

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: EMERGIA INC. (the “Issuer”).

Trading Symbol: EMER

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

Unaudited Interim Financial Statements for the six-month period ended June 30, 2021 are attached hereto as Schedule A.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

See Schedule A attached hereto.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

See Schedule A attached hereto.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,
- (b) summary of options granted during the period,

See Schedule A attached hereto.

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

See Schedule A attached hereto.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Henri Petit, Director and Chief Executive Officer
Ratha Siv, Chief Financial Officer
François Castonguay, Director
Roy Scaini, Director
Lou Valeriat, Director
Guy Charette, Director
Joseph Cianci, Director
Panagiotis Mitropoulos, Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

See attached as Schedule C, the Interim MD&A for the six-month period ended June 30, 2021.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated August 26, 2021.

Henri Petit
Name of Director or Senior Officer

(s) Henri Petit
Signature

President and Chief Executive Officer
Official Capacity

Issuer Details		For Quarter Ended	Date of Report YY/MM/D
Name of Issuer EMERGIA INC.		June 30, 2021	2021/08/26
Issuer Address 402-185 Dorval Avenue			
City/Province/Postal Code Dorval / Quebec / H9S 5J9		Issuer Fax No. (866)285-4823	Issuer Telephone No. (514) 420-1414
Contact Name Henri Petit		Contact Position CEO	Contact Telephone No. (514) 420-1414 poste 231
Contact Email Address hpetit@emergia.com		Web Site Address www.emergia.com	

SCHEDULE A



**Unaudited Interim Condensed
Consolidated Financial Statements**

For the six-month periods ended
June 30, 2021 and 2020

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements are the responsibility of the Management of Emergia Inc. ("**Emergia**") and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and where appropriate, include amounts which are based on judgments, estimates and assumptions of Management. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

Management has developed and maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized.

The Board of Directors of Emergia (the "**Board**") is responsible for ensuring that Management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee (the "**Committee**"). The Committee reviews the consolidated financial statements with Management. The Committee reports its findings to the Board, which approves the consolidated financial statements before their filing.



HENRI PETIT
PRESIDENT AND CHIEF EXECUTIVE OFFICER



RATHA SIV, CPA AUDITOR, CMA
CHIEF FINANCIAL OFFICER

Emergia Inc.

Unaudited Interim Condensed Consolidated Statements of Financial Position

(in Canadian dollars)

	Note	As at June 30, 2021	As at December 31, 2020
Assets		\$	\$
Current assets			
Cash		77,124	81,861
Receivables and other receivables		60,166	147,611
Prepaid and refundable deposits		1,055,003	1,913,545
Total current assets		1,192,293	2,143,017
Non-current assets			
Other receivables	4	2,501,474	2,679,378
Investment properties	5	47,802,621	51,139,051
Land held for development	6	34,950,714	18,115,163
Investment in a joint venture	7	3,556,148	2,664,527
Investment in a private company		250,000	250,000
Property and equipment		2,500	2,500
Total non-current assets		89,063,457	74,850,619
Total assets		90,255,750	76,993,636
Liabilities			
Current liabilities			
Trade and other payables	8	6,507,306	6,520,975
Income tax payable		43,866	43,866
Other current liabilities	9	22,869,121	21,460,185
Current portion of convertible debentures	10	816,615	778,033
Current portion of bank mortgages and long-term debt	11, 12	1,801,547	4,538,286
Total current liabilities		32,038,455	33,341,345
Non-current liabilities			
Convertible debentures	10	3,912,620	4,331,070
Bank mortgages	11	2,956,377	4,573,003
Long-term debt	12	16,130,943	7,133,940
Deferred income tax liabilities		375,000	375,000
Total non-current liabilities		23,374,940	16,413,013
Total liabilities		55,413,395	49,754,358
Shareholders' equity			
Share capital	14	76,067,213	73,153,673
Reserved shares	14	4,500,000	—
Warrants	15	6,179,824	6,113,827
Contributed surplus		222,697	264,819
Deficit		(52,127,379)	(52,293,041)
Total shareholders' equity		34,842,355	27,239,278
Total liabilities and shareholders' equity		90,255,750	76,993,636

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

On behalf of the Board of Directors:

(s) Joseph Cianci, Director

(s) François Castonguay, Director

Emergia Inc.

Unaudited Interim Condensed Consolidated Statements of Comprehensive Gain (Loss)

(in Canadian dollars except for share amounts)

		For the three months ended		For the six months ended	
	Note	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		\$	\$	\$	\$
Rental income		48,879	573,118	284,486	1,390,248
Operating expenses		44,511	308,499	205,973	814,983
Net operating income		4,368	264,619	78,513	575,265
Administrative expenses	16	965,133	449,388	1,423,720	1,024,208
Financing costs	16	614,736	989,479	1,123,064	1,744,387
Increase in fair value of investment properties	5	(1,200,000)	—	(1,200,000)	—
Gain on sale of property and equipment	5	(618,224)	—	(618,224)	—
Share of net income from joint venture	7	54,373	—	(891,621)	—
(Gain) loss on settlement of current and non-current liabilities	14	(130,723)	—	75,912	—
Gain (loss) before income taxes		319,073	(1,174,248)	165,662	(2,193,330)
Income taxes		—	—	—	—
Net gain (loss) and comprehensive gain (loss) for the period		319,073	(1,174,248)	165,662	(2,193,330)
Basic and diluted net gain (loss) per outstanding common share					
- Basic	17	0.01	(0.08)	0.01	(0.15)
- Diluted	17	0.01	(0.08)	0.01	(0.15)
Weighted average number of outstanding common shares					
- Basic		22,324,320	14,767,158	22,040,787	14,699,891
- Diluted		22,324,320	14,767,158	22,040,787	14,699,891

The notes are an integral part of these unaudited interim condensed consolidated financial statements.

