MANAGEMENT DISCUSSION & ANALYSIS

For the First Quarter Ended March 31st, 2019

THE DELMA GROUP INC.

CSE: DLMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") of The Delma Group Inc. together with its subsidiaries (together referred to as "Delma" or the "Company") is to help the reader better understand the activities of Delma and the highlights of its consolidated financial situation. It explains the consolidated financial situation and the results of its operations for the three-month period (the "First quarter" or "Q1-19") and the comparison of the Company's consolidated statement of financial position as at March 31, 2018 ("Q1-18"). The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2018 and the related notes thereto and the unaudited interim condensed consolidated financial statements of the Company for the three-month period ended March 31, 2019 ("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.

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.

The information in this MD&A is current to July 11, 2019, unless otherwise noted. The Financial Statements and this MD&A have been reviewed by the Audit Committee and approved by the Corporation's Board of Directors the same day.

BASIS OF PRESENTATION

The Delma Group Inc. operates in the development, acquisition and management of multi-purpose real estate, including office space, retail space, residential and industrial buildings as well as land for future development.

The Company started trading on the Canadian Securities Exchange ("CSE") under DLMA.CN on March 23, 2018. The Delma Group Inc. is the resulting issuer of a reverse takeover completed on March 23, 2018 between Aydon Income Properties Inc. and Delma Properties Canada Limited Partnership, and the concurrent acquisition of The Bromont Group 1 Limited Partnership.

Additional information about Delma, including our quarterly reports, is available on our website at www.delma.ca.and on SEDAR at www.sedar.com

The principal address and records office of the Company is located at 160-640 Orly Avenue, Dorval, QC, H9P 1E9.

MESSAGE TO SHAREHOLDERS

During the First quarter, the Company started addressing multiple issues it faced in 2018. These challenges considered short-term liquidity position, changes in management, and revised valuation of certain portfolio properties.

The Company has identified the appropriate means to stabilize its financial situation and the resulting capital structure is expected to be in place by the end of the third quarter of 2019, allowing Management to focus on operations, including the optimization and development of existing portfolio properties.

The Company also refocused its activities mainly in Canada. This decision resulted in concentrating the prospective acquisition efforts of value-add portfolios mainly in the provinces of Quebec and Ontario. The targeted portfolios should combine development assets with revenue generating properties in order to bring together current stabilized revenues and short to medium term growth potential.

Delma's current portfolio is already comprised of revenue generating properties and properties held for development and optimization ready for development in the short term. The financial measures put in place at the end of the year 2018 and early 2019 are expected to accelerate the development and the optimization of these properties. The management expects that the benefits of such measures will have an impact on its operations by the third quarter of 2019.

Management believes that combining stabilized revenues and returns to investors as well as higher yields from its development activities provides an important element of differentiation for Delma when compared to other existing public real estate investment vehicles. The stabilized revenue generating properties ensure liquidities for operations of the Company as well as capital to invest in additional properties and to, eventually, allow distribution of dividends to shareholders. In fact, Management's objective is to be able to proceed with dividend distributions starting in 2021.

Fortunately, Delma can rely on the experience and knowledge of its management team that has been operating in all the cycles of real estate for more than twenty-five years, handling successfully various challenges in the past including the major 1990's down cycle and important turbulences in some real estate sectors at the end of the 2000s.

The Company's prospects for the coming years remains clearly positive, encouraging and promising.

OUR BUSINESS

Delma aims to become a Canadian leader in mixed-use real estate ownership, development and management. The Company's primary focus is on small to medium size portfolios of mixed-use properties in Canada, mainly in the provinces of Quebec and Ontario. Delma's operational strategy is to identify orphan pools of real estate assets, structure and close high yielding acquisitions, optimize revenue-generating properties, and monetize development properties. We have an established network to source investment and development opportunities, on and off market, and we aim to implement financial structures engineered to ensure long-term profitability and market downturn resilience.

We capitalize on the many advantages the mixed-use segment offers including the creation of synergies between the different real estate asset types, value creation opportunities at all stages of the value chain, and a diversification effect that reduces portfolio volatility and increases resilience to economic downturns. The diversification in all segments offers attractive opportunities throughout real estate cycles.

Our main objective is to ensure sustained and recurring returns to shareholders while applying exemplary governance and ethic practices.

