Condensed Interim Consolidated Financial Statements

As at and for the nine months ending
September 30, 2017 and 2016 | Unaudited

2017

PARK LAWN
CORPORATION

NOTICE TO READER

Park Lawn Corporation's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

(signed) "*Andrew Clark*"	(signed) "*Joseph Leeder*"
Andrew Clark	Joseph Leeder
Chief Executive Officer	Chief Financial Officer

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017 AND DECEMBER 31, 2016
(UNAUDITED)

	September 30, 2017	December 31, 2016
Assets		
Current assets		
Cash	$ 18,507,170	$ 23,891,672
Accounts receivable	3,110,694	1,922,342
Pre-need receivables, current portion (Note 4)	14,217,870	5,591,591
Inventories (Note 5)	40,773,325	39,384,840
Prepaid expenses and other current assets	1,036,370	475,318
Loan receivable	-	123,600
Debentures receivable	150,000	-
	77,795,429	71,389,363
Non-current assets		
Pre-need receivables, net of current portion (Note 4)	35,086,046	16,305,661
Land held for development (Note 8)	11,201,437	4,033,096
Property and equipment (Note 9)	34,687,620	21,616,144
Investment properties (Note 10)	212,095	199,956
Care and maintenance trust fund investments (Note 11)	107,816,717	87,545,830
Pre-need merchandise and service trust fund investments (Note 12)	97,042,000	63,881,008
Deferred tax assets, net	2,988,605	1,715,840
Employee share plan loan	3,169,899	3,299,327
Debentures receivable	-	150,000
Receivable on sale of discontinued operations	232,440	276,895
Goodwill and intangibles (Note 6 and 13)	87,842,878	19,172,958
Deferred financing fee	377,507	341,226
Other assets	752,376	413,487
	381,409,620	218,951,428
TOTAL ASSETS	$ 459,205,049	$ 290,340,791
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 13,192,735	$ 9,830,094
Dividends payable	583,017	421,639
Current portion of long term debt (Note 14)	548,072	503,980
Current portion of notes payable (Note 15)	831,981	800,000
	15,155,805	11,555,713
Non-current liabilities		
Long-term debt, net of current portion (Note 14)	2,802,715	3,107,795
Notes payable, net of current portion (Note 15)	342,927	283,989
Deferred revenue (Note 16)	55,039,314	25,188,834
Contingent payments (Note 17)	1,011,902	1,410,709
Care and maintenance trusts' corpus (Note 11)	107,816,717	87,545,830
Deferred pre-need receipts held in trust (Note 12)	97,042,000	63,881,008
	264,055,575	181,418,165
Shareholders' Equity		
Share capital (Note 20)	180,150,693	92,709,116
Contributed surplus	820,465	292,881
Accumulated other comprehensive loss	(3,167,598)	(46,725)
Retained earnings	1,183,341	3,632,754
	178,986,901	96,588,026
Non-controlling interest	1,006,768	778,887
	179,993,669	97,366,913
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 459,205,049	$ 290,340,791

Commitments and Contingencies (Note 27)

Approved by the Board of Directors

"*Andrew Clark*"
Andrew Clark - CEO, Director

"*Joseph Leeder*"
Joseph Leeder - CFO, Director

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these condensed interim consolidated financial statements

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(UNAUDITED)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Revenue				
Sales	$ 19,943,354	$ 15,864,829	$ 55,303,161	$ 43,240,764
Income from care and maintenance funds (Note 11)	2,011,766	1,028,717	4,622,699	3,063,076
Interest and other income	463,605	444,860	1,434,142	1,130,733
	22,418,725	17,338,406	61,360,002	47,434,573
Costs	4,990,058	3,908,235	13,984,623	11,962,024
Gross profit	17,428,667	13,430,171	47,375,379	35,472,549
Operating expenses				
General and administrative	6,571,872	4,790,320	17,529,445	12,689,811
Maintenance	4,775,867	4,000,664	13,034,096	9,941,381
Advertising and selling	3,520,760	2,953,027	9,645,996	7,867,828
Interest expense (Note 14 and 15)	92,476	198,699	283,255	557,898
Share based incentive compensation	179,681	158,288	555,876	229,903
	15,140,656	12,100,998	41,048,668	31,286,821
Earnings from operations	2,288,011	1,329,173	6,326,711	4,185,728
Gain on sale of properties (Note 9 and 22)	-	-	-	438,159
Acquisition and integration costs (Note 6)	(2,181,266)	(40,076)	(3,301,341)	(820,715)
Foreign exchange gain (loss) (Note 18)	(1,007,500)	-	(1,007,500)	333,871
Contract termination payment (Note 23)	-	(719,628)	-	(719,628)
Gain on extinguishment of debt (Note 24)	-	378,711	-	378,711
Change in fair value of contingent payments (Note 17)	398,927	-	305,898	-
Claim settlement (Note 25)	-	-	(66,457)	-
Termination of lease contract (Note 26)	-	-	(84,625)	-
Earnings before income taxes	(501,828)	948,180	2,172,686	3,796,126
Income tax expense	(334,581)	75,798	5,948	339,731
Net earnings for the period	$ (167,247)	$ 872,382	$ 2,166,738	$ 3,456,395
Net earnings attributable to:				
Equity holders of PLC	$ (171,116)	$ 749,505	$ 1,938,857	$ 3,169,586
Non-controlling interest	3,869	122,877	227,881	286,809
	$ (167,247)	$ 872,382	$ 2,166,738	$ 3,456,395
Net earnings per share - basic				
Attributable to equity holders of PLC	$ (0.011)	$ 0.094	$ 0.154	$ 0.426
Net earnings per share - diluted				
Attributable to equity holders of PLC	$ (0.011)	$ 0.094	$ 0.153	$ 0.426
Weighted average number of common shares:				
- basic	15,353,048	7,994,453	12,591,167	7,443,114
- diluted	15,424,087	8,000,853	12,652,721	7,448,493

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these condensed interim consolidated financial statements.

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income for the period	$ (167,247)	$ 872,382	$ 2,166,738	$ 3,456,395
Item of other comprehensive income to be subsequently reclassified to net income				
Foreign currency translation of foreign operations	(2,178,414)	260,083	(3,120,873)	(605,582)
Comprehensive income	$ (2,345,661)	$ 1,132,465	$ (954,135)	$ 2,850,813

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these condensed interim consolidated financial statements.

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2017 AND 2016
(UNAUDITED)

	# of Common Shares Issued and Outstanding	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Non Controlling Interest	Shareholders' Equity
Balance at January 1, 2016	5,844,272	$ 22,883,002	$ 2,348	$ 306,763	$ -	$ 562,544	$ 23,754,657
Dividends declared (Note 19)	-	-	-	(2,569,753)	-	-	(2,569,753)
Shares issued:							
Subscription offering, net of costs (Note 20)	2,105,400	22,150,252	-	-	-	-	22,150,252
Dividend reinvestment plan (Note 20)	6,298	69,422	-	-	-	-	69,422
Equity incentive plan	-	-	166,019	-	-	-	166,019
Private placement, net of costs (Note 20)	262,092	3,682,458	-	-	-	-	3,682,458
Acquisition of non-controlling interest (Note 7)	-	-	-	(430,740)	-	(149,284)	(580,024)
Other comprehensive loss	-	-	-	-	(605,582)	-	(605,582)
Net earnings for the period	-	-	-	3,169,586	-	286,809	3,456,395
Balance at September 30, 2016	8,218,062	$ 48,785,134	$ 168,367	$ 475,856	$ (605,582)	$ 700,069	$ 49,523,844
Balance at January 1, 2017	11,095,770	$ 92,709,116	$ 292,881	$ 3,632,754	$ (46,725)	$ 778,887	$ 97,366,913
Dividends declared (Note 19)	-	-	-	(4,440,449)	-	-	(4,440,449)
Shares issued:							
Dividend reinvestment plan (Note 20)	9,035	152,527	-	-	-	-	152,527
Equity incentive plan	-	-	527,584	-	-	-	527,584
Prospectus financing November 2016, net of costs (Note 20)	-	(76,718)	-	-	-	-	(76,718)
Prospectus financing June 2017, net of costs (Note 20)	4,237,750	77,053,448	-	-	-	-	77,053,448
Contingent equity consideration (Note 20)	-	10,312,320	-	-	-	-	10,312,320
Acquisition of non-controlling interest (Note 7)	-	-	-	52,179	-	-	52,179
Other comprehensive loss	-	-	-	-	(3,120,873)	-	(3,120,873)
Net earnings for the period	-	-	-	1,938,857	-	227,881	2,166,738
Balance at September 30, 2017	15,342,555	$ 180,150,693	$ 820,465	$ 1,183,341	$ (3,167,598)	$ 1,006,768	$ 179,993,669

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these condensed interim consolidated financial statements.

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30	
	2017	2016	2017	2016
Cash provided by (used in):				
Operating activities				
Net earnings for the period	$ (167,247)	$ 872,382	$ 2,166,738	$ 3,456,395
Items not affecting cash:				
Depreciation of property and equipment,				
investment properties and amortization of intangibles	755,788	444,326	1,837,414	1,131,619
Amortization of cemetery property	802,968	481,722	2,548,457	2,385,004
Deferred tax asset/expense	(90,318)	(245,129)	(1,272,765)	(913,618)
Loss/Gain on sale of property and assets held for sale	-	-	-	110,250
DRIP	72,100	38,031	152,527	69,422
Share based incentive compensation	179,194	125,973	527,584	166,019
Loss/Gain on change in fair value of contingent payments	(398,927)	-	(305,898)	-
Termination of lease contract	-	-	149,125	-
Changes in working capital:				
Accounts receivable	(459,102)	24,491	(311,750)	238,391
Pre-need receivables	1,514,108	(626,929)	563,707	(1,472,086)
Inventories	661,197	(2,971,448)	(600,710)	(4,988,689)
Prepaid expenses and other current assets	19,672	(439,597)	(400,187)	(489,494)
Accounts payable and accrued liabilities	2,315,644	1,822,024	761,983	(585,138)
Employee loan	(425)	-	129,428	129,737
Deferred revenue	(1,330,665)	134,875	(1,512,451)	3,047,618
Insurance proceeds recoverable	-	-	-	650,702
Cash provided by (used in) operating activities	3,873,987	(339,279)	4,433,202	2,936,132
Investing activities				
Net cash on acquisitions	(72,700,411)	-	(84,919,310)	(27,717,493)
Receivable on sale of discontinued operations	44,455	-	44,455	-
Proceeds from sale of investment property and assets held for sale	-	-	-	1,022,090
Acquisition of land held for development	(2,415,350)	-	(3,464,596)	-
Acquisition of property and equipment	(339,117)	(1,353,250)	(2,383,532)	(4,100,663)
Proceeds on disposal of property and equipment	-	11,642	-	11,642
Increase/Decrease in other assets	(127,211)	(66,384)	(326,765)	(58,808)
Cash provided by (used in) investing activities	(75,537,634)	(1,407,992)	(91,049,748)	(30,843,232)
Financing activities				
Loan receivable	124,800	-	123,600	-
Repayment of long-term debt	(92,179)	(782,972)	(408,565)	(1,349,791)
Repayment of note payable	(39,491)	(5,981,065)	(301,920)	(6,211,051)
Proceeds from issuance of long-term debt	-	6,619,366	54,427	13,369,477
Proceeds from private placement, net of costs	-	3,682,458	-	3,682,458
Proceeds from financing, net of costs	(250,503)	(207,637)	76,976,730	21,728,607
Contingent equity consideration	10,312,320	-	10,312,320	-
Dividends and distributions paid	(1,748,892)	(916,859)	(4,440,449)	(2,569,753)
Deferred financing fee	19,042	-	(36,281)	-
Cash paid for acquisition of non-controlling interest	-	(580,024)	52,179	(580,024)
Cash held in escrow	-	-	-	1,396,069
Cash provided by (used in) financing activities	8,325,097	1,833,267	82,332,041	29,465,992
Translation adjustment on cash	(608,656)	157,371	(1,099,997)	(556,240)
Net (decrease) increase in cash	(63,947,206)	243,367	(5,384,502)	1,002,652
Cash, beginning of period	82,454,376	923,800	23,891,672	164,515
Cash, end of period	$ 18,507,170	$ 1,167,167	$ 18,507,170	$ 1,167,167
Supplemental disclosures:				
Income taxes paid	$ 263,477	$ 28,162	$ 470,431	$ 248,306
Interest expenses paid	$ 68,085	$ 249,012	$ 210,306	$ 693,848

The accompanying notes to the condensed interim consolidated financial statements are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

Park Lawn Corporation (the "Company" or "PLC"), located at 2 St. Clair Ave. West, Suite 1300, Toronto, Ontario, M4V 1L5, is an Ontario corporation which owns and operates cemeteries, crematoriums and funeral homes in Ontario, Quebec, Manitoba, Saskatchewan, British Columbia, Canada and Michigan, Kentucky, Texas, Illinois, USA. The Company owns certain investment properties through its wholly-owned subsidiaries Park Lawn Limited Partnership, Park Lawn Management Services Inc., Forest Lawn Investments Inc., Services Mémorables Harmonia Inc. ("Harmonia"), Amety Ltd. ("Amety"), Parkland Ltd. ("Parkland"), Basic Funerals and Cremation Choices Inc. ("Basic"), Mundell Funeral Homes Limited ("Mundell"), the Park Lawn Cemetery Company (USA) Inc. ("Park Lawn USA"), Midwest Memorial Group, LLC ("MMG"), Reynolds Funeral Home ("Reynolds"), Turner Family Funeral Home Inc. ("TFFH"), Jennett Funeral and Cremation Centre Ltd. ("Jennett), Innisfil Funeral Home Limited ("Innisfil"), Providence Funeral Homes & Crematorium ("PFHC"), Credible Cremation Services Limited ("CCSL"), TCS Funeral Services ("TCS") and Saber Management, LLC ("Saber"). The Company is publicly traded on the TSX with the stock symbol of PLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standards 34, Interim Financial Reporting ("IAS 34"), on a basis consistent with policies disclosed in the Company's annual audited consolidated financial statements for the fiscal year ended December 31, 2016 which were prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with IFRS have been omitted or are condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2016.

The financial information included herein reflects all adjustments that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the periods ended September 30, 2017 and 2016 are not necessarily indicative of the results to be expected for the full year.

These unaudited condensed interim consolidated financial statements were approved by the Company's Board of Directors on November 13, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

b. Functional currency

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. Each entity within the consolidated group determines its own functional currency and items included in the consolidated financial statements of each entity are remeasured using the functional currency.

Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the consolidated statements of operations. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

The consolidated accounts of the Company are presented in Canadian dollars. The financial statements of foreign subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the end of the reporting period for assets and liabilities and the average exchange rates for the period for revenue, expenses and cash flows. Foreign exchange differences arising on translation are recognized in other comprehensive income and in accumulated other comprehensive income in shareholders' equity.

c. Earnings per share

Basic earnings per share are computed by dividing net earnings by the weighted average number of common shares outstanding for the period. Diluted earnings per share are calculated using the same method as basic earnings per share adjusted for the weighted average number of common shares outstanding for the period to reflect the dilutive impact, if any, of convertible instruments and equivalents, assuming they were exercised for the number of common shares calculated by applying the treasury stock method.

d. Business combinations

The Company has applied the acquisition method in accounting for business combinations.

The Company measures goodwill as the difference between the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, and the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair value of the assets transferred (including cash), liabilities incurred by the Company on behalf of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

d. Business combinations - continued

The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured at subsequent reporting dates in accordance with IAS 39, with the corresponding gain or loss being recognized in profit or loss.

Transaction costs that the Company incurs in connection with a business combination, such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed in the period as incurred.

e. Future Accounting Policy Changes

The IASB has issued the following standards, amendments and interpretations which have not been early adopted in these consolidated financial statements. The Company is assessing the impact on its consolidated financial statements as a result of adopting the following new standards:

IFRS 9 – Financial Instruments, Classification and Measurement ("IFRS 9") contains requirements for financial assets and liabilities. IFRS 9 is part of the IASB wider project to replace IAS 39 Financial Instruments – Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The Company is currently assessing the impact of IFRS 9 and the standard will be adopted in the Company's consolidated financial statements for the year beginning January 1, 2018.

IFRS 15 – "Revenue from Contracts with Customers", effective for annual periods beginning on or after January 1, 2018, with early adoption permitted, replaces existing revenue standards and interpretations with a single standard and provides additional guidance on revenue recognition for contracts with customers. The Company will not be early adopting IFRS 15.

The Company has elected to adopt IFRS 15 using the modified retrospective approach. Under this approach, the Company will recognize transitional adjustments in retained earnings on the date of the initial application (January 1, 2018) without restating prior period results.

We expect the application of IFRS 15 will affect our consolidated financial statements with regards to the treatment of costs incurred in acquiring customer contracts. The treatment of costs incurred in acquiring customer contracts will be impacted as IFRS 15 requires certain contract acquisition costs, such as sales commissions to be recorded as an asset and amortized into expenses over time. Currently, such costs are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

e. Future Accounting Policy Changes - continued

Although we have made progress in our implementation of IFRS 15, it is not possible to make a reliable estimate of the impact of the new standard on our consolidated financial statements as we are required to implement changes to our system and processes across the organization in order to collect the new data requirements, as well as historical information.

IFRS 16 – "Leases", effective for annual periods beginning on or after January 1, 2019. The most significant change introduced by IFRS 16 is a single lessee accounting model, bringing leases on-balance sheet for lessees. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the year beginning January 1, 2019 and has not yet considered the potential impact of the adoption of IFRS 16.

3. CRITICAL ESTIMATES AND JUDGMENTS

Use of estimates

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets, liabilities, and equity in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The carrying value of goodwill and intangibles acquired from acquisitions and estimates on any applicable impairment. The Company's impairment tests for goodwill and intangible assets are based on the greater of value in use calculations that use a discounted cash flow model over a five-year period and estimated fair value less cost to sell.

   The value-in-use calculations employ the following key assumptions: future cash flows, growth projections including economic risk assumptions and estimates of achieving key operating metrics. The cash flows are derived from the Company's budget for the future and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The estimated fair value less cost to sell is based on assessment of comparable company multiples and precedent transactions.

ii) The purchase price allocation corresponding to completed acquisitions and the related contingent consideration.

3. CRITICAL ESTIMATES AND JUDGMENTS – continued

Use of estimates - continued

iii) In determining the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction in each the Company operates. The Company also considered secondary indicators including the currency in which each funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

iv) In determining an allowance for sales returns the Company provides various allowances and/or cancellation reserves for cemetery receivables. These allowances are based on the analysis of historical trends and include, where applicable collection and cancellation activity.

4. PRE-NEED RECEIVABLES

	September 30, 2017	December 31, 2016
Pre-need receivables, current portion	$ 14,217,870	$ 5,591,591
Pre-need receivables, net of current portion	35,086,046	16,305,661
Total	$ 49,303,916	$ 21,897,252

The above is net of an allowance for sales returns of $5,021,762 (at December 31, 2016 - $3,665,135). The increase in the pre-need receivables and allowance for sales returns is primarily a result of the acquisition of Saber during the third quarter of 2017.

Based on the review of the status of the individual pre-need receivables at the end of each reporting period, the Company's management believes that an allowance for doubtful accounts receivable is not required.

5. INVENTORIES

	September 30, 2017	December 31, 2016
Merchandise inventories	$ 1,021,970	$ 760,252
Cemetery lots	9,474,223	10,290,895
Crypts and niches	29,977,038	28,833,693
Construction in progress	300,094	-
	$ 40,773,325	$ 39,884,840

The increase in inventories is primarily a result of the acquisition of Saber during the third quarter of 2017.

There were no inventory write-downs in either period.

6. BUSINESS COMBINATION

Reynolds-TFFH

Effective February 1, 2017 the Company completed the acquisition of 100% ownership interest in the common shares of Reynolds Funeral Home ("Reynolds") and Turner Family Funeral Home Inc. ("TFFH"). On closing, the Company paid $4,730,000 for 100% of the common shares. The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value of the net assets acquired may be subject to adjustments pending completion of final valuations and post-closing adjustments. In connection with this transaction, the Company has incurred transaction and integration costs to date of $77,743 ($52,941 for the nine month period ended September 30, 2017).

The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the acquisition date. A further assessment will need to be completed by management to assess if the goodwill needs to be allocated to other tangible or intangible assets.

6. BUSINESS COMBINATION - continued

Reynolds-TFFH - continued

	Preliminary
Assets acquired:	
Cash	$ 63,985
Accounts receivable	89,255
Inventories	65,287
Prepaid expenses	14,589
Property and equipment	1,117,651
Investment properties	15,865
Pre-need trust fund investments	2,850,316
Goodwill	3,489,400
Other intangibles	20,000
Other assets	-
Total assets	$ 7,726,348
Liabilities assumed:	
Accounts payable and accrued liabilities	$ 52,882
Long-term debt	93,150
Deferred pre-need receipts held in trust	2,850,316
	$ 2,996,348
Fair value of consideration transferred:	
Cash consideration	$ 4,730,000
	$ 4,730,000

Since the date of acquisition in 2017, Reynolds-TFFH has contributed $970,296 in revenue and $272,212 in net earnings for the nine month period ended September 30, 2017. The Company has used a significant amount of judgment and simplifying assumptions in estimating the revenue and net earnings of Reynolds-TFFH had the business occurred at the beginning of the year. If acquired at the beginning of the year, the Company has estimated that Reynolds-TFFH would have contributed approximately $1,090,000 in revenue and $300,000 in net earnings.

Jennett-Innisfil

Effective February 1, 2017 the Company completed the acquisition of 100% ownership interest in the common shares of Jennett Funeral and Cremation Centre Ltd. ("Jennett") and Innisfil Funeral Home Limited ("Innisfil"). On closing, the Company paid $2,053,000 for 100% of the common shares. The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value of the net assets acquired may be subject to adjustments pending completion of final valuations and post-closing adjustments. In connection with this transaction, the Company has incurred transaction and integration costs to date of $68,685 ($44,864 for the nine month period ended September 30, 2017).

6. BUSINESS COMBINATION - continued

Jennett-Innisfil - continued

The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the acquisition date. A further assessment will need to be completed by management to assess if the goodwill needs to be allocated to other tangible or intangible assets.

	Preliminary
Assets acquired:	
Cash	$ 88,057
Accounts receivable	129,214
Inventories	63,750
Prepaid expenses	25,506
Property and equipment	71,302
Pre-need trust fund investments	1,409,472
Goodwill	1,848,450
Other intangibles	20,000
Other assets	308
Total assets	$ 3,656,059
Liabilities assumed:	
Accounts payable and accrued liabilities	$ 193,587
Deferred pre-need receipts held in trust	1,409,472
	$ 1,603,059
Fair value of consideration transferred:	
Cash consideration	$ 2,053,000
	$ 2,053,000

Since the date of acquisition in 2017, Jennett-Innisfil has contributed $650,000 in revenue and $56,644 in net earnings for the nine month period ended September 30, 2017. The Company has used a significant amount of judgment and simplifying assumptions in estimating the revenue and net earnings of Jennet-Innisfil had the business occurred at the beginning of the year. If acquired at the beginning of the year, the Company has estimated that Jennet-Innisfil would have contributed approximately $730,000 in revenue and $63,000 in net earnings.

The purchase of the above funeral homes, Reynolds-TFFH and Jennett-Innisfil, will expand and strengthen the Company's presence in the Ontario market and the proximity to the Mundell Funeral Home in Orillia and the crematoria in the GTA makes these businesses a logical fit.

6. BUSINESS COMBINATION - continued

PFHC-CCSL

Effective February 1, 2017 the Company completed the acquisition of 100% ownership interest in the common shares of Providence Funeral Homes & Crematorium ("PFHC") and Credible Cremation Services Limited ("CCSL"). On closing, the Company paid $1,896,650 for 100% of the common shares. The Company will be making additional payments of $500,000 to be paid over ten years. The deferred cash payment is repayable in monthly installments of $4,167. The estimated present value of the deferred cash consideration was calculated at $392,839. The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value of the net assets acquired may be subject to adjustments pending completion of final valuations and post-closing adjustments. In connection with this transaction, the Company has incurred transaction and integration costs to date of $41,981 ($31,685 for the nine month period ended September 30, 2017).

The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the acquisition date. A further assessment will need to be completed by management to assess if the goodwill needs to be allocated to other tangible or intangible assets.

	Preliminary
Assets acquired:	
Cash	$ 67,217
Accounts receivable	90,007
Inventories	22,358
Prepaid expenses	18,365
Property and equipment	1,750,560
Pre-need trust fund investments	2,172,556
Goodwill	347,414
Other intangibles	200,000
Other assets	9,300
Total assets	$ 4,677,777
Liabilities assumed:	
Accounts payable and accrued liabilities	$ 215,732
Deferred pre-need receipts held in trust	2,172,556
	$ 2,388,288
Fair value of consideration transferred:	
Deferred cash consideration	392,839
Cash consideration	$ 1,896,650
	$ 2,289,489

6. BUSINESS COMBINATION - continued

PFHC-CCSL - continued

Since the date of acquisition in 2017, PFHC-CCSL has contributed $1,075,357 in revenue and $277,337 in net earnings for the nine month period ended September 30, 2017. The Company has used a significant amount of judgment and simplifying assumptions in estimating the revenue and net earnings of PFHC-CCSL had the business occurred at the beginning of the year. If acquired at the beginning of the year, the Company has estimated that PFHC-CCSL would have contributed approximately $1,200,000 in revenue and $310,000 in net earnings.

The above acquisition is the Company's first acquisition in the British Columbia market. The Company believes this market shares similar characteristics to the other markets in which it operates in Canada.

TCS

Effective May 1, 2017 the Company completed the acquisition of 100% ownership interest in the common shares of TCS Funeral Services ("TCS"). On closing, the Company paid $3,660,000 for 100% of the common shares. The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value of the net assets acquired may be subject to adjustments pending completion of final valuations and post-closing adjustments. In connection with this transaction, the Company has incurred transaction and integration costs to date of $42,834 ($42,834 for the nine month period ended September 30, 2017).

The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the acquisition date. A further assessment will need to be completed by management to assess if the goodwill needs to be allocated to other tangible or intangible assets.

6. BUSINESS COMBINATION - continued

TCS - continued

		Preliminary
Assets acquired:		
Cash	$	571,900
Accounts receivable		315,249
Inventories		11,986
Prepaid expenses		3,016
Property and equipment		337,102
Goodwill		3,222,898
Other assets		6,941
Total assets	$	4,469,092
Liabilities assumed:		
Accounts payable and accrued liabilities	$	138,684
	$	138,684
Fair value of consideration transferred:		
Working capital adjustment		670,408
Cash consideration	$	3,660,000
	$	4,330,408

Since the date of acquisition in 2017, TCS has contributed $566,045 in revenue and $37,053 in net earnings for the nine month period ended September 30, 2017. The Company has used a significant amount of judgment and simplifying assumptions in estimating the revenue and net earnings of TCS had the business occurred at the beginning of the year. If acquired at the beginning of the year, the Company has estimated that TCS would have contributed approximately $1,000,000 in revenue and $66,000 in net earnings.

TCS is a business-to-business service provider in the funeral industry, providing outsourced embalming, transfer and other services to funeral homes, cemeteries, municipalities and hospitals across Ontario. TCS has a long track record of providing support services to the funeral industry, and the Company believes there are opportunities for synergies between TCS and the Company's existing businesses.

Saber

On August 4, 2017, the Company completed the acquisition of 21 of 23 properties owned by Saber Management, LLC. ("Saber") and effective September 30, 2017, the Company has completed the acquisition of the remaining 2 properties. The aggregate purchase price for the 23 acquired properties was $62,131,211 (US$49,401,708), subject to customary working capital adjustments, plus additional contingent consideration of up to 660,000 PLC common shares. The contingent consideration has been classified as equity and will be issued over a period of three years if certain financial hurdles are met to the extent that earnings before interest expense, taxes, depreciation and amortization, and excluding extraordinary and unusual or non-recurring income and expense, or gains or losses ("Normalized EBITDA") and amount of cash not included in the calculation of working capital at the end of measurement period ("Distributable Cash Test) equals or exceeds pre-established targets.

6. BUSINESS COMBINATION - continued

Saber - continued

Management assessed the probability of the targets being met at 100% and discounted the share value to present value in order to derive a fair value $10,312,320 (US$8,200,000) of the contingent consideration.

The acquisition adds 19 cemeteries and 4 funeral homes in Kentucky, Illinois and Texas and further expands operations in the United States. Saber's acquisition significantly increases the number of cemeteries in the Company's portfolio, adds funeral home assets into the U.S. operations and geographically diversifies the Company's U.S. operations.

The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value of the net assets acquired may be subject to adjustments pending completion of final valuations and post-closing adjustments. In connection with this transaction, the Company has incurred transaction and integration costs to date of $1,771,674 ($1,768,497 for the nine month period ended September 30, 2017).

