of the Resulting Issuer that, as of the date of this Circular, are expected to be outstanding immediately following the completion of the Acquisition:

Category of Option Holder	Number of Options to Acquire Resulting Issuer Class A Shares Held as a Group
(a) All proposed officers of the Resulting Issuer	510,494
(b) All proposed directors of the Resulting Issuer who are not also proposed officers	170,164
(c) All other employees as a group	127,623
(d) All consultants as a group	47,041
(e) All other persons or companies (e.g. former officers and directors)	Nil
TOTAL NUMBER OF OUTSTANDING OPTIONS	**855,323**

The following table provides information as to material provisions of the options of the Resulting Issuer that are expected to be outstanding immediately following the completion of the Acquisition, after giving effect to the Consolidation:

Date of Grant	Number of Options	Exercise Price	Expiry Date
Closing Date	855,323	$6	Five years after the Closing Date

Escrowed Securities

As required under the policies of the CSE, Principals of the Resulting Issuer will enter into an escrow agreement as if the Resulting Issuer was subject to the requirements of NP 46-201. Escrow releases will be scheduled at periods specified in NP 46-201 for emerging issuers, that is, 10% will be released on the date that the Consideration Shares commence trading on the CSE system following completion of the Acquisition, followed by six subsequent releases of 15% each every six months thereafter. The form of the escrow agreement must be as provided in NP 46-201.

The table below includes the details of escrowed securities that will be held by current Principals of Aydon and by the new Principals of the Resulting Issuer upon the completion of the Transaction, after giving effect to the Consolidation.

Name and Municipality of Residence of Security holder	Prior to Giving Effect to the Acquisition		After Giving Effect to the Acquisition(1)	
	Number of securities held in escrow	Percentage of class	Number of securities to be held in escrow	Percentage of voting rights
Hassan al-Shawa.(2)	Nil	0%	707,250 Resulting Issuer Class A Shares 2,871,750 Resulting Issuer Class B Shares	66.22%
Henri Petit(3)	Nil	0%	343,337 Resulting Issuer Class A Shares 1,000,000 Resulting Issuer Class B Shares	23.08%

(1) Includes the 10% of the escrow securities that will be released of upon completion of the Acquisition.
(2) Held through Granada Canada Inc.
(3) Held through Gestion H. Petit Inc. and 9334-1063 Québec Inc.

Auditor, Transfer Agent and Registrars

Auditor

The Resulting Issuer's auditors will be RCGT at its Montreal office located at 600 de la Gauchetiere Street West, Suite 2000, Montreal, Quebec, H3B 4L8.

Transfer Agent and Registrar

Aydon's transfer agent and registrar, TSX Trust, will remain the transfer agent and registrar of the Resulting Issuer. See "Part V - Information Concerning Aydon - Auditor, Transfer Agents and Registrars."

Risk Factors of the Resulting Issuer

An investment in the securities of the Resulting Issuer should be considered speculative due to the nature of the Resulting Issuer's business, the Resulting Issuer's early stage of development and certain other factors. A prospective security holder should consider carefully the factors set forth elsewhere in this Circular. See "Part III - The Reverse Take-over and the Acquisition - Risk Factors".

PART VIII - GENERAL MATTERS

Other Material Facts

Aydon is not aware of any other material facts relating to Aydon, the Delma Entities or the Resulting Issuer or to the proposed Reverse Take-over and Acquisition that are not disclosed under the preceding items and are necessary in order for the Circular to contain full, true and plain disclosure of all material facts relating to Aydon, the Delma Entities and the Resulting Issuer, assuming approval of the Reverse Take-over and completion of the Acquisition, other than those set forth herein.

The Delma Entities are not aware of any other material facts relating to Aydon, the Delma Entities or the Resulting Issuer or to the proposed Reverse Take-over and Acquisition that are not disclosed under the preceding items and are necessary in order for the Circular to contain full, true and plain disclosure of all material facts relating to Aydon, the Delma Entities and the Resulting Issuer, assuming approval of the Reverse Take-over and completion of the Acquisition, other than those set forth herein.

Information and Approval of the Board and the Delma Entities

The information contained or referred to in this Circular with respect to Aydon has been furnished by Aydon. The Delma Entities and their respective directors and officers have relied on the information relating to Aydon provided by Aydon and take no responsibility for any errors in such information or omissions therefrom.

The information contained or referred to in this Circular with respect to the Delma Entities has been furnished by the Delma Entities. Aydon and its directors and officers have relied on the information relating to the Delma Entities provided by the Delma Entities and take no responsibility for any errors in such information or omissions therefrom.

The Board has approved the contents of this Circular and its delivery to the Aydon Shareholders.

SCHEDULE A

FINANCIAL STATEMENTS OF AYDON

(See attached)

Aydon Income Properties Inc.

Consolidated Financial Statements

December 31, 2016

(Expressed in Canadian Dollars)

1500 – 1140 W. Pender Street
Vancouver, BC V6E 4G1
TEL 604.687.4747 | FAX 604.689.2778

700 – 2755 Lougheed Hwy.
Port Coquitlam, BC V3B 5Y9
TEL 604.941.8266 | FAX 604.941.0971

200 – 1688 152 Street
Surrey, BC V4A 4N2
TEL 604.531.1154 | FAX 604.538.2613

WWW.DMCL.CA

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Aydon Income Properties Inc.,

We have audited the accompanying consolidated financial statements of Aydon Income Properties Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2016 and the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aydon Income Properties Inc. as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the year ended December 31, 2016 and for the period ended December 31, 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Aydon Income Properties Inc.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 14, 2017

Aydon Income Properties Inc.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	Notes	December 31, 2016	December 31, 2015
ASSETS			
Current assets			
Cash		$ 1,646	$ 9,459
Receivables	4	22,037	46,923
Assets held for sale	8	329,027	-
Refundable deposit	14	44,309	-
		397,019	56,382
Non-current assets			
Investment	5	-	114,337
TOTAL ASSETS		**$ 397,019**	**$ 170,719**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	$ 258,287	$ 49,798
Loan payable	11	44,362	-
Liabilities of assets held for sale	8	87,947	-
Obligation to issue shares	14	45,000	-
		435,596	49,798
Non-current liabilities			
Convertible debentures	7	479,472	97,985
TOTAL LIABILITIES		**915,068**	**147,783**
SHAREHOLDERS' EQUITY			
Share capital	10	674,167	601,217
Share-based payment reserve	10	325,921	262,971
Currency translation reserve	10	(9,688)	(194)
Deficit		(1,508,449)	(841,058)
TOTAL SHAREHOLDERS' EQUITY		**(518,049)**	**22,936**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 397,019**	**$ 170,719**

Going concern (Note 1)
Subsequent events (Note 14)

Approved on behalf of the Board of Directors:

"V. Wadhwani" ***"D.C. Carkeek"***

Chief Executive Officer **Chief Financial Officer**

Aydon Income Properties Inc.
Consolidated statements of comprehensive loss
(Expressed in Canadian dollars)

	Notes	Year ending December 31, 2016	Period ending December 31, 2015
Revenue			
Management fees		$ -	$ 36,993
Expenses			
Communications		2,806	3,087
Consulting fees	10	50,000	2,000
Filing fees		30,502	24,528
Foreign exchange (gain) loss		9,832	(7,095)
Management fees	11	264,000	175,265
Office and miscellaneous		11,617	9,928
Professional fees	11	44,416	23,094
Stock-based compensation	10, 11	27,683	-
Travel and accommodation		4,656	-
		(445,512)	(230,806)
Other items			
Forgiveness of debt	11	43,313	-
Loss on acquisition of limited partnerships	5	(184,516)	-
Gain on deconsolidation of limited partnerships	12	-	19,646
Share of loss from limited partnership	5	(53,425)	-
Change in fair value of derivative	7	3,100	-
Interest expense		(30,842)	(1,147)
Other income		491	5,000
		(222,370)	23,499
Net loss		**(667,391)**	**(170,314)**
Other comprehensive (loss) gain			
Foreign currency translation		(9,494)	875
Comprehensive loss		**$ (676,885)**	**$ (169,439)**
Loss per share – basic and diluted	10	**$ (0.03)**	**$ (0.01)**
Weighted average shares outstanding	10	**24,417,626**	**24,083,081**

Aydon Income Properties Inc.
Consolidated statements of changes in equity
(Expressed in Canadian dollars)

		Share capital		Reserves				
	Notes	Number of shares	Amount	Obligation to Issue Shares	Share Based Payment Reserve	Currency translation reserve	Deficit	Total
Balance at April 30, 2015		**24,083,081**	**$ 601,217**	**$ (18,500)**	**$ 250,000**	**$ (1,069)**	**$ (670,744)**	**$ 160,904**
Convertible debenture	7	-	-	-	12,971	-	-	12,971
Net loss		-	-	-	-	-	(170,314)	(170,314)
Other comprehensive loss		-	-	-	-	875	-	875
Subscriptions received		-	-	18,500	-	-	-	18,500
Balance at December 31, 2015		**24,083,081**	**601,217**	**-**	**262,971**	**(194)**	**(841,058)**	**22,936**
Net loss		-	-	-	-	-	(667,391)	(667,391)
Other comprehensive loss		-	-	-	-	(9,494)	-	(9,494)
Shares issued	10	231,818	25,500	-	-	-	-	25,500
Shares issued for consulting	10	1,250,000	50,000	-	-	-	-	50,000
Share issue costs	10	-	(2,550)	-	-	-	-	(2,550)
Convertible debentures	7	-	-	-	35,267	-	-	35,267
Stock based compensation	10	-	-	-	27,683	-	-	27,683
Balance at December 31, 2016		**25,564,899**	**$ 674,167**	**$ -**	**$ 325,921**	**$ (9,688)**	**$ (1,508,449)**	**$ (518,049)**

The accompanying notes are an integral part of these consolidated financial statements

Aydon Income Properties Inc.
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Year ended December 31, 2016	Period ended December 31, 2015
Operating activities		
Net loss	$ (667,391)	$ (170,314)
Items not affecting cash:		
Stock-based compensation	27,683	-
Non-cash interest expense	10,299	422
Consulting fees settled for shares	50,000	-
Foreign exchange	(624)	875
Gain on derivative	(3,100)	-
Loss on acquisition of limited partnerships	184,517	-
Share of loss from limited partnerships	53,425	-
	(345,191)	(169,017)
Changes in non-cash working capital items:		
Receivables	24,886	(43,577)
Prepaid expenses and refundable deposit	(44,309)	1,550
Trade payables and accrued liabilities	208,489	38,764
Net cash flows used in operating activities	(156,125)	(172,280)
Investing activities		
Investment	-	(114,337)
Financing activities		
Proceeds on issuance of common shares	67,950	-
Proceeds on issuance of convertible debentures	40,000	126,000
Convertible debenture issue costs	(4,000)	(15,466)
Subscriptions receivable	-	18,500
Proceeds on loan	44,362	
Net cash flows from financing activities	148,312	129,034
Decrease in cash	(7,813)	(157,583)
Cash, beginning	9,459	167,042
Cash, ending	**$ 1,646**	**$ 9,459**

1. Nature and continuance of operations

Genesis Income Properties Inc. (“Genesis) was incorporated on April 7, 2014 under the laws of the province of British Columbia. Aydon Income Properties Inc. (the “Company”) was formed by amalgamation of Genesis and Forbairt Development Acquisition Corp. (“Forbairt”) under a Plan of Arrangement approved by the Supreme Court of British Columbia on August 27, 2014. The Company completed all requirements for a listing on the Canadian Stock Exchange (“CSE”) under the symbol “AYD” and started trading on March 12, 2015.

During the period ended December 31, 2015, the Company changed its fiscal year end from April 30 to December 31.

The principal address and records office of the Company is located at 202 - 5626 Larch Street, Vancouver, BC, V6M 4E1.

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.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. A different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The success of the Company is dependent on certain factors that may be beyond management's control such as economic, currency and liquidity risk. If the Company is unable to fund its investments or otherwise fails to invest in properties, its business, financial condition and results of operations could be materially affected. The Company has incurred operating losses since incorporation and has an accumulated deficit totaling $1,508,449. The Company’s continuation as a going concern is dependent upon successful results from its activities, its ability to raise sufficient equity financings, issuing debt or securing related party advances to complete the identification and acquisition of suitable properties in accordance with its business plan and ultimately achieving profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Management intends to finance operating costs over the next twelve months with existing working capital, public and private placements of common shares and loans from directors. While management has been successful in obtaining sufficient funding for its operating, capital and operations requirements from the inception of the Company to date, there is no assurance that additional funding will be available to the Company, when required, or on terms which are acceptable to management.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on July 14, 2017 by the directors of the Company.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and including interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) as applicable to the preparation of financial statements.

2. Significant accounting policies and basis of preparation (continued)

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage owned*	
	Country of incorporation	December 31, 2016	December 31, 2015
AIP General Partner Ltd.	Canada	100%	100%
AIP General Partner USA Inc.	USA	100%	100%
AIP Limited Partnership	Canada	100%	23%
AIP USA Limited Partnership 1	USA	100%	23%

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. AIP Limited Partnership and AIP USA Limited Partnership 1 have been consolidated from November 1, 2016, the day the Company obtained control. Prior to November 1, 2016 they were accounted for under the equity method.

Jointly controlled entities

A jointly controlled entity is a corporation or other entity in which each venture holds an interest. A jointly controlled entity operates in the same way as other entities, except that a contractual arrangement established joint control. A jointly controlled entity controls the assets of the joint venture, earns its own income and incurs its own liabilities and expenses. Interests in jointly controlled entities are accounted for using the equity method.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to fair value measurements of financial instruments, stock-based compensation and other equity-based payments, and the recoverability of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

2. Significant accounting policies and basis of preparation (continued)

Significant judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to a significant uncertainty; and
- the determination of the functional currency of the parent company and its subsidiaries.

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the Company's and AIP General Partners Ltd's functional and presentation currency. The functional currency of AIP General Partner USA Inc., AIP USA Limited Partnership 1, and AIP Limited Partnership is the US dollars.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. Significant accounting policies and basis of preparation (continued)

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

2. Significant accounting policies and basis of preparation (continued)

Financial instruments (continued)

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments measured at Level 1 include cash.

Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2. Significant accounting policies and basis of preparation (continued)

Equity accounted investment

Under the equity method, the investment is carried in the statements of financial position at cost and is adjusted for the Company's share of the investee's profit or loss subsequent to the investment. Losses are recorded until the carrying amount is reduced to $Nil; losses beyond this point are not recognized until the Company makes additional investment in the investee or positive earnings are achieved by the investee and the Company's share of profits equals its share of losses not previously recognized. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred obligations to provide funding to the investee.

Revenue recognition

Revenue consists of service revenue generated from management, consulting and rental income. Revenue is recognized when services have been provided, the amount can be measured reliably, collection is probable and cost incurred or to incur can be measured reliably.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided annually, using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed annually, at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(Expressed in Canadian dollars)

3. Accounting standards issued by not yet effective

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.

4. Receivables

	December 31, 2016	December 31, 2015
Trade receivables	$ 4,364	$ 36,219
GST receivable	17,673	10,704
	$ 22,037	$ 46,923

5. Investment

	December 31, 2016	December 31, 2015
Investment in limited partnerships at cost	$ -	$ 114,337

The investment is comprised of 367 units (2015-84 units) in AIP Limited Partnership (which owns 100% of AIP USA Limited Partnership 1). The Company purchased 84 units during the year ended December 31, 2015 for US$1,000 per unit. During the year ended December 31, 2016, the other unit holders redeemed their units in AIP Limited Partnership for convertible debt in the Company (Note 7). The limited partnerships are now 100% owned by the Company. As such, the Company has consolidated this investment from November 1, 2016 the date the Company obtained control. On November 1, 2016 the carrying value of the Company's equity accounted investment in AIP Limited Partnership approximated its fair value and accordingly the equity accounted investment was not re-valued. The Company recorded a loss of $184,516 which is the difference between the purchase price and the fair value of the net assets acquired. Prior to consolidation the Company used the equity method and recorded its proportionate share of the limited partnership losses to October 31, 2016 of $53,425.

Cost of investment less share of losses to October 31, 2016	$ 436,747
Fair value of identifiable net assets	(252,231)
Loss on acquisition of limited partnerships	$ 184,516

(Expressed in Canadian dollars)

6. Trade payables and accrued liabilities

	December 31, 2016	December 31, 2015
Trade payables	$ 31,421	$ 17,348
Amounts due to related parties (Note 11)	165,764	24,975
Accrued liabilities	61,102	7,475
	$ 258,287	$ 49,798

7. Convertible debentures

On March 30, 2016, the Company issued a $10,000 convertible debenture. The debenture is secured by a general security agreement in respect of all present and after acquired personal property of the Company. The debenture pays interest quarterly at 8.8% per annum and matures on December 31, 2018. At the holder's option, the debenture may be converted into common shares of the Company at a price of $0.30 per share prior to December 31, 2016 and $0.40 per share on or before December 31, 2016 and until December 31, 2017 and at a price of $0.50 per share after December 31, 2017 and until December 31, 2018.

On October 31, 2016, the Company issued a $30,000 convertible debenture. The debenture is secured by a general security agreement in respect of all present and after acquired personal property of the Company. The debenture pays interest semi-annually at 10% per annum and matures on November 30, 2018. At the holder's option, the debenture may be converted into common shares of the Company at a price of $0.30 per share prior to November 30, 2016 and at a price of $0.50 per share on or after November 30, 2016 and until November 16, 2018. The holder also has the option to convert the debenture into units of the AIP Limited Partnership held by the Company at a price of US$1,100 per partnership unit.

On October 31, 2016, the Company issued a $360,000 (US$273,000) convertible debentures for redemption of units in AIP Limited Partnership. The debentures are secured by a general security agreement in respect of all present and after acquired personal property of the Company. The debenture pays interest semi-annually at 10% per annum and matures on December 10, 2018 (Note 14).

On November 15, 2016, the Company issued a $13,556 (US$10,000) convertible debenture for redemption of units in AIP Limited Partnership. The debenture is secured by a general security agreement in respect of all present and after acquired personal property of the Company. The debenture pays interest quarterly at 8.8% per annum and matures on November 15, 2019. At the holder's option, the debenture may be converted into common shares of the Company at a price of $0.30 per share in the first year and $0.40 per share in the second year and $0.50 per share up until October 25, 2019. The holder also has the option to convert the debenture into units of AIP Limited Partnership held by the Company at a price of US$1,100 per partnership unit. The principal is denominated in a currency that is different from the Company's functional currency. IFRS requires the conversion right to be accounted as a derivative liability as the Company will be obliged to issue a variable number of shares upon conversion. As at November 15, 2016 the Company determined the fair value of the derivative liability to be $5,300 using the Black-Sholes Option Pricing Model with the following assumptions: Expected dividend yield – 0%; Volatility – 262%; Risk-free interest rate – 0.72%; Expected life: three years. The residual value of $8,256 was allocated to the convertible debenture. There was no value attributed to the equity component. As at December 31, 2016, the Company determined the fair value of the derivative liability to be $2,200 using the Black-Sholes Option Pricing Model with the following assumptions: Expected dividend yield – 0%; Volatility – 260%; Risk-free interest rate – 0.84%; Expected life: three years.

(Expressed in Canadian dollars)

7. Convertible debentures (continued)

On December 10, 2015, the Company issued a $126,000 convertible debenture. The debenture is secured by a general security agreement in respect of all present and after acquired personal property of the Company. The debenture pays interest semi-annually at 10% per annum and matures on December 10, 2018. At the holder's option, the debenture may be converted into common shares of the Company at a price of $0.30 per share in the first year and $0.50 per share on or after December 10, 2016 and up until December 3, 2018. The holder also has the option to convert the debenture into units of AIP Limited Partnership held by the Company at a price of US$1,100 per partnership unit.

For all of the above debentures, the Company used the residual value method to allocate the principal amount of the debenture, less issuance costs, between the liability and the equity component. The fair value of the liability component at issuance was calculated using a market interest rate for an equivalent non-convertible bond, which the Company determined to be 15%. The residual amount, representing the value of the equity conversion option, is included in shareholders equity in the share-based payment reserve.

		Year ended December 31, 2016		**Period ended December 31, 2015**
Balance, beginning	$	97,985	$	-
Cash proceeds from issuance of convertible debentures		40,000		126,000
Non-cash convertible debentures issued		373,556		-
Issuance costs		(4,000)		(15,466)
Amount allocated to equity		(35,267)		(12,971)
Change in derivative liability		(3,100)		-
Non-cash interest		10,299		422
Balance, ending	$	479,472	$	97,985

8. Assets held for sale

The Company owns seven investment properties at December 31, 2016. These investment properties were acquired through the acquisition of AIP Limited Partnership (Note 5). It is the Company's intent to dispose of all of the investment properties and accordingly the investment properties are classified as held for sale (Note 14). At December 31, 2016 the investment properties are measured at fair value less costs to sell of $329,027.

The Company has three mortgages on the investment properties held for sale totalling $87,947 (US$65,500). The mortgages are repayable in monthly interest only payments at 8% per annum. However, the entire mortgage principal and any interest shall be repaid in 5 years by December 31, 2021. The mortgages are unsecured.

(Expressed in Canadian dollars)

9. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		Year ended December 31, 2016		Period ended December 31, 2015
Net loss	$	667,391	$	170,314
Statutory tax rate		26%		26%
Expected income tax recovery at the statutory tax rate	$	(173,522)	$	(44,282)
Non-deductible items and other		19,641		3,081
Temporary differences not recognized		153,881		41,201
Income tax recovery	$	-	$	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

		December 31, 2016		December 31, 2015
Non-capital loss carry-forwards	$	966,620	$	572,098
Share issue costs		40,592		10,665
	$	1,007,212	$	582,763

The tax pools relating to these deductible temporary differences expire as follows:

		Canadian non-capital losses		Share issue costs
2034	$	99,461	$	-
2035		325,220		-
2036		541,935		
No expiry		-		40,592
	$	966,620	$	40,592

10. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2016 there were 25,564,899 issued and fully paid common shares (2015 – 24,083,081) outstanding.

For the year ended December 31, 2016:

On November 3, 2016, the Company issued 1,250,000 shares at with a fair value of $0.04 per share for a total fair value of $50,000 to a consultant, to extinguish debt of $50,000.

On May 31, 2016, the Company completed a non-brokered private placement of 231,818 units at $0.11 per unit for gross proceeds of $25,500. Each unit consists of one common share and one 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. Share issuance costs of $2,550 were incurred in connection with these transactions.

(Expressed in Canadian dollars)

10. Share capital (continued)

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the period ended December 31, 2016 was based on the loss attributable to common shareholders of $667,391 (2015 - $170,314) and the weighted average number of common shares outstanding of 24,417,626 (2015 – 24,083,081).

Diluted loss per share did not include the effect of stock options and share purchase warrants, as the effect would be anti-dilutive.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

On November 1, 2016, the Company granted 900,000 stock options to directors and consultants, which vested immediately and are exercisable at $0.10 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 0.70%, expected dividend yield – 0%, and average expected stock price volatility – 200%. During the year ended December 31, 2016, $27,683 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

The continuity schedule of stock options is as follows:

	Number of stock options
Balance, December 31, 2015	-
Granted	900,000
Balance, December 31, 2016	**900,000**

A summary of the Company's outstanding and exercisable stock options as at December 31, 2016 is as follows:

Weighted average exercise price	**Remaining contractual life**	**Number of options outstanding**	**Expiry Dates**
$0.10	4.84 years	900,000	October 31, 2021

(Expressed in Canadian dollars)

10. Share capital (continued)

Share purchase warrants

The following is a summary of the Company's share purchase warrant activity during the year ended December 31, 2016:

	Number of shares	Weighted average exercise price
Outstanding, December 31, 2015 and April 30, 2014	3,147,467	$ 0.143
Issued	231,818	0.15
Outstanding, December 31, 2016	3,379,285	$ 0.15

At December 31, 2016, the weighted average remaining life of warrants is 1.74 years (2015 - 1.33 years).

Details of warrants outstanding as at December 31, 2016 are as follows:

Exercise price	Contractual life remaining	Number of warrants outstanding	Expiry
$0.12 first year and $0.15 in second year	0.33 years	3,147,467	April 29, 2017
$0.15 first year and $0.20 in second year	1.41 years	231,818	May 31, 2018
$0.15 (Weighted average)	1.74 years	3,379,285	

Share-based payment reserve

The share-based payment reserve represents the fair value of stock, stock options, compensation warrants and the convertible debentures charge to equity (Note 7).

Currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

11. Related party transactions

i) Related party balances

As at December 31, 2016, the Company was indebted to certain directors in the amount of $210,126 (2015 - $24,975) (Note 6). Of these amounts, $165,764 is unsecured, non-interest bearing and have no fixed terms of repayment. During the year, a company controlled by a director loaned the Company $44,362 (USD $33,000, unsecured, due March 12, 2017 at a rate of 12% per annum) (Note 14).

ii) Related party transactions

The Company incurred the following transactions with entities that are controlled by directors of the Company.

	Year ended December 31, 2016	Period ended December 31, 2015
Professional fees	$ 6,984	$ 3,289
Management fees	264,000	175,265
Forgiveness of debt by two directors	43,313	-
	$ 314,297	$ 178,554

(Expressed in Canadian dollars)

11. Related party transactions (continued)

Key management personnel compensation

	Year ended December 31, 2016	Period ended December 31, 2015
Commissions on financing	$ 4,550	$ -
Short-term employee benefits	264,000	175,265
Stock-based compensation	27,683	-
	$ 296,233	$ 175,265

12. Gain on deconsolidation of Limited Partnerships

For the period ended December 31, 2015, the Company did not consolidate a limited partnership which was consolidated in the prior year ended April 30, 2015. During the period ended December 31, 2015, the Company no longer controlled the limited partnership and was not exposed to variable returns and losses from the limited partnership. As such, the limited partnership was deconsolidated resulting in the Company recognizing a gain on deconsolidation of $19,646.

13. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its trade receivables. The Company assessed credit risk as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company assesses liquidity risk as high.

(Expressed in Canadian dollars)

13. Financial risk and capital management (continued)

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at December 31, 2016:

	Within one year	Between one and five years	More than five years
Trade payables	$ 31,421	$ -	$ -
Due to related parties	210,126	-	-
Obligation to issue shares	45,000	-	-
Convertible debentures	-	479,472	-

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at December 31, 2015:

	Within one year	Between one and five years	More than five years
Trade payables	$ 17,348	$ -	$ -
Due to related parties	24,975	-	-
Convertible debenture	-	97,985	-

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company assesses foreign exchange risk to be low.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's current exposure to interest rate risk relates to its ability to earn interest income on bank balances. The fair value of the Company's bank account is not significantly affected by changes in short term interest rates.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash and cash equivalents.

The Company is currently dependent on equity financing to fund its business investigation activities. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable for the current state of the markets and activities of the Company. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31, 2016	December 31, 2015
Loans and receivables:		
Cash	$ 1,646	$ 9,459
Trade receivables	4,364	36,219
	$ 6,010	$ 45,678

(Expressed in Canadian dollars)

13. Financial risk and capital management (continued)

Financial liabilities included in the statement of financial position are as follows:

		December 31, 2016		December 31, 2015
Non-derivative financial liabilities:				
Trade payables	$	31,421	$	17,348
Due to related parties		210,126		24,975
Obligation to issue shares		45,000		-
Convertible debentures		479,472		97,985
	$	766,019	$	140,308

14. Subsequent events

i) On January 27, 2017, the Company completed a non-brokered private placement of 1,455,000 units at $0.10 per unit for gross proceeds of $145,500 of which $45,000 was received prior to December 31, 2016. 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. In connection with the private placements, the Company will pay finders' fees totaling $6,050.

ii) On March 3, 2017, the Company repaid the short-term loan of $44,362 (US$33,000) from a company controlled by a director (Note 11).

iii) On March 28, 2017, the Company sold four of the seven investment properties for gross proceeds of USD$ 171,000 (Note 7).

iv) On April 29, 2017, 3,147,467 share purchase warrants exercisable at $0.15 expired unexercised (Note 11).

v) On February 28, 2017, the Company received the refund of a deposit of $44,309 (US$33,300).

vi) Subsequent to year end, the terms of the $360,000 (US$273,000) debentures were amended so that at the holder's option, the debenture may be converted into common shares of the Company as a price of $0.30 per share prior to December 10, 2017 and $0.50 per share on or after December 10, 2107 and up until December 3, 2018. The holder also has the option to convert the debenture into units of AIP Limited Partnership held by the Company at a price of US$1,100 per partnership unit (Note 7).

Aydon Income Properties Inc.

Consolidated Financial Statements

September 30, 2017

(Expressed in Canadian Dollars)

Aydon Income Properties Inc.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	Notes	September 30, 2017	December 31, 2016
ASSETS			
Current assets			
Cash		$ 52,617	$ 1,646
Receivables	4	21,898	22,037
Assets held for sale	8	95,115	329,027
Refundable deposit		4,808	44,309
		174,438	397,019
TOTAL ASSETS		**$ 174,438**	**$ 397,019**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	5	$ 341,841	$ 258,287
Loan payable		59,049	44,362
Liabilities of assets held for sale	7	28,600	87,947
Obligation to issue shares		-	45,000
		429,490	435,596
Non-current liabilities			
Convertible debentures	6	479,472	479,472
TOTAL LIABILITIES		**908,962**	**915,068**
SHAREHOLDERS' EQUITY			
Share capital	9	809,667	674,167
Share-based payment reserve	9	325,921	325,921
Currency translation reserve	9	(1,177)	(9,688)
Deficit		(1,868,935)	(1,508,449)
TOTAL SHAREHOLDERS' EQUITY		**(734,524)**	**(518,049)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 174,438**	**$ 397,019**

Going concern (Note 1)

Approved on behalf of the Board of Directors:

"V. Wadhwani" ***"D. Carkeek"***

Chief Executive Officer **Chief Financial Officer**

Aydon Income Properties Inc.
Consolidated statements of comprehensive loss
(Expressed in Canadian dollars)

	Notes	Quarter ending September 30, 2017	Quarter ended September 30, 2016	Period ending September 30, 2017	Period ended September 30, 2016
Management fee income		$1,509	$744	$14,873	$ 1,786
Expenses					
Communications		-	-	1,601	1,114
Filing and listing costs		19,907	9,376	41,130	23,942
Foreign exchange loss realised		1,956	-	14,183	-
Management fees	10	66,280	137,594	181,220	218,450
Office and miscellaneous		1,836	883	3,667	10,194
Professional fees		23,320	-	46,305	21,379
Travel expense		2,002	-	4,315	-
		115,302	147,853	292,422	275,079
Other items					
Forgiveness of debt		-	-	(6,300)	-
Loss on disposition of assets held for sale	7	12,243	-	41,989	-
Interest expense		15,509	6,339	47,248	17,212
		27,753	6,339	82,938	17,212
Net loss		**141,545**	**153,448**	**360,486**	**290,505**
Other comprehensive (loss) gain					
Foreign currency translation		800	87	8,511	308
Comprehensive loss		**142,345**	**153,361**	**$ 368,997**	**$ 290,813**
Loss per share – basic and diluted	9	**(0.005)**	**(0.006)**	**$ (0.01)**	**$ (0.012**
Weighted average shares outstanding	9	**26,790,377**	**24,314,899**	**26,790,377**	**24,314,899**

Aydon Income Properties Inc.
Consolidated statements of changes in equity
(Expressed in Canadian dollars)

		Share capital		Reserves				
	Notes	Number of shares	Amount	Obligation to Issue Shares	Share Based Payment Reserve	Currency translation reserve	Deficit	Total
Balance at April 30, 2015		**24,083,081**	**$ 601,217**	**$ (18,5**	**$ 250,000**	**$ (1,069)**	**$ (670,744)**	**$ 160,904**
Convertible debenture	6	-	-	-	12,971	-	-	12,971
Net loss		-	-	-	-	-	(170,314)	(170,314)
Other comprehensive loss		-	-	-	-	875	-	875
Subscriptions received		-	-	18,500	-	-	-	18,500
Balance at December 31, 2015		**24,083,081**	**601,217**	**-**	**262,971**	**(194)**	**(841,058)**	**22,936**
Net loss		-	-	-	-	-	(290,813)	(290,813)
Other comprehensive loss		-	-	-	-	(5,169)	-	(5,169)
Shares issued	9	231,818	25,500	-	-	-	-	25,500
Prior year Deconsolidation Adj							(1,140)	(1,140)
Balance at September 30, 2016		**24,314,899**	**626,717**	**-**	**262,971**	**(5,363)**	**(1,133,011)**	**(248,686)**
Net loss		-	-	-	-	-	(375,438)	(375,438)
Other comprehensive loss		-	-	-	-	(4,325)	-	(4,325)
Shares issued for consulting	9	1,250,000	50,000	-	-	-	-	50,000
Share issue costs	9	-	(2,550)	-	-	-	-	(2,550)
Convertible debentures	6	-	-	-	35,267	-	-	35,267
Stock based compensation	9	-	-	-	27,683	-	-	27,683
Balance at December 31, 2016		**25,564,899**	**$ 674,167**	**$ -**	**$ 325,921**	**$ (9,688)**	**$ (1,508,449)**	**$ (518,049)**
Net loss		-	-	-	-	-	(360,486)	(360,486)
Other comprehensive gain/loss		-	-	-	-	8,511	-	8,511
Shares issued	9	1,355,000	135,500	-	-	-	-	135,500
Balance at September 30, 2017		**26,919,899**	**$ 809,667**	**$ -**	**$ 325,921**	**$ (1,177)**	**$ (1,868,935)**	**$ (734,524)**

(Expressed in Canadian dollars)

	Period ended September 30, 2017	Year ended September 30, 2016
Operating activities		
Net loss	$ (360,486)	$ (290,505)
Items not affecting cash:		
Non-cash interest expense	27,380	17,212
Foreign exchange	(18,869)	
	(351,976)	(273,293)
Changes in non-cash working capital items:		
Receivables	39,640	12,992
Assets held for sale	233,912	
Trade payables and accrued liabilities	(6,105)	231,549
Net cash flows used in operating activities	**(84,529)**	**(54,736)**
Financing activities		
Proceeds on issuance of common shares	135,500	25,500
Proceeds on issuance of convertible debentures		10,000
Net cash flows from financing activities	**135,500**	**35,500**
Effect of foreign currency translation and reserves		**5,336**
Increase (decrease) in cash	50,971	(13,900)
Cash, beginning	1,646	9,459
Cash, ending	**$ 52,617**	**$ (4,441)**

1. Nature and continuance of operations

Genesis Income Properties Inc. ("Genesis) was incorporated on April 7, 2014 under the laws of the province of British Columbia. Aydon Income Properties Inc. (the "Company") was formed by amalgamation of Genesis and Forbairt Development Acquisition Corp. ("Forbairt") under a Plan of Arrangement approved by the Supreme Court of British Columbia on August 27, 2014. The Company completed all requirements for a listing on the Canadian Stock Exchange ("CSE") under the symbol "AYD" and started trading on March 12, 2015.

During the period ended December 31, 2015, the Company changed its fiscal year end from April 30 to December 31.

The principal address and records office of the Company is located at 202 - 5626 Larch Street, Vancouver, BC, V6M 4E1.

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.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. A different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The success of the Company is dependent on certain factors that may be beyond management's control such as economic, currency and liquidity risk. If the Company is unable to fund its investments or otherwise fails to invest in properties, its business, financial condition and results of operations could be materially affected. The Company has incurred operating losses since incorporation and has an accumulated deficit totalling $1,868,935. The Company's continuation as a going concern is dependent upon successful results from its activities, its ability to raise sufficient equity financings, issuing debt or securing related party advances to complete the identification and acquisition of suitable properties in accordance with its business plan and ultimately achieving profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Management intends to finance operating costs over the next twelve months with existing working capital, public and private placements of common shares and loans from directors. While management has been successful in obtaining sufficient funding for its operating, capital and operations requirements from the inception of the Company to date, there is no assurance that additional funding will be available to the Company, when required, or on terms which are acceptable to management.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on November 22, 2017 by the directors of the Company.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and including interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") as applicable to the preparation of financial statements.

2. Significant accounting policies and basis of preparation (continued)

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Country of incorporation	Percentage owned* September 30, 2017	Percentage owned* December 31, 2016
AIP General Partner Ltd.	Canada	100%	100%
AIP General Partner USA Inc.	USA	100%	100%
AIP Limited Partnership	Canada	100%	100%
AIP USA Limited Partnership 1	USA	100%	100%

*Percentage of voting power is in proportion to ownership.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. AIP Limited Partnership and AIP USA Limited Partnership 1 have been consolidated from November 1, 2016, the day the Company obtained control. Prior to November 1, 2016 they were accounted for under the equity method.

Jointly controlled entities

A jointly controlled entity is a corporation or other entity in which each venture holds an interest. A jointly controlled entity operates in the same way as other entities, except that a contractual arrangement established joint control. A jointly controlled entity controls the assets of the joint venture, earns its own income and incurs its own liabilities and expenses. Interests in jointly controlled entities are accounted for using the equity method.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to fair value measurements of financial instruments, stock-based compensation and other equity-based payments, and the recoverability of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

2. Significant accounting policies and basis of preparation (continued)

Significant judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to a significant uncertainty; and
- the determination of the functional currency of the parent company and its subsidiaries.

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the Company's and AIP General Partners Ltd's functional and presentation currency. The functional currency of AIP General Partner USA Inc., AIP USA Limited Partnership 1, and AIP Limited Partnership is the US dollars.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. Significant accounting policies and basis of preparation (continued)

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

2. Significant accounting policies and basis of preparation (continued)

Financial instruments (continued)

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments measured at Level 1 include cash.

Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Equity accounted investment

Under the equity method, the investment is carried in the statements of financial position at cost and is adjusted for the Company's share of the investee's profit or loss subsequent to the

2. Significant accounting policies and basis of preparation (continued)

Equity accounted investment (continued)

investment. Losses are recorded until the carrying amount is reduced to $Nil; losses beyond this point are not recognized until the Company makes additional investment in the investee or positive earnings are achieved by the investee and the Company's share of profits equals its share of losses not previously recognized. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred obligations to provide funding to the investee.

Revenue recognition

Revenue consists of service revenue generated from management, consulting and rental income. Revenue is recognized when services have been provided, the amount can be measured reliably, collection is probable and cost incurred or to incur can be measured reliably.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided annually, using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed annually, at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Accounting standards issued by not yet effective

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

(Expressed in Canadian dollars)

3. Accounting standards issued by not yet effective (continued)

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.

4. Receivables

	September 30, 2017	December 31, 2016
Trade receivables	$ 4,225	$ 4,364
GST receivable	17,673	17,673
	$ 21,898	$ 22,037

5. Trade payables and accrued liabilities

	September 30, 2017	December 31, 2016
Trade payables	$ 50,708	$ 31,421
Amounts due to related parties (Note 10)	204,112	165,764
Accrued liabilities	87,022	61,102
	$ 341,842	$ 258,287

6. Convertible debenture

On March 30, 2016, the Company issued a $10,000 convertible debenture. The debenture is secured by a general security agreement in respect of all present and after acquired personal property of the Company. The debenture pays interest quarterly at 8.8% per annum and matures on December 31, 2018. At the holder's option, the debenture may be converted into common shares of the Company at a price of $0.30 per share prior to December 31, 2016 and $0.40 per share on or before December 31, 2016 and until December 31, 2017 and at a price of $0.50 per share after December 31, 2017 and until December 31, 2018.

On October 31, 2016, the Company issued a $30,000 convertible debenture. The debenture is secured by a general security agreement in respect of all present and after acquired personal property of the Company. The debenture pays interest semi-annually at 10% per annum and matures on November 30, 2018. At the holder's option, the debenture may be converted into common shares of the Company at a price of $0.30 per share prior to November 30, 2016 and at a price of $0.50 per share on or after November 30, 2016 and until November 16, 2018. The holder also has the option to convert the debenture into units of the AIP Limited Partnership held by the Company at a price of US$1,100 per partnership unit.

(Expressed in Canadian dollars)

6. Convertible debenture (continued)

On October 31, 2016, the Company issued a $360,000 (US$273,000) convertible debentures for redemption of units in AIP Limited Partnership. The debentures are secured by a general security agreement in respect of all present and after acquired personal property of the Company. The debenture pays interest semi-annually at 10% per annum and matures on December 10, 2018.

On November 15, 2016, the Company issued a $13,556 (US$10,000) convertible debenture for redemption of units in AIP Limited Partnership. The debenture is secured by a general security agreement in respect of all present and after acquired personal property of the Company. The debenture pays interest quarterly at 8.8% per annum and matures on November 15, 2019. At the holder's option, the debenture may be converted into common shares of the Company at a price of $0.30 per share in the first year and $0.40 per share in the second year and $0.50 per share up until October 25, 2019. The holder also has the option to convert the debenture into units of AIP Limited Partnership held by the Company at a price of US$1,100 per partnership unit. The principal is denominated in a currency that is different from the Company's functional currency. IFRS requires the conversion right to be accounted as a derivative liability as the Company will be obliged to issue a variable number of shares upon conversion. As at November 15, 2016 the Company determined the fair value of the derivative liability to be $5,300 using the Black-Sholes Option Pricing Model with the following assumptions: Expected dividend yield – 0%; Volatility – 262%; Risk-free interest rate – 0.72%; Expected life: three years. The residual value of $8,256 was allocated to the convertible debenture. There was no value attributed to the equity component. As at December 31, 2016, the Company determined the fair value of the derivative liability to be $2,200 using the Black-Sholes Option Pricing Model with the following assumptions: Expected dividend yield – 0%; Volatility – 260%; Risk-free interest rate – 0.84%; Expected life: three years.

On December 10, 2015, the Company issued a $126,000 convertible debenture. The debenture is secured by a general security agreement in respect of all present and after acquired personal property of the Company. The debenture pays interest semi-annually at 10% per annum and matures on December 10, 2018. At the holder's option, the debenture may be converted into common shares of the Company at a price of $0.30 per share in the first year and $0.50 per share on or after December 10, 2016 and up until December 3, 2018. The holder also has the option to convert the debenture into units of AIP Limited Partnership held by the Company at a price of US$1,100 per partnership unit.

For all of the above debentures, the Company used the residual value method to allocate the principal amount of the debenture, less issuance costs, between the liability and the equity component. The fair value of the liability component at issuance was calculated using a market interest rate for an equivalent non-convertible bond, which the Company determined to be 15%. The residual amount, representing the value of the equity conversion option, is included in shareholders equity in the share-based payment reserve.

		Period ended September 30, 2017		Year ended December 31, 2016
Balance, beginning	$	97,985	$	97,985
Cash proceeds from issuance of convertible debentures		40,000		40,000
Non-cash convertible debentures issued		373,556		373,556
Issuance costs		(4,000)		(4,000)
Amount allocated to equity		(35,267)		(35,267)
Change in derivative liability		(3,100)		(3,100)
Non-cash interest		10,299		10,299
Balance, ending	$	479,472	$	479,472

(Expressed in Canadian dollars)

7. Assets held for sale

The Company owned seven investment properties at December 31, 2016. These investment properties were acquired through the acquisition of AIP Limited Partnership. During the quarter, the Company sold four of these properties and intends to dispose of the remaining investment properties. Accordingly the investment properties are classified as held for sale. At September 30, 2017 the remaining investment properties are measured at fair value less costs to sell of $95,115 (US$70,000).

The Company has one mortgage on the remaining investment properties held for sale totalling $28,600 (US$22,000). The mortgage is repayable in monthly interest only payments at 8% per annum. However, the entire mortgage principal and any interest shall be repaid in 5 years by December 31, 2021. The mortgages are unsecured.

8. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		Period ended September 30, 2017		Year ended December 31, 2016
Net loss	$	360,486	$	667,391
Statutory tax rate		26%		26%
Expected income tax recovery at the statutory tax rate	$	(93,726)	$	(173,522)
Non-deductible items and other				19,641
Temporary differences not recognized				153,881
Income tax recovery	$	-	$	-

9. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2017 there were 26,919,899 issued and fully paid common shares (2016 – 24,314,899) outstanding.

For the period ended 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.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the period ended September 30, 2017 was based on the loss attributable to common shareholders of $360,486 (2016 - $667,391) and the weighted average number of common shares outstanding of 26,790,377 (2016 – 24,417,626).

Diluted loss per share did not include the effect of stock options and share purchase warrants, as the effect would be anti-dilutive.

(Expressed in Canadian dollars)

9. Share capital (continued)

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

On November 1, 2016, the Company granted 900,000 stock options to directors and consultants, which vested immediately and are exercisable at $0.10 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 0.70%, expected dividend yield – 0%, and average expected stock price volatility – 200%. During the year ended December 31, 2016, $27,683 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

The continuity schedule of stock options is as follows:

	Number of stock options
Balance, December 31, 2015	-
Granted, November 1, 2016	900,000
Balance, September 30, 2017	**900,000**

A summary of the Company's outstanding and exercisable stock options as at September 30, 2017 is as follows:

Weighted average exercise price	Remaining contractual life	Number of options outstanding	Expiry Dates
$0.10	4.09 years	900,000	October 31, 2021

The following is a summary of the Company's share purchase warrant activity during the period ended September 30, 2017:

	Number of shares		Weighted average exercise price
Outstanding, December 31, 2016	3,379,285	$	0.15
Issued	1,355,000		0.15
Expired	3,147,467		0.15
Outstanding, September 30, 2017	1,586,818	$	0.15

At September 30, 2017, the weighted average remaining life of warrants is 1.23 years (2016 - .95 years).

(Expressed in Canadian dollars)

9. Share capital (continued)

Details of warrants outstanding as at September 30, 2017 are as follows:

Exercise price	Contractual life remaini	Number of warrants outstanding	Expiry
$0.15 first year and $0.20 in second year	1.33 years	1,355,000	January 27, 2019
$0.15 first year and $0.20 in second year	.67 years	231,818	May 31, 2018
$0.15 (Weighted average)	1.23 years	1,586,818	

Share-based payment reserve

The share-based payment reserve represents the fair value of stock, stock options, compensation warrants and the convertible debentures charge to equity (Note 6).

Currency translation reserve

The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

10. Related party transactions

i) Related party balances

As at September 30, 2017 the Company was indebted to certain directors in the amount of $204,112 (September 30, 2016 - $218,207). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment (Note 5).

ii) Related party transactions

The Company incurred the following transactions with entities that are controlled by directors of the Company.

	Period ended September 30, 2017	Period ended September 30, 2016
Professional fees	$ -	$ 1,800
Management fees	136,000	67,500
	$ 136,000	$ 69,300

Key management personnel compensation

	Period ended September 30, 2017	Period ended September 30, 2016
Short-term employee benefits	$ 136,000	$ 67,500

11. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its trade receivables. The Company assessed credit risk as low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company assesses liquidity risk as high.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at September 30, 2017:

	Within one year	Between one and five years	More than five years
Trade payables & accrued	$ 196,779	$ -	$ -
Due to related parties	204,112	-	-
Liabilities of assets held for sale	28,600	-	-
Convertible debentures	-	479,472	-

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company assesses foreign exchange risk to be low.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's current exposure to interest rate risk relates to its ability to earn interest income on bank balances. The fair value of the Company's bank account is not significantly affected by changes in short term interest rates.

(Expressed in Canadian dollars)

11. Financial risk and capital management (continued)

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash and cash equivalents.

The Company is currently dependent on equity financing to fund its business investigation activities. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable for the current state of the markets and activities of the Company. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

		September 30, 2017		December 31, 2016
Loans and receivables:				
Cash	$	52,6	$	1,6
Trade receivables		21,8		4,3
	$	74,5	$	6,0

Financial liabilities included in the statement of financial position are as follows:

		September 30, 2017		December 31, 2016
Non-derivative financial liabilities:				
Trade payables & accrued	$	196,779	$	31,421
Due to related parties		204,112		210,126
Obligation to issue shares		-		45,000
Convertible debentures		479,472		479,472
	$	880,362	$	766,019

SCHEDULE B

MD&A OF AYDON

(See attached)

MANAGEMENT'S DISCUSSION & ANALYSIS

This management discussion and analysis ("MD&A") is dated as of July 14, 2017 and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2016 ("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-LookingStatements

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 1st, 2016 to December 31st, 2016, the Company incurred a comprehensive loss of $676,885.

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.