HIGHLIGHTS AND KEY PERFORMANCE INDICATORS FOR THE FIRST QUARTER ENDED MARCH 31, 2019

Financing activities

In February and March of 2019, the Company completed 2 different financings totaling $2,150,000 in order to resume development activities and improve working capital.

Management Cease Trade Order

On April 30, 2019, the Company applied for a management cease trade order ("MCTO") from the *British Columbia Securities Commission* to consider delays in the preparation of its year-end financial documents, including its financial statements. The delay was a consequence of additional time required to perform the appraisal of properties classified as held for sale that are located in jurisdiction outside of Canada.

Even if the Company filed its financial statements on June 30, 2019, the MCTO was maintained and will remain into effect until the Financial Statements and the MD&A for the three-month period ended March 31, 2019 be filed.

Changes to the Board of Directors

On June 28, 2019, the Company announced that Yves Séguin joined the Board of Directors of the Company and has been appointed as Chairman of the Board. With over 40 years of experience in business, government and institutions, Mr. Séguin is well known for the extent of his business network and his in-depth understanding of regulatory issues, the mechanics of governments' entities, and fiscal policies. A strong negotiator, he has participated in many major transactions. As a seasoned administrator, he has served on the boards of various public and private companies. Mr. Séguin, has also acted as Finance Minister for the Government of Quebec (2003-2005) and Minister of Revenue and Labor (1987-1992), as president of the Commission on Fiscal Imbalance (2001-2002) and as director positions with the Bank of Montreal and Vivendi Group in France. Mr. Séguin, lawyer by profession since 1976, has also practiced in important business law firms during the course of his career. Since 2008, he has been the president of SNCO Finance, a corporate financial advisory firm that works with financial institutions and private financial groups.

Mr. Séguin will replace Mr. Terence Badour who resigned, for personal reasons, as director of the Board of the Delma Group. Delma wishes to thank Mr. Badour for his involvement in the Company's Board over the past year.

Financial Performance

	For the 3-month period ended	
(In $, Except Number of Shares)	**March 31, 2019**	**March 31, 2018**
Revenues	**698,714**	35,000
Net Operating Income (Loss)	**(31,796)**	35,000
Financing fees	**655,576**	-
Listing fees	**-**	1,439,587
Net loss and comprehensive loss	**(1,244,490)**	(1,896,087)
Basic and diluted net loss per share	**(0.09)**	(0.35)
Total assets	**110,855,321**	61,206,923
Total non-current liabilities	**8,211,333**	3,312,917
Weighted average number of shares	**13,536,938**	5,427,038

During the three-month period ended March 31, 2019, Delma achieved the following:

- Completed $2.2 million new financings.
- Advancing the Bromont project and enter discussions with the city's representatives to ensure proper permitting and compliance.
- Prioritized projects meeting the Company's investments strategy, initiated promotion and marketing of assets that didn't meet Delma's holding criteria.
- Initiated discussions to sell some of the assets held for sale, which triggered the signing of one purchase and sale agreement in the second quarter, which should be completed in the third quarter.

INVESTMENT FOCUS

We follow a value-based approach to investing and allocating capital. We believe our disciplined action, global reach and our expertise in recapitalizations and operational turnarounds enable us to identify a wide range of potential opportunities. The Company has positioned itself to be efficient with different acquisition and development models, including acquisitions of portfolios of revenue generating assets, optimization of revenue generating assets that need to be repositioned or redeveloped, and development projects from land up. The real estate market in Canada, especially in Ontario and Quebec, offers segment specific opportunities that fit particularly well with Delma's business model of short-term value creation and long-term revenue generation.

- *Retail Segment*: The retail market is evolving drastically bringing opportunities that include the redevelopment or repurposing of urban malls into higher density sites with mixed-use properties combining retail with higher-density residential, services, green space and experiential attractions. Delma specifically targets these retail properties with the objective to complete redevelopment within a short time frame to increase asset value and revenue generation potential for long-term holding while focussing on proximity services and retail properties with value-add potential.
- *Industrial Segment*: There is an increase for industrial space driven by online retail distribution and return centers and other niche segments. Significant rental increases are expected with demand exceeding supply for the next years. Delma is targeting specific geographical areas that offer important logistical advantages to long-term tenants and develop properties in functions of firm long-term leasing arrangements.
- *Office Segment*: The leasing activity in the office buildings sector is fuelled by changing tenants' expectations driven by the tech industry and demand for unique technology-enabled space with amenities in the buildings and its close vicinity. Delma developed a tenant-oriented acquisition and

redevelopment strategy that enables the Company to lock long term tenants based on addressing their specific needs.