The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the acquisition date. A further assessment will need to be completed by management to assess if the goodwill needs to be allocated to other tangible or intangible assets.

6. BUSINESS COMBINATION - continued

Saber - continued

	Preliminary
Assets acquired:	
Cash	$ 118,121
Accounts receivable	252,877
Pre-need receivables	27,970,370
Inventories	3,172,851
Prepaid expenses	99,389
Land held for development	3,703,745
Property and equipment	9,525,329
Care and maintenance trust fund investments	16,665,393
Pre-need trust fund investments	26,383,025
Goodwill	60,493,346
Other intangibles	631,585
Total assets	$ 149,016,031
Liabilities assumed:	
Accounts payable and accrued liabilities	$ 2,161,151
Care and maintenance trusts' corpus	16,665,393
Deferred pre-need receipts held in trust	26,383,025
Deferred revenue	31,362,931
	$ 76,572,500
Fair value of consideration transferred:	
Cash consideration	$ 62,131,211
Contingent equity consideration	10,312,320
	$ 72,443,531

Since the date of acquisition in 2017, Saber has contributed $3,270,484 in revenue and $620,519 in net earnings for the nine month period ended September 30, 2017. The Company has used a significant amount of judgment and simplifying assumptions in estimating the revenue and net earnings of Saber had the business occurred at the beginning of the year. If acquired at the beginning of the year, the Company has estimated that Saber would have contributed approximately $17,400,000 in revenue and $3,100,000 in net earnings.

Vita

On September 29, 2017, Parkland Funeral Holding Limited completed the business acquisition of the assets of Vita Funeral Home in Vita, Manitoba (“Vita”). On closing the Company, through its controlled subsidiary paid $375,000 for the assets of Vita. In connection with this transaction, the Company has incurred transaction and integration costs to date of $4,750 ($4,750 for the nine month period ended September 30, 2017).

6. BUSINESS COMBINATION - continued

Vita - continued

The table below summarizes the preliminary estimated fair value of the assets acquired at the acquisition date. A further assessment will need to be completed by management to assess if the goodwill needs to be allocated to other tangible or intangible assets.

	Preliminary
Assets acquired:	
Property and equipment	305,000
Goodwill	70,000
Total assets	$ 375,000

The above funeral home acquisition will expand and strengthen service operations in the province of Manitoba.

7. CAPITAL TRANSACTION

On September 1, 2016, the Company announced that it had exercised its rights to purchase all the remaining outstanding shares in Amety Limited, which owns Tubman and Cadieux funeral homes in the Ottawa, Ontario area and Outaouais, Quebec for $588,110. In connection with the purchase, the Company repaid $929,013 of indebtedness owing to the vendor. In accordance with IFRS 10, Consolidated Financial Statements, the Company accounted for the acquisition of the remaining 50% as a capital transaction, since control of Amety had been attained on February 1, 2014. In 2014, the Company purchased 50% of Amety Limited with the ability to purchase the remaining shares at a future date. The acquisition was accounted for using the acquisition method in accordance with IFRS 3, Business Combinations, with the results of operations consolidated with those of PLC beginning on February 1, 2014. As of September 1, 2016, the Company owns 100% of Amety Limited.

During the three month period ended March 31, 2017, the Company purchased all the remaining outstanding shares in Swan Valley Funeral Services Ltd., a subsidiary of Parkland Funeral Holdings for $273,260. In connection with the purchase, the Company assumed the mortgage loan of $54,427 and discharged the $148,260 of indebtedness owed by the vendor. In accordance with IFRS 10, Consolidated Financial Statements, the Company accounted for the acquisition of the remaining 30% as a capital transaction, since control of Swan Valley had been attained in October, 2014.

8. LAND HELD FOR DEVELOPMENT

	September 30, 2017	December 31, 2016
Land at Westminster Cemetery	$ 2,902,281	$ 2,902,281
Land held by Amety	330,815	330,815
Land at Pine Valley	800,000	800,000
Land at Royal York	1,049,246	-
Land held by Saber	6,119,095	-
Total	$ 11,201,437	$ 4,033,096

Land at Westminster Cemetery

The Company owns lands adjacent to the Westminster Cemetery which is being held for future development.

Land held by Amety

This represents a 23 acre parcel of land acquired as part of the acquisition of Amety in 2014. The land is located in the rural southwest end of Ottawa, Ontario and is zoned Rural Commercial making it available for future cemetery use.

Land at Pine Valley

This represents a 2.2 acre parcel of land, located in the city of Vaughan, Ontario, and is zoned Rural Commercial making it available for future cemetery use.

Land at Royal York

The Company purchased a residential property adjacent to its Riverside Cemetery property in Toronto for future development opportunities.

Land held by Saber

This represents a 260 acre parcel of land acquired as part of the acquisition of Saber during the third quarter of 2017. In addition, the Company purchased on September 29, 2017, 15 acres of cemetery-zoned land immediately adjacent to Forest Lawn Cemetery in Houston, Texas, making it available for future cemetery use.

9. PROPERTY AND EQUIPMENT

	January 1, 2017	Acquired in business combinations	Additions	Disposals	Foreign currency translation	September 30, 2017
Cost:						
Land	$ 2,163,682	1,456,210	5,239	-	-	$ 3,625,131
Buildings, cemetery and funeral	14,049,431	9,423,616	1,597,690	(71,634)	(329,095)	24,670,008
Machinery, equipment and automotive	4,280,163	1,423,714	718,159	-	(77,773)	6,344,263
Cemetery improvements	4,726,761	803,404	62,444	(77,491)	(77,126)	5,437,992
Total	25,220,037	13,106,944	2,383,532	(149,125)	(483,994)	40,077,394
Accumulated depreciation:						
Buildings, cemetery and funeral	1,464,795	-	627,814	-	-	2,092,609
Machinery, equipment and automotive	1,416,408	-	732,987	-	-	2,149,395
Cemetery improvements	722,690	-	425,080	-	-	1,147,770
Total	3,603,893	-	1,785,881	-	-	5,389,774
Net Book Value	$ 21,616,144					$ 34,687,620

	January 1, 2016	Acquired in business combinations	Additions	Disposals	Foreign currency translation	December 31, 2016
Cost:						
Land	$ 1,783,513	380,169	-	-	-	$ 2,163,682
Buildings, cemetery and funeral	6,257,987	4,884,803	2,932,873	(1,446)	(24,786)	14,049,431
Machinery, equipment and automotive	2,109,003	1,534,405	665,506	(15,863)	(12,888)	4,280,163
Cemetery improvements	2,957,933	882,512	903,880	-	(17,564)	4,726,761
Total	13,108,436	7,681,889	4,502,259	(17,309)	(55,238)	25,220,037
Accumulated depreciation:						
Buildings, cemetery and funeral	967,587	-	497,280	(72)	-	1,464,795
Machinery, equipment and automotive	831,758	-	586,966	(2,316)	-	1,416,408
Cemetery improvements	209,099	-	513,591	-	-	722,690
Total	2,008,444	-	1,597,837	(2,388)	-	3,603,893
Net Book Value	$ 11,099,992					$ 21,616,144

9. PROPERTY AND EQUIPMENT – continued

Property and equipment depreciation expense charged to operations amounted to $1,785,881 and $1,113,763 for the nine month period ended September 30, 2017 and 2016, respectively, and to $733,281 and $438,255 for the three month period ended September 30, 2017 and 2016, respectively. Increase in expense is primarily due to the acquisition of MMG at March 1, 2016 and Saber during the third quarter of 2017.

Included in buildings, cemetery and funeral additions at September 30, 2017 are $469,365 of buildings additions at Westminster Cemetery (at December 31, 2016 - $26,903), $355,513 of crematorium additions (at December 31, 2016 - $282,858), $369,396 of leasehold improvements related to a new head office location (at December 31, 2016 - $nil) and $140,369 (at December 31, 2016 - $958,415) relating to the construction of the funeral home and cremation facility located in Dauphin, Manitoba which was destroyed by fire in 2014.

During the three month period ended March 31, 2016, the Company sold a property for a sale price of $550,112 realizing a gain of $548,409, net of disposition costs. The historical cost of the property and accumulated depreciation was nominal. There were no property sales during the nine month period ended September 30, 2017.

Management has reviewed the valuation of the property and equipment and has not identified any indicators of impairment in the value of the property and equipment in 2017 and 2016.

10. INVESTMENT PROPERTIES

Investment property amounted to $212,095 as at September 30, 2017 (at December 31, 2016 - $199,956). This increase relates to the investment property acquired in conjunction with business acquisition of Reynolds-TFFH (see Note 6). Investment property depreciation expense charged to operations amounted to $8,151 and $7,356 for the nine month period ended September 30, 2017 and 2016, respectively, and to $2,792 and $2,571 for the three month period ended September 30, 2017 and 2016, respectively.

11. CARE AND MAINTENANCE TRUST FUND INVESTMENTS

The Company's care and maintenance trust funds were established, as required by provincial and state regulations, to receive principal contributions from the Company upon the sale of cemetery lots, mausoleum crypts and niches.

Pursuant to the requirements of provincial and state regulations, the Company is required to deposit a portion of the proceeds received in respect of pre-need contracts into trust. Such amounts are treated as a cost of sale at the time of the sale.

The principal of these trusts is recorded in the consolidated statements of financial position and represents these contributions to the trusts and capital gains and losses and must be held in perpetuity in these trusts.

11. CARE AND MAINTENANCE TRUST FUND INVESTMENTS - continued

Only the income, not the capital gains, may be paid to the Company to be used exclusively for eligible care and maintenance of the cemeteries and crematoriums as defined by provincial and state regulations.

Investment income recognized in operations amounted to $4,622,699 and $3,063,076 for the nine month period ended September 30, 2017 and 2016, respectively and to $2,011,766 and $1,028,717 for the three month period ended September 30, 2017 and 2016, respectively. If the income earned by the trusts should exceed eligible care and maintenance expenses incurred by the Company, the excess would be added to the capital of the trusts and would not be eligible for pay out to the Company in the future.

Care and maintenance trust fund investments consist of the following:

	Fair Value		Cost	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Cash and cash equivalents	$ 4,787,995	$ 3,698,407	$ 4,787,995	$ 3,698,407
Equities	70,101,812	60,633,564	62,591,024	52,111,328
Fixed income	28,057,184	18,084,119	27,425,133	18,145,370
Preferred stocks	4,869,726	5,129,740	4,241,898	4,848,126
	$ 107,816,717	$ 87,545,830	$ 99,046,050	$ 78,803,231

The fixed income component of these care and maintenance trust funds is invested in limited partnership units, mortgage loans, and medium-term government and corporate bonds which are held to maturity and earn income at fixed rates of return.

The increase in care and maintenance trust funds is primarily a result of the acquisition of Saber during the third quarter of 2017.

12. PRE-NEED MERCHANDISE AND SERVICE TRUST FUND INVESTMENTS

Pre-need merchandise and service trust funds were established as required by provincial and state regulations to hold funds paid in advance of need, to purchase when required at-need supplies and services such as merchandise, grave and crypt openings.

When the services are performed, the Company withdraws the money held in the trust funds to pay for the supplies and services. In certain jurisdictions, any surplus income earned is refunded to the customers and any deficiency of funds is absorbed by the Company by recording less revenue for supplies and services.

12. PRE-NEED MERCHANDISE AND SERVICE TRUST FUND INVESTMENTS - continued

Pre-need merchandise and service trust fund investments consist of the following:

	Fair value		Cost	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Cash and cash equivalents	$ 2,693,318	$ 3,038,475	$ 2,693,318	$ 3,038,475
GIC's	33,502,307	26,739,188	33,502,307	26,184,879
Equities	20,854,801	15,554,371	19,678,935	15,861,010
Fixed income	39,991,574	18,548,974	40,304,506	17,605,185
	$ 97,042,000	$ 63,881,008	$ 96,179,066	$ 62,689,549

The fixed income component of these pre-need merchandise and service trust funds is generally invested in medium-term government, corporate bonds and deposit investment certificates which are held-to-maturity and earn income at fixed rates of return.

The increase in pre-need merchandise and service trust funds is primarily a result of the acquisition of Saber during the third quarter of 2017.

13. GOODWILL AND INTANGIBLES

	Total
Goodwill	
Balance January 1, 2017	$ 19,128,958
Foreign currency translation MMG and Saber	(1,629,791)
Preliminary additions:	
Reynolds-TFFH	3,489,400
Jennett-Innisfil	1,848,450
PFHC-CCSL	347,414
TCS	3,222,898
Saber	60,493,346
Vita	70,000
Balance September 30, 2017	$ 86,970,675
Intangibles	
Balance January 1, 2017	$ 44,000
Preliminary additions:	
Reynolds-TFFH	20,000
Jennett-Innisfil	20,000
PFHC-CCSL	200,000
Saber	631,585
Amortization	(43,382)
Balance September 30, 2017	$ 872,203
Goodwill and Intangibles	
Balance September 30, 2017	$ 87,842,878

The increase in goodwill is primarily a result of the acquisition of Saber during the third quarter of 2017.

14. LONG-TERM DEBT

	September 30, 2017	December 31, 2016
Mortgages on:		
Swan Valley Funeral Services Ltd.	$ 141,179	$ 134,895
Sneath and Strilchuk Funeral Services, Ltd.	1,635,076	1,852,091
Korban Funeral Chapel Inc.	1,278,647	1,334,006
Finance lease obligations	295,885	290,783
Total	$ 3,350,787	$ 3,611,775
Current portion	548,072	503,980
Non-current portion	$ 2,802,715	$ 3,107,795

Swan Valley Funeral Services Ltd.

Parkland has secured the mortgage by a promissory note for $600,000, corporate guarantees and general security agreements. The loan bears interest at prime plus 2% and is being amortized over 10 years. The loan matures on September 30, 2022. This mortgage is repayable in monthly blended installments of $6,400. During the three month period ended March 31, 2017, as part of the purchase of the remaining shares of Swan Valley, a subsidiary of Parkland, the Company assumed an additional mortgage loan of $54,427.

Sneath and Strilchuk Funeral Services Ltd.

Parkland has secured the mortgage by a promissory note for $2,854,000, corporate guarantees and general security agreements. The loan bears interest at 6.2% and is being amortized over 10 years. The loan matures on September 30, 2022. This mortgage is repayable in monthly blended installments of $33,045.