Selected Annual Information

	For the Year Ended December 31, 2016 $	For the Eight Month Period Ended December 31, 2015 $	For the Year Ended April 30th, 2015 $	For the Period from incorporation to April 30th, 2014 $
Total Revenue	-	36,993	560	-
Net Loss	667,391	170,314	654,634	16,110
Loss per share (basic and diluted)	(0.03)	(0.01)	(0.04)	(53.70)
Total Assets	397,019	170,719	171,938	95,910
Total non-current financial liabilities	479,472	97,985	-	-

Summary of Quarterly Results

As the Company was recently 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 31-Dec-16 $	Three months ended 30-Sep-16 $	Three months ended 30-Jun-16 $	Three months ended 31-Mar-16 $	Two months ended 31-Dec-15 $	Three months ended 31-Oct-15 $	Three months ended 31-Jul-15 $	Three months ended 30-Apr-15 $	Three months ended 31-Jan-15 $	Three months ended 31-Oct-14 $	Three months ended 31-Jul-14 $	Period 7-Apr-14 29-Apr-14
Total Revenue	-	-	-	-	8,648	28,345	-	-	498	62	-	-
Net Loss	378,300	68,788	137,057	83,246	38,636	30,169	101,509	182,501	1,345	357,492	97,186	16,110
Loss per share	(0.015)	(0.002)	(0.01)	(0.004)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.02)	(0.01)	(53.70)
Total Assets	$397,019	$148,791	$151,621	$180,807	170,719	83,924	107,630	171,938	121,411	113,972	184,277	95,910

Results of Operations

Twelve Months ended December 31st, 2016

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 $667,391 and comprehensive loss of $676,885 for the year ended December 31st, 2016, compared to a net loss of $170,314 and comprehensive loss of $169,439 for the period ended December 31st, 2015. Some of the more significant items comprising the expenses for the year ended December 31, 2016, compared to the period ended December 31st, 2015, were consulting fees of $50,000 (for eight month period ending December 31st, 2015 - $2,000), ongoing filing fees related to the cost of maintaining a listing on the CSE of $30,502 (for eight month period ending December 31st, 2015 - $24,528); management fees of $264,000 (for eight month period ending December 31st, 2015 - $175,265), and professional fees of $44,416 (for eight month period ending December 31st, 2015 - $23,094).

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 December 31, 2016, the Company had a cash position of $1,646 compared to $9,459 as at December 31, 2015, representing a decrease of approximately $7,813. As of December 31, 2016, the Company had a working capital of $6,423, compared to working capital of $6,584 as at December 31, 2015.

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 December 31, 2016, the Company had cash of $1,646, short term receivables of $22,037, assets held for resale of $329,027 and prepaid deposit of $44,309 to settle accounts payable of $258,287, a short-term loan payable of $44,362 and mortgage payable of $87,947 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 December 31, 2016 was 25,564,899 common shares and as at the date of this MD&A the number was 26,919,899.

The total number of warrants outstanding as at December 31, 2016 was 3,379,285 and as at the date of this MD&A there were 1,586,818 warrants outstanding.

The total number of options outstanding as at December 31, 2016 was 900,000 and as at the date of this MD&A the number was unchanged.

For the year ended December 31, 2016:

On 3 November 2016, the Company issued 1,250,000 shares at with a fair value of $0.04 per share for a total fair value of $50,000 to a consultant, to extinguish debt of $50,000.

On May 31, 2016, the Company completed a non-brokered private placement of 231,818 units at $0.11 per unit for gross proceeds of $25,500. Each unit consists of one common share and one 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.

Subsequent to the year end, on April 29, 2017, 3,147,467 share purchase warrants exercisable at $0.15 expired unexercised.

On November 1, 2016, the Company granted 900,000 stock options to directors and consultants, which vested immediately and are exercisable at $0.10 per share for a period of five years.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

During the period ended December 31, 2016, 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) $90,000 (eight month period to December 31, 2015 - $60,000) was accrued to Vid Wadhwani for his services as Chief Financial Officer, marketing and financing services and general management of the day to day business. As at December 31, 2016, the Company had paid Mr. Wadhwani $21,175 and owed $68,825 (December 31, 2015 - $7,500).

(b) 84,000 (eight month period to December 31st, 2015 - $37,500) was accrued to David Jackson for his services as President and CEO, marketing services and general management of the business, investor relations and financing activities. As at December 31, 2016, the Company had paid Mr. Jackson $17,887 and owed $65,512. With the agreement of Mr. Jackson, the Company wrote down the amount owed to $24,000 (December 31, 2015 - $6,000).

(c) $90,000 (eight month period to December 31st, 2015 - $48,000) was accrued to David Carkeek for his services as Chief Operating Officer, marketing and investor relations, financing, administrative services and general management of the day to day business of the Company. As at December 31, 2016, the Company had paid Mr. Carkeek $21,175 and owed $72,938 (December 31, 2015 - $7,500).

(d) Mr. Vern Stromkins, a non-executive director received no remuneration in the period under review. (2015 - Nil)

(e) Mr. Daniel Gouws, a non-executive director received no remuneration in the period under review. (2015 - 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 year under review the company progressed with the establishment of its property investment business in the USA.

Subsequent to December 31, 2016, 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 $7,500,000. The Company is competing its due diligence and arranging both mortgage and equity financing with a target closing date of early September.

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.

Subsequent events

- 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. In connection with the private placements, the Company will pay finders' fees totalling $6,050.

- On March 28, 2017, the Company sold four of the seven investment properties held in Detroit Michigan for gross proceeds of USO$171,000.

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.

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 30-Sept-17 $	Three months ended 30-June-17 $	Three months ended 31-Mar-17 $	Three months ended 31-Dec-16 $	Three months ended 30-Sep-16 $	Three months ended 30-Jun-16 $	Three months ended 31-Mar-16 $	Two months ended 31-Dec-15 $	Three months ended 31-Oct-15 $	Three months ended 31-Jul-15 $	Three months ended 30-Apr-15 $	Three months ended 31-Jan-15 $	Three months ended 31-Oct-14 $	Three months ended 31-Jul-14 $
Total Revenue	1,509	6,293	7,070	-	744	-	-	8,648	28,345	-	-	498	62	-
Net Loss	141,545	108,123	110,825	667,391	153,448	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)	(0.006)	(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 Wadhwani 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. Wadhwani $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.

SCHEDULE C

FINANCIAL STATEMENTS OF THE DELMA ENTITIES

(See attached)

Delma Properties Canada LP

Consolidated Financial Statements
Years ended December 31, 2016 and 2015
and January 1, 2015
(Expressed in Canadian dollars)

Independent Auditor's Report

Raymond Chabot Grant Thornton LLP
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National Bank Tower
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Montréal, Quebec H3B 4L8

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To the partners of
Delma Properties Canada LP

We have audited the accompanying consolidated financial statements of Delma Properties Canada LP which comprise the consolidated statements of financial position as at December 31, 2016 and 2015 and January 1, 2015 and the consolidated statements of comprehensive income, the consolidated statements of change in capital and the consolidated statements of cash flows for the years ended December 31, 2016 and 2015, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained during our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Delma properties Canada LP as at December 31, 2016 and 2015 and January 1, 2015 and its financial performance and and its cash flows for the years ended December 31, 2016 and 2015 in accordance with International Financial Reporting Standards (IFRS).

Raymond Chabot Grant Thornton LLP[1]

Montreal
June 13, 2017

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[1] CPA auditor, CA public accountancy permit no. A121855

Delma Properties Canada LP
Consolidated Statements of Financial Position
As at December 31, 2016 and 2015 and January 1, 2015
(Expressed in Canadian dollars)

	Notes	**December 31, 2016**	December 31, 2015	January 1, 2015
		$	$	$
ASSETS				
Current				
Cash		606	49,605	
Advances to companies under common control, without interest		1,095,954	202,600	
		1,096,560	252,205	
Non-current				
Investment properties	6	14,875,200	145,100	
Investment in a private company, at cost		250,000	250,000	250,000
Property and equipment	7	80,000		
Total assets		16,301,760	647,305	250,000
LIABILITIES				
Current				
Trade and other payables			47,253	
Current portion of long term debt		130,000		
		130,000	47,253	
Non-current				
Long term debt	8	293,000		
Total liabilities		423,000	47,253	
CAPITAL				
General Partner		735	1	1
Limited partners		12,656,355	600,076	249,999
Total partners' capital		12,657,090	600,077	250,000
Non-controlling interests		3,221,670	(25)	600,052
Total capital		15,878,760	600,052	850,052
Total liabilities and capital		16,301,760	647,305	850,052

The accompanying notes are an integral part of the consolidated financial statements.

Delma Properties Canada LP
Consolidated Statements of Comprehensive Income
Years ended December 31, 2016 and 2015
(Expressed in Canadian dollars)

	Notes	2016	2015
		$	$
Rental income		120,976	
Increase in fair value of investment properties	6	9,212,100	
		9,333,076	
Administrative expenses		12,368	48
Net income (loss) and comprehensive income (loss)		9,320,708	(48)
Basic and diluted net loss per unit		571	(0.003)
Weighted average number of units outstanding		16,333	15,134
Net income (loss) attributable to			
Partners of Delma Properties Canada LP		7,335,863	(23)
Non-controling interests		1,984,845	(25)
		9,320,708	(48)

The accompanying notes are an integral part of the consolidated financial statements.

Delma Properties Canada LP
Consolidated Statements of Capital
Years ended December 31, 2016 and 2015
(Expressed in Canadian dollars)

	Notes	Units Issued	General Partner	Limited Partners	Partners' Capital	Non-controlling interests	Total Capital
		Number	$	$	$	$	$
Balance on January 1, 2015		14,196	1	249,999	250,000		250,000
Units issued	10	1,608		350,100	350,100		350,100
Transactions with partners		1,608		350,100	350,100		350,100
Net loss				(23)	(23)	(25)	(48)
Balance on December 31, 2015		15,804	1	600,076	600,077	(25)	600,052
Balance on January 1, 2016		15,804	1	600,076	600,077	(25)	600,052
Units issued	10	1,460		726,000	726,000		726,000
Units paid to be issued	10	500		500,000	500,000		500,000
Transactions with non-controling interests				3,495,150	3,495,150	1,236,850	4,732,000
Transactions with partners		1,960		4,721,150	4,721,150	1,236,850	5,958,000
Net income			734	7,335,129	7,335,863	1,984,845	9,320,708
Balance on December 31, 2016		17,764	735	12,656,355	12,657,090	3,221,670	15,878,760

The accompanying notes are an integral part of the consolidated financial statements.

Delma Properties Canada LP
Consolidated Statements of Cash Flows
Years ended December 31, 2016 and 2015
(Expressed in Canadian dollars)

	Notes	2016	2015
		$	$
OPERATING ACTIVITIES			
Net income (loss)		**9,320,708**	(48)
Adjustments			
Increase in fair value of investment properties	6	**(9,212,100)**	
Units issued as payment of expenses	10	**12,000**	
		120,608	(48)
Change in working capital items		**(20,253)**	20,253
Cash flows from operating activities		**100,355**	20,205
INVESTING ACTIVITIES			
Advances to companies under common control		**(393,354)**	(202,600)
Investment properties	6	**(527,000)**	(118,100)
Disposal of investment properties	6	**77,000**	
Cash flows from investing activities		**(843,354)**	(320,700)
FINANCING ACTIVITIES			
Long-term debt		**130,000**	
Repayment of long term debt		**(162,000)**	
Units issued and units paid to be issued	10	**726,000**	350,100
Cash flows from financing activities		**694,000**	350,100
Net change in cash		**(48,999)**	49,605
Cash, beginning of year		**49,605**	
Cash, end of year		**606**	49,605

The accompanying notes are an integral part of the consolidated financial statements.

1. Statutes of Incorporation, Nature of Operations and Statement of Compliance

Delma Properties Canada LP ("Delma") is a limited partnership formed under the Civil Code of the Province of Quebec. Delma together with its subsidiaries (together referred to as the "Limited Partnership") invest in the hospitality industry, to perform property management services and land development. Delma was established pursuant to the terms of a Limited Partnership Agreement dated September 1, 2009. Delma's head office and address for service is located at 310 – 925 Blvd. De Maisonneuve West, Montreal, Quebec, H3A 0A5.

The management activities of the Limited Partnership are performed through a net, net, net, net, net master lease agreement with Delma Resorts & Hotels Canada Corporation, a company under common control. The agreement is for all the investment properties owned by the Limited Partnership. The investment properties are mainly owned by the Limited Partnership's subsidiaries who act as nominees for the Limited Partnership.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) which were consistently applied from the inception of the partnership.

The financial statements were approved and authorized by the General Partner on June 13, 2017.

2. Changes in Accounting Policies

Standards, Amendments and Interpretations to Existing Standards That Are Not Yet Effective and Have Not Been Adopted Early By the Limited Partnership

At the date of authorization of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Limited Partnership. Information on those expected to be relevant to the consolidated financial statements is provided below. Management anticipates that all relevant pronouncements will be adopted in for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the consolidated financial statements.

IFRS 9 Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduced improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Limited Partnership has yet to assess the impact of this new standard on its consolidated financial statements but does not expect to have a significant impact.

2. Changes in Accounting Policies (Continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 Revenue, IAS 11 Construction Contracts, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Limited Partnership has yet to assess the impact of this new standard on its consolidated financial statements but does not expect to have a significant impact.

IFRS 16 Leases

In January 2016, the IASB published IFRS 16 which will replace IAS 17 Leases and three related interpretations. IFRS 16 largely retains IAS 17's approach to lessor accounting, but introduces numerous and significant changes to lessee accounting, such as the elimination of the classification as an operating lease and the requirement for lessees to recognize a right-of-use asset and a lease liability in the balance sheet for all leases, with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods, changes the accounting for sale and leaseback arrangements, and introduces new disclosure requirements. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Limited Partnership has yet to assess the impact of this new standard on its combined financial statements.

3. Significant Accounting Policies

Basis of Measurement

These consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarized below.

Basis of Consolidation

The Limited Partnership's consolidated financial statements consolidate those of Delma and of its subsidiaries as at December 31, 2016. All subsidiaries have a reporting date December 31. All transactions and balances between the entities are eliminated on consolidation, including unrealized gains and losses on transactions between companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by Delma. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3. Significant Accounting Policies (Continued)

Basis of Consolidation (continued)

Delma attributes total comprehensive income or loss of subsidiaries between the partners of Delma and the non-controlling interests based on their respective ownership interests.

Set out below details of subsidiaries held directly by the Limited Partnership. All subsidiaries are wholly-owned and are Canadian corporations.

Name of the subsidiary	Ownership	Activity
Delma Resorts & Hotels L.P.	78.7% (47.0% in 2015)	Limited Partnership having beneficial ownership of the investment properties
Blueberry Lake resorts Inc.	100%	Inactive
Auberge Blueberry Lake Inc.	100%	Nominee for the Blueberry lake clubhouse
Gestion 42 Degrés Nord Inc.	100%	Nominee for the Ellicottville project
BBL Holdings Inc.	100%	Nominee for Lake Alphonse as well as various lands around Blueberry Lake

Investments in Joint Ventures

Investments in joint ventures are accounted for using the equity method.

The carrying amount of the investment in joint ventures is increased or decreased to recognize Delma's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of Delma.

Unrealized gains and losses on transactions between Delma and its joint ventures are eliminated to the extent of Delma's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

Foreign Currency Translation

Presentation Currency and Translation of Foreign-Currency Transactions

Delma's consolidated financial statements are presented in Canadian dollars, which is also Delma's functional currency. Transactions in foreign currencies are translated using the exchange rate prevailing at the date of the transaction. At each reporting date, foreign currency denominated monetary assets and liabilities are translated at year-end exchange rates. Exchange differences arising from the transactions are recorded in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost except for non-monetary items measured at fair value which are translated using the exchange rate at the date when fair value was determined.

3. Significant Accounting Policies (Continued)

Financial Instruments

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognized when Delma becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

a) Financial Assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Loans and receivables
- Available – for - sale financial assets

All financial assets are subject to review for impairment annually and written down when there is evidence of impairment based on different criteria applied for each category of financial assets which are described below.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Limited Partnership's cash and advances to companies under common control fall into this category. Individually significant other receivables and advances are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Available - for - sale financial assets

Available - for - sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any other categories of financial assets. The Limited Partnership's investment in a private company is included in this category. This equity investment is measured at cost less any impairment charges. Impairment charges are recognized in comprehensive income. The limited partnership is unable to evaluate the fair value because it does not have access to the relevant information required to do such a valuation.

3. Significant Accounting Policies (Continued)

b) Financial Liabilities

Delma's financial liabilities include trade and other payables and long-term debt. Financial liabilities are measured subsequently at amortized cost using the effective interest method. All interest-related charges are included within finance costs or finance income.

Investment Property

Investment properties are properties held to earn rentals or for capital appreciation, or both, and are initially accounted at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management and subsequently measured using the fair value model. Investment properties are revalued annually with resulting gains and losses recognized in profit or loss, and are included in the statement of financial position at their fair values.

Property, Plant and Equipment

All items of property, plant and equipment are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management, and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation of property plant and equipment is calculated based on estimated useful lives by using the declining balance method using the annual rates:

Asset	Rate
Equipment	20%
Rolling stock	30%

Useful lives, residual values and depreciation methods are reviewed annually.

Gain or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in "Other gains (losses)" in the statement of comprehensive income.

Provisions

Provisions are recognized to cover probable outflows of resources that can be estimated and that result from present obligations resulting from past events. No liability is recognized when the outflow of resources from a potential obligation resulting from past events is not probable, such situations are disclosed as contingent liabilities unless the outflow of resources is remote. The provisions are measured based on management's best estimate of the outcome based on facts known at the reporting date. Provisions are discounted to their present values, where the time value of money is material. As at December 31, 2016, Delma has no provisions.

3. Significant Accounting Policies (Continued)

Revenue

Revenue arising from the rendering of services is measured at the fair value of the consideration received or to be received, excluding sales taxes. Rental income is recognized on a straight-line basis over the term of the lease.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred and reported in finance costs

Operating Segments

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and the Board of Directors. Management currently identifies only one operating segment that is the management of properties in Canada and the United States.

Partners' Capital

Partners' Capital represents the value received for the units upon issuance as well as the current and prior period retained profits and losses after distribution to the partners.

Net Income per Unit

Basic and diluted net income per unit is calculated by dividing net income and comprehensive income by the weighted average number of units (basic and diluted) outstanding during the reporting period.

Income taxes

Delma is not subject to tax under Part I of the Income Tax Act (Canada) (the "Tax Act"). Each partner of Delma is required to include in computing the partner's income for a particular taxation year the partner's share of the income or loss of Delma for its fiscal year ending in or on the partner's taxation year-end, whether or not any of that income or loss is distributed to the partner in the taxation year. Accordingly, no provision has been made for Canadian income taxes under Part I of the Tax Act.

4. Principal Uncertainties Arising From The Use Of Estimates And Critical Judgments By Management

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in profit or loss in the period in which they become known.

Items for which actual results may differ materially from these estimates are described in the following section.

Significant management judgement

There is no significant management judgement in the preparation of these consolidated financial statements.

Estimation Uncertainty

Fair Value Measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Investment properties are stated at their fair values at the consolidated statement of financial position date. Independent appraisal values obtained are subject to significant estimates and assumptions about market conditions in effect at the consolidated statements of financial position date.

5. Interests in subsidiaries

No distributions were paid to the non-controlling interests during the years 2016 and 2015.

Summarized financial information for Delma Resorts & Hotels L.P., before intercompany eliminations, is set out below :

	2016	2015
	$	$
Current assets	**596,560**	252,205
Non-current assets	**14,955,200**	145,100
Total assets	**15,551,760**	397,305
Current liabilities	**130,000**	47,253
Non-current liabilities	**293,000**	-
Total liabilities	**423,000**	47,253
Capital attributable to partners	**15,128,760**	350,052
Increase in fair value of investment properties	**9,212,100**	-
Net income (loss) and comprehensive income (loss)	**9,320,708**	(48)
Cash flows from operating activities	**100,355**	20,205
Cash flows from investing activities	**(843,354)**	(320,700)
Cash flows from financing activities	**694,000**	350,100
Net increase (decrease) in cash	**(48,999)**	49,605

6. Investment Properties

A reconciliation of the investment properties is as follows:

	2016	2015
	$	$
Balance, beginning of year	**145,100**	-
Acquisitions	**5,595,000**	145,100
Dispositions	**(77,000)**	
Change in fair value	**9,212,100**	-
Balance end of year	**14,875,200**	145,100

6. Investment Properties (Continued)

The investment properties are composed of the following:

	2016	2015
	$	$
Investment properties at fair value		
Blueberry Lake Resort, Quebec, Canada (a)	**3,800,100**	112,100
Lake Alphonse, Quebec, Canada (a)	**3,075,000**	32,900
42 North Resort, New York, USA, US$2,240,000 (a)	**3,000,100**	100
Investment properties at acquisition cost to be accounted as joint ventures upon formation of joint venture		
Panagopoula Resort, Panagopoula, Greece (b)	**4,500,000**	-
Domaine Balmoral Development Project, Quebec, Canada (c)	**500,000**	-
	14,875,200	145,100

(a) In November 2015, the Limited Partnership signed a of deed of sale to acquire several assets of the Blueberry Lake Resort, Lake Alphonse and the 42° North Resort for a total consideration $145,100 composed of assumed trade and other payables of $45,100, and of cash payments of $100,000 of which $27,000 was paid in February 2016. The cost was allocated between the properties as follows:

	$
Blueberry Lake Resort	112,100
Lake Alphonse	32,900
42 North Resort	100

In March 2016, the Limited Partnership concluded a private agreement to acquire the remaining assets of the Blueberry Lake Resort and Lake Alphonse, including the clubhouse and other lands as well as the property and equipment of $80,000. The various definitive agreements were concluded in July 2016. The consideration paid for these acquisitions is a term loan of $675,000. The cost was allocated between the properties as follows:

	$
Blueberry Lake Resort	82,000
Lake Alphonse	513,000

These transactions were concluded through a bankruptcy process of the former owner.

(b) In December 2015, the Limited Partnership signed a joint venture agreement to develop a Resort in Panagopoula, Greece. The Limited Partnership concluded the transaction in December 2016 by issuing 1,260 Class A units in exchange for 30% ownership in the lands and buildings of this property. The transaction was recorded based on the value of the consideration received which was $4,500,000 (€3,145,965). As at December 30, 2016, no joint venture was yet created regarding this property.

6. Investment Properties (Continued)

(c) In November 2015, the Limited Partnership signed a joint venture agreement to develop certain lands and properties located in the Domaine Balmoral in Quebec, Canada. In 2016, the Limited Partnership invested $500,000 into the development of this project. As at December 31, 2016, no joint venture was created regarding this property and the recorded amount represents the cost incurred by the Limited Partnership.

(d) Subsequent to year-end, the Limited Partnership signed a joint venture agreement to redevelop and launch the Chateau Carling Lake hotel in Quebec, Canada.

Valuation Process

Fair value of the Limited Partnership's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors at each reporting date. The fair value is categorized in Level 3 (Note 11)

The appraisals for each of the investment properties at fair value were carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location and current use. The significant unobservable input is the adjustment for factors specific to the land in question. The extent and direction of this adjustment depends on the number of characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this is a subjective judgement, management considers that the overall valuation could not be materially affected by reasonably possible alternative assumptions.

7. Property and Equipment

	Equipment	Rolling Stock	Total
Cost	$	$	$
Acquisition and closing balance as at December 31, 2016	60,000	20,000	80,000
Accumulated depreciation	-	-	-
Net carrying amount as at December 31, 2016	60,000	20,000	80,000

8. Long-Term Debt

	2016	2015
	$	$
Term loan 10%, interest and capital payable at maturity, maturing in June 2018, secured by a hypothec on lands of the Blueberry Lake and Lake Alphonse projects with a carrying amount of $3,957,600 as at December 31, 2016 (a) (b)	**293,000**	-
Term Loan, 13%, capital payable at maturity, maturing in June 2017, secured by a hypothec on the Blueberry Lake Club house having a carrying amount of $1,879,128 as at December 2016	**130,000**	-
	423,000	-
Short-term portion	**(130,000)**	-
	293,000	-

(a) During the year, the loan was repaid by converting principal amounts of $220,000 into units of Delma Resorts & Hotels L.P.

(b) The same assets also guarantee a $20,000 account payable of a company under common control. The loan has the same conditions.

9. Segmental Information

Non-current assets are owned in the following countries:

	2016	2015
	$	$
Canada	**7,455,100**	145,000
United States	**3,000,100**	100
Greece	**4,500,000**	-

10. Partners' Capital

Authorized

The capital of Delma is composed of an unlimited number of units without par value, having voting rights.

Issued

In June 2015, 1,608 units were issued in consideration of $350,100 in cash.

During the year ended December 31, 2016, 1,460 units were issued in consideration of $726,000 in cash.

10. Partners' Capital (Continued)

During the year ended December 31, 2016, 500 units were subscribed to in consideration of $500,000 of advances to companies under common control. The 500 units were issued subsequent to year-end.

Allocation of Net Income or Net Loss

Net income or net loss for each given year shall be allocated among all partners in proportion to their unit holdings.

11. Fair Value of Financial Instruments

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position, as well as financial assets and financial liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed, are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

- Level 3: Unobservable input for the asset or liability.

The net carrying amounts of cash, advances to companies under common control and trade and other payables are considered a reasonable approximation of fair value since all amounts are short-term in nature.

The estimated fair value of the long-term debt was calculated based on the discounted value of future payments using interest rates that the Limited Partnership could have obtained as at the reporting date for similar instruments with similar terms and maturities. The fair value of the long-term debt is equivalent to its carrying amount and is categorized in Level 2.