- *Multi-Suite Residential Segment*: Tight supply, rising interest rates and tougher stress tests on residential mortgages have had an impact on affordability in certain markets but the province of Quebec still enjoys greater affordability and pricing is expected to remain firm. There are interesting opportunities in this sector in various cities in the province of Quebec such as Montreal, Dorval, Gatineau, some areas of Quebec City and in Ontario such as Ottawa, Niagara Falls, London and in secondary line cities of larger cities like Toronto where Delma is actively involved.

The Company acquires and develops its assets according to well-defined parameters. Its acquisition and development strategy can be summarized as follows:

- Acquire and develop diversified assets in each of the segments described above, within well defined parameters;
- Focus retail activities on proximity services properties and high rated tenants in specific categories of retail, highway service properties, in large centers as well as in secondary markets;
- Concentrate industrial assets acquisition mainly in peripheries of larger cities such as Montreal, Ottawa, Toronto and Quebec City;
- Target office assets in secondary markets with high potential in optimization;
- Develop multi-suite residential and senior housing as part of the wider mixed-use strategy, where Delma can increase density in portfolio properties or new acquisitions such as urban malls to be redeveloped; and
- Control the development and construction costs by establishing a documented and structured control policy reflected in all construction contracts.

PORTFOLIO COMPOSITION

We are positioned to be agile and opportunistic in different property types including acquisitions of portfolios of revenue generating assets, optimization of revenue generating assets that need to be repositioned or redeveloped, development from land up, creating high value add in these assets. Delma currently has in its portfolio, a good number of land sites ready for development, properties that are in the leasing period after construction, properties that are ready for redevelopment, and properties that are ready to be built. Delma also has very opportunistic transactions in the pipeline for assets in Ontario and in Quebec. To better segregate between the Company's portfolio, assets can be grouped in three specific categories as follows:

- *Producing*: Stabilized income producing properties with high occupancy rates held in the portfolio for long-term revenue generation.
- *Optimization*: Properties with a high potential for short to medium term value creation through segment re-focusing, densification, retrofitting or re-zoning opportunities.
- *Development*: Properties held for development based on modular design and build programs to mitigate risk and capture value increases.

Summary by Operating Segment

Property Type	Fair market value	Percentage
Producing	$ 29,837,630	29.3%
Optimization	$ 8,479,528	8.3%
Development	$ 63,400,549	62.4%
Total	**$ 101,717,707**	**100%**

Portfolio Properties: Revenue Generating Properties

Property	Location	Segment	Fair Market Value
Dorval	Dorval, QC	Office	$ 8,684,847
Orly	Dorval, QC	Industrial	$ 5,260,000
Place Verner	Laval, QC	Industrial	$ 600,000
Boul. St-Laurent	Montreal, QC	Retail, Res.	$ 767,668
St-Jean-Baptiste	Montreal, QC	Industrial	$1,800,000
Le Breton 1	Longueil, QC	Industrial	$ 1,290,000
Le Breton 2	Longueil, QC	Industrial	$ 1,574,999
Lépine	Gatineau, QC	Retail	$ 4,856,638
Desjardins	Montreal, QC	Multi-Res	$ 4,098,879
Oka	Deux-Montagnes, QC	Retail	$ 904,599
Total			**$ 29,837,630**

Portfolio Properties: Properties Held for Development

Property	Location	Segment	Fair Market Value
Bromont - Commercial	Bromont, QC	Retail	$ 32,984,898
Bromont- Residential Lots	Bromont, QC	Residential	$ 12,384,594
Knowlton	Lac Brome, QC	Retail	$ 2,915,516
Parc Industriel Lévis	Levis, QC	Industrial, Retail	$ 10,417,223
Curé-Labelle	Blainville, QC	Retail	$1,645,181
Cité-des-Jeunes	St-Lazare, QC	Retail	$ 1,183,137
Dorval	Dorval, QC	Residential, Retail	$1,870,000
Total			**$ 63,400,549**

Portfolio properties: Properties Held for Optimization

Property	Location	Segment	Fair Market Value
Boul. St-Laurent	Montreal, QC	Office	$ 1,400,000
Lépine 2	Gatineau, QC	Retail, Office	$ 7,079,528
Total			**$ 8,479,528**

Portfolio Properties: Properties Held for Sale

During the year 2018, the Company changed its intent of usage of the following previous investment properties and decided to dispose of them. Accordingly, these properties have been reclassified as properties held for sale. Management has re-evaluated the fair market value of these properties and is in the process of assessing the optimal disposition opportunity for each of these properties.