Korban Funeral Chapel

Parkland has secured the mortgage by a promissory note for $1,400,000, corporate guarantees and general security agreements. The loan bears interest at 3.75% and is being amortized over 15 years. The loan matures on January 31, 2021. This mortgage is repayable in monthly blended installments of $10,200.

Finance lease and car loan obligations

Finance leases relate to automotive equipment and are secured by the vehicles. These leases have interest rates ranging from 3.0% to 12.0% and remaining terms of 2 to 5 years.

15. NOTES PAYABLE

	September 30, 2017	December 31, 2016
Loan from non-controlling shareholders of Parkland	$ -	$ 283,989
DeMarco Funeral Home note	800,000	800,000
Deferred cash consideration PFHC-CCSL	374,908	-
Total	$ 1,174,908	$ 1,083,989
Current portion	831,981	800,000
Non current portion	$ 342,927	$ 283,989

Loan from non-controlling shareholder of Parkland

In October 2014, as part of the purchase of the business of Parkland the Company assumed loans from the non-controlling shareholders. The loans are unsecured and subordinated to all other third party debt. As part of the purchase of the remaining shares of Swan Valley, a subsidiary of Parkland, the loan to non-controlling shareholder was discharged in full during the three month period ended March 31, 2017.

DeMarco Funeral Home note

On November 10, 2016, the Company purchased vacant land held for development. In consideration for the purchase the Company has an unsecured, non-interest bearing note, with no fixed terms of repayment.

Deferred cash consideration PFHC-CCSL

As part of the purchase of PFHC-CCSL, the Company will be making additional payments of $500,000 to be paid over ten years. The deferred cash payment is repayable in monthly installments of $4,167. The estimated present value of the deferred cash consideration was calculated at $392,839 at February 1, 2017.

16. DEFERRED REVENUE

Deferred revenue represents the amount of unperformed pre-arranged cemetery contracts. The components of deferred revenue consist of the following:

	September 30, 2017	December 31, 2016
Cemetery merchandise	$ 39,924,459	$ 15,952,409
Cemetery services	15,114,855	9,236,425
Total	$ 55,039,314	$ 25,188,834

The increase in deferred revenue is primarily a result of the acquisition of Saber during the third quarter of 2017.

17. CONTINGENT PAYMENTS

MMG

Effective March 1, 2016 the Company completed the acquisition of 100% ownership interest in the common shares of Midwest Memorial Group, LLC ("MMG"). On closing, the Company paid $22,537,598 (US$16,657,500) for 100% of the common shares.

The Company will be making additional payments to the extent that earnings before interest, taxes, depreciation and amortization ("EBITDA") during calendar years 2016, 2017, and 2018 ("the Earn-out Periods") equals or exceeds pre-established targets. Using a discounted cash flow approach the estimated present value of the contingent payments was calculated to be $1,011,902 (US$815,721). The minimum estimated amount of contingent payments to be made in the third quarter following the applicable Earn-out Periods are 10%, 33% and 57%. There was no contingent payment made for the first earn-out period in 2016. The key assumptions used in the calculation is a three year EBITDA projection which management believes the discount rate reasonably reflects the risks associated with projections for the business.

The fair value of the liability in connection with the contingent consideration is revalued at each reporting date and any changes in fair value of the estimated liability in future periods will be recorded in the consolidated statement of earnings. For the period ended September 30, 2017, the Company recognized an adjustment to the fair value of the contingent consideration of $305,898.

18. FOREIGN EXCHANGE GAIN AND LOSS

As a result of the purchase of MMG, the Company has recorded a foreign exchange gain of $333,871 for the three month period ended March 31, 2016. The gain resulted from the change in the US dollar versus Canadian dollar spot rate from the effective date of purchase March 1, 2016 and the closing date of March 8, 2016, on the liability representing the purchase consideration.

In connection with the acquisition of Saber, the Company entered into a foreign exchange agreement with National Bank on June 30, 2017 for the conversion of $32,447,500 to US$25,000,000 at the rate of $1.2979. The contract had been settled on August 4, 2017 at the rate of $1.2576 resulting in a loss of $1,007,500.

19. DIVIDENDS

The Company declares and pays cash dividends on a monthly basis to shareholders. The total amount of dividends declared by the Company for the nine month period ended September 30, 2017 and 2016 was $4,440,449 or $0.342 per share and $2,569,753 or $0.342 per share, respectively. For the three month period ended September 30, 2017 and 2016 it was $1,748,892 or $0.114 per share and $916,859 or $0.114 per share, respectively. The monthly dividend was $0.038 per share in all periods.

20. SHARE CAPITAL

Authorized

Common shares

The Company is authorized to issue an unlimited number of common shares. All common shares issued are fully paid. The holders of common shares are entitled to share equally in dividends, returns of capital and to vote at shareholders' meetings.

Shares issued and outstanding

	Number of Common Shares	Amount
Balance December 31, 2015	5,844,272	$ 22,883,002
Shares issued pursuant to:		
Dividend Reinvestment Plan *(i)*	9,006	117,134
Subscription offering, net of costs *(ii)*	2,105,400	22,174,139
Private placement *(iii)*	262,092	3,679,579
Prospectus offering November 2016, net of costs *(iv)*	2,875,000	43,855,262
Balance December 31, 2016	11,095,770	92,709,116
Shares issued pursuant to:		
Dividend Reinvestment Plan *(i)*	9,035	152,527
Prospectus offering November 2016, net of costs *(iv)*	-	(76,718)
Prospectus offering June 2017, net of costs *(v)*	4,237,750	77,053,448
Contingent equity consideration *(vi)*	-	10,312,320
Balance September 30, 2017	15,342,555	$ 180,150,693

(i) Dividend Reinvestment Plan

On October 13, 2015, the Company announced the implementation of a dividend reinvestment plan ("DRIP"). The DRIP allows eligible shareholders of PLC to reinvest their cash dividends into additional common shares of PLC, which will be issued from treasury or purchased on the open market on the applicable dividend payment date. If common shares are issued from treasury, the price at which such common shares are issued will be the volume weighted trading price of the Company's common shares over the five business days immediately preceding such dividend payment date less a discount, if any, of up to 5%, at the Company's election. The Company has determined to set the initial discount for purchases under the DRIP at 3%. The Company may, subject to the terms of the DRIP, alter or eliminate any discount at any time. As at September 30, 2017, 9,035 common shares were issued under the DRIP (at December 31, 2016 – 9,006).

20. SHARE CAPITAL - continued

(ii) Subscription Offering

In conjunction with the acquisition of MMG, the Company completed an offering of 2,105,400 subscription receipts at a price of $11.50 per subscription receipt, for total gross proceeds of $24,212,100, including the exercise in full of the over-allotment option. The net proceeds from the subscription receipt offering were released to the Company on March 8, 2016 by the escrow agent to satisfy the $16,657,500 USD purchase price. Each outstanding subscription receipt was exchanged for one common share of the Company, resulting in 2,105,400 shares and a Dividend Equivalent Payment (as defined below) of $0.076 per subscription receipt. The cash payment was equal to the aggregate amounts of dividends per share for which record dates occurred since the issuance of the subscription receipts. The issuance included transaction costs of $2,037,961 inclusive of $147,000 after tax in management compensation.

(iii) Private Placement

On September 16, 2016, the Company completed a private placement offering of 262,092 common shares at a price of $14.18 per common share, for total gross proceeds of $3,716,464. The issuance included transaction costs of $36,885. The common shares were issued as partial consideration for the repayment of the promissory note.

(iv) Prospectus Offering November 2016

On November 21, 2016, the Company completed a bought deal short form prospectus offering of 2,875,000 common shares at a price of $16.00 per common share for a total of gross proceeds of $46,000,0000, including the exercise in full of the over-allotment option. The Company used the net proceeds of the offering to repay indebtedness under the Company's credit facility, which will provide additional borrowing capacity to fund the Company's continued growth strategy, including both organic growth and acquisition opportunities, and for general corporate purposes. The issuance included transaction costs of $2,221,456 inclusive of $220,500 after tax in management compensation.

(v) Prospectus Offering June 2017

On June 27, 2017, the Company completed a bought deal short form prospectus offering of 4,237,750 common shares at a price of $19.00 per common share for a total of gross proceeds of $80,517,250, including the exercise in full of the over-allotment option. The net proceeds from the sale of common shares were used partially to fund the cash portion of the purchase price for the acquisition of Saber and for strategic growth initiatives including acquisitions and for general corporate purposes. The issuance included transaction costs of $3,280,052 inclusive of $183,750 after tax in management compensation.

(vi) Contingent Equity Consideration

In connection with Saber acquisition the Company will be making additional contingent consideration of up to 660,000 PLC common shares. The contingent consideration has been classified as equity.

20. SHARE CAPITAL - continued

(vi) Contingent Equity Consideration - continued

The 660,000 PLC common shares which are allotted but not issued at September 30, 2017 will be issued over a period of three years if certain financial hurdles are met. The contingent consideration has been valued at $10,312,320 (US$8,200,000).

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair value of financial instruments

Cash, accounts receivable, pre-need receivables, employee share loan, contingent payments, debenture receivable, receivable on sale of discontinued operations, trade payables and accrued liabilities, dividends payable, long-term debt and notes payable are financial instruments whose fair values approximate their carrying values due to their short-term maturity, variable interest rates or current market rates for instruments with fixed rates.

The fair value hierarchy under which the Company's financial instruments are valued is as follows:

- Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly; and
- Level 3 includes inputs for the assets or liability that are not based on observable market data.

As at September 30, 2017, the fair value of the care and maintenance and pre-need merchandise and service trust funds and related liabilities are valued under Level 1 and Level 3.

As at September 30, 2017, the fair value of the contingent payments is valued under Level 3 (see Note 17).

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments – continued

The fair value hierarchy under which trust assets are valued is as follows:

Care and maintenance trust fund investments at September 30, 2017

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Total fair value
Cash and cash equivalents	$ 4,787,995	$ 4,787,995	$ -	$ -	$ 4,787,995
Equities	62,591,024	70,101,812	-	-	70,101,812
Fixed income	27,425,133	15,490,213	-	12,566,971	28,057,184
Preferred stocks	4,241,898	4,869,726	-	-	4,869,726
	$ 99,046,050	$ 95,249,746	$ -	$ 12,566,971	$ 107,816,717

Care and maintenance trust fund investments at December 31, 2016

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Total fair value
Cash and cash equivalents	$ 3,698,407	$ 3,698,407	$ -	$ -	$ 3,698,407
Equities	52,111,328	60,633,564	-	-	60,633,564
Fixed income	18,145,370	4,832,711	-	13,251,408	18,084,119
Preferred stocks	4,848,126	5,129,740	-	-	5,129,740
	$ 78,803,231	$ 74,294,422	$ -	$ 13,251,408	$ 87,545,830

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

Fair value of financial instruments – continued

Pre-need merchandise and service trust fund investments at September 30, 2017

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Total fair value
Cash and cash equivalents	$ 2,693,318	$ 2,693,318	$ -	$ -	$ 2,693,318
GIC's	33,502,307	33,502,307	-	-	33,502,307
Equities	19,678,935	20,854,801	-	-	20,854,801
Fixed income	40,304,506	19,621,009	-	20,370,565	39,991,574
	$ 96,179,066	$ 76,671,435	$ -	$ 20,370,565	$ 97,042,000

Pre-need merchandise and service trust fund investments at December 31, 2016

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Total fair value
Cash and cash equivalents	$ 3,038,475	$ 3,038,475	$ -	$ -	$ 3,038,475
GIC's	26,184,879	26,739,188	-	-	26,739,188
Equities	15,861,010	15,554,371	-	-	15,554,371
Fixed income	17,605,185	1,015,692	-	17,533,282	18,548,974
	$ 62,689,549	$ 46,347,726	$ -	$ 17,533,282	$ 63,881,008

22. GAIN ON SALE OF PROPERTIES

During the three month period ended June 30, 2016, the Company sold the asset held for sale owned by Amety for a sale price of $525,000. The asset held for sale was revalued at March 31, 2016 to reflect the sale proceeds resulting in a write down of $110,250, net of disposition costs.

23. CONTRACT TERMINATION PAYMENT

On September 16, 2016, the Company terminated consulting service agreements it had with Edgemark Developments Ltd. and Scotchbrook Holdings Inc. The consulting service agreements were to assist with planning and development of two new mausoleums that are substantially complete. Since the services are no longer required, the Company cancelled the contract and was required to pay a termination payment of $719,628. The termination payment has been accrued and recorded in the consolidated statement of earnings.

24. GAIN ON EXTINGUISHMENT OF DEBT

On September 12, 2016, the Company announced that it closed a transaction with Park Lawn Company Limited to acquire the promissory note. In consideration for the acquisition of the promissory note, the Company paid $1,000,000 in cash and issued 262,092 common shares from the treasury. The common shares issued as partial consideration for the promissory note are subject to a contractual hold period which expired on March 17, 2017. The above settlement of shares resulted in a gain on extinguishment of debt of $378,711, based on the fair market value of the shares on the date of the settlement.

25. CLAIM SETTLEMENT

During the first quarter of 2017, the Company settled a claim from a former employee in the amount of $66,457. The claim relates to the former Harmonia business which was sold in 2014 and was treated as discontinued operations (at December 31, 2016 - $nil).

26. TERMINATION OF LEASE CONTRACT

During the second quarter of 2017, the Company relocated its head office to a new location, incurring leasehold write-off expense of $84,625 (at December 31, 2016 - $nil).

27. COMMITMENTS AND CONTINGENCIES

Office Lease

The Company has leased office space in Ontario, Canada and Michigan, USA. The terms of the leases in Ontario and Michigan range from 1 year to 10 years. Future remaining minimum lease payments as at September 30, 2017 are as follows:

2017	$ 199,042
2018	686,258
2019	531,033
2020	475,680
2021	475,680
Total	$ 2,367,693

Litigation

From time to time the Company is subject to legal proceedings and claims arising in the ordinary course of business. Some of the more frequent ordinary routine litigations incidental to our business are based on burial practices claims and employment related matters. Management is of the opinion based upon information presently available, that it is unlikely that any such liability, to the extent not provided for by insurance or otherwise, would have a material adverse effect in relation to the Company's consolidated financial position, liquidity or results of operations.

28. SEGMENTED INFORMATION

IFRS 8 "Operating Segments" defines an operating segment as i) a component of an entity that engages in business activities from which it may earn revenues and incur expenses; ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and iii) for which discrete financial information is available.

The Company has one operating segment, which provides goods and services associated with the disposition and memorialization of remains in Canada and United States.