12. Financial Instruments

The Limited Partnership is exposed to various financial risks through its financial instruments: credit risk, liquidity risk, interest rate risk and other price risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Limited Partnership. The Limited Partnership's credit risk is due mainly to its advances to companies under common control which are managed and analyzed regularly to detect any potential loss in value.

In light of the above, the Limited Partnership is of the opinion that the credit risk is not significant.

12. Financial Instruments (Continued)

Liquidity Risk

Liquidity risk is that the Limited Partnership might be unable to meet its obligations. The Limited Partnership manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis below.

The Limited Partnership's funding is provided on the form of long-term debt and available cash on hand which provide adequate resources to meet its financial obligations as they become due.

The maturities of the Limited Partnership's financial liabilities on an undiscounted basis are $146,900 in 2017 and $376,397 in 2018.

Interest Rate Risk

The Limited Partnership is exposed to interest rate risk on its fixed rate long-term debt. Fixed rate long-term debt subjects the Limited Partnership to a fair value risk. Variations in the interest rate would not affect profit or loss significantly.

Other Price Risk

The Limited Partnership is exposed to other price risk in respect of its investment in a private company. The exposure to this risk is not significant.

13. Capital Management Disclosures

The Limited Partnership's objectives when managing capital are to:

- maintain financial flexibility in order to preserve its ability to meet its financial obligations, including potential liabilities resulting from additional acquisitions;

- maintain a capital structure that allows it to finance its growth strategy with cash flows from its operations and its debt capacity; and

- optimize the use of its capital to provide an appropriate return on investment.

The capital structure of the Limited Partnership consists of the Partner's Capital and the non-controlling interests.

The Limited Partnership's financial strategy is developed and adapted on the basis of market conditions to maintain a flexible capital structure consistent with the objectives stated above and to respond to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Limited Partnership may finance an existing debt, take out new borrowings or repurchase units or issue new units.

13. Capital Management Disclosures (Continued)

The Limited Partnership's financial strategy and objectives have remained substantially unchanged for the past year fiscal year. The objectives and strategy are reviewed annually. The Limited Partnership believes that its current ratios are satisfactory, given its size, capital management objectives and growth strategy.

14. Related Parties

Related parties of the Limited Partnership include the general partner and limited partners as well as companies under common control.

The intercompany balances and the amounts owed to the Limited Partnership are presented separately in the consolidated financial statements.

The Limited Partnership's total management income under a net, net, net, net ,net master lease is paid by affiliated parties. The annual rental for each year is $120,000. The rental income is provided on terms equivalent to those that retail in arm's length transactions.

15. First-time adoption of IFRS

These are the Limited Partnership's first consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The date of transition to IFRS is January 1, 2015.

The Limited Partnership's accounting policies presented in note 3 have been applied in preparing the consolidated financial statements for the year ended December 31, 2016, the comparative period and the opening consolidated statement of financial position at the date of transition.

The Limited Partnership has applied IFRS 1 First-time Adoption of International Financial Reporting Standards in preparing these first IFRS consolidated financial statements. The effects of the transition to IFRS on capital, total comprehensive income and reported cash flows already established are presented in this section.

First time adoption exemptions applied

Upon transition, IFRS 1 permits certain exemptions from full retrospective application. The Limited Partnership has applied the mandatory exceptions and certain optional exemptions as set out below.

Mandatory exceptions

The estimates established by the Limited Partnership in accordance with IFRS at the date of transition are consistent with estimates made for the same date in accordance with pre-change accounting standards, after adjustments to reflect any difference in accounting principles, if applicable.

Financial assets and liabilities that had been de-recognized before January 1, 2010 under pre-change accounting standards have not been recognized under IFRS.

15. First-time adoption of IFRS (Continued)

Reconciliation of Capital and comprehensive loss

The impact of the transition to IFRS on the Limited Partnership's capital at the date of transition and on the comprehensive loss for the year ended December 31, 2015 is not significant.

Delma Properties Canada LP

Interim Consolidated Financial Statements
September 30, 2017
(Expressed in Canadian dollars)

Interim Consolidated Financial Statements

Delma Properties Canada LP
Interim Consolidated Statements of Financial Position
As at September 30, 2017 and December 31, 2016
(Expressed in Canadian dollars)

	Notes	**September 30, 2017 (unaudited)**	December 31, 2016 (audited)
		$	$
ASSETS			
Current			
Cash		606	606
Advances to companies under common control, without interest		1,035,954	1,095,954
		1,036,560	1,096,560
Non-current			
Investment properties	4	14,875,200	14,875,200
Investment in a private company, at cost		250,000	250,000
Property and equipment		80,000	80,000
Total assets		16,241,760	16,301,760
LIABILITIES			
Current			
Trade and other payables			
Current portion of long term debt		423,000	130,000
Non-current			
Long term debt	5	540,000	293,000
Total liabilities		963,000	423,000
CAPITAL			
General Partner		735	735
Limited partners		12,056,355	12,656,355
Total partners' capital		12,057,090	12,657,090
Non-controlling interests		3,221,670	3,221,670
Total capital		15,278,760	15,878,760
Total liabilities and capital		16,241,760	16,301,760

The accompanying notes are an integral part of the interim consolidated financial statements.

Delma Properties Canada LP

Interim Consolidated Statements of Comprehensive Income

Three-month and nine-month periods ended September 30, 2017 and 2016

(Expressed in Canadian dollars)

(Unaudited)

	Notes		***Three-month period ended September 30,***		***Nine-month period ended September 30,***
		2017	2016	**2017**	2016
		$	$	**$**	$
Rental income		**–**	30,977	**–**	90,977
Increase in fair value of investment properties		**–**		**–**	10,000
		–	30,977	**–**	100,977
Administrative expenses		**–**	219	**–**	329
Net income and comprehensive income		**–**	30,758	**–**	100,648
Basic and diluted net loss per unit		**–**	1.9	**–**	6.4
Weighted average number of units outstanding		**17,835**	15,804	**17,835**	15,804
Net income (loss) attributable to					
Partners of Delma Properties Canada LP		**–**	14,444	**–**	47,264
Non-controling interests		**–**	16,314	**–**	53,384
		–	30,758	**–**	100,648

The accompanying notes are an integral part of the interim consolidated financial statements.

Delma Properties Canada LP
Consolidated Statements of Capital
Nine-month periods ended September 30, 2017 and 2016
(Expressed in Canadian dollars)
(Unaudited)

	Notes	Units Issued	General Partner	Limited Partners	Partners' Capital	Non-controlling interests	Total Capital
		Number	$	$	$	$	$
Balance on January 1, 2016		15,804	1	600,076	600,077	(25)	600,052
Net income		–	–	47,264	47,264	53,384	100,648
Balance on September 30, 2016		15,804	1	647,340	647,341	53,359	700,700
Balance on January 1, 2017		17,764	735	12,656,355	12,657,090	3,221,670	15,878,760
Transactions between controlling partner and non-controlling interests		12,857	–	(600,000)	(600,000)	–	(600,000)
Net income		–	–	–	–	–	–
Balance on September 30, 2017		30,621	735	12,056,355	12,057,090	3,221,670	15,278,760

The accompanying notes are an integral part of the interim consolidated financial statements.

Delma Properties Canada LP
Consolidated Statements of Cash Flows
Nine-month periods ended September 30, 2017 and 2016
(Expressed in Canadian dollars)
(Unaudited)

	Notes	**2017**	2016
		$	$
OPERATING ACTIVITIES			
Net income		**–**	100,648
Adjustments			
Increase in fair value of investment properties		**–**	(10,000)
		–	90,648
Change in working capital items			(20,253)
Cash flows from operating activities		**–**	70,395
INVESTING ACTIVITIES			
Advances to companies under common control		**–**	(56,354)
Investment properties		**–**	(61,000)
Disposal of investment properties		**–**	77,000
Cash flows from investing activities		**–**	(40,354)
FINANCING ACTIVITIES			
Long term debt			130,000
Repayment of long term debt			(162,000)
Cash flows from financing activities		**–**	(32,000)
Net change in cash		**–**	(1,959)
Cash, beginning of period		**606**	49,605
Cash, end of period		**606**	47,646

The accompanying notes are an integral part of the interim consolidated financial statements.

1. Statutes of Incorporation, Nature of Operations and Basis of Preparation

Delma Properties Canada LP (“Delma”) is a limited partnership formed under the Civil Code of the Province of Quebec. Delma together with its subsidiaries (together referred to as the “Limited Partnership”) invest in the hospitality industry, to perform property management services and land development. Delma was established pursuant to the terms of a Limited Partnership Agreement dated September 1, 2009. Delma’s head office and address for service is located at 310 – 925 Blvd. De Maisonneuve West, Montreal, Quebec, H3A 0A5.

The management activities of the Limited Partnership are performed through a net, net, net, net, net master lease agreement with Delma Resorts & Hotels Canada Corporation, a company under common control. The agreement is for all the investment properties owned by the Limited Partnership. The investment properties are mainly owned by the Limited Partnership’s subsidiaries who act as nominees for the Limited Partnership.

The condensed interim consolidated financial statements (the interim consolidated financial statements) have been prepared in accordance with IAS 34 “Interim Finanical Reporting”. They do not include all of the information required in annual financial stataments in accordance with International Financial Reporting Standards (IFRSs), and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2016.

The interim consolidated financial statements were approved and authorized by the General Partner on November •, 2017.

2. Significant Accounting Policies

The interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Limited Partnership’s most recent annual consolidated financial statements for the year ended December 31, 2016.

3. Estimates

When preparing the interim consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from judgements, estimates and assumptions made by management and will seldom equal estimated results.

The judgements, estimates and assumptions applied in the interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Limited Partnership’s last annual consolidated financial statements for the year ended December 31, 2016.

4. Investment Properties

A reconciliation of the investment properties is as follows:

	2017	2016
	$	$
Balance, beginning of perod	**14,875,200**	145,100
Acquisitions	**-**	622,000
Dispositions	**-**	(15,000)
Change in fair value	**-**	10,000
Balance end of period	**14,875,200**	762,100

The investment properties are composed of the following:

	2017-09-30	2016-12-31
	$	$
Investment properties at fair value		
Blueberry Lake Resort, Quebec, Canada	**3,800,100**	3,800,100
Lake Alphonse, Quebec, Canada	**3,075,000**	3,075,000
42 North Resort, New York, USA, US$2,240,000	**3,000,100**	3,000,100
Investment properties at acquisition cost to be accounted as joint ventures upon formation of joint venture		
Panagopoula Resort, Panagopoula, Greece	**4,500,000**	4,500,000
Domaine Balmoral Development Project, Quebec, Canada	**500,000**	500,000
	14,875,200	14,875,200

In March 2016, the Limited Partnership concluded a private agreement to acquire the remaining assets of the Blueberry Lake Resort and Lake Alphonse, including the clubhouse and other lands as well as the property and equipment of $80,000. The various definitive agreements were concluded in July 2016. The consideration paid for these acquisitions is a term loan of $675,000. The cost was allocated between the properties as follows:

	$
Blueberry Lake Resort, Quebec, Canada	82,000
Lake Alphonse, Quebec, Canada	513,000

This transaction was concluded through a bankruptcy process of the former owner.

5. Long-Term Debt

	2017-09-30	2016-12-31
	$	$
Term loan 10%, interest and capital payable at maturity, maturing in June 2018, secured by a hypothec on lands of the Blueberry Lake and Lake Alphonse projects with a carrying amount of $3,957,600 as at December 31, 2016 (a)	**293,000**	293,000
Term loan, 13%, capital payable at maturity, maturing in June 2018, secured by a hypothec on the Blueberry Lake Club house having a carrying amount of $1,879,128 as at December 2016	**130,000**	130,000
Loan, without interest, maturing in April 2019, $100,000 increase in capital if unpaid at maturity, secured by land on the Blueberry Lake project.	**540,000**	-
	963,000	423,000
Short-term portion	**(423,000)**	(130,000)
	540,000	293,000

(a) The same assets also guarantee a $20,000 account payable of a company under common control. The loan has the same conditions.

6. Segmental Information

Non-current assets are owned in the following countries:

	2017-09-30	2016-12-31
	$	$
Canada	**7,455,100**	7,455,100
United States	**3,000,100**	3,000,100
Greece	**4,500,000**	4,500,000

7. Partners' Capital

Authorized

The capital of Delma is composed of an unlimited number of units without par value, having voting rights.

Issued

During the nine-month period ended September 30, 2017, the Limited Partnership, its' partners and non-controlling interests concluded various transactions which resulted in the issuance of 17,835 units and a $600,000 loan.

Société en Commandite Bromont 1

Financial Statements
December 31, 2016 and 2015
and January 1, 2015

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the partners of
Société en commandite Bromont 1

We have audited the accompanying financial statements of Société en commandite Bromont 1 which comprise the statements of financial position as at December 31, 2016 and 2015 and January 1, 2015 and the statements of comprehensive income, the statements of changes in capital and the statements of cash flows for the years ended December 31, 2016 and 2015, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Société en commandite Bromont 1 as at December 31, 2016 and 2015 and January 1, 2015 and its financial performance and and its cash flows for the years ended December 31, 2016 and 2015 in accordance with International Financial Reporting Standards (IFRS).

Raymond Chabot Grant Thornton LLP[1]

Montreal
August 30, 2017

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[1] CPA auditor, CA public accountancy permit no. A121855

Société en Commandite Bromont 1
Statements of Financial Position
December 31, 2016 and 2015 and January 1, 2015
(expressed in Canadian Dollars)

	Notes	December 31, 2016	December 31, 2015	January 1, 2015
		$	$	$
ASSETS				
Current				
Cash		1,484	3,843	133,315
Sales taxes receivable		2,644		2,021
Prepaids		5,096	3,124	2,987
		9,224	6,967	138,323
Non-current				
Land held for residential development		10,139,380	9,027,012	7,988,066
Investment property	5	30,741,579	30,000,000	29,307,369
Total assets		40,890,183	39,033,979	37,433,758
LIABILITIES				
Current				
Trade and other payables		115,571	82,440	82,102
Advances	6	5,733,000	3,922,000	2,333,000
Term loan	7	11,000,000	11,000,000	11,000,000
Total liabilities		16,848,571	15,004,440	13,415,102
CAPITAL				
General Partner		96,381	96,332	96,288
Limited partners		23,945,231	23,933,207	23,922,368
Total capital		24,041,612	24,029,539	24,018,656
Total liabilities and capital		40,890,183	39,033,979	37,433,758

The accompanying notes are an integral part of the financial statements.

Société en Commandite Bromont 1
Statements of Comprehensive Income
Years ended December 31, 2016 and 2015
(expressed in Canadian Dollars)

	Notes	**2016**	2015
		$	$
Rental income		**16,799**	16,679
Interest			24
		16,799	16,703
Administrative expenses		**(4,726)**	(5,820)
Net income and comprehensive income		**12,073**	10,883

The accompanying notes are an integral part of the financial statements.

Société en Commandite Bromont 1
Statements of Changes in Capital
Years ended December 31, 2016 and 2015
(expressed in Canadian Dollars)

	Units Issued Number	General Partner $	Limited Partners $	Total Capital $
Balance on January 1, 2015	1,000	96,288	23,922,368	24,018,656
Net income and comprehensive income		44	10,839	10,883
Balance on December 31, 2015	1,000	96,332	23,933,207	24,029,539
Balance on January 1, 2016	1,000	96,332	23,933,207	24,029,539
Net income and comprehensive income		49	12,024	12,073
Balance on December 31, 2016	1,000	96,381	23,945,231	24,041,612

The accompanying notes are an integral part of the financial statements.

Société en Commandite Bromont 1
Statements of Cash Flows

Years ended December 31, 2016 and 2015
(expressed in Canadian Dollars)

	Notes	2016	2015
		$	$
OPERATING ACTIVITIES			
Net income		**12,073**	10,883
Changes in working capital items		**28,515**	2,222
Cash flows from operating activities		**40,588**	13,105
INVESTING ACTIVITIES			
Land held for residential development		**(1,112,368)**	(1,038,946)
Investment property		**(741,579)**	(692,631)
Cash flows from investing activities		**(1,853,947)**	(1,731,577)
FINANCING ACTIVITIES			
Advances and cash flows from financing activities		**1,811,000**	1,589,000
Net change in cash		**(2,359)**	(129,472)
Cash, beginning of year		**3,843**	133,315
Cash, end of year		**1,484**	3,843

The accompanying notes are an integral part of the financial statements.

Société en Commandite Bromont 1
Notes to the Financial Statements

December 31, 2016 and 2015 and January 1, 2015
(expressed in Canadian Dollars)

1 - STATUTES OF INCORPORATION, NATURE OF OPERATIONS AND STATEMENT OF COMPLIANCE

Société en commandite Bromont 1 is a limited partnership (the "Limited Partnership") formed under the Civil Code of the Province of Quebec. The Limited Partnership invests in commercial, recreotouristical and residential real estate development projects located in Bromont. The Limited Partnership was established pursuant to the terms of a limited partnership agreement dated December 10, 2009 and it's head office and address for service is located at 100 – 640 Orly, Dorval, Quebec, H9P 1E9.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements include only the assets, liabilities, revenue and expenses of the Limited Partnership's operations. The statement of comprehensive income does not include any remuneration to the partners in determining net income and comprehensive income of the Limited Partnership.

The financial statements were approved and authorized by the General Partner on August 30, 2017.

2 - CHANGES IN ACCOUNTING POLICIES

Standards, Amendments and Interpretations to Existing Standards That Are Not Yet Effective and Have Not Been Adopted Early By the Limited Partnership

At the date of authorization of these financial statements, certain new standards, and amendments to existing standards have been published by the International Accounting Standards Board ("IASB") that are not yet effective, and have not been adopted early by the Limited Partnership. Information on those expected to be relevant to the financial statements is provided below. Management anticipates that all relevant pronouncements will be adopted in for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the financial statements.

IFRS 9 Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduced improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Limited Partnership has yet to assess the impact of this new standard on its financial statements but does not expect to have a significant impact.

2 - CHANGES IN ACCOUNTING POLICIES (Continued)

Standards, Amendments and Interpretations to Existing Standards That Are Not Yet Effective and Have Not Been Adopted Early By the Limited Partnership (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 Revenue, IAS 11 Construction Contracts, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Limited Partnership has yet to assess the impact of this new standard on its financial statements but does not expect to have a significant impact.

IFRS 16 Leases

In January 2016, the IASB published IFRS 16 which will replace IAS 17 Leases and three related interpretations. IFRS 16 largely retains IAS 17's approach to lessor accounting, but introduces numerous and significant changes to lessee accounting, such as the elimination of the classification as an operating lease and the requirement for lessees to recognize a right-of-use asset and a lease liability in the balance sheet for all leases, with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods, changes the accounting for sale and leaseback arrangements, and introduces new disclosure requirements. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Limited Partnership has yet to assess the impact of this new standard on its financial statements.

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Measurement

These financial statements have been prepared using the significant accounting policies and measurement bases summarized below.

Functional and Presentation Currency

The Limited Partnership's financial statements are presented in Canadian dollars, which is also its functional currency.

Société en Commandite Bromont 1
Notes to the Financial Statements
December 31, 2016 and 2015 and January 1, 2015
(expressed in Canadian Dollars)

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognized when the Limited Partnership becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

– Financial Assets

For the purpose of subsequent measurement, financial assets are classified into "Loans and Receivables" upon initial recognition:

All financial assets are subject to review for impairment annually and written down when there is evidence of impairment.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Limited Partnership’s cash fall into this category.

– Financial Liabilities

The Limited Partnership's financial liabilities include trade and other payables, advances and term loan. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

Investment Property

Investment properties are properties held to earn rentals or for capital appreciation, or both, and are initially accounted at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management and subsequently measured using the fair value model. Investment properties are revalued annually with resulting gains and losses recognized in profit or loss, and are included in the statement of financial position at their fair values.

Société en Commandite Bromont 1
Notes to the Financial Statements
December 31, 2016 and 2015 and January 1, 2015
(expressed in Canadian Dollars)

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land Held for Residential Development

Land held for residential development is accounted at acquisition cost and is valued at the lower of cost or net realisable value. Cost include the costs related to the development of the land as well as borrowing costs.

Provisions

Provisions are recognized to cover probable outflows of resources that can be estimated and that result from present obligations resulting from past events. No liability is recognized when the outflow of resources from a potential obligation resulting from past events is not probable, such situations are disclosed as contingent liabilities unless the outflow of resources is remote. The provisions are measured based on management's best estimate of the outcome based on facts known at the reporting date. Provisions are discounted to their present values, where the time value of money is material. As at December 31, 2016 and 2015 and January 1, 2015, the Limited Partnership has no provisions.

Revenue

Rental income is recognized on a straight-line basis over the term of the lease when collection is reasonably assured

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Partners' Capital

Partners' Capital represents the value received for the units upon issuance as well as the current and prior period retained profits and losses after distribution to the partners.

Income Taxes

The Limited Partnership is not subject to tax under Part I of the Income Tax Act (Canada) (the "Tax Act"). Each partner of the Limited Partnership is required to include in computing the partner's income for a particular taxation year the partner's share of the income or loss of the Limited Partnership for its fiscal year ending in or on the partner's taxation year-end, whether or not any of that income or loss is distributed to the partner in the taxation year. Accordingly, no provision has been made for Canadian income taxes under Part I of the Tax Act.

Société en Commandite Bromont 1
Notes to the Financial Statements
December 31, 2016 and 2015 and January 1, 2015
(expressed in Canadian Dollars)

4 - PRINCIPAL UNCERTAINTIES ARISING FROM THE USE OF ESTIMATES AND CRITICAL JUDGEMENT BY MANAGEMENT

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in profit or loss in the period in which they become known.

Items for which actual results may differ materially from these estimates are described in the following section.

Significant Management Judgement

There is no significant management judgement in the preparation of these financial statements.

Estimation Uncertainty

Fair Value Measurement

Management uses valuation techniques to determine the fair value of non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the non-financial assets. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Investment properties are stated at their fair values at the statement of financial position date. Independent appraisal values obtained are subject to significant estimates and assumptions about market conditions in effect at the statement of financial position date.

5 - INVESTMENT PROPERTY

A reconciliation of the investment property is as follows:

	December 31, 2016	December 31, 2015
	$	$
Balance, beginning of year	**30,000,000**	29,307,369
Development costs	**79,771**	32,631
Borrowing costs	**661,808**	660,000
Balance end of year	**30,741,579**	30,000,000

Société en Commandite Bromont 1
Notes to the Financial Statements
December 31, 2016 and 2015 and January 1, 2015
(expressed in Canadian Dollars)

5 - INVESTMENT PROPERTY (Continued)

Valuation Process

Fair value of the Limited Partnership's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation process and fair value changes are reviewed at each reporting date. The fair value is categorized in Level 2 in the fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows :

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: Unobservable input for the asset or liability.

The appraisals for each of the investment properties at fair value were carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location and current use. The extent and direction of this adjustment depends on the number of characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this is a subjective judgement, management considers that the overall valuation could not be materially affected by reasonably possible alternative assumptions.

6 - ADVANCES

	December 31, 2016	December 31, 2015	January 1, 2015
	$	$	$
Advances from the limited partners, without interest nor repayment terms	**3,067,000**	3,067,000	2,333,000
Advances from a company controlled by a limited partner, without interest nor repayment terms	**1,935,000**	545,000	
Advances from a company controlled by two limited partners, without interest nor repayment terms	**731,000**	310,000	
	5,733,000	3,922,000	2,333,000

Société en Commandite Bromont 1
Notes to the Financial Statements
December 31, 2016 and 2015 and January 1, 2015
(expressed in Canadian Dollars)

7 - TERM LOAN

	December 31, 2016	December 31, 2015	January 1, 2015
	$	$	$
Term loan, 15%, payable on demand, secured by the investment property	11,000,000	11,000,000	11,000,000

Borrowing costs for the term loan were capitalized in Land held for residential development for $992,712 ($990,000 in 2015) and in Investment property for $ 661,808 ($660,000 in 2015).

8 - PARTNERS' CAPITAL

Authorized

The capital of the Limited Partnership is composed of an unlimited number of units without par value, having voting rights.

Allocation of Net Income or Net Loss

Net income or net loss for each given year shall be allocated among all partners as follows :

i) The general partner shall receive 0.4% of the net income of the partnership as well as all net losses not allocated to the limited partners;

ii) The limited partners shall receive net income prorata the number of units held as well as attributed net loss up to their initial investment in the partnership.

9 - FINANCIAL INSTRUMENTS

The Limited Partnership is exposed to various financial risks through its financial instruments: liquidity risk and interest rate risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Liquidity Risk

Liquidity risk is that the Limited Partnership might be unable to meet its obligations. The Limited Partnership manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis below.