Following the restructuring of a segment of its portfolio the Company held properties for sale totalling $ 4,064,331 in aggregate value as at March 31, 2019. Properties for sale were mainly comprised of hospitality properties including Blueberry Lake Resort, 42 North Resort, Lake Alphonse, Panagopoula Resort, and Domaine Balmoral Development Project.

Net Asset Value

The Net Asset Value ("NAV") is an adjusted asset value reflecting the market values of real estate properties held by Delma. The NAV is measured on a per share basis where the aggregated net value of the portfolio is divided by the Company's total number of shares outstanding. The Company's properties are valued regularly at least once a year, depending on the Company's requirements, and the NAV is measured and reported at the end of the accounting period. Liabilities are valued using the carrying value at the end of the reporting period. As at March 31, 2019, the net asset value was as follows:

(In $, Except Number of Shares)	As at March 31, 2019
Aggregated Portfolio Value	105,732,707
Aggregated Portfolio Liabilities	58,035,851
Bank loan and Other Liabilities	14,653,925
Net Value	33,042,931
Total Shares Outstanding	13,640,931
Net Asset Value per Share	**2.42**

The NAV is not a GAAP or IFRS financial measure and does not have a standardized meaning and therefore may not be comparable with similar measures presented by other issuers. It is intended to provide investors with a synthetized view of the Company's portfolio value evolution from one reporting period to another.

Growth Vectors and Future Developments

At the end of 2018, Delma was strategically positioned to start and complete profitable development projects in the coming years, including the completion and optimizing of some of its existing properties, and the green field development of owed land, most of which are expected to start before the end of 2019.These developments are expected to increase the net asset value of the Company's portfolio as well as the Company's aggregated current revenues.

The Company intends to put in place a financing package specifically structured to facilitate such developments in order to accelerate the different projects and ensure the best returns possible for the Company and shareholders.

RESULTS FOR THE PERIOD

Quarterly information

The following table provides select information pertaining to the Delma's operations for the periods noted.

(In $, Except per Share Data)	Q1-19	Q4-18	Q3-18	Q2-18	Q1-18	Q4-17	Q3-17	Q2-17
Revenue	**698,714**	615,363	563,497	301,236	35,000	32,500	32,500	32,500
Operation costs	**730,510**	421,001	343,409	24,496	-	-	-	-
Net Operating Income (Loss)	**(31,796)**	194,362	220,088	276,740	35,000	32,500	32,500	32,500
Administrative expenses	**388,650**	1,326,979	934,630	1,263,012	116,500	64,194	-	-
Fair value adjustment	**-**	12,395,200	-	-	-	-	-	-
Financing expenses	**617,840**	727,893	454,153	295,007	-	-	-	-
Listing fees	**-**	14,931	-	-	1,439,587	-	-	-
Loss and comprehensive loss for the period	**(1,244,490)**	(12,420,618)	(1,285,195)	(1,397,779)	(1,896,087)	(151,570)	(87,375)	(87,375)
Basic and diluted loss per share	**(0.09)**	(1.08)	(0.10)	(0.14)	(0.35)	(0.03)	(0.03)	(0.03)

Increase in revenue, operating costs and net operating income is a consequence of Delma's acquisition activities. The Company increased its portfolio by sixteen properties in 2018 representing 218,779 sf of operating properties and 11,719,280 sf of land and properties to be optimized or developed. Operating costs got impacted by municipal tax assessments of $145,339 received for years comprised between 2015 and 2018, these expenses are non-recurring, and by expenses related to the Hospitality properties classified as Assets for sale which are not generating revenue.

Occupancy for the property portfolio remained same at 87.4% as compared to Q4-18 and compares to none in Q1-18.