Geographic information

For the Company's geographically segmented non-current assets the Company has allocated based on the location of assets, as follows:

	September 30, 2017	December 31, 2016
Canada	$ 163,604,314	$ 136,973,852
United States	217,805,306	81,977,576
Total	$ 381,409,620	$ 218,951,428

For the Company's geographically segmented revenue, the Company has allocated revenue based on the location of the customer, as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenue:				
Sales:				
Canada	$ 8,384,383	$ 6,126,151	$ 25,052,864	$ 20,380,069
United States	11,558,971	9,738,678	30,250,297	22,860,695
Total sales	19,943,354	15,864,829	55,303,161	43,240,764
Income from care and maintenance funds:				
Canada	1,122,658	850,000	3,077,658	2,547,000
United States	889,108	178,717	1,545,041	516,076
Total income from care and maintenance funds	2,011,766	1,028,717	4,622,699	3,063,076
Interest and other income:				
Canada	194,286	158,072	587,982	464,689
United States	269,319	286,788	846,160	666,044
Total interest and other income	463,605	444,860	1,434,142	1,130,733
Total revenue	$ 22,418,725	$ 17,338,406	$ 61,360,002	$ 47,434,573

29. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to September 30, 2017 consolidated financial statements presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Quarter Ending September 30, 2017

The following Management's Discussion and Analysis provides a review of corporate and market developments, results of operations and financial position of Park Lawn Corporation ("**PLC**" or the "**Company**") for the quarter ended September 30, 2017. This discussion should be read in conjunction with the unaudited interim condensed consolidated financial statements for the quarter ended September 30, 2017 and the accompanying notes contained therein. Information contained in this Management's Discussion and Analysis is based on information available to management as of November 13, 2017.

Forward-Looking Statements

This Management's Discussion and Analysis may contain forward-looking statements. All statements other than statements of historical fact contained in this Management's Discussion and Analysis are forward-looking statements, including, without limitation, the Company's statements regarding its business; future development and construction; future financial position; business strategy; the death care industry; potential acquisitions; the ability of the Company to procure additional sales from new and existing customers; plans and objectives; synergies; and potential improvements in sales and gross margins. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will", "occur" or "be achieved" and similar words or the negative thereof. Although management of the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

By their nature, forward-looking statements are inherently uncertain, are subject to risk and are based on assumptions including those discussed herein. Readers are cautioned to not place undue reliance on forward-looking statements made herein because a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. The forward-looking statements contained herein are expressly qualified in their entirety by the above cautionary statement.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including, but not limited to, the risk factors described under the heading "Risk Factors" in the Company's most recent annual information form. The Company cautions that such list of factors is not exhaustive, and that, when relying on forward-looking statements to make decisions with respect to the Company, readers should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Such information is based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including expected revenues, expansion plans and ability to achieve goals.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements are provided as of the date of this Management's Discussion and Analysis or such other date specified herein, and the Company assumes no obligation to update or revise such forward-looking statements to reflect new events or circumstances except as required under applicable securities laws.

Overview

PLC is an Ontario corporation listed on the Toronto Stock Exchange (the "**TSX**") under the stock symbol of "PLC". PLC is the only Canadian publicly listed cemetery, funeral and cremation business.

The Company owns and operates cemeteries, crematoriums and funeral homes in the Ontario, Quebec, Manitoba, Saskatchewan, British Columbia, Canada and Michigan, Kentucky, Texas, Illinois, USA. At September 30, 2017, the Company operated 54 cemeteries and mausoleums, 17 cremation facilities, and 34 funeral homes, chapels, planning offices and a transfer service. PLC's products and services, such as cemetery lots, crypts and funeral services, are sold to clients on a pre-planned basis (pre-need) or at the time of death (at-need).

The Company's growth strategy includes organic initiatives, such as build-out of inventory, and acquisitions in the highly-fragmented death care market.

Financial Statements and Accounting Policies

The Company prepares its financial statements in Canadian dollars in accordance with International Financial Reporting Standards ("**IFRS**") applicable to the preparation of consolidated financial statements. The Company's significant accounting policies are summarized in Note 2 to its consolidated annual financial statements for the year ended December 31, 2016. There have been no changes in significant accounting policies since the Company's audited consolidated annual financial statements for the year ended December 31, 2016. In addition, there have been no changes in the Company's financial instrument risks.

Consolidation

The Company's consolidated annual financial statements for the year ended December 31, 2016 include the accounts of the Company and its subsidiaries Park Lawn Limited Partnership, Park Lawn Management Services Inc., Forest Lawn Management Services Inc., Amety Ltd. ("**Amety**"), Parkland Ltd. ("**Parkland**"), Services Mémorables Harmonia Inc. ("**Harmonia**"), Basic Funerals and Cremation Choices Inc. ("**Basic**"), Mundell Funeral Homes Limited ("**Mundell**") the Park Lawn Cemetery Company (USA), Inc. ("**Park Lawn USA**"), Midwest Memorial Group, LLC ("**MMG**"), Reynolds Funeral Home ("**Reynolds**"), Turner Family Funeral Home Inc. ("**TFFH**"), Jennett Funeral and Cremation Centre Ltd. ("**Jennett**"), Innisfil Funeral Home Limited ("**Innisfil**"), Providence Funeral Homes & Crematorium ("**PFHC**"), Credible Cremation Services Limited ("**CCSL**"), TCS Funeral Services ("**TCS**"), and Saber Management, LLC ("**Saber**"). All significant accounts and transactions between consolidated entities are eliminated. Should there be a party with a minority interest in a property that the Company controls, that minority interest is reflected as "non-controlling interest" in the consolidated annual financial statements.

Description of Non-IFRS Measures

Management uses both IFRS and Non-IFRS Measures to monitor and assess the Company's operating performance. Non-IFRS Measures exclude the impact of certain expenses and income that have been recognized under IFRS when analyzing operating performance. Management believes that the excluded items are not reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. As such, management believes that Non-IFRS measures may be useful to investors and other third parties because they allow for greater transparency with respect to key metrics used by the Company in its financial and operational decision making. From time to time, the Company may exclude additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring.

These Non-IFRS measures are intended to provide additional information and should not be considered in isolation nor as a substitute for measures of performance prepared in accordance with IFRS. In this MD&A, management uses the following measures, which are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are unlikely to be comparable to similar measures presented by other organizations:

Adjusted Net Earnings

The Company uses Adjusted Net Earnings to assist in evaluating its operating performance. The Company believes that this Non-IFRS measure provides meaningful supplemental information to investors and other third parties regarding operating results because it excludes certain income or expense items which do not relate to operating activities of the Company's underlying business and which may not be indicative of the Company's future financial results.

The adjustments may include, but are not limited to, the after-tax impact of acquisition and integration costs, share based compensation, or gains or losses from sale of non-performing assets.

Please see the "Overall Performance, Nine and Three Months Ended September 30, 2017 - Adjusted Net Earnings" below for a reconciliation of the Company's Net Earnings to Adjusted Net Earnings.

EBITDA

The Company defines EBITDA as earnings from operations before interest expense, taxes, depreciation and amortization (including amortization of tangibles and intangibles, and amortization of cemetery property). The Company believes EBITDA to be an important measure that allows investors and other third parties to assess the operating performance of its ongoing business and to compare its results to the results of its competitors.

The Company's cemetery property inventory is acquired or constructed over many years, if not decades, in advance of its sale. The cash associated with this investing activity is a cash outflow in the period in which the inventory is acquired or constructed. As sales occur, the Company draws down its inventory by making a non-cash charge to cost of goods sold.

Commencing in the third quarter of 2017, the Company modified the calculation of EBITDA to include an add back of the cost of cemetery property sold during each period. The cost of cemetery property is reported as "Amortization of cemetery property" in the adjustments to reconcile Net Earnings to EBITDA. EBITDA for prior periods presented in this MD&A has been restated to reflect this change in its composition. This change is intended to conform the Company's presentation of EBITDA to the presentation used by most of the Company's publicly traded competitor peer group. The Company also believes that this change results in EBITDA presenting a more accurate view of the Company's operations and performance.

Adjusted EBITDA

Adjusted EBITDA adjusts EBITDA for the non-recurring, one-time or non-cash income or expense items identified in the Adjusted Net Earnings defined above. The Company believes that the inclusion of Adjusted EBITDA also provides useful supplementary information to investors and other third parties and assists in evaluating the Company's performance and trends. Commencing in the third quarter of 2017, Adjusted EBITDA reflects the change noted above under the heading – "EBITDA", and Adjusted EBITDA for prior periods presented in this MD&A has been restated to reflect this change in its composition.

Please see the "Unaudited Quarterly Information" below for a reconciliation of the Company's earnings from operations to Adjusted EBITDA.

Adjusted Cash Flow

The Company evaluates, among other things, the sustainability of its dividend on a regular basis using an Adjusted Cash Flow metric. Adjusted cash flow is defined as the Company's controlling interest in the following: earnings before income taxes depreciation and amortization (including amortization of tangibles and intangibles and amortization of cemetery property), less cash income taxes payable and, adjusted for other non-cash income or expense items.

Please see the "Discussion of Operating Results, Nine and Three Months Ended September 30, 2017 - Adjusted Cash Flow" below for a reconciliation of the Company's earnings from operations to Adjusted Cash Flow.

Overall Performance

During 2016 and 2017 the Company announced several important business acquisitions. These included the acquisition of Mundell and MMG in the first quarter of 2016, the acquisition of Reynolds, TFFH, Jennett, Innisfil, PFHC, and CCSL in the first quarter of 2017, the acquisition of TCS in the second quarter of 2017 and the acquisition of Saber in the third quarter of 2017. The acquisition of MMG, which owns twenty-six cemetery properties and nine cremation facilities, and manages two cemeteries in the State of Michigan, significantly increased the number of cemeteries in the Company's portfolio and geographically diversified the Company's assets outside of Canada. The acquisition of the funeral homes and transfer service business in 2017 expanded the Company's operations in Ontario and the acquisition of PFHC and CCSL marked the first acquisition in British Columbia. The acquisition of Saber, which owns nineteen cemetery properties and four funeral homes, located in Kentucky, Texas, and Illinois, further increases the number of cemeteries in the Company's portfolio, adds funeral home assets into U.S. operations and further diversifies geographically the Company's U.S. operations. Going forward, Saber's experienced management will join the Company's existing U.S. management team, which will help the Company further execute its growth strategy.

Saber's results are included for the months of August and September 2017. However, historically these are not the strongest months for Saber and the hurricane in the Houston area in August negatively impacted its pre-need cemetery sales during this period. The cemetery property did not suffer any material damage by the hurricane.

As a result of these acquisitions, the Company achieved improvement in its operating results for the nine and three month periods ended September 30, 2017 compared to 2016. Revenue increased year over year by 29.4% to $61,360,002 from $47,434,573 in 2016 and revenue for the quarter ended September 30, 2017 increased by 29.3% to $22,418,725 compared to $17,338,406 for the same period in 2016. Excluding the acquired businesses, revenue from the Company's comparable businesses grew 2.5% for the nine month period and 2.5% for the three month period ended September 30, 2017 compared to the same periods in 2016.

At the same time, net earnings attributable to PLC shareholders for the nine month period ended September 30, 2017 decreased to $1,938,857 from $3,169,586 for the same period in 2016 and for the three month period ended September 30, 2017 decreased to $(171,116) from $749,505 for the same period in 2016. On a fully diluted per share basis, the net earnings attributable to PLC shareholders was $0.153 for the nine month period ended September 30, 2017 compared with $0.426 for the same period in 2016 and for the three month period ended September 30, 2017 was $(0.011) compared with $0.094 for the same period in 2016.

The 2017 and the 2016 net earnings as stated have been significantly impacted by certain one-time, non-recurring or non-cash revenue and expense items that management believes should be highlighted to better explain the Company's operating performance for the periods under review on an adjusted basis. The table below summarizes the calculation of Adjusted Net Earnings and Adjusted EBITDA for the three and nine month reporting periods ended September 30, 2017 and 2016:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
Net earnings, PLC shareholders	$ (171,116)	$ 749,505	$ 1,938,857	$ 3,169,586
Adjusted for after tax impact of:				
Acquisition and integration costs	2,181,266	40,076	3,301,341	820,715
Foreign exchange (gain) loss	1,007,500	-	1,007,500	(333,871)
Change in fair value of contingent earn-out payments	(398,927)	-	(305,898)	-
Share based compensation	179,681	158,288	555,876	229,903
Sale of assets	-	-	-	(438,159)
Contract termination payment	-	719,628	-	719,628
Gain on extinguishment of debt	-	(378,711)	-	(378,711)
Other expenses	-	68,656	-	108,657
Claim settlement	-	-	66,457	-
Termination of lease contract	-	-	84,625	-
Tax effect on the above items	(578,035)	(132,849)	(914,892)	(189,296)
Adjusted Net Earnings, PLC shareholders	$ 2,220,369	$ 1,224,593	$ 5,733,866	$ 3,708,452
Adjusted EBITDA, PLC shareholders (see Quarterly Information)	$ 4,031,528	$ 2,442,051	$11,042,647	$ 7,897,628
Per share amounts attributable to PLC shareholders				
Net earnings - basic	$ (0.011)	$ 0.094	$ 0.154	$ 0.426
Net earnings - diluted	$ (0.011)	$ 0.094	$ 0.153	$ 0.426
Adjusted Net Earnings - diluted	$ 0.144	$ 0.153	$ 0.453	$ 0.498
Adjusted EBITDA - diluted (see Quarterly Information)	$ 0.261	$ 0.305	$ 0.873	$ 1.060
Weighted average shares outstanding	15,424,087	8,000,853	12,652,721	7,448,493

A description of the items included in the above table follows:

- Acquisition and integration costs - the Company has stated that part of its growth plan includes growth through acquisitions. In order to implement this growth initiative, the Company will incur ongoing expenses for acquisition and integration costs. IFRS requires that such costs be expensed in the period incurred rather than capitalized to the cost of the acquisition. Accordingly, net earnings will be negatively impacted for expenses incurred in connection with these growth initiatives as management executes on its growth strategy. Commensurate with the size and number of transactions in recent months, the acquisition and integration expenses incurred by the Company have increased in the current periods.

  During the nine month periods ended September 30, 2017 and 2016, the Company incurred expenses of $3,301,341 and $820,715, respectively. During the three month periods ended September 30, 2017 and 2016, the Company incurred expenses of $2,181,266 and $40,076, respectively. Most of the acquisition and integration costs in 2017 relate to the acquisition of Saber. Included therein is approximately $900,000 in integration costs relating to rationalizing the Company's U.S. business operation post the Saber transaction. As the Company continues to expand in the U.S. market management believes there will be opportunity for further rationalization of its operations.