The Limited Partnership’s funding is provided in the form of advances and available cash on hand which provide adequate resources to meet its financial obligations as they become due.

The Limited Partnership's financial liabilities mature within the next 12 months.

Société en Commandite Bromont 1
Notes to the Financial Statements
December 31, 2016 and 2015 and January 1, 2015
(expressed in Canadian Dollars)

10 - CAPITAL MANAGEMENT DISCLOSURES

The Limited Partnership's objectives when managing capital are to:

– maintain financial flexibility in order to preserve its ability to meet its financial obligations, including potential liabilities resulting from additional acquisitions;

– maintain a capital structure that allows it to finance its growth strategy with cash flows from its operations and its debt capacity; and

– optimize the use of its capital to provide an appropriate return on investment.

The capital structure of the Limited Partnership consists of the Partner's Capital, advances and the term loan.

The Limited Partnership's financial strategy is developed and adapted on the basis of market conditions to maintain a flexible capital structure consistent with the objectives stated above and to respond to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Limited Partnership may finance an existing debt, take out new borrowings or repurchase units or issue new units.

The Limited Partnership's financial strategy and objectives have remained substantially unchanged for the past year fiscal year. The objectives and strategy are reviewed annually. The Limited Partnership believes that its current ratios are satisfactory, given its size, capital management objectives and growth strategy.

11 - RELATED PARTIES

Related parties of the Limited Partnership include the general partner and limited partners as well as companies controlled by the limited partners.

The balances and amounts owed from the Limited Partnership to related parties are presented separately in the financial statements.

12 - FIRST-TIME ADOPTION OF IFRS

These are the Limited Partnership's first financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The date of transition to IFRS is January 1, 2015.

The Limited Partnership's accounting policies presented in Note 3 have been applied in preparing the financial statements for the year ended December 31, 2016, the comparative period and the opening statement of financial position at the date of transition.

Société en Commandite Bromont 1
Notes to the Financial Statements
December 31, 2016 and 2015 and January 1, 2015
(expressed in Canadian Dollars)

12 - FIRST-TIME ADOPTION OF IFRS (Continued)

The Limited Partnership has applied IFRS 1 First-time Adoption of International Financial Reporting Standards in preparing these first IFRS financial statements. The effects of the transition to IFRS on capital, total comprehensive income already established are presented in this section.

First Time Adoption Exemptions Applied

Upon transition, IFRS 1 permits certain exemptions from full retrospective application. The Limited Partnership has applied the mandatory exceptions as set out below.

Mandatory Exceptions

The estimates established by the Limited Partnership in accordance with IFRS at the date of transition are consistent with estimates made for the same date in accordance with pre-change accounting standards unless the objective evidence of those estimates was in error. Financial assets and liabilities that had been de-recognized before January 1, 2015 under pre-change accounting standards have not been recognized under IFRS.

Reconciliation of Capital and Comprehensive Loss

The Limited Partnership's capital as at the transition date with the amount reported under previous GAAP is reconciled below. The impact of the transition to IFRS on the Limited Partnership’s capital as at December 31, 2015 and for the year then ended is not significant.

Limited Partnership's capital	$
Amounts reported under previous GAAP	36,656
Investment property (a)	23,982,000
Amounts reported under IFRS	24,018,656

(a) Under IFRS, investment properties are revalued annually and included in the statement of financial position at their fair values.

Société en Commandite Bromont 1

Interim Financial Statements
September 30, 2017

Société en Commandite Bromont 1
Interim Statement of Financial Position

As at September 30, 2017 and December 31, 2016
(expressed in Canadian Dollars)

	September 30 2017 (unaudited)		December 31 2016 (audited)	
ASSETS				
Current				
Cash	152	$	1,484	$
Sales taxes receivable	2,112		2,644	
Prepaids	11,738		5,096	
	14,002		9,224	
Non-current				
Land held for development	10,963,955		10,139,380	
Investment property (note 5)	31,291,298		30,741,579	
Total assets	42,269,255		40,890,183	
LIABILITIES				
Current				
Trade and other payables	131,493		115,571	
Advances (note 6)	7,083,000		5,733,000	
Term loan (note 7)	11,000,000		11,000,000	
Total liabilities	18,214,493		16,848,571	
CAPITAL				
General partner	96,907		96,381	
Limited partners	23,957,855		23,945,231	
Total capital	24,054,762		24,041,612	
Total liabilities and capital	42,269,255		40,890,183	

The accompanying notes are an integral part of the interim financial statements.

Société en Commandite Bromont 1
Interim Statement of Comprehensive Income

Periods ended September 30, 2017 and 2016
(expressed in Canadian Dollars)

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2017	2016	2017	2016
Rental income	16,932	16,799	16,932	16,799
Administrative expenses	115	66	3,782	9,912
Net income and comprehensive income	16,817	16,733	13,150	6,887

The accompanying notes are an integral part of the interim financial statements.

Société en Commandite Bromont 1
Interim Statement of Changes in Capital

Periods ended September 30, 2017 and 2016
(expressed in Canadian Dollars)

	Units Issued Number	General Partner $	Limited Partners $	Total Capital $
Balance on January 1, 2016	1,000	96,332	23,933,207	24,029,539
Net comprehensive income	-	275	6,612	6,887
Balance on September 30, 2016	1,000	96,607	23,939,819	24,036,426
Balance on January 1, 2017	1,000	96,381	23,945,231	24,041,612
Net comprehensive income	-	526	12,624	13,150
Balance on September 30, 2017	1,000	96,907	23,957,855	24,054,762

The accompanying notes are an integral part of the interim financial statements.

Société en Commandite Bromont 1
Interim Statements of Cash Flows

Periods ended September 30, 2017 and 2016
(expressed in Canadian dollars)

	2017	2016
OPERATING ACTIVITIES		
Net income	13,150	6,887
Changes in working capital	9,812	24,468
Cashflows from operating activities	22,962	31,355
INVESTING ACTIVITIES		
Land held for residential development	(824,575)	(847,972)
Investment property	(549,719)	(565,315)
Cash flows from investing activities	(1,374,294)	(1,413,287)
FINANCING ACTIVITIES		
Advances and cashflows from financing activities	1,350,000	1,379,000
Net change in cash	(1,332)	(2,932)
Cash beginning of the period	1,484	3,843
Cash end of the period	152	911

The accompanying notes are an integral part of the interim financial statements.

1- *STATUTES* OF *INCORPORATION, NATURE* OF *OPERATIONS AND STATEMENT* OF *COMPLIANCE*

Société en commandite Bromont 1 is a limited partnership (the "Limited Partnership") formed under the Civil Code of the Province of Quebec. The Limited Partnership invests in commercial, recreotouristical and residential real estate development projects located in Bromont. The Limited Partnership was established pursuant to the terms of a limited partnership agreement dated December 10, 2009 and it's head office and address for service is located at 100-640 Orly, Dorval, Quebec, H9P 1E9.

These interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not contain all of the information required in annual financial statements in accordance with International Financial Reporting Standards (IFRSs) and should be read in conjunction with the financial statements for the year ended December 31, 2016.

The interim financial statements include only the assets, liabilities, revenue and expenses of the Limited Partnership's operations. The statement of comprehensive income does not include any remuneration to the partners in determining net income and comprehensive income of the Limited Partnership.

2 - *CHANGES IN ACCOUNTING POLICIES*

Standards, Amendments and Interpretations to Existing Standards That Are Not Yet Effective and Have Not Been Adopted Early by the Limited Partnership

At the date of authorization of these interim financial statements, certain new standards, and amendments to existing standards have been published by the International Accounting Standards Board ("IASB") that are not yet effective, and have not been adopted early by the Limited Partnership. Information on those expected to be relevant to the financial statements is provided below. Management anticipates that all relevant pronouncements will be adopted in for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the financial statements.

IFRS 9 *Financial Instruments*

In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduced improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Limited Partnership does not expect this new standard to have a significant impact on its financial statements.

2 • CHANGES IN ACCOUNTING POLICIES (Continued)

Standards, Amendments and Interpretations to Existing Standards That Are Not Yet Effective and Have Not Been Adopted Early by the Limited Partnership (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 Revenue, IAS 11 Construction Contracts, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Limited Partnership does not expect this new standard to have a significant impact on its financial statements.

IFRS 16 Leases

In January 2016, the IASB published IFRS 16 which will replace IAS 17 Leases and three related interpretations. IFRS 16 largely retains IAS 17's approach to lessor accounting, but introduces numerous and significant changes to lessee accounting, such as the elimination of the classification as an operating lease and the requirement for lessees to recognize a right-of-use asset and a lease liability in the balance sheet for all leases, with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods, changes the accounting for sale and leaseback arrangements, and introduces new disclosure requirements. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Limited Partnership does not expect this new standard to have a significant impact on its financial statements.

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Measurement

These interim financial statements have been prepared using the significant accounting policies and measurement bases summarized below.

Functional and Presentation Currency

The Limited Partnership's interim financial statements are presented in Canadian dollars, which is also its functional currency.

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognized when the Limited Partnership becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognized when contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial Assets

For subsequent measurement, financial assets are classified into "Loans and Receivables" upon initial recognition:

All financial assets are subject to review for impairment annually and written down when there is evidence of impairment.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Limited Partnership's cash fall into this category.

Financial Liabilities

The Limited Partnership's financial liabilities include trade and other payables, advances and term loan. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

Investment Property

Investment properties are properties held to earn rentals or for capital appreciation, or both, and are initially accounted at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management and subsequently measured using the fair value model. Investment properties are revalued annually with resulting gains and losses recognized in profit or loss, and are included in the statement of financial position at their fair values.

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land Held for Residential Development

Land held for residential development is accounted at acquisition cost and is valued at the lower of cost or net realizable value. Cost include the costs related to the development of the land as well as borrowing costs.

Provisions

Provisions are recognized to cover probable outflows of resources that can be estimated and that result from present obligations resulting from past events. No liability is recognized when the outflow of resources from a potential obligation resulting from past events is not probable, such situations are disclosed as contingent liabilities unless the outflow of resources is remote. The provisions are measured based on management's best estimate of the outcome based on facts known at the reporting date. Provisions are discounted to their present values, where the time value of money is material. As at September 30, 2017 and 2016, the Limited Partnership has no provisions.

Revenue

Rental income is recognized on a straight-line basis over the term of the lease when collection is reasonably assured

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Partners' Capital

Partners' Capital represents the value received for the units upon issuance as well as the current and prior period retained profits and losses after distribution to the partners.

Income Taxes

The Limited Partnership is not subject to tax under Part I of the Income Tax Act (Canada) (the "Tax Act"). Each partner of the Limited Partnership is required to include in computing the partner's income for a taxation year the partner's share of the income or loss of the Limited Partnership for its fiscal year ending in or on the partner's taxation year-end, whether any of that income or loss is distributed to the partner in the taxation year. Accordingly, no provision has been made for Canadian income taxes under Part I of the Tax Act.

(expressed in Canadian dollars)

4 - PRINCIPAL UNCERTAINTIES ARISING FROM THE USE OF ESTIMATES AND CRITICAL JUDGEMENT BY MANAGEMENT

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in profit or loss in the period in which they become known.

Items for which actual results may differ materially from these estimates are described in the following section.

Significant Management Judgement

There is no significant management judgement in the preparation of these financial statements.

Estimation Uncertainty

Fair Value Measurement

Management uses valuation techniques to determine the fair value of non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the non-financial assets. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Investment properties are stated at their fair values at the statement of financial position date. Independent appraisal values obtained are subject to significant estimates and assumptions about market conditions in effect at the statement of financial position date.

5 - INVESTMENT PROPERTY

A reconciliation of the investment property is as follows:

	September 30, 2017	December 31, 2016
	$	$
Balance, beginning of the period	**30,741,579**	30,000,000
Development costs	**-**	79,771
Borrowing costs	**549,719**	661,808
Balance end of the period	**31,291,298**	30,741,579

(expressed in Canadian dollars)

5 - INVESTMENT PROPERTY (Continued)

Valuation Process

Fair value of the Limited Partnership's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuators. The significant inputs and assumptions are developed in close consultation with management. The valuation process and fair value changes are reviewed at each reporting date. The fair value is categorized in Level 2 in the fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: Unobservable input for the asset or liability.

The appraisals for each of the investment properties at fair value were carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location and current use. The extent and direction of this adjustment depends on the number of characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this is a subjective judgement, management considers that the overall valuation could not be materially affected by reasonably possible alternative assumptions.

6-ADVANCES

	September 30, 2017	December 31, 2016
	$	$
Advances from the limited partners, without interest nor repayment terms	**5,459,000**	3,067,000
Advances from a company controlled by a limited partner, without interest nor repayment terms	**893,000**	1,935,000
Advances from a company controlled by two limited partners, without interest nor repayment terms	**731,000**	731,000
	7,083,000	5,733,000

7-TERM LOAN

	September 30, 2017	December 31, 2016
	$	$
Term loan, 15%, payable on demand, secured by the investment property	11,000,000	11,000,000

8 - PARTNERS' CAPITAL

Authorized

The capital of the Limited Partnership is composed of an unlimited number of units without par value, having voting rights.

Allocation of Net Income or Net Loss

Net income or net loss for each given year shall be allocated among all partners as follows:

i) The general partner shall receive 0.4% of the net income of the partnership as well as all net losses not allocated to the limited partners;

ii) The limited partners shall receive net income prorate the number of units held as well as attributed net loss up to their initial investment in the partnership.

9 - FINANCIAL INSTRUMENTS

The Limited Partnership is exposed to various financial risks through its financial instruments: liquidity risk and interest rate risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Liquidity Risk

Liquidity risk is that the Limited Partnership might be unable to meet its obligations. The Limited Partnership manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis below.

The Limited Partnership's funding is provided in the form of advances and available cash on hand which provide adequate resources to meet its financial obligations as they become due.

The Limited Partnership's financial liabilities mature within the next 12 months.

10 -CAPITAL MANAGEMENT DISCLOSURES

The Limited Partnership's objectives when managing capital are to:

- maintain financial flexibility in order to preserve its ability to meet its financial obligations, including potential liabilities resulting from additional acquisitions;

- maintain a capital structure that allows it to finance its growth strategy with cash flows from its operations and its debt capacity; and

- optimize the use of its capital to provide an appropriate return on investment.

The capital structure of the Limited Partnership consists of the Partner's Capital, advances and the term loan.

The Limited Partnership's financial strategy is developed and adapted on the basis of market conditions to maintain a flexible capital structure consistent with the objectives stated above and to respond to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Limited Partnership may finance an existing debt, take out new borrowings or repurchase units or issue new units.

The Limited Partnership's financial strategy and objectives have remained substantially unchanged for the past year fiscal year. The objectives and strategy are reviewed annually. The Limited Partnership believes that its current ratios are satisfactory, given its size, capital management objectives and growth strategy.

11 - RELATED PARTIES

Related parties of the Limited Partnership include the general partner and limited partners as well as companies controlled by the limited partners.

The balances and amounts owed from the Limited Partnership to related parties are presented separately in the financial statements.

SCHEDULE D

MD&A OF THE DELMA ENTITIES

(See attached)

MANAGEMENT'S DISCUSSION & ANALYSIS

This management discussion and analysis ("MD&A") is dated as of June 13, 2017 and should be read in conjunction with the audited consolidated financial statements of Delma Properties Canada L.P. (the "Limited Partnership") for the year ended December 31, 2016 ("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 Limited Partnership'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 Limited Partnership. 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 Limited Partnership undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Overview and Description of Business

Delma Properties Canada LP (Delma) is a limited partnership formed under the Civil Code of the Province of Quebec. Delma together with its subsidiaries (together referred to as the "Limited Partnership" invest in the hospitality industry, to perform property management services and land development. Delma was established pursuant to the terms of a Limited Partnership Agreement dated September 1, 2009. Delma's head office and address for services is located at 310-925 Blvd. De Maisonneuve West, Montreal, Quebec H3A-0A5

The management activities of the Limited Partnership are preformed through a net, net, net, net, net master lease agreement with Delma Resorts & Hotels Canada Corporation, a company under common control. The agreement is for all the investment properties owned by the Limited Partnership. The investment properties are mainly owned by the Limited Partnership's subsidiaries who act as nominees for the Limited Partnership.

Set out below are the details of the subsidiaries held directly by the Limited Partnership. All subsidiaries are wholly-owned and are Canadian corporations.

Name of the subsidiary	Ownership	Activity
Delma Resorts & Hotels L.P.	78.7 %	Limited Partnership having Beneficial ownership of the investment properties
Blueberry Lake Resort Inc.	100 %	Inactive
Auberge Blueberry Lake Inc.	100 %	Nominee for the Blueberry Lake clubhouse

Gestion 42 Degres Nord Inc.	100 %	Nominee for the Ellicottville project
BBL Holdings Inc.	100 %	Nominee for Lake Alphonse as Blueberry Lake

The investment properties are comprised of the following:

	2016		2015	
Investment properties at fair value				
Blueberry Lake Resort, Quebec, Canada	3,800,100	$	112,100	$
Lake Alphonse, Quebec, Canada	3,075,500		32,900	
42 North Resort, New-York, USA	3,000,100		100	
Investment properties to be accounted as joint ventures Upon formation of joint venture				
Panagopoula Resort, Panagopoula, Greece	4,500,000	$	-	$
Domaine Balmoral Development Project, Quebec, Canada	500,000		-	

Non-current assets are owned in the following countries:

	2016		2015	
Canada	7,455,100	$	145,000	$
United States	3,000,100		100	
Greece	4,500,000		-	

The Limited Partnership's objectives when managing capital are to:

- maintain financial flexibility in order to preserve its ability to meet its financial obligations, including potential liabilities resulting from additional acquisitions.
- maintain a capital structure that allows it to finance its growth strategy with cash flows from its operation and its debt capacity.
- optimize the use of its capital to provide an appropriate return on investment.

The capital structure of the Limited Partnership consists of the Partner's capital and the non-controlling interests. The Limited Partnership's financial strategy is developed and adapted on the basis of market conditions to maintain a flexible capital structure consistent with the objectives stated above and to respond to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Limited Partnership may finance an existing debt, take out new borrowings or repurchase units or issue new units.

The Limited Partnership's financial strategy and objectives have remained substantially unchanged for the past fiscal year. The objectives and strategy are reviewed annually. The Limited Partnership believes that its current ratios are satisfactory, given its size, capital management objectives and growth strategy.

Selected annual Information

	2016	2015
Total Revenue	120,000 $	- $
Net income (loss) and comprehensive income (loss)	9,320,708	(48)
Total Assets	16,301,760	674,305
Total non-current financial liabilities	239,000	-

Results of Operations

Twelve Months ended December 31st, 2016

The Limited Partnership in its second year of operations.

The Limited Partnership incurred net income of $108,608 and comprehensive income of $9,212,100 for the year ended December 31st, 2016, compared to a net loss of $48 and comprehensive loss of $48 for the period ended December 31st, 2015. The significant item comprising the income for the year ended December 31, 2016, compared to the period ended December 31st, 2015, were rental income of $120,000 from a net, net, net, net, net master lease with a company under common control. Comprehensive income increased in December 31st, 2016 mainly as a result of the increase in fair market value of investment properties acquired during the year.

All administrative services of the Limited Partnership are carried out by consultants retained on a as needed basis.

Liquidity and Capital Resources

As of December 31, 2016, the Limited Partnership had a cash position of $606 compared to $49, 605 as at December 31, 2015, representing a decrease of approximately $42,999. As of December 31, 2016, the Limited Partnership had a working capital of $606, compared to working capital of $49,605 as at December 31, 2015.

The Limited Partnership estimates that it will require approximately $750,000 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 Limited Partnership continues with the process of raising funds for the anticipated acquisitions over the next twelve months, it expects to receive increasing fees for management of its' existing subsidiaries. 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 satisfied our capital needs primarily by issuing new units in the partnership.

The Limited Partnership's future capital requirements will depend on many factors, including, among others, cash flow from operations. The Limited Partnership 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 partnership units, the percentage ownership of current partners will be reduced and such new units may have rights, preferences, or privileges senior to those of the holders of the Limited Partnership's units. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Limited Partnership and its unitholders. Accordingly, the Limited Partnership is investigating various business opportunities that ideally will increase the Limited Partnership's positive cash flow.

The Limited Partnership 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.

Changes in Accounting Policies including Initial Adoption

Standards, Amendments and Interpretations to Existing Standards That Are Not Yet Effective and Have Not Been Adopted Early By the Limited Partnership

At the date of authorization of the financial statements of the Limited Partnership, certain new standards, and amendments to exiting standards have been published by the IASB that are not yet effective, and have not been adopted early by the Limited Partnership. Information on those expected to be relevant to the consolidated financial statements is provided below. Management anticipates that all relevant pronouncements will be adopted in for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the consolidated financial statements.

IFRS 9 Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduced improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Limited Partnership has yet to assess the impact of this new standard on its consolidated financial statements but does not expect to have a significant impact.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 Revenue, Is IAS 11 Construction Contracts, and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Limited Partnership has yet to assess the impact of this new standard on its consolidated financial statements but does not expect to have a significant impact.

IFRS 16 Leases

In January 2016, the IASB published IFRS 16 which will replace IAS 17 Leases and three related interpretations. IFRS 16 largely retains IAS 17's approach to lessor accounting, but introduces numerous and significant changes to lessee accounting, such as the elimination of the classification as an operating lease and the requirement for lessees to recognize a right -of-use asset and a lease liability in the balance sheet for all leases, with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payment and options periods, changes the accounting for sale and lease back arrangement, and introduces new disclosure requirement. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Limited Partnership has yet to assess the impact of this new standard on its combined financial statements.

First-time adoption of IFRS

These are the Limited Partnership's first consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The date of transition to IFRS is January 1, 2015.

The Limited Partnership has applied IFRS 1 First-time Adoption of International Financial Reporting Standards in preparing these first IFRS consolidated financial statements. The effects of the transition to IFRS on capital, total comprehensive income and reported case are reflected in the December 31, 2016 annual financial statements.

First time adoption exemptions applied

The estimates established by the Limited Partnership in accordance with IFRS at the date of transition are consistent with estimates made for the same date in accordance with pre-change accounting standards, after adjustments to the reflect any difference in account principles, if applicable.

Financial assets and liabilities that had been de-recognized before January 1, 2010 under pre-change account standards have not been recognized under IFRS.

Reconciliation of Capital and comprehensive loss

The impact of the transition to IFRS on the Limited Partnership's capital at the date of the transition and on the comprehensive loss for the year ended December 31, 2015 is not significant.

Financial Instruments

The Limited Partnership is exposed to various financial risks through its financial instruments: credit risk, liquidity risk, interest rate risk and other price risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Credit Risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Limited Partnership. The Limited Partnership's credit risk is due mainly to its advances to companies under common control which are managed and analyzed regularly to detect any potential loss in value.

In light of the above, the Limited Partnership is of the opinion that the credit risk is not significant.

Liquidity Risk

Liquidity risk is that the Limited Partnership might be unable to meet its obligations. The Limited Partnership manages its liquidity needs by monitoring schedule debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-today business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis below.

The Limited Partnership's finding is provided on the form of long-term debt and available cash on hand which provide adequate resources to meet its financial obligations as they become due.

The maturities of the Limited Partnership's financial liabilities on an undiscounted basis are $146,900 in 2017 and $376,397 in 2018.

Interest Rate Risk

The Limited Partnership is exposed to interest rate risk on its fixed rate long-term debt. Fixed rate long-term debt subjects the Limited Partnership to a fair value risk. Variations in the interest rate would not affect profit or loss significantly.

Other Price Risk

The Limited Partnership is exposed to other price risk in respect of its investment in a private company. The exposure to this risk is not significant.

Disclosure of Partnership Units

The total number of units issued and outstanding as at December 31, 2016 was 17,764 units and as at the date of this MD&A the number was 17,764.

For the year ended December 31, 2016:

In June 2015, 1,608 units were issued in consideration of $350,100 in cash.

During the year ended December 31, 2016, 1,460 units were issued in consideration of $726,000 in cash.

During the year ended December 31, 2016, 500 units were subscribed to in consideration of $500,000 of advances to companies under common control. The 500 units were issued subsequent to year-end.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

During the period ended December 31, 2016, the Limited Partnership entered into the following transactions with related parties:

Related parties of the Limited Partnership include the general partner and limited partners as well as companies under common control.

The intercompany balances and the amounts owed to the Limited Partnership are presented separated in the consolidated financial statements.

The Limited Partnership's total management income under a net, net, net, net, net master lease is paid by affiliated parties. The annual rental for each year is $120,000. The rental income is provided on terms equivalent to those that retail in arm's length transactions.