Administrative expenses increased to $388,650 during the three-month period ended March 31, 2019 as compared to $nil for the same in 2018 since the Company had limited activities prior to the RTO.

The Company recognized a loss on the sale of Assets held for sale of $182,132 during the period further to the selling of other assets and related deposits. The Company also recognized a gain on settlement of Accounts payable of $126,163 following the issuance of 304,939 Class A common shares to settle accounts payable valued at $967,856.

The Company has selected the fair value method to account for real estate classified as investment property and records properties at their purchase price (less any purchase price adjustments) in the quarter of acquisition. Any changes in the fair value of investment properties are recognized as fair value adjustments in the statement of income and comprehensive income in the quarter in which they occur.

Delma determines the fair value of investment properties by developing a range of acceptable values based on the discounted cash flow method and direct capitalization method, both of which are generally accepted appraisal methodologies. Fair value is based on, among other things, assumptions of future cash flows in respect of current and future leases, capitalization rates, terminal capitalization rates, discount rates, market rents, tenant inducements and leasing cost assumptions and expected lease renewals. Fair values are supported by a combination of internal financial information, market data and external independent valuations. During the first quarter ended March 31, 2019, the Company performed a review of its portfolio and concluded no changes of the fair value of its investment properties was required.

Financing costs were $655,576 in Q1-2019 ($nil in 2018) as a consequence of various acquisitions made throughout the previous year.

The Company recorded a net loss and comprehensive loss of $1,244,490, or $0.09 per share, for the three-month period ended March 31, 2019, compared to a net loss and comprehensive loss of $1,896,087, or $0.35 per share, for the three-month period ended March 31, 2018.

The interim consolidated financial statements have been prepared on the assumptions that the Company is a going concern, meaning it will be able to continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. As at March 31, 2019, the Company has not yet generated positive cash flows from its operations and has a negative working capital of $57,276,992. The Company's ability to continue as a going concern is dependent upon its ability to raise sufficient equity financings, refinance its long-term debt and other current liabilities, issue new debt or secure related party advances to complete the identification, acquisition and development of suitable properties in accordance with its business plan and ultimately achieve profitable operations. These factors indicate the existence of material uncertainties that may cast a significant doubt regarding the Company's ability to continue as a going concern.

The consolidated financial statements do not reflect the adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company's going concern assumption not be appropriate. While Management has been successful in obtaining sufficient funding for its operating and capital requirements in the past, there is no assurance that additional funding will be available to the Company, when required, or on terms which are acceptable to Management including any financing currently being negotiated.

Subsequent to quarter-end, the Company entered into active negotiations to obtain financings to be used for short-term and long-term needs. Such negotiations were ongoing at the time this MD&A was approved.

Management is currently implementing several initiatives to improve its cost structure, drive increased revenues and improve operating profitability. Management continued to execute on its proactive growing strategy to both select properties with high potential and retain existing or attract new tenants. As at March 31, 2019, occupancy rate average was 87,4% of total GLA and similar to the previous quarter. New leasing has been steady across the portfolio commencing after the acquisitions in 2018 and early 2019.

Liquidity and Capital Resources

As at March 31, 2019, the Company had a cash position of $ 571,500 compared to $ 131,159 as at March 31, 2018, representing an increase of $ 440,341.

The Company estimates that it will require approximately $ 1,500,000 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 its operations and acquisitions, it expects to receive increasing revenues from its rental properties and management fees. Should these revenues 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 and sale of assets held for resale. 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 cash flow.

The Company is currently negotiating 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. Any additional funds raised will be used for general and administrative expenses, the reimbursement or refinancing of short-term debt, and for the acquisition of 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 the Company's management as opportunities to raise funds arise.

Information on Shares Outstanding

The total number of common shares issued and outstanding as at March 31, 2019 was 9,130,040 Class A Common Shares and 4,510,891 Class B Common Shares, for a total of 13,640,931 shares. As at the date of this MD&A there have been an additional 22,384 Class A Common Shares issued, for a total of 13,663,315 shares.

Of the shares issued and outstanding, 1,084,086 Class A Common Shares and 4,259,224 Class B Common Shares were put in escrow and are subject to release in agreement with the provisions provided in the escrow agreement. As at March 31, 2019, 975,677 Class A Common Shares and 4,259,224 Class B Common Shares are held in escrow.