- Foreign exchange gain/loss– in connection with the purchase of MMG in the first quarter of 2016, the Company realized a non-taxable foreign exchange gain of $333,871. This accounting gain resulted from the change in the US dollar spot rate versus the Canadian dollar spot rate between the effective date of purchase March 1, 2016 and the closing date of March 8, 2016.

  During the period from announcement of the Saber transaction on June 7, 2017 to the closing date of August 4, 2017 the US dollar spot rate moved from 1.3333 versus the Canadian dollar spot rate to 1.2576. In order to reduce the Company's exposure to the fluctuating exchange rates, management entered into a foreign exchange agreement on June 30, 2017 for the conversion of CDN$32,447,500 to US$25,000,000 (representing a hedge of half of the cash payment required at closing) at the rate of $1.2979. The contract was settled on August 4, 2017 at the rate of $1.2576 resulting in a loss of $1,007,500.

- Change in fair value of contingent earn-out payments - IFRS requires that a contingent earn-out payment is to be revalued at each reporting period based on the current information. At December 31, 2016, management estimated the fair value of the contingent earn-out payment relating to the MMG acquisition to be $1,410,709. The $398,927 and $305,898 gain for the three and nine month periods in 2017 relates to the re-valuation of the contingent earn-out payment. In compliance with IFRS, all future accretion amounts to the contingent payment, as well as any changes resulting from new information, will be recorded through the consolidated statement of earnings as either income or loss.

- Share based payments - the Company implemented an Equity Incentive Plan ("**EIP**") consisting of Deferred Share Units ("**DSUs**") and Restricted Share Units ("**RSUs**") which was approved by the Company's shareholders at the annual and special meeting of shareholders on May 31, 2016. The Company recognized $555,876 in non-cash share based compensation expense during the nine month period ended September 30, 2017 compared with $229,903 for the same period in 2016 and $179,681 during the three month period ended September 30, 2017 compared with $158,288 for the same period in 2016. Since the unit obligations are expected to be settled in common shares at some date in the future, the expenses are not deductible for tax purposes.

- Sale of assets - during the first quarter of 2016, the Company sold real estate assets that were no longer being used in its ongoing business. The net impact of these transactions for the nine month period ended September 30, 2016 was a gain of $438,159. There were no asset sales during the nine month period ended September 30, 2017.

- Contract termination expense – on July 31, 2013 the Company retained the services of Scotchbrook Holdings Inc. and Edgemark Developments Ltd. to assist it with the planning and development of two large scale mausoleum construction projects at Westminster Cemetery and at Park Lawn Cemetery. The services provided by the consultants assisted the Company in completing these important projects on a timely and cost effective basis. With the two projects substantially complete at this time, and no other such projects anticipated in the foreseeable future, the Company determined that these consulting services would not be needed after 2016. Accordingly, on September 16, 2016, the Company announced that it had terminated both consulting agreements effective December 31, 2016 and recorded a contract termination expense of $719,628. This liability is being settled in monthly payments throughout 2017.

- Gain on extinguishment of debt - the Company had a promissory note payable to Park Lawn Company Limited in the amount of $5,096,498. Under the terms of the note indenture, the current interest rate of 5.25% would have reset to a market rate of interest on September 16, 2016. Management and the Board of Directors determined that it was in the best interest of the Company to negotiate an early repayment of the promissory note. On September 12, 2016, the Company announced that it closed a transaction with Park Lawn Company Limited to settle the note obligation for a cash payment of $1,000,000 plus 262,092 common shares issued from the treasury. Based on the fair market value of the shares on the date of the settlement the above transaction resulted in a gain of $378,711.

- Other expenses - included in other expenses is the write-off of unamortized deferred finance costs relating to a revolving credit facility that was replaced in 2016 with a new and expanded $25 million revolving credit facility and, incremental expenses incurred in preparing for the Company's graduation to the TSX main exchange which happened in October, 2016.

- Claim settlement – during the first quarter of 2017 the Company settled a claim from a former employee of a discontinued business in the amount of $66,457.

- Termination of lease contract – during the second quarter of 2017, the Company relocated its head office to a new location, incurring an expense of $84,625 relating to the write-off of leasehold improvements at the previous location.

- Income tax – represents an adjustment for the tax impact of the above noted adjustments.

After reflecting the impact of the above items, the Adjusted Net Earnings for the nine month period ended September 30, 2017 was $5,733,866 ($0.453 per share) compared to $3,708,452 ($0.498 per share) for the same period in 2016 and for the three month period ended September 30, 2017 was $2,220,369 ($0.144 per share) compared to $1,224,593 ($0.153 per share) for the same period in 2016.

Adjusted EBITDA attributable to PLC shareholders for the nine month period ended September 30, 2017 was $11,042,647 ($0.873 per share) compared to $7,897,628 ($1.060 per share) for the same period in 2016 and for the three month period ended September 30, 2017 was $4,031,528 ($0.261 per share) compared to $2,442,051 ($0.305 per share) for the same period in 2016.

The Company has not yet fully deployed the capital raised in recent prospectus offerings. As a result, the per share earnings amounts will be diluted until such time as the cash has been utilized on future growth initiatives and acquisitions have been fully integrated. As at September 30, 2017, the Company had approximately $18.5 million of cash on hand and had an additional $32.5 million of bank financing available to fund future growth opportunities that may arise.

In addition to the above:

- During the second quarter the Company completed construction on the second floor of the Mausoleum of Faith at Westminster Cemetery. The second floor will add approximately 1,080 additional crypt spaces to the mausoleum. The cost of this construction was approximately $2.0 million. The mausoleum also has a third floor which will provide an additional 1,080 crypt spaces as and when needed.

- On April 28, 2017, the Company purchased a residential property adjacent to its Riverside Cemetery in Toronto for $1,049,246. The property will be used for future development opportunities.

- Effective June 1, 2017, the Company entered into a new lease in Toronto for the head office to accommodate growth initiatives.

- On June 27, 2017, the Company completed a bought deal short form prospectus offering of 4,237,750 common shares at a price of $19.00 per common share for a total of gross proceeds of $80,517,250, including the exercise in full of the over-allotment option. The net proceeds from the sale of common shares were used partially to fund the cash portion of the purchase price of Saber and the remainder will be used for strategic growth initiatives including acquisitions and for general corporate purposes.

- On September 29, 2017, the Company purchased the assets of Vita Funeral Home in Vita, Manitoba for $375,000.

- On September 29, 2017, the Company purchased 15 acres of cemetery-zoned land for $2,415,350 immediately adjacent to Forest Lawn Cemetery in Houston, Texas, making it available for future cemetery use.

Consolidated Statement of Financial Position

Current Assets & Liabilities

Current assets were $77,795,429 at September 30, 2017 compared to $71,389,363 at December 31, 2016. The increase was primarily due to the acquisition of Saber during the third quarter of 2017 and June 2017 Prospectus Offering of $77,053,448 (net of issuance costs) offset by deployment of cash on new strategic acquisitions.

Current liabilities were $15,155,805 at September 30, 2017 compared to $11,555,713 at December 31, 2016. The increase was primarily due to the acquisition of Saber during the third quarter of 2017 offset by a decrease of accounts payable due to the payment of liabilities accrued at December 31, 2016 in connection with the construction of the mausoleum at Park Lawn Cemetery.

Net working capital at September 30, 2017 was $62,639,624 compared to $59,833,650 at December 31, 2016.

Care and Maintenance Trust Fund

The Company contributes a portion of all lot, crypt and niche sales to the Care and Maintenance Trust Funds in accordance with the regulatory requirements. During the nine month period ended September 30, 2017, the Company contributed $2,713,592 to the trust funds compared to $2,418,646 during the same period in 2016. The increase in contributions is primarily due to only owning MMG for one month in the first quarter of 2016, compared to three months for the same period in 2017, and the acquisition of Saber during the third quarter of 2017. The Care and Maintenance Trust Fund assets are included in the Consolidated Statement of Financial Position at market value. As of September, 30, 2017, the balance of the trust funds was $107,816,717 compared to $87,545,830 as at December 31, 2016. The increase is primarily a result of the acquisition of Saber during the third quarter of 2017. The Care and Maintenance Trust Fund assets are offset by a corresponding liability for Care and Maintenance Trusts' Corpus.

Pre-Need Merchandise and Service Trust Funds

The Company maintains Pre-Need Merchandise and Service Trust Funds for the deposit of cash received for the purchase of pre-need merchandise and services to be delivered at some future date. When the merchandise is delivered and the services are performed, the Company receives the current market value for the service from the Pre-Need Merchandise and Service Trust Funds. The Pre-Need Merchandise and Service Trust Fund assets are included in the Consolidated Statement of Financial Position at market value. The assets within the trust funds had a market value at September 30, 2017 of $97,042,000 compared to $63,881,008 as at December 31, 2016. The Pre-Need Merchandise and Service Trust Funds are offset by a corresponding liability for Deferred Pre-Need Receipts held in trust. The increase in the Pre-Need Merchandise and Service Trust Funds is primarily due to the recent acquisitions of Reynolds, TFFH, Jennett, Innisfil, PFHC, CCSL, and Saber.

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash provided from operations and from the issuance of debt and equity instruments. As previously mentioned, the Company had net working capital of $62,639,624 as at September 30, 2017.

The Company has a $25 million revolving loan facility as well as an approved $7.5 million accordion facility which can be used to fund its growth initiatives and for general corporate purposes. At September 30, 2017, the Company had not borrowed under this facility.

Since December 2013, the Company has raised approximately $171 million from the issuance of common shares to fund various growth initiatives. The Company may use additional share offerings as a way to fund future growth initiatives if and when such opportunities arise.

Discussion of Operating Results, Nine Months Ended September 30, 2017

Total revenue for the nine month period ended September 30, 2017 was $61,360,002, an increase of $13,925,429 or 29.4%, over the same nine month period ended September 30, 2016 ($47,434,573).

Revenue was derived from the following sources:

	September 30, 2017	September 30, 2016
Sales	$ 55,303,161	$ 43,240,764
Income from care and maintenance funds	4,622,699	3,063,076
Interest and other income	1,434,142	1,130,733
	$61,360,002	$ 47,434,573

The Company completed its acquisition of a 100% interest in Reynolds, TFFH, Jennett, Innisfil, PFHC and CCSL effective February 1, 2017, a 100% interest in TCS effective May 1, 2017, and a 100% interest in Saber during the third quarter of 2017. Reynolds, TFFH, Jennett, Innisfil, PFHC, and CCSL revenue relates to the delivery of at-need funeral and cremation services, TCS revenue relates to providing support services to the funeral industry and Saber revenue relates primarily to the sale and delivery of cemetery products and funeral home revenue. The increase in revenue related to the acquired businesses for the nine month period ended September 30, 2017 was $6,455,349.

Saber's results are included for the months of August and September 2017. However, historically these are not the strongest months for Saber and the hurricane in the Houston area in August negatively impacted its pre-need cemetery sales during this period. The cemetery property did not suffer any material damage by the hurricane.

Revenue from the comparable business units for the nine month period ended September 30, 2017 was $54,904,653. Excluding two months of MMG and one month of Mundell revenue in 2017, the comparable revenue was $48,621,367 compared with $47,434,573 for the same period in 2016, an increase of $1,186,794, or 2.5%. The increase in comparable revenue is attributable to an increase in cemetery sales and funeral sales in the Canadian market, an increase in investment income in Canada and the U.S., offset by lower cemetery sales in the U.S. market.

The gross profit margin was 77.2% for the nine month period ended September 30, 2017 compared to 74.8% for the same nine month period in 2016. There were a few factors contributing to the improved margins in 2017. There was a higher proportion of gross profit on the traditional funeral business, which has higher gross profit margins than margins earned on most cemetery and cremation revenue because the cost of products sold is a smaller portion of the total service provided to customers. During the nine month period ended September 30, 2017, gross profit margins from the Canadian cemetery operations were also higher than the previous year as a result of product mix including the sale of private chapels in 2017 which have higher margins than standard crypt products. Investment income was also higher in 2017 resulting in higher overall gross profit margin.

Operating expenses for the nine month period ended September 30, 2017 totaled $41,048,668 an increase of $9,761,847 over the same nine month period in 2016 ($31,286,821) as indicated below:

	September 30, 2017	September 30, 2016
General and administrative	$17,529,445	$12,689,811
Maintenance	13,034,096	9,941,381
Advertising and selling	9,645,996	7,867,828
Interest	283,255	557,898
Share based compensation expense	555,876	229,903
	$41,048,668	$31,286,821

The increase in operating expenses year over year was primarily due to the inclusion of Saber and recent funeral home acquisitions as employees providing funeral services are included in operating expenses whereas the Company's cemetery operations have a higher amount of labour costs included in cost of goods sold.

Excluding expenses related to the acquired business units and two months of MMG and one month of Mundell expenses in the first quarter of 2017, the Company's general and administrative, advertising and selling, and maintenance expenses for the comparable business units for the nine month period ended September 30, 2017 increased by approximately $690,000 compared with the same period in 2016.

General and administrative expenses for comparable operations increased by approximately $670,000 year over year. Approximately $150,000 of this increase relates to higher expenses in the funeral business relating to the increased revenue in 2017. An additional approximately $270,000 relates to increased depreciation expense associated with cemetery infrastructure projects and other capital projects which were completed and put in use over the last year. The balance of the increase of approximately $250,000 relates to expenses incurred in the first half of 2017 to support the Company's growth initiatives.
Maintenance expenses for comparable operations were higher in 2017 by approximately $400,000. This is primarily due to the timing of certain expenditures and management believes that the expenses will be in line with prior years over the course of 2017.

Advertising and selling expenses for comparable operations were lower in 2017 by approximately $380,000, primarily the result of lower commission expenses in the U.S. market, as a result of lower cemetery sales.

Interest expense was lower in 2017 by $274,643 as a result of the credit facility being repaid out of the proceeds obtained from the Company's equity offering in November, 2016 and the retirement of the note payable to Park Lawn Company in September, 2016.

The Company's EIP was established in the second quarter of 2016, as a means of compensating directors and designated employees of the Company and subsidiaries, and of promoting share ownership and alignment with shareholders' interests. The EIP provides for the grant of both DSUs and RSUs. Compensation expense associated with these units for the nine month period ended September 30, 2017 was $555,876.

As a result of the above, earnings from operations for the nine month period ended September 30, 2017 totaled $6,326,711, an increase of $2,140,983 or 51.1% over the same nine month period ended September 30, 2016 ($4,185,728).