	2016	2015
	$	$
Term loan 10%, interest and capital payable at Maturity, maturing in June 2018, secured by a Hypothec on lands of the Blueberry Lake and Lake Alphonse projects with a carrying amount of $3,957,600 as at December 31, 2016 (a) (b)	293,000	-
Term Loan, 13%, capital payable at maturity in June 2017, secured by a hypothec on the Blueberry Lake Club house having a carrying amount of $1,879,128 as at December 2016	130,000	-
	423,000	-

Short-term loan	(130,000)	-
	293,000	-

(a) During the year, the loan was repaid by converting principal amounts of $220,000 into units of Delma Resorts and Hotels L.P.

(b) The same assets also guarantee a $20,000 account payable of a company under common control. The loan has the same conditions.

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.

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 year under review the Limited Partnership progressed with the further establishment of its property investment business in Canada and Europe by signing letters of intent with various parties to acquire land for development, retail and commercial property and additional properties and resorts in the hospitality segment.

The Limited Partnership is also reviewing its current interests in New York with respect to real estate, market trends and considering the financial feasibility of expanding these assets.

Subsequent events

There are no material subsequent events.

Additional Information

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Limited Partnership. This MD&A should be read in conjunction with other disclosure documents provided by the Limited Partnership.

MANAGEMENT'S DISCUSSION & ANALYSIS

This management discussion and analysis ("MD&A") is dated as of November 24th, 2017 and should be read in conjunction with the audited consolidated financial statements of the Limited Partnership for the nine-month period ended September 30th, 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 Limited Partnership'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 Limited Partnership. 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 Limited Partnership undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Overview and Description of Business

Delma Properties Canada LP (Delma) is a limited partnership formed under the Civil Code of the Province of Quebec. Delma together with its subsidiaries (together referred to as the "Limited Partnership" invest in the hospitality industry, to perform property management services and land development. Delma was established pursuant to the terms of a Limited Partnership Agreement dated September 1, 2009. Delma's head office and address for services is located at 310-925 Blvd. De Maisonneuve West, Montreal, Quebec H3A-0A5

The management activities of the Limited Partnership are preformed through a net, net, net, net, net master lease agreement with Delma Resorts & Hotels Canada Corporation, a company under common control. The agreement is for all the investment properties owned by the Limited Partnership. The investment properties are mainly owned by the Limited Partnership's subsidiaries who act as nominees for the Limited Partnership.

Set out below are the details of the subsidiaries held directly by the Limited Partnership. All subsidiaries are wholly-owned and are Canadian corporations.

Name of the subsidiary	Ownership	Activity
Delma Resorts & Hotels L.P.	78.7 %	Limited Partnership having Beneficial ownership of the investment properties
Blueberry Lake Resort Inc.	100 %	Inactive
Auberge Blueberry Lake Inc.	100 %	Nominee for the Blueberry Lake

		clubhouse
Gestion 42 Degres Nord Inc.	100 %	Nominee for the Ellicottville project
BBL Holdings Inc.	100 %	Nominee for Lake Alphonse as Blueberry Lake

The investment properties are comprised of the following:

	September 2017		December 31 2016	
Investment properties at fair value				
Blueberry Lake Resort, Quebec, Canada	3,800,100	$	3,800,100	$
Lake Alphonse, Quebec, Canada	3,075,500		3,075,500	
42 North Resort, New-York, USA	3,000,100		3,000,100	
Investment properties to be accounted as joint ventures Upon formation of joint venture				
Panagopoula Resort, Panagopoula, Greece	4,500,000	$	4,500,000	$
Domaine Balmoral Development Project, Quebec, Canada	500,000		500,000	

Non-current assets are owned in the following countries:

	September 2017		December 31 2016	
Canada	7,455,100	$	7,455,100	$
United States	3,000,100		3,000,100	
Greece	4,500,000		4,500,000	

The Limited Partnership's objectives when managing capital are to:

- maintain financial flexibility in order to preserve its ability to meet its financial obligations, including potential liabilities resulting from additional acquisitions.

- maintain a capital structure that allows it to finance its growth strategy with cash flows from its operation and its debt capacity.

- optimize the use of its capital to provide an appropriate return on investment.

The capital structure of the Limited Partnership consists of the Partner's capital and the non-controlling interests. The Limited Partnership's financial strategy is developed and adapted on the basis of market conditions to maintain a flexible capital structure consistent with the objectives stated above and to respond to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Limited Partnership may finance an existing debt, take out new borrowings or repurchase units or issue new units.

The Limited Partnership's financial strategy and objectives have remained substantially unchanged for the past fiscal year. The objectives and strategy are reviewed annually. The Limited Partnership believes that its current ratios are satisfactory, given its size, capital management objectives and growth strategy.

Selected quarterly Information

	September 30 **2017**		September 30 **2016**	
Total Revenue	-	$	30,977	$
Net income (loss) and comprehensive income (loss)	-		30,758	
Total non-current financial liabilities	540,000		293,000	

Results of Operations

Nine months ended September 30th, 2017

The Limited Partnership incurred net income of nil and comprehensive income of nil for the three-month period ended September 30th, 2017, compared to a net income of $ 30,758 and comprehensive income of $ 30,758 for the period ended September 30th, 2016. The significant item comprising the income for the period ended September 30, 2017, compared to the period ended September 30, 2016, was rental income of $ 30,977 from a net, net, net, net, net master lease with a company under common control. Comprehensive income increased in September 30, 2016 mainly as a result of the increase in fair market value of investment properties acquired during the year.

All administrative services of the Limited Partnership are carried out by consultants retained on a as needed basis.

Liquidity and Capital Resources

As of September 30, 2017, the Limited Partnership had a cash position of $ 606 compared to $ 47,646 as at September 30, 2016, representing a decrease of approximately $ 47,040. As of September 30, 2017, the Limited Partnership had a working capital of $ 606, compared to working capital of $ 47,646 as at September 30, 2016.

The Limited Partnership estimates that it will require approximately $ 750,000 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 Limited Partnership continues with the process of raising funds for the anticipated acquisitions over the next twelve months, it expects to receive increasing fees for management of its' existing subsidiaries. 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 satisfied our capital needs primarily by issuing new units in the partnership.

The Limited Partnership's future capital requirements will depend on many factors, including, among others, cash flow from operations. The Limited Partnership 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 partnership units, the percentage ownership of current partners will be reduced and such new units may have rights, preferences, or privileges senior to those of the holders of the Limited Partnership's units. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Limited Partnership and its unitholders. Accordingly, the Limited Partnership is investigating various business opportunities that ideally will increase the Limited Partnership's positive cash flow.

The Limited Partnership 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.

Changes in Accounting Policies including Initial Adoption

Standards, Amendments and Interpretations to Existing Standards That Are Not Yet Effective and Have Not Been Adopted Early by the Limited Partnership

At the date of authorization of the financial statements of the Limited Partnership, certain new standards, and amendments to exiting standards have been published by the IASB that are not yet effective, and have not been adopted early by the Limited Partnership. Information on those expected to be relevant to the consolidated financial statements is provided below. Management anticipates that all relevant pronouncements will be adopted in for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the consolidated financial statements.

IFRS 9 Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduced improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Limited Partnership has yet to assess the impact of this new standard on its consolidated financial statements but does not expect to have a significant impact.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 Revenue, Is IAS 11 Construction Contracts, and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Limited Partnership has yet to assess the impact of this new standard on its consolidated financial statements but does not expect to have a significant impact.

IFRS 16 Leases

In January 2016, the IASB published IFRS 16 which will replace IAS 17 Leases and three related interpretations. IFRS 16 largely retains IAS 17's approach to lessor accounting, but introduces numerous and significant changes to lessee accounting, such as the elimination of the classification as an operating lease and the requirement for lessees to recognize a right -of-use asset and a lease liability in the balance sheet for all leases, with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payment and options periods, changes the accounting for sale and lease back arrangement, and introduces new disclosure requirement. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Limited Partnership has yet to assess the impact of this new standard on its combined financial statements.

Financial Instruments

The Limited Partnership is exposed to various financial risks through its financial instruments: credit risk, liquidity risk, interest rate risk and other price risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Credit Risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Limited Partnership. The Limited Partnership's credit risk is due mainly to its advances to companies under common control which are managed and analyzed regularly to detect any potential loss in value.

In light of the above, the Limited Partnership is of the opinion that the credit risk is not significant.

Liquidity Risk

Liquidity risk is that the Limited Partnership might be unable to meet its obligations. The Limited Partnership manages its liquidity needs by monitoring schedule debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-today business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis below.

The Limited Partnership's finding is provided on the form of long-term debt and available cash on hand which provide adequate resources to meet its financial obligations as they become due.

The maturities of the Limited Partnership's financial liabilities on an undiscounted basis are
$ 423,000 in 2017 and $ 540,000 in 2018.

Interest Rate Risk

The Limited Partnership is exposed to interest rate risk on its fixed rate long-term debt. Fixed rate long-term debt subjects the Limited Partnership to a fair value risk. Variations in the interest rate would not affect profit or loss significantly.

Other Price Risk

The Limited Partnership is exposed to other price risk in respect of its investment in a private company. The exposure to this risk is not significant.

Disclosure of Partnership Units

The total number of units issued and outstanding as at September 30, 2017 was 17,835 units and as at the date of this MD&A the number was 17,835.

No additional units were issued during the period.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

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

Related parties of the Limited Partnership include the general partner and limited partners as well as companies under common control.

The intercompany balances and the amounts owed to the Limited Partnership are presented separated in the consolidated financial statements.

The Limited Partnership's total management income under a net, net, net, net, net master lease is paid by affiliated parties. The annual rental for each year is $120,000. The rental income is provided on terms equivalent to those that retail in arm's length transactions.

	2017 $	2016 $
Term loan 10%, interest and capital payable at Maturity, maturing in June 2018, secured by a Hypothec on lands of the Blueberry Lake and Lake Alphonse projects with a carrying amount of $3,957,600 as at December 31, 2016 (a)	293,000	293,000
Term Loan, 13%, capital payable at maturity in June 2017, secured by a hypothec on the Blueberry Lake Club house having a carrying amount of $1,879,128 as at December 2016	130,000	130,000
	423,000	423,000
Short-term loan	(423,000)	(130,000)
	-	293,000

(a) The same assets also guarantee a $20,000 account payable of a company under common control. The loan has the same conditions.

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.

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 Limited Partnership progressed with the further establishment of its property investment business in Canada and Europe by signing letters of intent with various parties to acquire land for development, retail and commercial property and additional properties and resorts in the hospitality segment.

The Limited Partnership is also reviewing its current interests in New York with respect to real estate, market trends and considering the financial feasibility of expanding these assets.

Subsequent events

There are no subsequent events .

Additional Information

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Limited Partnership. This MD&A should be read in conjunction with other disclosure documents provided by the Limited Partnership.

MANAGEMENT'S DISCUSSION & ANALYSIS

This management discussion and analysis ("MD&A") is dated as of August 30th, 2017 and should be read in conjunction with the audited consolidated financial statements of Société en commandite Bromont I (the "Limited Partnership") for the year ended December 31, 2016 ("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 Limited Partnership'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 Limited Partnership. 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 Limited Partnership undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Overview and Description of Business

Bromont 1 Limited Partnership is a limited partnership formed under the Civil Code of the Province of Quebec. Bromont 1 Limited Partnership (referred to as "Pure Bromont") invests in the commercial, recreo-touristical and residential real estate development project on a land of some 18 million square feet, with a net developable area of 10.5 million square feet acquired on December 17th, 2009 along Highway 10, in Bromont (Exit 78) and includes two roundabouts serving the entrance and exit into the City of Bromont. "Pure Bromont" was established pursuant to the terms of a Limited Partnership Agreement dated December 10th, 2009 and its head office and address for services is located at 640 Orly, suite 100 Dorval, Quebec H9P-1E9.

	2016		2015	
Investment property at fair value				
A reconciliation of the investment properties is as follows for "Pure Bromont"				
Balance, beginning of the year	30,000,000	$	5,325,374	$
Change in fair value	-		23,982,000	
Development expenses	79,771		32,626	
Borrowing costs	661,808		660,000	
Balance, end of year	30,741,579	$	30,000,000	$

The Limited Partnership's objectives when managing capital are to:

- maintain financial flexibility in order to preserve its ability to meet its financial obligations, including potential liabilities resulting from additional acquisitions.

- maintain a capital structure that allows it to finance its growth strategy with cash flows from its operation and its debt capacity.

- optimize the use of its capital to provide an appropriate return on investment.

The capital structure of the Limited Partnership consists of the Partner's capital.

The Limited Partnership's financial strategy is developed and adapted on the basis of market conditions to maintain a flexible capital structure consistent with the objectives stated above and to respond to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Limited Partnership may finance an existing debt, take out new borrowings or repurchase units or issue new units.

The Limited Partnership's financial strategy and objectives have remained substantially unchanged for the past fiscal year. The objectives and strategy are reviewed annually. The Limited Partnership believes that its current ratios are satisfactory, given its size, capital management objectives and growth strategy.

Selected annual Information

	2016	2015
Total Revenue	16,799 $	16,703 $
Total Assets	40,890,183	39,033,979
Total non-current financial liabilities	-	-
Total current financial liabilities	16,848,571	15,004,440

Results of Operations

Twelve Months ended December 31st, 2016

The Limited Partnership in it's seventh year of operations.

The Limited Partnership incurred net income of $12,073 and comprehensive income of $12,073 for the year ended December 31st, 2016, compared to a net income of $10,883 and comprehensive income of $10,883 for the year ended December 31st, 2015. The significant item comprising the income for the year ended December 31, 2015, compared to the period ended December 31st, 2016, was the increase in fair value of the investment property – Pure Bromont.

All administrative services of the Limited Partnership are carried out by consultants retained on a as needed basis.

Liquidity and Capital Resources

As of December 31, 2016, the Limited Partnership had a cash position of $1,484 compared to $3,843 as at December 31, 2015, representing a decrease of approximately $2,359. As of December 31, 2016, the Limited Partnership had a working capital of $1,484, compared to working capital of $3,843 as at December 31, 2015.

The Limited Partnership estimates that it will require approximately $20,000 to fund general and administrative expenses for the next twelve months and approximately $3,000,000 to commence development on the Pure Bromont investment property. The current cash on hand is not sufficient to meet our cash requirements for the next twelve months. The Limited Partnership continues with the process of raising funds for the anticipated development of its project over the next twelve months. Since current revenues will not be sufficient to meet ongoing costs we will require additional financing to fund our administrative expenses and for any proposed development, if applicable. We have satisfied our capital needs primarily by the limited partners injecting funds into the limited partnership and by refinancing existing long-term debt.

The Limited Partnership's future capital requirements will depend on many factors, including, among others, cash flow from operations. The Limited Partnership 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 partnership units, the percentage ownership of current partners will be reduced and such new units may have rights, preferences, or privileges senior to those of the holders of the Limited Partnership's units. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Limited Partnership and its unitholders. Accordingly, the Limited Partnership is investigating various business opportunities that ideally will increase the Limited Partnership's positive cash flow.

The Limited Partnership 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.

Changes in Accounting Policies including Initial Adoption

Standards, Amendments and Interpretations to Existing Standards That Are Not Yet Effective and Have Not Been Adopted Early By the Limited Partnership

At the date of authorization of the financial statements of the Limited Partnership, certain new standards, and amendments to exiting standards have been published by the IASB that are not yet effective, and have not been adopted early by the Limited Partnership. Information on those expected to be relevant to the consolidated financial statements is provided below. Management anticipates that all relevant pronouncements will be adopted in for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the consolidated financial statements.

IFRS 9 Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduced improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Limited Partnership has yet to assess the impact of this new standard on its consolidated financial statements but does not expect to have a significant impact.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 Revenue, Is IAS 11 Construction Contracts, and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Limited Partnership has yet to assess the impact of this new standard on its consolidated financial statements but does not expect to have a significant impact.

IFRS 16 Leases

In January 2016, the IASB published IFRS 16 which will replace IAS 17 Leases and three related interpretations. IFRS 16 largely retains IAS 17's approach to lessor accounting, but introduces numerous and significant changes to lessee accounting, such as the elimination of the classification as an operating lease and the requirement for lessees to recognize a right -of-use asset and a lease liability in the balance sheet for all leases, with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payment and options periods, changes the accounting for sale and lease back arrangement, and introduces new disclosure requirement. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Limited Partnership has yet to assess the impact of this new standard on its combined financial statements.

First-time adoption of IFRS

These are the Limited Partnership's first financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The date of transition to IFRS is January 1, 2015.

The Limited Partnership has applied IFRS 1 First-time Adoption of International Financial Reporting Standards in preparing these first IFRS financial statements. The effects of the transition to IFRS on capital, total comprehensive income and reported case are reflected in the December 31, 2015 annual financial statements.

First time adoption exemptions applied

The estimates established by the Limited Partnership in accordance with IFRS at the date of transition are consistent with estimates made for the same date in accordance with pre-change accounting standards, after adjustments to the reflect any difference in account principles, if applicable.

Financial assets and liabilities that had been de-recognized before January 1, 2010 under pre-change account standards have not been recognized under IFRS.

Reconciliation of Capital and comprehensive loss

The impact of the transition to IFRS on the Limited Partnership's capital at the date of the transition and on the comprehensive loss for the year ended December 31, 2015 is not significant.

Financial Instruments

The Limited Partnership is exposed to various financial risks through its financial instruments: credit risk, liquidity risk, interest rate risk and other price risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Credit Risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Limited Partnership. The Limited Partnership's credit risk is due mainly to its advances to companies under common control which are managed and analyzed regularly to detect any potential loss in value.

In light of the above, the Limited Partnership is of the opinion that the credit risk is not significant.

Liquidity Risk

Liquidity risk is that the Limited Partnership might be unable to meet its obligations. The Limited Partnership manages its liquidity needs by monitoring schedule debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-today business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis below.

The Limited Partnership's funding is provided in the form of long-term debt and available cash on hand which provides adequate resources to meet its financial obligations as they become due.

The maturities of the Limited Partnership's financial liabilities on an undiscounted basis are $16,848,571 in 2017.

Interest Rate Risk

The Limited Partnership is exposed to interest rate risk on its fixed rate long-term debt. Fixed rate long-term debt subjects the Limited Partnership to a fair value risk. Variations in the interest rate would not affect profit or loss significantly.

Other Price Risk

The Limited Partnership is exposed to other price risk in respect of its investment in a private company. The exposure to this risk is not significant.

Disclosure of Partnership Units

The total number of units issued and outstanding as at December 31, 2016 was 1,000 units and as at the date of this MD&A the number was 1,000.

For the year ended December 31, 2016:

During the year ended December 31, 2016, no additional units were issued as was the case during the year ended December 31st, 2015.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

During the period ended December 31, 2016, the Limited Partnership entered into the following transactions with related parties:

Related parties of the Limited Partnership include the general partner and limited partners as well as companies controlled by the limited partners.

The intercompany balances and the amounts owed to the Limited Partnership are presented separated in the financial statements.

	2016 $	2015 $
Due to the limited partners, without interest nor repayment terms	3,067,000	3,067,000
Due to a company controlled by a limited partner without interest nor repayment terms	1,935,000	545,000

Due to a company controlled by two limited Partners, without interest nor repayment terms	731,000	310,000
	5,733,000	3,922,000

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 year under review the Limited Partnership progressed with the further development of its property investment business by signing letters of intent with various parties to develop the land for recreo-touristical, retail and commercial usage.

Subsequent events

There are no material subsequent events.

Additional Information

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Limited Partnership. This MD&A should be read in conjunction with other disclosure documents provided by the Limited Partnership.

PURE BROMONT- EXIT 78 - HIGHWAY 10- BROMONT

EXECUTIVE SUMMARY

DESCRIPTION OF PROJECT

Commercial, recreo-touristlcal and residential real estate development project on a land of some 18 million s.f., with a net developable area of some 10,5 million s.f., the rest being given in compensation for the wet lands. The land Is very well and strategically located along Highway 10 in Bromont (Exit 78) and includes two roundabouts serving the entrance and exit into the City of Bromont.

Commercial Component

The commercial side of the Project consists in a. component of highway shops (e.g. restaurants, gas station with convenience store, etc.) as well as general commercial area, including boutiques, restaurants, etc., excluding, for the moment, shops considered as big boxes {like Walmart and Costco) which are not authorized for the time being. The land for the commercial and recreo-touristical components total approximately 4 million s.f.

Recreo-touristical Component

The site is also intended to include a recreo-touristical component. including hotel, spa and an inside water park. Discussions are currently underway with a European group for the implementation of an hotel and spa center, and accessory activities. There is also a possibility to implement specific boutiques selling and promoting local and regional products, tourism offices, etc. As mentioned above, the land for the commercial and recreo-touristical components total approximately 4 million s.f.

Residential Component

The residential component Is destined to Include single family homes. The residential component will be realized on an area of approximately 6,5 million s.f. NOTE: It could be possible to modify this part of the project subject lo the City's approval. For Instance, we could most likely, modify part of this section into recreo-touristical usage. In such case, condo- hotels could be allowed even in that section, in addition to this already approved usage in the recreo-touristical section.

Summary of the areas of the components of assignments:

Commercial and recreo-touristical: 4 to 6 million s.f.

Residential (or other approved): 4 to 6 million s.f.

These areas are developable land, i.-e. net of wetlands, but including the areas for the infrastructures (streets, etc.).

NOTE: It is important to note that the assignments (usage) may be changed or modified by any developer. In fact, the City's Urban Plan provides that the development of the project may be adapted depending on the project or projects presented, provided that it is acceptable to the City. The City's administrative process stipulates that it would take only about 2 months to obtain all the authorizations of the City, without any recourse to a referendum, since the City's consent to any project is discretionary to the City's Council in virtue of its 2017 regulation and the Law.

LOT NUMBERS BEING PART OF THE PROJECT: 3 753 811, 4 803 975, 4 803 976, 4 803 979, 4 803 980, 4 803 983, 4 803 984, 4 803 985, 4 803 986, 4 803 987, 4 803 988, 4 803 990, 4 803 992, 4 803 993 and 4 803 995 of the Cadastre of Quebec, the whole subject to the some cadastral modifications which are underway.

STATUS

ENVIRONMENT:

With respect to the Environment Department (MDDELCC), the Project has been divided in three (3) separate demands Phase 1 for some 3 million s.f. of developable land, Phase 2 for some 7 million s.f. of developable land and the turnabouts demand for some 400 000 s.f. of developable land, the whole which can be summarized as follows:

PHASE 1:

The Certificate of Authorization (CA) for the Phase 1 has been issued by the MDDELCC on October 1, 2015. As a result, we have now some 3 million s.f. developable.

PHASE 2: The demand for the issuance of a CA for the Phase 2 is being treated now. It should be issued in the coming weeks (expected for October 31st, 2017).

TURNABOUTS: The Certificate of authorization (CA) for the Turnabouts has been issued by the MDDELCC on April 2017. As a result, there is an additional 400,000 s.f. of land that can be developed in a very highly strategic commercial area, at the entrance of the City and he Project on the side of the Highway with a direct access to it.

CITY:

The City and the MRC have adopted the Planning Scheme for the territory of the City of Bromont in July 2015., which has been put in force by the City by the adoption of its Urban Plan on April 6, 2017. The development of the Project is included in the Planning Scheme. The commercial and recreo-touristical components are developable immediately, as well as a certain part of the residential component.

With respect to zoning, as mentioned above, the land is zoned Commercial, Recreo-touristical and Residential. With regards to usage, it is general within the above components. The only real limit is the so called big boxes, for the time being.

The zoning may also be adapted in accordance with the developer's needs by a modification to the Urban Plan, as the case may be, with the approval of the City's Council in conformity with the governing legislation and regulation. The only limit is that there cannot be any residential development within a margin of 135 meters from the Highway.

PROJECTS

RECREO-TOURISTICAL:

The following projects are under discussion:

We have an offer to purchase 150 000 s.f. of land at a price of $15,00 per s.f. from ISLO, to build an European Thermal Station Concept, called ISLO BROMONT, requiring a global Investment of some $25 M.

We have a confirmed letter of intent from Chef Hakim for the construction of a high-end Auberge and Restaurant, project of some $6 M, on a land of 60,000 s.f. at a price of $15.00 per s.f.

We have discussions wit ha group for a condo-hotel project on a land of 250,000 s.f. at a price of $12.00 per s.f.

We have discussions with a group to build an indoor water park (project of some $50M), on a land of some 350,000 s.f. The price discussed is $12.00 per s.f.

COMMERCIAL:

The following projects are under discussion:

We have an interest from an American Outlet Operator to realize a development in the Project, conditional to the building of the ISLO Project and a Condo-Hotel Project.

We have an interest from a commercial developer for some 200,000 to 300,000 s.f. of land, at a price discussed between $12.00 to $15.00 per s.f. The condition is the confirmation of the ISLO project coming on the site.

