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**MANAGEMENT'S DISCUSSION & ANALYSIS**

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*This management discussion and analysis ("MD&A") is dated as of December 29, 2015 and should be read in conjunction with the unaudited consolidated financial statements of the Company for the six month period ended October 31, 2015 ("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.*

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**Forward-Looking Statements**

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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.

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**Overview and Description of Business**

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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 27<sup>th</sup>, 2014, and a copy of which is filed on SEDAR.

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

Aydon's primary investment strategy is to purchase these high-value potential properties through Limited Partnerships that own and operate the properties under the management and control of Aydon. This strategy enables Aydon to raise the necessary finance to purchase properties without diluting the issued share capital of the Company. But at the same time Aydon earns income from management and finance fees and participates in any capital appreciation of the properties acquired. To this end, the Limited Partnerships that Aydon establishes will, at the outset, concentrate on purchasing fully renovated and tenanted properties. Aydon's target is that they should, at time of acquisition, be earning a minimum net return on investment of 10% per annum.

Suitable properties are available at 40%-50% below replacement cost in carefully selected locations. The Company's initial focus has been Metropolitan Detroit where there is a low cost of entry with strong cash flows combined with a high probability of increasing home values. However, in 2016 Aydon intends to expand operations into other regions, with the same goal of acquiring quality assets at distressed prices in prime residential neighbourhoods. Those properties can be turned around or made more profitable through rehabilitation, sound management and marketing programs designed to maximize occupancy and boost rents. In addition it is envisaged that the Company will broaden its investment portfolio to include multi-family residential properties.

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 May 1, 2015 to October 31, 2015, the Company incurred a loss of \$126 730.

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

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**Summary of Quarterly Results**


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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-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 April 7 to April 29, 2014 \$
Total Revenue	28,345	-	-	498	62	-	-
Net Loss	126,730	101,509	182,501	1,345	357,492	97,186	16,110
Total Assets	72,376	107,630	171,938	121,411	113,972	184,277	95,910
Total non-current financial liabilities	-	-	-	-	-	-	-

**Results of Operations**

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*Six Months ended October 31st, 2015*

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 and comprehensive loss of \$126,730 for the six month period ended October 31st, 2015, compared to a net loss of \$124,678 for the six month period ended October 31st, 2014. Some of the more significant items comprising the expenses for the six month period ended October 31, 2015, compared to six month period ended October 31, 2014, were ongoing listing fees related to the cost of maintaining a listing on the CSE of \$19,335 (2014 - \$47,604); management fees of \$124,000 (2014 - \$69,950), the increase resulting from greater management involvement as the business ramps up, and professional fees of \$5,350 (2014 - \$1,092).

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.

Significant expenditure in the six months ended October 31, 2015 was incurred on the legal and technical expertise required for the production of the first Offering Memorandum prepared pursuant to securities laws in British Columbia for the offering of units in the Company's first Limited Partnership.

**Liquidity and Capital Resources**

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As of October 31, 2015, the Company had a cash position of \$33,352, compared to \$167,042 as at April 30, 2015, representing an decrease of approximately \$133,690. As of October 31, 2015, the Company had a working capital of \$66,876, compared to a working capital of \$160,904 as at April 30, 2015.

The Company estimates that it will require approximately \$300,000 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.

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.

The first Limited Partnership has been formed to invest in selected rental properties in Detroit, United States of America, and marketing of units in that partnership is proceeding well. The first subscriptions for units have been received and the purchase of properties has commenced.

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**Changes in Accounting Policies including Initial Adoption**

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***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.

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**Financial Instruments**

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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 October 31, 2015, the Company had cash of \$33,352 to settle accounts payable of \$5,500 which fall due for payment within twelve months of the financial position date. In addition the Company has prepaid expenses on behalf of the Limited Partnerships in the sum of \$46,989 which it will recover from those Limited Partnerships. 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.

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**Disclosure of Outstanding Share Data**

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The total number of common shares issued and outstanding as at October 31, 2015 was 24,083,081 common shares and as at the date of this MD&A the number was unchanged.

No shares were issued during the quarter ended October 31, 2015.

As at the date of this MD&A there were 3,417,467 warrants outstanding. There were no stock options outstanding.

**Off-Balance Sheet Arrangements**

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

**Transactions with Related Parties**

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During the period ended October 31, 2015 and the quarter ended October 31, 2014, 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 quarter under review were:

- (a) \$18 750 (2014 - \$9,000) was paid to Vid Wadhvani for his services as Chief Operating Officer, marketing services and general management of the day to day business, production of marketing materials and the management and construction of the Company's internet website. As at October 31, 2015, the Company owed Vid Wadhvani \$Nil (2014 - \$Nil).
- (b) \$11,250 (2014 - \$9,000) was paid 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 October 31, 2015, the Company owed David Jackson \$Nil (2014 - \$Nil).
- (c) \$14,710 (2014 - \$9,000) was paid to Allan Goulding, for his services as CFO, provision of accounting and administrative services, statutory reporting activities and general management of the day to day business and financing activities. As at October 31, 2015, the Company owed Allan Goulding \$Nil (2014 - \$Nil).
- (d) \$15,750 (2014 - \$9,000) was paid to David Carkeek for his services as Vice President, marketing and investor relations, raising of finance, administrative services and general management of the day to day business of the Company. As at October 31, 2015, the Company owed David Carkeek \$Nil (2014 - \$Nil).
- (e) Mr. Daniel Gouws, a non-executive director received no remuneration in the period under review. (2014 - 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**

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During the six month period under review the company progressed with the establishment of its property investment business in the USA. In particular it registered and set up a Limited Partnership in Canada and one in Detroit, Michigan, USA, wholly owned by the Canadian Limited Partnership. In addition two corporations were registered in Canada and the USA to act as General Partners for the management of the Limited Partnerships.

Considerable time and effort was devoted by Canadian management to the production of an Offering Memorandum for AIP Limited Partnership This will enable the Company to raise the necessary funding for the Limited Partnership to proceed with the acquisition of properties in Detroit. The aim is raise US\$3.4 million to fund the USA Limited Partnership's purchase of properties as detailed below.

In May 2015 Letters of Intent were negotiated and signed with two vendors of properties in Detroit in terms of which the USA Limited Partnership is able to purchase up to 100 renovated and tenanted homes in Detroit giving a favourable return to investors of between 10 and 14 % per annum. The expected total cost of the 100 homes is US\$5 million, and the vendors have undertaken to provide up to 50% mortgage finance.

**Subsequent events**

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Subsequent to the end of the period under review, additional financings of the Limited Partnership were closed in order to finance additional property acquisitions in the USA Limited Partnership. This process will continue and further purchases will be ongoing

**Additional Information**

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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](http://www.sedar.com).