Other income and expense items which are non-operating in nature for the year, and previously discussed, include the following:

- Acquisition and integration costs - the Company expensed $3,301,341 in acquisition and integration costs in 2017 compared to $820,715 in 2016. As previously mentioned, acquisition expenses will vary from period to period depending on the size and level of acquisition activity. Commensurate with the size and number of transactions in recent months, the acquisition and integration expenses incurred by the Company have increased in the current periods.

- Foreign exchange gain/loss– in connection with the purchase of MMG in the first quarter of 2016, the Company realized a non-taxable foreign exchange gain of $333,871. This accounting gain resulted from the change in the US dollar spot rate versus the Canadian dollar spot rate between the effective date of purchase March 1, 2016 and the closing date of March 8, 2016.

  During the period from announcement of the Saber transaction on June 7, 2017 to the closing date of August 4, 2017 the US dollar spot rate moved from 1.3333 versus the Canadian dollar spot rate to 1.2576. In order to reduce the Company's exposure to the fluctuating exchange rates, management entered into a foreign exchange agreement on June 30, 2017 for the conversion of CDN$32,447,500 to US$25,000,000 (representing a hedge of half of the cash payment required at closing) at the rate of $1.2979. The contract was settled on August 4, 2017 at the rate of $1.2576 resulting in a loss of $1,007,500.

- Change in fair value of contingent payments - the Company recorded a gain of $305,898 in change of fair value of contingent payments compared to $nil in 2016.

- Share based payments - the Company recognized $555,876 in non-cash share based compensation expense during the nine month period ended September 30, 2017 compared to $229,903 in 2016.

- Sale of assets - during the first quarter of 2016, the Company sold real estate assets that were no longer being used in its ongoing business. The net impact of these two transactions for the nine month period ended September 30, 2016 was a gain of $438,159. There were no asset sales during the nine month period ended September 30, 2017.

- Contract termination expense – on July 31, 2013 the Company retained the services of Scotchbrook Holdings Inc. and Edgemark Developments Ltd. to assist it with the planning and development of two large scale mausoleum construction projects at Westminster Cemetery and at Park Lawn Cemetery which have been substantially completed at this time. Accordingly, on September 16, 2016, the Company announced that it had terminated both consulting agreements effective December 31, 2016 and recorded a contract termination expense of $719,628. This liability is being settled in monthly payments throughout 2017.

- Gain on extinguishment of debt - the Company had a promissory note payable to Park Lawn Company Limited in the amount of $5,096,498. On September 12, 2016, the Company announced that it closed a transaction with Park Lawn Company Limited to settle the note obligation for a cash payment of $1,000,000 plus 262,092 common shares issued from the treasury. Based on the fair market value of the shares on the date of the settlement the above transaction resulted in a gain of $378,711.

- Other expenses - included in other expenses is the write-off of unamortized deferred finance costs relating to a revolving credit facility that was replaced in 2016 with a new and expanded $25 million revolving credit facility and incremental expenses incurred in preparing for the Company's graduation to the TSX main exchange which happened in October, 2016.

- Claim settlement – during the first quarter of 2017 the Company settled a claim from a former employee of a discontinued business in the amount of $66,457.

- Termination of lease contract – during the second quarter of 2017, the Company relocated its head office to a new location, incurring an expense of $84,625 relating to the write-off of leasehold improvements at the previous location.

- Income tax – represents an adjustment for the tax impact of the above noted adjustments.

Income tax expense for the nine month period ended September 30, 2017 was $5,948 compared to $339,731 for the same nine month period in 2016. The decrease in the year is a result of lower pre-tax earnings, primarily as a result of increased acquisition and integration expenses.

As a result of the above, the Company's after tax earnings from operations for the nine month period ended September 30, 2017 totaled $2,166,738 compared to $3,456,395 for the same nine month period in 2016.

Earnings per Share

The weighted average number of common shares outstanding for the nine month period ended September 30, 2017 increased to 12,652,721 compared to 7,448,493 for the same nine month period in 2016, an increase of 5,204,228 or 69.9%. The increase in outstanding shares relates to the issuance of shares pursuant to the Company's DRIP and the November 2016 and June 2017 Prospectus Offerings.

Fully diluted earnings per common share attributable to equity holders of PLC for the nine month period ended September 30, 2017 was $0.153 compared to $0.426 for the same nine month period in 2016.

Adjusted Earnings per Share

The 2017 and 2016 net earnings, as stated, have been significantly impacted by certain one-time, non-recurring or non-cash revenue and expense items that management believes should be highlighted to better reflect the Company's operating performance for the period under review. The table below summarizes the impact of these items for the nine month period ended September 30, 2017 compared to 2016:

	Nine Months Ended September 30,	
	2017	2016
Net earnings, PLC shareholders	$ 1,938,857	$ 3,169,586
Adjusted for the impact of:		
Acquisition and integration costs	3,301,341	820,715
Foreign exchange (gain) loss	1,007,500	(333,871)
Change in fair value of contingent earn-out payments	(305,898)	-
Share based compensation	555,876	229,903
Sale of assets	-	(438,159)
Contract termination payment	-	719,628
Gain on extinguishment of debt	-	(378,711)
Other expenses	-	108,657
Claim settlement	66,457	-
Termination of lease contract	84,625	-
Tax effect on the above items	(914,892)	(189,296)
Adjusted Net Earnings, PLC shareholders	$ 5,733,866	$ 3,708,452
Adjusted EBITDA, PLC shareholders (see Quarterly Information)	$ 11,042,647	$ 7,897,628
Per share amounts attributable to PLC shareholders		
Net earnings - basic	$ 0.154	$ 0.426
Net earnings - diluted	$ 0.153	$ 0.426
Adjusted Net Earnings - diluted	$ 0.453	$ 0.498
Adjusted EBITDA - diluted (see Quarterly Information)	$ 0.873	$ 1.060
Weighted average shares outstanding	12,652,721	7,448,493

As indicated in the chart above, although Adjusted Net Earnings to PLC shareholders increased by 54.6% year over year, the fully diluted Adjusted Net Earnings per share for the nine month period ended September 30, 2017 was $0.453 compared to $0.498 for the same nine month period in 2016, a year over year decrease of $0.045 or 9%.

Adjusted EBITDA per Share

Adjusted EBITDA attributable to PLC shareholders for the nine month period ended September 30, 2017 was $11,042,647 ($0.873 per share) compared to $7,897,628 ($1.060 per share) for the same nine month period in 2016. Again, although the Adjusted EBITDA increased by 39.8% year over year, the fully diluted Adjusted EBITDA per share decreased by 17.6%.

Adjusted Cash Flow

The Company uses Adjusted Cash Flow as measure of, among other things, the sustainability of its dividend. The table below summarizes the calculation of Adjusted Cash Flow from its operations for the nine month period ended September 30, 2017 and 2016 compared to its dividend payout:

	Nine Months Ended September 30,	
	2017	2016
Earnings before income taxes	$2,172,686	$3,796,126
Adjusted for:		
Change in fair value of contingent earn-out payments	(305,898)	-
Cash income taxes payable	(195,000)	(39,773)
Amortization of cemetery property	2,548,457	2,385,004
Depreciation and amortization	1,837,414	1,131,619
Foreign exchange (gain) loss	1,007,500	(333,871)
Share based compensation	527,584	229,903
Adjusted cash flow from operations	7,592,743	7,169,008
Less non controlling interest amounts:		
Net earnings	227,881	286,809
Depreciation and amortization	99,759	88,262
Adjusted cash flow, equity holders of PLC	$7,265,103	$6,793,937
Adjusted cash flow per common share-diluted	$0.574	$0.912
Dividends per common share	$0.342	$0.342
Payout ratio	60%	37%

As previously mentioned, the Company's cemetery property inventory is acquired or constructed over many years, if not decades, in advance of its sale. The cash associated with this investing activity is a cash outflow in the period in which the inventory is acquired or constructed. As sales occur, the Company draws down its inventory by making a non-cash charge to cost of goods sold (referred to as amortization of cemetery property). Also, included in earnings before income taxes for the nine month period ended September 30, 2017 and 2016 are a non-recurring, non-cash foreign exchange gain and loss relating to acquisition of MMG and Saber, and change in fair value of contingent payments relating to the acquisition of MMG and non-cash share based compensation costs.

As calculated above, the Company's Adjusted Cash Flow from operations was $7,265,103 for the nine month period ended September 30, 2017 compared to $6,793,937 for the same period in 2016. This represents Adjusted Cash Flow per fully diluted common share of $0.574 and $0.912 for the nine month period ended September 30, 2017 and 2016, respectively.

The Company paid dividends of $0.342 per common share for the nine month periods ended September 30, 2017 and 2016. The dividends paid represent 60% and 37% of the Adjusted Cash Flow per common share for the periods ended September 30, 2017 and 2016, respectively.

The increased payout ratio is largely attributable to the increase in acquisition and integration costs in 2017 compared to 2016 and the dilutive impact of the November 2016 and June 2017 Prospectus Offerings, as previously discussed.

Discussion of Operating Results, Three Months Ended September 30, 2017

Total revenue for the three month period ended September 30, 2017 was $22,418,725, an increase of $5,080,319 or 29.3%, over the same three month period ended September 30, 2016 ($17,338,406).

Revenue was derived from the following sources:

	September 30, 2017	September 30, 2016
Sales	$ 19,943,354	$ 15,864,829
Income from care and maintenance funds	2,011,766	1,028,717
Interest and other income	463,605	444,860
	$ 22,418,725	$ 17,338,406

As previously mentioned, the Company completed its acquisition of a 100% interest in Reynolds, TFFH, Jennett, Innisfil, PFHC and CCSL effective February 1, 2017, a 100% interest in TCS effective May 1, 2017, and a 100% interest in Saber in the third quarter of 2017. Reynolds, TFFH, Jennett, Innisfil, PFHC, and CCSL revenue relates to the delivery of at-need funeral and cremation services, TCS revenue relates to providing support services to the funeral industry and Saber revenue relates primarily to the sale and delivery of cemetery products and funeral home revenue. The increase in revenue related to the acquired businesses for the quarter ended September 30, 2017 was $4,631,260.

Saber's results are included for the months of August and September 2017. However, historically these are not the strongest months for Saber and the hurricane in the Houston area in August negatively impacted its pre-need cemetery sales during this period. The cemetery property did not suffer any material damage by the hurricane.

Revenue from the comparable business units for the quarter ended September 30, 2017 was $17,787,465 compared with $17,338,406 for the same period in 2016, an increase of $449,059, or 2.5%, period over period for the comparable businesses. The increase in comparable revenue is attributable to an increase in cemetery sales in the Canadian market, an increase in investment income in Canada and the U.S., offset by lower cemetery sales in the U.S. market.

The gross profit margin was 77.7% for the three month period ended September 30, 2017 compared to 77.5% for the same three month period in 2016. As previously mentioned gross profit margin may vary each quarter based on product mix and investment income. Gross profit margins in the cemetery business remained flat and gross profit margins in existing funeral business were slightly lower than the previous year's offset by higher gross profit margins on new traditional funeral acquisitions. Investment income was also higher in the quarter resulting in higher overall gross profit margin.

Operating expenses for the three month period ended September 30, 2017 totaled $15,140,656 an increase of $3,039,658 over the same three month period in 2016 ($12,100,998) as indicated below:

	September 30, 2017	September 30, 2016
General and administrative	$6,571,872	$4,790,320
Maintenance	4,775,867	4,000,664
Advertising and selling	3,520,760	2,953,027
Interest	92,476	198,699
Share based compensation expense	179,681	158,288
	$15,140,656	$12,100,998

As previously mentioned, the increase in operating expenses year over year was primarily due to the inclusion of Saber and recent funeral home acquisitions as employees providing funeral services are included in operating expenses whereas the Company's cemetery operations have a higher amount of labour costs included in cost of goods sold.

The Company's general and administrative, advertising and selling, and maintenance expenses for the comparable business units for the quarter ended September 30, 2017 increased by approximately $38,000 compared with the same period in 2016.

General and administrative expenses for comparable operations increased by approximately $39,000 period over period. This overall increase is the result of increases and decreases of expenses in different business units. Approximately $128,000 of the increase relates to depreciation expense associated with cemetery infrastructure projects and other capital projects which were completed and put in use over the last year offset by $89,000 of savings in other areas.

Maintenance expenses for comparable operations were higher in 2017 by approximately $78,000. This is primarily due to the timing of certain expenditures and management believes that the expenses will be in line with prior years over the course of 2017.

Advertising and selling expenses for comparable operations were lower in 2017 by approximately $79,000, primarily the result of lower commission expenses in the U.S. market, as a result of lower cemetery sales.

Interest expense was lower in 2017 by $106,223 as a result of the credit facility being repaid from the proceeds of the Company's equity offering in November, 2016 and the retirement of the note payable in September, 2016.

The Company's EIP was established in the second quarter of 2016, as a means of compensating directors and designated employees of the Company and subsidiaries, and of promoting share ownership and alignment with shareholders' interests. The EIP provides for the grant of both DSUs and RSUs. Compensation expense associated with these units for the three month period ended September 30, 2017 was $179,681.

As a result of the above, earnings from operations for the three month period ended September 30, 2017 totaled $2,288,011, an increase of $958,838 or 72.1% over the same three month period ended September 30, 2016 ($1,329,173).

Other income and expense items which are non-operating in nature for the year, and previously discussed, include the following:

- Acquisition and integration costs - the Company expensed $2,181,266 in acquisition and integration costs in 2017 compared to $40,076 in 2016. As previously mentioned, acquisition expenses will vary from period to period depending on the size and level of acquisition activity. Commensurate with the size and number of transactions in recent months, the acquisition and integration expenses incurred by the Company have increased in the current periods.

- Foreign exchange gain/loss– in connection with the purchase of MMG in the first quarter of 2016, the Company realized a non-taxable foreign exchange gain of $333,871. This accounting gain resulted from the change in the US dollar spot rate versus the Canadian dollar spot rate between the effective date of purchase March 1, 2016 and the closing date of March 8, 2016.

  During the period from announcement of the Saber transaction on June 7, 2017 to the closing date of August 4, 2017 the US dollar spot rate moved from 1.3333 versus the Canadian dollar spot rate to 1.2576. In order to reduce the Company's exposure to the fluctuating exchange rates, management entered into a foreign exchange agreement on June 30, 2017 for the conversion of CDN$32,447,500 to US$25,000,000 (representing a hedge of half of the cash payment required at closing) at the rate of $1.2979. The contract was settled on August 4, 2017 at the rate of $1.2576 resulting in a loss of $1,007,500.