We have the interest of some national banners that are interested to implement themselves on the Turnabouts land. This development can either be in-house or by selling the land to another developer, for which the Limited Partnership has been approached for.

GLOBAL DEMOGRAPHIC AND ECONOMIC DATA

Bromont is part of the Eastern Townships Region which is the third touristic region in importance in the Province of Quebec, after Montreal and Quebec. The City counts some 8M tourists per year generating more than $350 M yearly. Bromont itself counts for some 1,6M tourists per year which makes it a very interesting City for recreo-touristical developers and operators.

MANAGEMENT'S DISCUSSION & ANALYSIS

This management discussion and analysis ("MD&A") is dated as of November 23, 2017 and should be read in conjunction with the unaudited interim financial statements of the Limited Partnership for the nine-month 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 Limited Partnership'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 Limited Partnership. 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 Limited Partnership undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Overview and Description of Business

Bromont 1 Limited Partnership is a limited partnership formed under the Civil Code of the Province of Quebec. Bromont 1 Limited Partnership (referred to as "Pure Bromont") invests in the commercial, recreo-touristical and residential real estate development project on a land of some 18 million square feet, with a net developable area of 10.5 million square feet acquired on December 17th, 2009 along Highway 10, in Bromont (Exit 78) and includes two roundabouts serving the entrance and exit into the City of Bromont. "Pure Bromont" was established pursuant to the terms of a Limited Partnership Agreement dated December 10th, 2009 and its head office and address for services is located at 640 Orly, suite 100 Dorval, Quebec H9P-1E9.

	September 30 **2017**		December 31 **2016**	
Investment property at fair value				
A reconciliation of the investment properties is as follows for "Pure Bromont"				
Balance, beginning of the year	30,741,579	$	30,000,000	$
Development expenses	-		79,771	
Borrowing costs	549,719		661,808	
Balance, end of year	31,291,298	$	30,741,579	$

The Limited Partnership's objectives when managing capital are to:

- maintain financial flexibility to preserve its ability to meet its financial obligations, including potential liabilities resulting from additional acquisitions.

- maintain a capital structure that allows it to finance its growth strategy with cash flows from its operation and its debt capacity.

- optimize the use of its capital to provide an appropriate return on investment.

The capital structure of the Limited Partnership consists of the Partner's capital.

The Limited Partnership's financial strategy is developed and adapted on the basis of market conditions to maintain a flexible capital structure consistent with the objectives stated above and to respond to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Limited Partnership may finance an existing debt, take out new borrowings or repurchase units or issue new units.

The Limited Partnership's financial strategy and objectives have remained substantially unchanged for the past fiscal year. The objectives and strategy are reviewed annually. The Limited Partnership believes that its current ratios are satisfactory, given its size, capital management objectives and growth strategy.

Selected Information

	September 30 **2017**		December 31 **2016**	
Total Revenue	16,932	$	16,799	$
Total Assets	42,269,255		40,890,183	
Total non-current financial liabilities	-		-	
Total current financial liabilities	18,214,493		16,848,571	

Results of Operations

Nine months ended September 30, 2017

The Limited Partnership in it's seventh year of operations.

The Limited Partnership incurred a net income of $ 13,150 and comprehensive income of $ 13,150 for the nine-month period ended September 30th, 2017, compared to a net income of $ 6,887 and comprehensive income of $ 6,887 for the nine- month period ended September 30th, 2016.

All administrative services of the Limited Partnership are carried out by consultants retained on a as needed basis.

Liquidity and Capital Resources

As of September 30, 2017, the Limited Partnership had a cash position of $ 152 compared to $ 911 as at September 30, 2016, representing a decrease of approximately $ 759. As of September 30, 2017, the Limited Partnership had a working capital of $ 152, compared to working capital of $ 911 as at September 30, 2016.

The Limited Partnership estimates that it will require approximately $ 20,000 to fund general and administrative expenses for the next twelve months and approximately $ 5,000,000 to commence development on the Pure Bromont investment property. The current cash on hand is not sufficient to meet our cash requirements for the next twelve months. The Limited Partnership continues with the process of raising funds for the anticipated development of its project over the next twelve months. Since current revenues will not be sufficient to meet ongoing costs we will require additional financing to fund our administrative expenses and for any proposed development, if applicable. We have satisfied our capital needs primarily by the limited partners injecting funds into the limited partnership and by refinancing existing long-term debt.

The Limited Partnership's future capital requirements will depend on many factors, including, among others, cash flow from operations. The Limited Partnership 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 partnership units, the percentage ownership of current partners will be reduced, and such new units may have rights, preferences, or privileges senior to those of the holders of the Limited Partnership's units. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Limited Partnership and its unitholders. Accordingly, the Limited Partnership is investigating various business opportunities that ideally will increase the Limited Partnership's positive cash flow.

The Limited Partnership 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.

Changes in Accounting Policies including Initial Adoption

Standards, Amendments and Interpretations to Existing Standards That Are Not Yet Effective and Have Not Been Adopted Early by the Limited Partnership

At the date of authorization of the financial statements of the Limited Partnership, certain new standards, and amendments to exiting standards have been published by the IASB that are not yet effective, and have not been adopted early by the Limited Partnership. Information on those expected to be relevant to the consolidated financial statements is provided below. Management anticipates that all relevant pronouncements will be adopted in for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the consolidated financial statements.

IFRS 9 Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduced improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking “expected loss” impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Limited Partnership has yet to assess the impact of this new standard on its consolidated financial statements but does not expect to have a significant impact.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 Revenue, Is IAS 11 Construction Contracts, and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Limited Partnership has yet to assess the impact of this new standard on its consolidated financial statements but does not expect to have a significant impact.

IFRS 16 Leases

In January 2016, the IASB published IFRS 16 which will replace IAS 17 Leases and three related interpretations. IFRS 16 largely retains IAS 17’s approach to lessor accounting, but introduces numerous and significant changes to lessee accounting, such as the elimination of the classification as an operating lease and the requirement for lessees to recognize a right -of-use asset and a lease liability in the balance sheet for all leases, with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payment and options periods, changes the accounting for sale and lease back arrangement, and introduces new disclosure requirement. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Limited Partnership has yet to assess the impact of this new standard on its combined financial statements.

Financial Instruments

The Limited Partnership is exposed to various financial risks through its financial instruments: credit risk, liquidity risk, interest rate risk and other price risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Credit Risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Limited Partnership. The Limited Partnership's credit risk is due mainly to its advances to companies under common control which are managed and analyzed regularly to detect any potential loss in value.

In light of the above, the Limited Partnership is of the opinion that the credit risk is not significant.

Liquidity Risk

Liquidity risk is that the Limited Partnership might be unable to meet its obligations. The Limited Partnership manages its liquidity needs by monitoring schedule debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-today business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis below.

The Limited Partnership's funding is provided in the form of long-term debt and available cash on hand which provides adequate resources to meet its financial obligations as they become due.

The maturities of the Limited Partnership's financial liabilities on an undiscounted basis are $ 18,214,493 in 2017.

Interest Rate Risk

The Limited Partnership is exposed to interest rate risk on its fixed rate long-term debt. Fixed rate long-term debt subjects the Limited Partnership to a fair value risk. Variations in the interest rate would not affect profit or loss significantly.

Other Price Risk

The Limited Partnership is exposed to other price risk in respect of its investment in a private company. The exposure to this risk is not significant.

Disclosure of Partnership Units

The total number of units issued and outstanding as at September 30, 2017 was 1,000 units and as at the date of this MD&A the number was 1,000.

For the period ended September 30, 2017:

During the nine-month period September 30, 2017, no additional units were issued as was the case during the nine-month period ended September 30, 2016.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

During the nine-month period ended September 30, 2017, the Limited Partnership entered into the following transactions with related parties:

Related parties of the Limited Partnership include the general partner and limited partners as well as companies controlled by the limited partners.

The intercompany balances and the amounts owed to the Limited Partnership are presented separated in the financial statements.

	September 30 2017	December 31 2016
	$	$
Due to the limited partners, without interest nor repayment terms	5,459,000	3,067,000
Due to a company controlled by a limited partner without interest nor repayment terms	893,000	1,935,000
Due to a company controlled by two limited Partners, without interest nor repayment terms	731,000	731,000
	7,083,000	5,733,000

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 period under review the Limited Partnership progressed with the further development of its property investment business by signing letters of intent with various parties to develop the land for recreo-touristical, retail and commercial usage.

Subsequent events

There are no material subsequent events.

Additional Information

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Limited Partnership. This MD&A should be read in conjunction with other disclosure documents provided by the Limited Partnership.

PURE BROMONT- EXIT 78 - HIGHWAY 10- BROMONT

EXECUTIVE SUMMARY

DESCRIPTION OF PROJECT

Commercial, recreo-touristlcal and residential real estate development project on a land of some 18 million s.f., with a net developable area of some 10,5 million s.f., the rest being given in compensation for the wet lands. The land Is very well and strategically located along Highway 10 in Bromont (Exit 78) and includes two roundabouts serving the entrance and exit into the City of Bromont.

Commercial Component

The commercial side of the Project consists in a. component of highway shops (e.g. restaurants, gas station with convenience store, etc.) as well as general commercial area, including boutiques, restaurants, etc., excluding, for the moment, shops considered as big boxes {like Walmart and Costco) which are not authorized for the time being. The land for the commercial and recreo-touristical components total approximately 4 million s.f.

Recreo-touristical Component

The site is also intended to include a recreo-touristical component. including hotel, thermal station and an inside water park. An agreement has been concluded in November 2017 with a very known company in the wellness industry (Amerispa) for the implementation of a wellness thermal station n the land. This project will start its construction in April 2018 to be completed in the spring of 2019. Other discussions are currently underway with other groups for the implementation of an hotel and accessory activities. There is also a possibility to implement specific boutiques selling and promoting local and regional products, tourism offices, etc. As mentioned above, the land for the commercial and recreo-touristical components total approximately 4 million s.f.

Residential Component

The residential component Is destined to Include single family homes and multi-residential properties. The residential component will be realized on an area of approximately 6,5 million s.f. NOTE: It could be possible to modify this part of the project subject lo the City's approval. For Instance, we could most likely, modify part of this section into recreo-touristical usage. In such case, for instance, condo- hotels could be allowed even in that section, in addition to this already approved usage in the recreo-touristical section.

Summary of the areas of the components of assignments:

Commercial and recreo-touristical: 4 to 6 million s.f.

Residential (or other approved): 4 to 6 million s.f.

These areas are developable land, i.-e. net of wetlands, but including the areas for the infrastructures (streets, etc.).

NOTE: It is important to note that the assignments (usage) may be changed or modified by any developer. In fact, the City's Urban Plan provides that the development of the project may be adapted depending on the project or projects presented, provided that it is acceptable to the City. The City's administrative process stipulates that it would take only about 2 to 3months to obtain all the authorizations of the City.

LOT NUMBERS BEING PART OF THE PROJECT: 3 753 811, 4 803 975, 4 803 976,

4 803 979, 4 803 980, 4 803 983, 4 803 984, 4 803 985, 4 803 986, 4 803 987,

4 803 988, 4 803 990, 4 803 992, 4 803 993 and 4 803 995 of the Cadastre of Quebec, the whole subject to some cadastral modifications which are underway.

STATUS

ENVIRONMENT:

With respect to the Environment Department (MDDELCC), the Project has been divided in three (3) separate demands a) Phase 1 for some 3 million s.f. of developable land, b) Phase 2 for some 7 million s.f. of developable land; and c) the land between the two turnabouts longing the Highway 10 for some 450 000 s.f. of developable land, the whole which can be summarized as follows:

PHASE 1 :

The Certificate of Authorization (CA) for the Phase 1 has been issued by the MDDELCC on October 2015. As a result, we have now some 3 million s.f. developable.

PHASE 2: The demand for the issuance of a CA for the Phase 2 is being treated now. It should be issued in the coming weeks (expected for January 31st, 2018).

TURNABOUTS: The Certificate of authorization (CA) for the Turnabouts has been issued by the MDDELCC on April 28, 2017. As a result, there is an additional 450,000 s.f. of land that can be developed in a very highly strategic commercial area, at the entrance of the City and he Project on the side of the Highway 10 with a direct access to it.

CITY:

The City and the MRC have adopted the Planning Scheme for the territory of the City of Bromont in July 2015., which has been put in force by the City by the adoption of its Urban Plan on April 6, 2017. The development of the Project is included in the Planning Scheme. The commercial and recreo-touristical components are developable immediately, as well as a certain part of the residential component.

With respect to zoning, as mentioned above, the land is zoned Commercial, Recreo-touristical and Residential. With regards to usage, it is general within the above components. The only real limit is the so called big boxes, for the time being.

The zoning may also be adapted in accordance with the developer's needs by a modification to the Urban Plan, as the case may be, with the approval of the City's Council in conformity with the governing legislation and regulation. The only limit is that there cannot be any residential development within a margin of 135 meters from the Highway.

PROJECTS

RECREO-TOURISTICAL:

The following project is finalized:

The ISLO Thermal Station will commence operations in 2019 on a 200 000 s.f. of land at a price of $ 15,00 per s.f. , to build an European Thermal Station Concept, called ISLO BROMONT, requiring a global Investment of some $ 25 M. This location is estimated to receive about 300,000 customers annually and will be operated by the well-known wellness company Amerispa. The launching of the project has been announced by Amerispa on November 22nd, 2017)

The following projects are under discussion:

We have confirmed interest from a renowned Chef for the construction of a high-end Auberge and Restaurant, project of some $ 6 M, on a land of 60,000 s.f. at a price of $ 15.00 per s.f.

We have discussions wit ha group for a condo-hotel project on a land of 250,000 s.f. at a price of $ 12.00 per s.f.

COMMERCIAL:

The following projects are under discussion:

We have an interest from an American Outlet Operator to realize a development in the Project, conditional to the building of the ISLO Project and a Condo-Hotel Project.

We have an interest from a commercial developer for some 200,000 to 300,000 s.f. of land, at a price discussed between $ 12.00 to $15.00 per s.f.

We have the interest of some national banners that are interested to implement themselves on the Turnabouts land. This development can either be in-house or by selling the land to another developer, for which the Limited Partnership has been approached for.

GLOBAL DEMOGRAPHIC AND ECONOMIC DATA

Bromont is part of the Eastern Townships Region which is the third touristic region in importance in the Province of Quebec, after Montreal and Quebec. The City counts some 8M tourists per year generating more than $ 350 M yearly. Bromont itself counts for some 1,6M tourists per year which makes it a very interesting City for recreo-touristical developers and operators.

SCHEDULE E

PRO FORMA FINANCIAL STATEMENTS

(See attached)

The Delma Group Inc. (formerly Aydon Income Properties Inc.)

Unaudited Pro Forma Consolidated Financial Statements
September 30, 2017 and December 31, 2016
(Expressed in Canadian dollars)

Unaudited Pro Forma Consolidated Financial Statements

The Delma Group Inc. (formerly Aydon Income Properties Inc.)
Unaudited Pro Forma Consolidated Statement of Financial Position
As at September 30, 2017
(Expressed in Canadian dollars)

	Delma Properties Canada LP September 30, 2017	Delma Resorts & Hotels GP Inc. September 30, 2017	Société en commandite Bromont I September 30, 2017	9216-3583 Québec Inc. September 30, 2017	Aydon Income Properties Inc. September 30, 2017	Note	Pro forma Adjustments	Pro forma consolidated September 30, 2017
	$	$	$	$	$		$	$
ASSETS								
Current								
Cash	606		152	477	52,617			53,852
Other receivables			2,112		21,898			24,010
Assets held for sale					95,115			95,115
Advances to companies under common control, without interest	1,035,954							1,035,954
Prepaids and deposits			11,738		4,808			16,546
	1,036,560		14,002	477	174,438			1,225,477
Non-current								
Land held for residential development			10,963,955					10,963,955
Investment properties	14,875,200		31,291,298					46,166,498
Investment in a private company, at cost	250,000							250,000
Investment		100		96,907		2b.1)	(100)	
						2b.2)	(96,907)	
Property and equipment	80,000							80,000
Total assets	16,241,760	100	42,269,255	97,384	174,438		(97,007)	58,685,930
LIABILITIES								
Current								
Trade and other payables			131,493		341,841	2e)	100,000	573,334
Loan payable					59,049			59,049
Liabilities of assets held for sale					28,600			28,600
Advances			7,083,000					7,083,000
Term Loan			11,000,000					11,000,000
Current portion of long term debt	423,000							423,000
	423,000		18,214,493		429,490		100,000	19,166,983
Non-current								
Long term debt	540,000				479,472	2b.1)	800,000	1,819,472
Total liabilities	963,000		18,214,493		908,962		900,000	20,986,455

The Delma Group Inc. (formerly Aydon Income Properties Inc.)
Unaudited Pro Forma Consolidated Statement of Financial Position
As at September 30, 2017
(Expressed in Canadian dollars)

	Delma Properties Canada LP September 30, 2017	Delma Resorts & Hotels GP Inc. September 30, 2017	Société en commandite Bromont I September 30, 2017	9216-3583 Québec Inc. September 30, 2017	Aydon Income Properties Inc. September 30, 2017	Note	Pro forma Adjustments	Pro forma consolidated September 30, 2017
	$	$	$	$	$		$	$
SHAREHOLDERS' EQUITY								
Share Capital				100	809,667	2b.1)	15,278,760	39,737,799
						2b.1)	403,800	
						2b.1)	(809,667)	
						2b.2)	(100)	
						2b.2)	24,055,239	
Share-based payment reserve					325,921	2b.1)	(277,683)	48,238
Currency translation reserve					(1,177)	2b.1)	1,177	
Retained Earnings (deficit)		100		97,284	(1,868,935)	2b.1)	(1,986,562)	(2,086,562)
						2b.1)	1,868,935	
						2b.1)	(100)	
						2b.2)	(97,284)	
						2d.1)	(100,000)	
Total shareholders' equity		100		97,384	(734,524)		38,336,515	37,699,475
CAPITAL								
General Partner	735		96,907			2b.1)	(735)	
						2b.2)	(96,907)	
Limited partners	12,056,355		23,957,855			2b.1)	(12,056,355)	
						2b.2)	(23,957,855)	
Total partners' capital	12,057,090		24,054,762				(36,111,852)	
Non-controlling interests	3,221,670					2b.1)	(3,221,670)	
Total capital	15,278,760		24,054,762				(39,333,522)	
Total liabilities, shareholders' equity and capital	16,241,760	100	42,269,255	97,384	174,438		(97,007)	58,685,930

The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.

The Delma Group Inc. (formerly Aydon Income Properties Inc.)
Unaudited Pro Forma Consolidated Statement of Comprehensive Income
Nine-month period ended September 30, 2017
(Expressed in Canadian dollars)

	Delma Properties Canada LP September 30, 2017	Delma Resorts & Hotels GP Inc. September 30, 2017	Société en commandite Bromont I September 30, 2017	9216-3583 Québec Inc. September 30, 2017	Aydon Income Properties Inc. September 30, 2017	Note	Pro forma Adjustments	Pro forma consolidated September 30, 2017
	$	$	$	$	$		$	$
Rental income			**16,932**					16,932
Management fee income					14,873			14,873
Increase in fair value of investment properties								
			16,932		14,873			31,805
Administrative expenses			**3,782**		292,422			296,204
Operating loss			**13,150**		(277,549)			(264,399)
Gain on debt settlement					(6,300)			(6,300)
Loss on disposal of assets held for sale					41,989			41,989
Share of limited partnership net loss				15				15
Listing costs						2b.1)	1,986,562	1,986,562
Transaction costs						2d)	100,000	100,000
Interest expense					47,248			47,248
Net loss			**13,150**	**(15)**	**(360,486)**		**(2,086,562)**	**(2,433,913)**
Other comprehensive income								
Foreign currency translation and other comprehensive income					(8,511)			(8,511)
Comprehensive loss			13,150	(15)	(368,997)		(2,086,562)	(2,442,424)
Basic and diluted net loss per unit/share			**13.15**		0.01			(0.25)
Weighted average number of units/shares outstanding	**17,835**		**1,000**		26,790,377			9,797,933
Comprehensive loss attributable to								
Shareholders of the Company				**(15)**	**(368,997)**		**(2,073,412)**	(2,442,424)
Partners of the limited partnership			**13,150**				**(13,150)**	
Non-controlling interests								
			13,150	**(15)**	**(368,997)**		**(2,086,562)**	**(2,442,424)**

The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.

The Delma Group Inc. (formerly Aydon Income Properties Inc.)
Unaudited Pro Forma Consolidated Statement of Comprehensive Income
Year ended December 31, 2016
(Expressed in Canadian dollars)

	Delma Properties Canada LP Year ended December 31, 2016	Delma Resorts & Hotels GP Inc. Year ended December 31, 2016	Société en commandite Bromont I Year ended December 31, 2016	9216-3583 Québec Inc. Year ended December 31, 2016	Aydon Income Properties Inc. Year ended December 31, 2016	Note	Pro forma Adjustments	Pro forma consolidated Year ended December 31, 2016
	$	$	$	$	$		$	$
Rental income	**120,976**		**16,799**					137,775
Management fee income								
Increase in fair value of investment properties	**9,212,100**							9,212,100
	9,333,076		**16,799**					**9,349,875**
Administrative expenses	**12,368**		**4,726**		445,512			462,606
Operating income (loss)	**9,320,708**		**12,073**		(445,512)			8,887,269
Gain on debt settlement					(43,313)			(43,313)
Loss on acquisition of limited partnerships					184,516			184,516
Share of limited partnership net loss (income)				(44)	53,425			53,381
Interest expense					30,842			30,842
Listing costs						2b.1)	1,986,562	1,986,562
Transaction costs						2d)	100,000	100,000
Other					(3,591)			(3,591)
Net income (loss)	**9,320,708**		**12,073**	**44**	**(667,391)**		**(2,086,562)**	**6,578,872**
Other comprehensive loss								
Foreign currency translation and other comprehensive loss					(9,494)			(9,494)
Comprehensive income (loss)	9,320,708		12,073	44	(676,885)		(2,086,562)	6,569,378
Basic and diluted net income (loss) per unit/share	**571**		**12.07**		0.03			0.67
Weighted average number of units/shares outstanding	**16,333**		**1,000**		24,417,626			9,797,933
Comprehensive income (loss) attributable to								
Shareholders of the Company				**44**	**(676,885)**		7,246,219	6,569,378
Partners of the limited partnership	**7,335,863**		**12,073**				(7,347,936)	
Non-controlling interests	**1,984,845**						(1,984,845)	
	9,320,708		**12,073**	**44**	**(676,885)**		**(2,086,562)**	**6,569,378**

The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.

The Delma Group Inc. (formerly Aydon Income Properties Inc.)

Notes to Unaudited Pro Forma Consolidated Financial Statements
As at September 30, 2017
(Expressed in Canadian dollars)

1 - BASIS OF PRESENTATION

On July 20, 2017, Aydon Income Properties Inc. ("Aydon") and Delma Resorts & Hotels GP Inc., Delma Resorts & Hotels LP, Delma Properties Canada LP (together "Delma"), Société en Commandite Bromont I and 9216-3583 Québec Inc. (together "Bromont") and (collectively "the Delma Group") entered into a share purchase agreement whereby Aydon will acquire all of the issued and outstanding shares and units of the Delma Group in exchange for shares of Aydon. The accompanying unaudited pro forma consolidated financial statements have been prepared to reflect the acquisition of Delma Group by Aydon as if it had occurred on September 30, 2017 (the "Transaction"). Pursuant to the Transaction, the company's name will be changed to The Delma Group Inc.

The closing of the Transaction is subject to the satisfaction of certain conditions included in the share purchase agreement and obtaining required approvals.

In accordance with IFRS 3, Business Combinations, the substance of the Transaction whereby Aydon acquires Delma, is a reverse acquisition of Aydon by Delma as the partners of Delma will hold the majority of the voting rights of the resulting company. The acquisition of Aydon does not constitute a business combination as Aydon does not meet the definition of a business under that standard. As a result, the acquisition of Aydon is accounted for as a capital transaction with Delma and its general partner identified as the acquirer and the equity consideration being measured at fair value. The resulting financial statements are presented as a continuation of Delma. In addition, the portion of the Transaction relating to the acquisition of Bromont is accounted for as an acquisition of assets by the resulting company.

The accompanying pro forma consolidated financial statements have been prepared in accordance with IFRS. The unaudited pro forma consolidated financial statements have been prepared from information derived from the unaudited condensed consolidated financial statements of Delma as at September 30, 2017, the unaudited internal financial statements of Bromont as at September 30, 2017, the unaudited consolidated financial statements of Aydon as at September 30, 2017, the audited consolidated financial statements of Delma for the year ended December 31, 2016, the audited financial statements of Bromont for the year ended December 31, 2016 and the audited consolidated financial statements of Aydon for the year ended December 31, 2016.