At the date of this MD&A there were no warrants outstanding as the previous 13,550 warrants outstanding expired on January 27, 2019.

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 consultant to the Company, non-transferable stock options to purchase common stock. There were no stock options outstanding as at March 31, 2019 and as at the date of this MD&A there have been no new additional options granted.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company 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 are described below.

Financial assets are derecognized when contractual rights to the cash flows from the financial asset expires, or when the financial asset and subsequently all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

The Company’s financial instruments consist of cash, receivables, assets held for sale, debenture receivable, refundable deposits, advances to companies under common control, trade and other payables, other current liabilities and long-term debt

Risks and Uncertainties

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 that 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. 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.

Real property ownership and tenant risks All real property investments are subject to elements of risk. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of such properties. The properties generate revenue through rental payments made by the tenants thereof. The ability to rent vacant space in properties will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties, and various other factors.

If a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the properties becomes vacant and cannot be re-leased on economically favourable terms, the properties may not generate revenues sufficient to meet operating expenses, including debt service payments and capital expenditures.

Upon the expiry of any lease, there can be no assurance the lease will be renewed, or the tenant will be replaced. The terms of any subsequent lease may be less favourable to the Company than those of an existing lease. Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the properties or revenues to be derived from them. There can be no assurance that, upon the expiry or termination of existing leases, the average occupancy rates and revenues will be higher than historical occupancy rates and revenues, and it may take a significant amount of time for market rents to be recognized by the Company due to internal and external limitations on its ability to charge these new market based rents in the short term.

Fluctuations in capitalization rates As interest rates fluctuate in the lending market, generally so too do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

Environmental matters Delma is subject to various requirements (including federal, provincial and municipal laws, as applicable,) relating to environmental matters. Such requirements provide that Delma could be, or become, liable for environmental or other harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment and/or affecting persons, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under the properties, including lead-based paint, asbestos, polychlorinated biphenyls, petroleum-based fuels, mercury, volatile organic compounds, underground storage tanks, pesticides and other miscellaneous materials. Such requirements often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such materials.

Competition The real estate business is competitive. Numerous developers, managers and owners of properties compete with Delma in seeking tenants. The existence of competing developers, managers and owners and competition for the Delma's tenants could have an impact on Delma's ability to lease space in the properties and on the rents charged.

Delma is subject to competition for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) and other real estate investment trusts which are presently seeking, or which may seek in the future, real property investments similar to those targeted by Delma. A number of these investors may have greater financial resources than those of Delma or operate without the investment or operating restrictions of Delma. An increase in the availability of the investment funds, and an increase in interest in real property investments, may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

Illiquidity of real estate investments Real estate investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for, and the perceived desirability of, such investments. Such illiquidity may limit

Delma's ability to promptly adjust its portfolio in response to changing economic or other conditions. If Delma were required to quickly liquidate its properties, the proceeds might be significantly less than the aggregate carrying value of its properties or less than what could be expected to be realized under normal circumstances. In addition, by concentrating on commercial rental properties, Delma is exposed to the adverse effects on that segment of the real estate market.

New Standards adopted as at January 1, 2019

IFRS 16 - Leases

On January 1, 2019, The Company adopted IFRS 16 which replaces IAS 17 Leases. IFRS 16 requires that lessors recognise assets and liabilities for all leases on the statement of financial position, unless the lease term is 12 months or less or the lease for which the underlying asset is of low value. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Company determined that the application of this new standard did not have a significant impact on the consolidated financial statements.

Off-Balance Sheet Arrangements

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

Related Parties Transactions

During the three-month period ended March 31, 2019, the Company entered into transactions with related parties, which include the Company's key personnel and entities that are controlled by officers or directors of the Company. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. 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.

During the three-month period ended March 31,2019, the Company incurred $118,250 as management fees with related parties as compared to $nil in 2018. The Company also recognized rental income of $nil as compared with $35,000 for the three-month period ended March 31, 2018.

Subsequent Event

On January 15th, 2019, the Company refinanced loans payable of $556,735 and Convertible debentures of $670,457 and extended their maturity date to March 31, 2019. The Company is currently in discussion with these loan and debenture holders to further extend these loans and debentures.

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.