- Change in fair value of contingent payments - the Company recorded a gain of $398,927 in change of fair value of contingent payments compared to $nil in 2016.

- Share based payments - the Company recognized $179,681 in non-cash share based compensation expense during the quarter ended September 30, 2017.

- Contract termination expense – on July 31, 2013 the Company retained the services of Scotchbrook Holdings Inc. and Edgemark Developments Ltd. to assist it with the planning and development of two large scale mausoleum construction projects at Westminster Cemetery and at Park Lawn Cemetery which have been substantially completed at this time. Accordingly, on September 16, 2016, the Company announced that it had terminated both consulting agreements effective December 31, 2016 and recorded a contract termination expense of $719,628. This liability is being settled in monthly payments throughout 2017.

- Gain on extinguishment of debt - the Company had a promissory note payable to Park Lawn Company Limited in the amount of $5,096,498. On September 12, 2016, the Company announced that it closed a transaction with Park Lawn Company Limited to settle the note obligation for a cash payment of $1,000,000 plus 262,092 common shares issued from the treasury. Based on the fair market value of the shares on the date of the settlement the above transaction resulted in a gain of $378,711.

- Other expenses - included in other expenses is the write-off of unamortized deferred finance costs relating to a revolving credit facility that was replaced in 2016 with a new and expanded $25 million revolving credit facility and, incremental expenses incurred in preparing for the Company's graduation to the TSX main exchange which happened in October, 2016.

- Income tax – represents an adjustment for the tax impact of the above noted adjustments.

Income tax expense for the three month period ended September 30, 2017 was $(334,581) compared to $75,798 for the same three month period in 2016. The decrease in the quarter is a result of lower pre-tax earnings, primarily as a result of increased acquisition and integration expenses.

As a result of the above, the Company's after tax earnings from operations for the three month period ended September 30, 2017 totaled $(167,247) compared to $872,382 for the same three month period in 2016.

Earnings per Share

The weighted average number of common shares outstanding for the three month period ended September 30, 2017 increased to 15,424,087 compared to 8,000,853 for the same three month period in 2016, an increase of 7,423,234. The increase in outstanding shares is because of the issuance of shares pursuant to the Company's DRIP and the November 2016 and June 2017 Prospectus Offerings.

Fully diluted earnings per common share attributable to equity holders of PLC for the three month period ended September 30, 2017 was $(0.011) compared to $0.094 for the same three month period in 2016.

Adjusted Earnings per Share

The 2017 and 2016 net earnings, as stated have been significantly impacted by certain one-time, non-recurring or non-cash revenue and expense items that management believes should be highlighted to better reflect the Company's operating performance for the period under review. The table below summarizes the impact of these items for the three month period ended September 30, 2017 compared to 2016:

	Three Months Ended September 30,	
	2017	**2016**
Net earnings, PLC shareholders	$ (171,116)	$ 749,505
Adjusted for the impact of:		
Acquisition and integration costs	2,181,266	40,076
Foreign exchange loss	1,007,500	-
Change in fair value of contingent earn-out payments	(398,927)	-
Share based compensation	179,681	158,288
Contract termination payment	-	719,628
Gain on extinguishment of debt	-	(378,711)
Other expenses	-	68,656
Tax effect on the above items	(578,035)	(132,849)
Adjusted Net Earnings, PLC shareholders	$ 2,220,369	$ 1,224,593
Adjusted EBITDA, PLC shareholders (see Quarterly Information)	$ 4,031,528	$ 2,442,051
Per share amounts attributable to PLC shareholders		
Net earnings - basic and diluted	$ (0.011)	$ 0.094
Adjusted Net Earnings - diluted	$ 0.144	$ 0.153
Adjusted EBITDA - diluted (see Quarterly Information)	$ 0.261	$ 0.305
Weighted average shares outstanding	15,424,087	8,000,853

As indicated in the chart above, although Adjusted Net Earnings to PLC shareholders increased by 81.3% year over year, the fully diluted Adjusted Net Earnings per share for the three month period ended September 30, 2017 was $0.144 compared to $0.153 for the same three month period in 2016. This represents a year over year decrease of $0.009 or 5.9%.

Adjusted EBITDA per Share

Adjusted EBITDA attributable to PLC shareholders for the three month period ended September 30, 2017 was $4,031,528 ($0.261 per share) compared to $2,442,051 ($0.305 per share) for the same three month period in 2016. Again, although the Adjusted EBITDA increased by 65.1% period over period, the fully diluted Adjusted EBITDA per share decreased by 14.4%.

Adjusted Cash Flow

The Company uses Adjusted Cash Flow as measure of, among other things, the sustainability of its dividend. The table below summarizes the calculation of Adjusted Cash Flow from its operations for the three month period ended September 30, 2017 and 2016 compared to its dividend payout:

	Three Months Ended September 30,	
	2017	**2016**
Earnings before income taxes	$ (501,828)	$ 948,180
Adjusted for:		
Change in fair value of contingent earn-out payments	(398,927)	-
Cash income taxes payable	(85,000)	(20,728)
Amortization of cemetery property	802,968	481,722
Depreciation and amortization	755,788	444,326
Foreign exchange loss	1,007,500	-
Share based compensation	179,194	158,288
Adjusted cash flow from operations	1,759,695	2,011,788
Less non controlling interest amounts:		
Net earnings	3,869	122,877
Depreciation and amortization	55,311	11,310
Adjusted cash flow, equity holders of PLC	$1,700,516	$1,877,601
Adjusted cash flow per common share-diluted	$0.110	$0.235
Dividends per common share	$0.114	$0.114
Payout ratio	103%	49%

As previously mentioned, the Company's cemetery property inventory is acquired or constructed over many years, if not decades, in advance of its sale. The cash associated with this investing activity is a cash outflow in the period in which the inventory is acquired or constructed. As sales occur, the Company draws down its inventory by making a non-cash charge to cost of goods sold (referred to as amortization of cemetery property). Also, included in earnings before income taxes for the three month period ended September 30, 2017 and 2016 are a non-recurring, non-cash foreign exchange loss relating to acquisition of Saber and change in fair value of contingent payments relating to the acquisition of MMG and non-cash share based compensation costs.

As calculated above, the Company's Adjusted Cash Flow from operations was $1,700,516 for the three month period ended September 30, 2017 compared to $1,877,601 for the same period in 2016. This represents Adjusted Cash Flow per fully diluted common share of $0.110 and $0.235 for the three month period ended September 30, 2017 and 2016, respectively.

The Company paid dividends of $0.114 per common share for the periods ended September 30, 2017 and 2016. The dividends paid represent 103% and 49% of the Adjusted Cash Flow per common share for the periods ended September 30, 2017 and 2016, respectively.

The increased payout ratio is largely attributable to the increase of approximately $2.1 million in acquisition and integration costs in 2017 compared to 2016 and the dilutive impact of the November 2016 and June 2017 Prospectus Offerings, as previously discussed. Without this quarterly acquisition expense increase the payout ratio is consistent with prior year.

Unaudited Quarterly Information

	*2017 Q3	*2017 Q2	*2017 Q1	*2016 Q4
Revenue	$22,418,725	$20,138,853	$18,802,424	$19,816,511
Earnings from operations	$2,288,011	$2,172,760	$1,865,940	$1,224,100
Net earnings for the period	$ (167,247)	$911,603	$1,422,382	$4,399,364
Net earnings, PLC shareholders	$ (171,116)	$812,444	$1,297,529	$4,320,546
Net earnings per share - basic, PLC shareholders	***$(0.011)	***$0.072	***$0.117	***$0.456
Net earnings per share - diluted, PLC shareholders	***$(0.011)	***$0.072	***$0.117	***$0.456
Earnings from operations (per above)	2,288,011	2,172,760	1,865,940	1,224,100
Interest expense	92,476	92,608	98,171	66,153
Depreciation and amortization	755,788	560,456	521,170	490,862
Amortization of cemetery property	802,968	902,522	842,967	1,370,561
Share based compensation	179,681	193,356	182,839	140,308
Adjusted EBITDA, non-controlling interest	(87,396)	(239,976)	(181,694)	(113,106)
Adjusted EBITDA, PLC shareholders	**$4,031,528	**$3,681,726	**$3,329,393	**$3,178,878
Adjusted EBITDA per share - diluted, PLC shareholders	**$0.261	**$0.325	**$0.299	**$0.336

	*2016 Q3	*2016 Q2	*2016 Q1	2015 Q4
Revenue	$17,338,406	$18,813,863	$11,282,305	$7,089,293
Earnings from operations	$1,329,173	$1,565,340	$1,291,217	$1,117,730
Net earnings for the period	$872,382	$1,147,660	$1,436,353	$723,103
Net earnings, PLC shareholders	$749,505	$1,033,465	$1,386,616	$479,086
Net earnings per share - basic, PLC shareholders	***$0.094	***$0.130	***$0.217	***$0.083
Net earnings per share - diluted, PLC shareholders	***$0.094	***$0.130	***$0.217	***$0.083
Earnings from operations (per above)	1,329,173	1,565,340	1,291,217	1,117,730
Interest expense	198,699	160,553	198,646	63,049
Depreciation and amortization	444,326	401,045	286,248	242,417
Amortization of cemetery property	481,722	1,072,792	830,490	518,030
Share based compensation	158,288	71,615	-	-
Adjusted EBITDA, non-controlling interest	(170,157)	(210,157)	(212,212)	(352,483)
Adjusted EBITDA, PLC shareholders	**$2,442,051	**$3,061,188	**$2,394,389	**$1,588,743
Adjusted EBITDA per share - diluted, PLC shareholders	**$0.305	**$0.385	**$0.375	**$0.274

*Certain revenues and costs have been reclassified in the 2016 and 2017 quarterly results to conform to the December 31, 2016 and 2017 consolidated financial statement presentation.
**Adjusted EBITDA and Adjusted EBITDA per share have been modified to include amortization of cemetery property in the 2015, 2016 and 2017 quarterly results.
***The sum of the quarterly net earnings attributable to equity holders of PLC per share, basic and diluted, may not equal the period amount due to the rounding and use of weighted average shares outstanding.

Dividends

The Company makes monthly dividend payments to the shareholders of record on the last business day of each month, to be paid on the 15th day following each month end, or, if not a business day, the next business day thereafter. The monthly dividend is $0.038 per share ($0.456 per year). The dividend policy is subject to the discretion of the Company's Board of Directors and may vary depending on, among other things, the Company's earnings, financial requirements and the satisfaction of solvency tests imposed by the *Business Corporations Act* (Ontario) for the declaration of dividends.

For the nine-month period ended September 30, 2017 and September 30, 2016, the Company declared dividends to shareholders totaling $0.342 per share. The Company subsequently paid a dividend of $0.038 for October, 2017. The following table sets forth the per share number of monthly dividends declared and paid by the Company since January 1, 2017.

Month	**Dividend Record Date**	**Payment Date**	**Per Share**
October, 2017	October 31, 2017	November 15, 2017	0.038
September, 2017	September 30, 2017	October 16, 2017	0.038
August, 2017	August 31, 2017	September 15, 2017	0.038
July, 2017	July 31, 2017	August 15, 2017	0.038
June, 2017	June 30, 2017	July 14, 2017	0.038
May, 2017	May 31, 2017	June 15, 2017	0.038
April, 2017	April 30, 2017	May 15, 2017	0.038
March, 2017	March 31, 2017	April 14, 2017	0.038
February, 2017	February 28, 2017	March 15, 2017	0.038
January, 2017	January 31, 2017	February 15, 2017	0.038
Total dividends per share			$ 0.380

Related Party Transactions

The Company's related parties include the following persons and entities: (i) associates, or entities which are controlled or significantly influenced by the Company; (ii) key management personnel, which are comprised of directors and officers by the Company; (iii) entities controlled by key management personnel. The Company's policies and procedures and nature of its related party transactions have not changed materially from December 31, 2016, as described under "Management Contracts": in the Company's 2016 Annual MD&A.

Disclosure Controls and Procedures

National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filing ("**NI 52-109**") requires public companies in Canada to submit annual and interim certificates relating to the design and effectiveness of the disclosure controls and procedures that are in use at the company. Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), on a timely basis so that appropriate decisions can be made regarding public disclosure.

Subject to limitations set out below, the Company's management, under the supervision of the CEO and the CFO, has designed and maintained a set of disclosure controls and procedures to ensure that information required to be disclosed by the Company in its annual filing, interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Controls over Financial Reporting

The CEO and the CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management conducted its evaluation based on the framework set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under this framework, management concluded that the Company's internal control over financial reporting was effective as of September 30, 2017.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be designed effectively can provide only reasonable assurance with respect to financial reporting and financial statement preparation.

Limitation on Scope of Design

The CEO and CFO have limited the scope of design of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of Saber which was acquired during the third quarter of 2017.

This scope limitation is in accordance with section 3.3(1)(b) of NI 52-109, which allows for issuer to limit the design of disclosure controls and procedures and internal control over financial reporting for a business that the issuer acquired not more than 365 days before the last day of the period covered by this MD&A.

The following is a summary of certain financial information related to a new acquisition:

	Saber September 30, 2017
Revenues	$ 3,270,484
Net earnings	$ 620,519

	Saber September 30, 2017
Current assets	$ 15,985,994
Non-current assets	$ 137,811,883
Current liabilities	$ 5,255,957
Non-current liabilities	$ 74,042,620

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during Fiscal 2017 that have affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

IFRS Issued Standards Not Yet Adopted

The IASB continues to issue new and revised IFRS. A listing of the recent accounting pronouncements promulgated by the IASB and not yet adopted by the Company is included in note 2 in the Company's December 31, 2016 consolidated financial statements and note 2 in the Company's September 30, 2017 condensed interim consolidated financial statements.

Shares Outstanding

The authorized capital of the Company consists of an unlimited number of common shares. As at September 30, 2017, there were 15,342,555 common shares issued and outstanding, representing an increase of 4,246,785 common shares issued and outstanding since December 31, 2016. The increase in the number of common shares is the result of the issuance of shares pursuant to the Company's DRIP and the June 2017 Prospectus Offering. As at November 13, 2017, there were 15,343,952 common shares issued and outstanding. In addition, the Company has 640,000 common shares reserved and available for grant and issuance of the EIP. Of these 640,000 common shares, 480,000 are reserved for the issuance to employees and 160,000 common shares are reserved for issuance to directors. As at November 13, 2017, 84,382 restricted share units and 17,196 deferred share units were awarded.

Additional Information

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and on the Company's website at www.parklawncorp.com.