Management believes that the assumptions used provide a reasonable basis for presenting all of the significant effects of the Transaction and that the pro forma adjustments give appropriate effect to those assumptions and are appropriately applied in the unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated financial information is not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon consummation of the transaction will differ from those recorded in the unaudited pro forma consolidated financial statement information.

The Delma Group Inc. (formerly Aydon Income Properties Inc.)

Notes to Unaudited Pro Forma Consolidated Financial Statements
As at September 30, 2017
(Expressed in Canadian dollars)

2 - PRO FORMA ASSUMPTIONS

The unaudited pro forma consolidated financial statements give effect to the following assumptions and adjustments:

a) Modification of Aydon's authorized share capital to provide for the existence of at least two classes of common shares, class "A" and class "B", identical in all respects except that the class "B" share will carry 100 voting rights per share.

b) On July 20, 2017, Aydon and Delma Group entered into a share purchase agreement, as amended on November 27, 2017, whereby Aydon will issue 490,916,667 class "A" shares and 625,083,333 class "B" shares to the partners of Delma to acquire all of the issued and outstanding units of Delma and Aydon will issue 616,666,700 class "A" shares and 200,000,000 class "B" shares to shareholders and partners of Bromont to acquire all of the issued and outstanding units of Bromont.

The Aydon shareholders that held Aydon shares before the Transaction will receive $800,000 in value (the "Additional Value") if and when Aydon is able to generate $400,000 in net income from its student housing projects . The additional income shall be recognized at the latest in the Delma Group Inc's 2019 audited consolidated financial statements. The additional value will be paid by the issuance of shares.

For accounting purposes Delma is the acquirer of both Aydon and Bromont.

The acquisition of Aydon will be accounted for as a reverse takeover. Considering that Aydon does not meet the definition of a business the acquisition of Aydon will be considered a capital transaction in substance. Accordingly, the acquisition of Aydon is equivalent to the issuance of shares by Delma acquirers for the net assets of Aydon.

The acquisition of Bromont will be considered an acquisition of assets.

b.1) Acquisition of Aydon

The fair value of the consideration for the net assets acquired by Delma is as follows:

	$
26,919,899 shares issued and outstanding of Aydon	403,800
Fair value of the conversion option on long-term debt of Aydon	48,238
	452,038

The fair value of the Aydon shares issued and outstanding has been determined based on the fair value the Aydon shares were trading at prior to the announcement of the Transaction at $0.015 per share.

The Delma Group Inc. (formerly Aydon Income Properties Inc.)

Notes to Unaudited Pro Forma Consolidated Financial Statements
As at September 30, 2017
(Expressed in Canadian dollars)

2 - PRO FORMA ASSUMPTIONS (Continued)

b.1) Acquisition of Aydon (continued)

The estimated fair value of the net assets acquired by Delma is:

	$
Cash	52,617
Other receivables	21,898
Assets held for sale	95,115
Deposits	4,808
Trade and other payables	(341,841)
Loan Payable	(59,049)
Liabilities of assets held for sale	(28,600)
Contingent consideration	(800,000)
Long-term debt	(479,472)
Listing costs expensed	1,986,562
	452,038

Following the closing of the Transaction, the issued and outstanding options to officers and directors of Aydon will be cancelled and no value has been determined for these.

Following the closing of the Transaction, the issued and outstanding warrants of Aydon will continue to be in effect with their original terms and conditions, except for the adjustment described in c) and are deemed to be issued as part of the Transaction. The fair value has been estimated at nil by management.

As a result of this Transaction the share capital, share-based payment reserve (except the reserve related to the convertible debt as it reflects the fair value of the conversion option), currency translation reserve and deficit of Aydon are eliminated.

b.2) Acquisition of Bromont

The fair value of the consideration for the net assets acquired by Delma was estimated at $24,055,239. The fair value was based on the estimated value of the net assets of Bromont as it was more reliable than the fair value of the acquirer's issued shares.

The estimated fair value of the net assets acquired by Delma is:

	$
Cash	629
Other receivables	2,112
Prepaids	11,738
Land held for residential development	10,963,955
Investment properties	31,291,298
Liabilities of assets held for sale	(131,493)
Advances	(7,083,000)
Term Loan	(11,000,000)
	24,055,239

The Delma Group Inc. (formerly Aydon Income Properties Inc.)

Notes to Unaudited Pro Forma Consolidated Financial Statements
As at September 30, 2017
(Expressed in Canadian dollars)

2 - PRO FORMA ASSUMPTIONS (Continued)

c) After the acquisitions, the Company will implement a share consolidation on the basis of 1 new class "A" or "B" share for every 200 outstanding class "A" or "B" shares.

The principal effects of the share consolidation will be that:

i) the number of class "A" and class "B" shares issued and outstanding respectively be reduced to 5,672,516 class "A" shares and 4,125,417 class "B" shares;

ii) the exercise price and/or the number of shares issuable under any of the Company's outstanding convertible securities, purchase warrants, stock options and any other similar securities will be proportionately adjusted upon the consolidation; and

iii) the number of class "A" shares reserved for issuance under the Stock Option Plan will be reduced proportionately upon the consolidation.

d) Total Transaction costs will be approximately $100,000. Transaction costs are joined to the entire organization and cannot be attributed to any single transaction and are therefore expensed and recorded as an increase to the deficit.

e) The pro forma effective income tax rate will be approximately 27%.

3 - SHARE CAPITAL

A continuity of issued share capital and related recorded values after giving effect to the pro forma adjustments described in Note 2 is set out as follows:

	Notes	Class "A" shares	Class "B" shares	Amount
				$
Aydon shares, issued and outstanding		26,919,899		403,800
Delma shares, issued and outstanding	2 b.1)	490,916,667	625,083,333	15,278,760
Bromont shares, issued and outstanding	2 b.2)	616,666,700	200,000,000	24,055,239
Share consolidation	2 c)	(1,128,830,750)	(820,957,916)	
Pro forma share capital at September 30, 2017		5,672,516	4,125,417	39,737,799

4 - SHARE BASED PAYMENT RESERVE

	$
Aydon, share-based payment reserve	325,921
Aydon stock options cancelled and minimal fair value for warrants	(277,683)
Fair value of the conversion option on long-term debt	48,238

SCHEDULE F

SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

Section 190 of the CBCA

190. (1) Right to dissent — Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under section 184;

(d) be continued under section 188;

(e) sell, lease or exchange all or substantially all its property under subsection 189(3); or

(f) carry out a going-private transaction or a squeeze-out transaction.

(2) Further right — A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

(2.1) If one class of shares — The right to dissent described in subsection (2) applies even if there is only one class of shares.

(3) Payment for shares — In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

(4) No partial dissent — A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) Objection — A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

(6) Notice of resolution — The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

(7) Demand for payment — A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing (a) the shareholder's name and address; (b) the number and class of shares in respect of which the shareholder dissents; and (c) a demand for payment of the fair value of such shares.

(8) Share certificate — A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

(9) Forfeiture — A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

(10) Endorsing certificate — A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

(11) Suspension of rights — On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12), (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9), in which case the shareholder's rights are reinstated as of the date the notice was sent.

(12) Offer to pay — A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

(13) Same Terms — Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

(14) Payment — Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

(15) Corporation may apply to court — Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

(16) Shareholder application to court — If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

(17) Venue — An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

(18) No security for costs — A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

(19) Parties — On an application to a court under subsection (15) or (16), (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

(20) Power of court — On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

(21) Appraisers — A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

(22) Final Order — The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

(23) Interest — A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

(24) Notice that subsection (26) applies — If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(25) Effect where subsection (26) applies — If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(26) Limitation — A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

SCHEDULE G

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

Mandate

The primary function of the audit committee (the "**Audit Committee**") is to assist the Board of directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels.

The Audit Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements;

- review and appraise the performance of the Corporation's external auditors;

- provide an open avenue of communication among the Corporation's auditors, financial and senior management, and the Board of Directors.

Composition

The Audit Committee shall comprise three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Corporation's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements.

The members of the Audit Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership.

Meetings

The Audit Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the CFO and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit Committee shall:

Documents / Reports Review

a) Review and update this Charter annually.

b) Review the Corporation's financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders of the Corporation.

b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation, consistent with Independence Standards Board Standard 1.

c) Review and discuss with external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.

e) Recommend to the Board of Directors to the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.

g) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

   (i) the aggregate amount of all such non audit services provided to the Corporation constitutes not more than five percent of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;

   (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and

   (iii) such services are promptly brought to the attention of the Audit Committee by the Corporation and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee.

Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval, such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

Financial Reporting Processes

a) In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.

b) Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

c) Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.

d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.

e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.

i) Review certification process.

j) Establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Other

Review any related-party transactions.

SCHEDULE H

STUDENT HOUSING PROJECT

Business Description - Student Housing

Aydon Income Properties Inc. (CSE:AYD) is currently considering a merger with Delma Properties Group. AIP General Partners Ltd. ("AIP GP") is a wholly owned subsidiary of Aydon.

Upon the completion of the proposed merger transaction between Aydon and Delma, AIP GP will become a wholly owned subsidiary of the newly formed combined entity ("NewCo"), and will manage several Student Housing Limited Partnerships (the Partnerships") within NewCo's property portfolio.

AIP GPs responsibilities will include raising and investing capital from limited partnership investors (the "Limited Partners") into targeted student housing projects, managing the day-to-day operations of the Partnerships and performing all the necessary accounting and reporting procedures. AIP GP will act as a 'fiduciary' entity for the Limited Partners, ensuring that its actions involving the Partnership are always in the best interest of all partners.

AIP GPs current focus is on student housing in the United States and more specifically in the region surrounding the campus of Washington State University located in Pullman, WA.

AIP GP has initially targeted four properties in this area with one property currently under contract and three others in the latter stages of negotiations.

Targeted Projects:

1. Glendimer Apartments (147 one bedroom units) - $7.5 million

2. Clarke Terrace Apartments (60 two and three bedroom units) - $5.8 million

3. Latah Apartments (24 two bedroom units plus onsite storage) - $2.9 million

4. 427 Property Portfolio (Pullman properties only – 311 units of all types) – $21 million

Significant due diligence and analysis has been completed on each of these properties and detailed information and financial projections are available upon request.

AIP GP Management Personnel

Vid Wadhwani, Managing Partner; Mr. Wadhwani has over 30 years of senior management experience in both the public and private sector including more than 20 years in the financial services industry. As a financial analyst with RWE Growth Partners, Mr. Wadhwani worked with a wide range of companies and gained extensive knowledge in the areas of financial analysis, forecasting and valuation as well as financial reporting for publicly listed companies.

During his time as a senior investment advisor and registered branch manager with RBC Dominion Securities, BMO Nesbitt Burns and Canaccord Genuity, Mr. Wadhwani gained extensive experience in the capital markets raising financing and managing over $30 million in client assets with a substantial interest in the real estate sector. Throughout his career in the financial services industry, Mr. Wadhwani has been actively involved in the formation, marketing and financing of real estate syndications including real estate limited partnerships and real estate investment trusts. More recently, and prior to founding Aydon Income Properties Inc., Mr. Wadhwani worked closely with a US public company to facilitate the financing and development of a 111 unit multi-family complex in Surrey, British Columbia. Mr. Wadhwani currently holds a Bachelor of Business Administration degree from Simon Fraser University and is also in the process of obtaining a Property Management license through the Real Estate Council of British Columbia.

David C. Carkeek, Partner; David Carkeek has over 33 years of experience in business management and entrepreneurial ventures. Mr. Carkeek's foundations were set in the late 80's as a Senior Consultant to the Ontario Hospital Association where he managed a $10 million annual provincial fund to encourage hospitals and health care facilities to introduce and establish management systems and procedures that would lead to more cost effective use of resources. He gained extensive experience in the analysis and strategic development of processes to manage both capital and financial resources in a cost effective manner. After relocating to British Columbia, Mr. Carkeek has owned 10 small successful businesses in Vancouver and Victoria for the last 20 years and gained extensive experience in commercial business marketing as well as real estate leasing and management as was required for his chain of businesses. In March 2000, Mr. Carkeek was nominated by Royal Bank of Canada, and was awarded the New Canadian Business Man of the Year award for that year in the hospitality division. Mr. Carkeek has a Commerce Degree in Economics, Cost Accounting and Marketing.

Property Management Group - Key Personnel (Tentative)

Management:
Vid Wadhwani – President & CEO
Dave Carkeek – CFO

List of additional management available upon request

Real Estate Specialist:
Patti Green-Kent

Pullman Operations (two will be chosen from the following group):

List available upon request

Grounds & Maintenance Crew (Part-time, as needed):

List available upon request

Associates & Local Contractors:

List available upon request

SCHEDULE I

ARTICLES OF CONTINUANCE

Canada Business Corporations Act (CBCA)
FORM 11
ARTICLES OF CONTINUANCE
(Section 187)

1 - Corporate name

The Delma Group Inc.

2 - The province or territory in Canada where the registered office is situated (do not indicate the full address)

Quebec

3 - The classes and any maximum number of shares that the corporation is authorized to issue

See attached Schedule 1.

4 - Restrictions, if any, on share transfers

N/A

5 - Minimum and maximum number of directors (for a fixed number of directors, indicate the same number in both boxes)

Minimum number 1 **Maximum number** 15

6 - Restrictions, if any, on the business the corporation may carry on

N/A

7 a) - If change of name effected, previous name

Aydon Income Properties Inc.

7 b) - Details of incorporation

[To be completed]

8 - Other provisions, if any

See attached Schedule 2.

9 - Declaration

I hereby certify that I am a director or an authorized officer of the corporation continuing into the CBCA.

Print name	Signature

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding $5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

Instructions
FORM 11
ARTICLES OF CONTINUANCE

Filing this application through our Online Filing Centre (corporationscanada.ic.gc.ca) or by paper costs $200.

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Item 1
Set out the proposed corporate name that complies with sections 10 and 12 of the CBCA. Articles of continuance must be accompanied by a Nuans Name Search Report dated not more than ninety (90) days prior to the receipt of the articles by Corporations Canada. A numbered name may be assigned under subsection 11(2) of the CBCA without a Nuans Name Search Report.

Item 3
Set out the details required by paragraph 6(1)(c) of the Act. Unless an exemption is obtained under subsection 187(11) of the Act, all shares must be without nominal or par value and must comply with Part V of the Act. Nominal or par value shares issued by a corporation before continuance comply with the Act by virtue of subsection 24(2) and 187(8) and (9) of the Act. In the case of the application of subsection 187(11) of the Act, set out the maximum number of shares of a class or series as required by subsection 187 (12) of the Act.

Item 4
If restrictions are to be placed on the right to transfer shares of the corporation, set out a statement to this effect and the nature of such restrictions.

Item 5
State the number of directors. If cumulative voting is permitted, the number of directors must be fixed.

Item 6
If restrictions are to be placed on the business the corporation may carry out, set out the restrictions.

Item 7
a) If the name is being changed as part of the continuance, indicate the previous name.
b) Indicate the date and the jurisdiction under which the corporation was originally created. If this is not the first continuance for this corporation, indicate the details of any previous continuance, including the date, any name change and the name and the provision of the statute under which the continuance was authorized.

Item 8
Set out any provisions, permitted by the Act or Regulations to be set out in the by-laws of the corporation, that are to form part of the articles, including any pre-emptive rights or cumulative voting provisions.

Item 9
The articles must be signed by a director or an authorized officer of the corporation continuing into the CBCA.

If space in items 3, 4, 6, 7 and 8 is insufficient, please attach a schedule.

Also Include:

- Proof of authorization under the laws of the jurisdiction where the corporation is incorporated
- Form 2 - Initial Registered Office Address and First Board of Directors
- A Nuans Name Search Report, if applicable
- Fee of $200, payable by credit card (American Express, Visa or Master Card) or by cheque made payable to the Receiver General for Canada.

For more information, consult the Corporations Canada Website (corporationscanada.ic.gc.ca) or call toll-free (within Canada) **1-866-333-5556 or** (from outside Canada) **(613) 941-9042**.

Send documents:

By e-mail: **IC.corporationscanada.IC@canada.ca**

By mail: Corporations Canada
235 Queen Street
Ottawa, Ontario K1A 0H5

Canada

SCHEDULE 1

Share Capital

The corporation's authorized capital consists of an unlimited number of class A and class B common shares, which have attached the following rights, privileges, restrictions and conditions.

1 CLASS A COMMON SHARES

Each class A common share has attached the following rights, privileges, restrictions and conditions:

1.1 Dividends

Each class A common share entitles its holder to receive dividends, from any remaining profits or surplus available for dividends, when declared by the directors at their discretion on the class A common shares and the class B common shares, at the same rate for all classes.

1.2 Return of Capital

If the corporation is dissolved, liquidated or wound-up, voluntarily or involuntarily, each holder of class A common shares is entitled to receive all of the corporation's remaining property equally with holders of class B common shares.

1.3 Voting Rights

Each class A common share grants its holder one (1) vote at, and the right to attend, any meeting of shareholders.

1.4 Subdivision or Consolidation

The class A common shares shall not be subdivided or consolidated unless at the same time the class B common shares, as the case may be, are subdivided or consolidated in the same manner and, in such event, the rights, privileges, conditions and restrictions then attaching to the Class A shares and to the Class B shares shall also attach to the Class A shares and to the Class B shares as subdivided or consolidated.

1.5 Conversion

At any time when class B common shares are issued and outstanding, the following conversion terms shall apply to class A common shares:

1.5.1 If an Offer is made, each class A common share shall become convertible from the Conversion Date, at the option of its holder, into one class B common share.

1.5.2 If the conversion right provided for in section 1.5.1 comes into effect, the corporation, promptly after the Conversion Date, shall forward to the transfer agent for class A common shares and the holders of the class A common shares and the holders (whose address appears on the records of the Corporation) of all other securities of the Corporation which are convertible into or which carry the right to purchase class A common shares, notice of the Offer (including a copy of the Offer and of all other material forwarded to holders of class B common shares in respect of the Offer) and of the fact that each class A common share has become convertible into one class B common share.

1.5.3 The conversion right of the class A common shares shall be exercisable by written notice sent to the Corporation at its registered office or to the transfer agent for the class A common shares at any office of the transfer agent where the transfer of class A common shares may be effected, and such notice shall be accompanied by the certificate or certificates representing the class A common shares which the holder wishes to convert into class B common shares; such notice shall be signed by the holder or his representative and shall specify the number of class A common shares which the holder so wishes to convert into class B common shares; if part only of the class A common shares represented by the certificate or certificates accompanying the notice are to be converted, the holder shall have the right to receive, at the expense of the Corporation, a new certificate representing the class A common shares included in the certificate or certificates sent as aforementioned and which are not to be converted.

1.5.4 On any conversion of class A common shares, the share certificate or certificates representing the class B common shares resulting therefrom shall be issued in the name of the holder of the class A common shares converted or in such name or names as such holder may direct in writing (either in the notice referred to in section 3.3.4.3. or otherwise) provided that such holder shall pay any applicable security transfer taxes.

1.5.5 The right of a holder of class A common shares to convert the same into class B common shares shall be deemed to have been exercised, and the holder of class A common shares to be converted (or any person or persons in whose name or names such holder of class A common shares shall have directed a certificate or certificates representing class B common shares to be issued as provided in section 1.5.4) shall be deemed to have become a holder of class B common shares of the Corporation for all purposes, on the date or dates of surrender of the certificate or certificates representing the class A common shares to be converted accompanied by notice in writing as referred to in section 1.5.3, notwithstanding any delay in the delivery of the certificate or certificates representing the class B common shares into which such class A common shares have been converted.

1.5.6 The class A common shares converted into class B common shares shall become issued class B common shares.

1.5.7 If class B common shares, resulting from the conversion and deposited pursuant to the Offer, are withdrawn by the holder or are not taken up by the person making the Offer, or the offer is abandoned or withdrawn by the person making the Offer or the Offer otherwise expires without such class B common shares being taken up and paid for, the class B common shares resulting from the conversion will be reconverted into class A common shares and a share certificate representing the class A common shares will be sent to the holder by the transfer agent.

1.5.8 In this section 1.5:

"**Conversion Date**" means the sixth (6th) day after an Offer Date;

"**Offer**" means an offer to acquire class B common shares which is made or which must, by reason of then applicable securities legislation or the by-laws, regulations or policies of a stock exchange on which the class B common shares are listed, be made to all holders of class B common shares whose last address on the records of the Corporation is in any province or territory of Canada to which the requirement applies;

"**Offer Date**" means the date an Offer is made.

2 CLASS B COMMON SHARES

Each class B common share has attached the following rights, privileges, restrictions and conditions:

2.1 Dividends

Each class B common share entitles its holder to receive dividends, from any remaining profits or surplus available for dividends, when declared by the directors at their discretion on the class A common shares and the class B common shares, at the same rate for all classes.

2.2 Return of Capital

If the corporation is dissolved, liquidated or wound-up, voluntarily or involuntarily, each holder of class B common shares is entitled to receive all of the corporation's remaining property equally with holders of class A common shares.

2.3 Voting Rights

Each class B common share grants its holder a hundred (100) votes at, and the right to attend, any meeting of shareholders.

2.4 Subdivision or Consolidation

The class B common shares shall not be subdivided or consolidated unless at the same time the class A common shares, as the case may be, are subdivided or consolidated in the same manner and, in such event, the rights, privileges, conditions and restrictions then attaching to the Class A shares and to the Class B shares shall also attach to the Class A shares and to the Class B shares as subdivided or consolidated.

2.5 Conversion

The class B common shares shall be automatically converted into class A common shares on the basis of one (1) class A common share for each class B common share held as at the date that is five (5) years after the date of continuance.

* * *

SCHEDULE 2

Consolidation

Concurrently with the continuance, a consolidation of the issued and outstanding class A common shares is effected on the basis of a 200:1 ratio (two hundred (200) current class A common shares for one (1) new class A common share), each fraction of a share being rounded down to the lower number.

* * *

CERTIFICATE OF AYDON INCOME PROPERTIES INC.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Aydon Income Properties Inc. assuming completion of the Reverse Take-over and the Acquisition. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia, this 27th day of November, 2017.

(s) Vid Wadhwani
Vid Wadhwani
Chairman, Chief Executive Officer & President

(s) David Carkeek
David Carkeek
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF
AYDON INCOME PROPERTIES INC.

(s) Daniel Gouws
Daniel Gouws
Director

CERTIFICATE OF DELMA PROPERTIES CANADA LP
(by its general partner, Delma Resorts & Hotels GP Inc.)

The foregoing (as it relates to Delma Properties Canada LP) constitutes full, true and plain disclosure of all material facts relating to Delma Properties Canada LP assuming completion of the Reverse Take-over and the Acquisition. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Montreal, Quebec, this 27th day of November, 2017.

(s) Hazem al-Shawa	*(s) Hasan al-Shawa*
Hazem al-Shawa	Hasan al-Shawa
President & Chief Executive Officer	Secretary and Treasurer

ON BEHALF OF THE BOARD OF DIRECTORS
OF DELMA RESORTS & HOTELS GP INC.

(s) Daniel Joyal	*(s) Husam Shawwa*
Daniel Joyal	Husam Shawwa
Director	Director

CERTIFICATE OF DELMA RESORTS & HOTELS LP
(by its general partner, Delma Resorts & Hotels GP Inc.)

The foregoing (as it relates to Delma Resorts & Hotels LP) constitutes full, true and plain disclosure of all material facts relating to Delma Resorts & Hotels LP assuming completion of the Reverse Take-over and the Acquisition. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Montreal, Quebec, this 27th day of November, 2017.

(s) Hazem al-Shawa	*(s) Hasan al-Shawa*
Hazem al-Shawa	Hasan al-Shawa
President & Chief Executive Officer	Secretary and Treasurer

ON BEHALF OF THE BOARD OF DIRECTORS
OF DELMA RESORTS & HOTELS GP INC.

(s) Daniel Joyal	*(s) Husam Shawwa*
Daniel Joyal	Husam Shawwa
Director	Director

CERTIFICATE OF SOCIÉTÉ EN COMMANDITE BROMONT I
(by its general partner, 9216-3583 Québec Inc.)

The foregoing (as it relates to Société en commandite Bromont I) constitutes full, true and plain disclosure of all material facts relating to Société en commandite Bromont I assuming completion of the Reverse Take-over and the Acquisition. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Montreal, Quebec, this 27th day of November, 2017.

(s) Yvon Fournier
Yvon Fournier
President, Chief Executive Officer and
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS
OF 9216-3583 QUÉBEC INC.

(s) Henri Petit
Henri Petit
Director

(s) Marc Vaillancourt
Marc Vaillancourt
Director