Emergia Inc.

Unaudited Interim Condensed Consolidated Statements of Shareholders' Equity

For the six-month periods ended June 30, 2021 and 2020

(in Canadian dollars except share amounts)

	Share Capital		Reserved Shares		Warrants	Contributed surplus	Deficit	Total Equity
	Number of shares	Amount	Number of shares	Amount				
	#	\$	#	\$	\$		\$	\$
Balance at December 31, 2020	24,350,265	73,153,673	—	—	6,113,827	264,819	(52,293,041)	27,239,278
Settlement of current and non-current liabilities	1,209,029	944,585	—	—	64,856	—	—	1,009,441
Issued under a private placement	1,766,249	1,377,454	—	—	1,141	—	—	1,378,595
Issued for consultation services	373,719	291,501	—	—	—	—	—	291,501
Issued for convertible debenture repayment	—	—	—	—	—	(42,122)	—	(42,122)
Issued for an acquisition	300,000	300,000	4,500,000	4,500,000	—	—	—	4,800,000
Net gain (loss) and comprehensive gain (loss)	—	—	—	—	—	—	165,662	165,662
Balance at June 30, 2021	27,999,262	76,067,213	4,500,000	4,500,000	6,179,824	222,697	(52,127,379)	34,842,355
Balance at December 31, 2019	14,619,107	60,216,541	—	—	5,069	—	(25,100,379)	35,121,231
Settlement of other current liabilities and payables	266,200	178,212	—	—	26,188	—	—	204,400
Net loss and comprehensive loss	—	—	—	—	—	—	(2,193,330)	(2,193,330)
Balance at June 30, 2020	14,885,307	60,394,753	—	—	31,257	—	(27,293,709)	33,132,301

The notes are an integral part of these unaudited interim condensed consolidated financial statements.

Emergia Inc.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the six-month periods ended June 31, 2021 and 2020

(in Canadian dollars)

		For the three months ended		For the six months ended	
	Note	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Operating activities		\$	\$	\$	\$
Net gain (loss)		319,073	(1,174,248)	165,662	(2,193,330)
Adjustments					
Consulting services paid in shares		—	179,400	—	204,400
Change in FV of convertible debentures		—	89,391	—	118,969
Increase in FV of investment properties	5	(1,200,000)	—	(1,200,000)	—
Gain on the sale of Property	5	(618,224)	—	(618,224)	—
Share of net income from joint venture	7	54,373	—	(891,621)	—
Loss on settlement of current and other current liabilities and payables	14	(130,723)	—	75,912	—
		(1,575,501)	(905,457)	(2,468,271)	(1,869,961)
Changes in working capital items	19	1,056,221	(21,456)	1,110,222	(419,711)
Cash flow from operating activities		(519,280)	(926,913)	(1,358,049)	(2,282,672)
Investing activities					
Land held for development	6,12,13,14	(8,753,680)	—	(8,753,680)	—
Proceeds on disposal of Assets for sale		—	100,000	—	100,000
Additions to Property and equipment		—	—	—	(933)
Cash flow from investing activities		(8,753,680)	100,000	(8,753,680)	99,067
Financing activities					
Credit line		—	—	—	(3,950,000)
Issuance of Units		1,253,053	—	1,377,454	—
Convertible debentures		—	42,479	—	4,520,000
Repayment of Convertible debentures		(542,800)	—	(542,800)	(100,000)
Other current liabilities		300,000	978,194	800,000	1,791,942
Repayment of Other current liabilities		(755,798)	(2,033)	(828,102)	(17,033)
Repayment of Bank mortgages		(8,137)	(49,745)	(43,797)	(144,643)
Long-term debt		9,025,000	71,492	9,350,000	410,802
Repayment of Long-term debt		—	(99,189)	(5,763)	(145,388)
Cash flow from financing activities		9,271,318	941,288	10,106,992	2,365,682
Net change in cash		(1,642)	114,375	(4,737)	175,073
Cash (bank overdraft), beginning of the period		78,766	17,015	81,861	(43,683)
Cash (bank overdraft), end of the period		77,124	131,390	77,124	131,390

The notes are an integral part of these unaudited interim condensed consolidated financial statements.

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 1 – Information on the Corporation

Emergia Inc. together with its subsidiaries (together referred to as "**Emergia**" or the "**Corporation**") operates in the development, acquisition and management of multi-purpose real-estate properties, including retail, multi-residential, office and industrial buildings. The Corporation also holds land for future development.

Emergia was incorporated on April 7, 2014 under the laws of the province of British Columbia, and is governed, since January 19, 2018, by the *Canada Business Corporations Act*. On March 23, 2018, Emergia became a publicly listed company on the Canadian Securities Exchange ("**CSE**") under the name "The Delma Group Inc." and the symbol "DLMA.CN" through a reverse takeover transaction by Aydon Income Properties Inc. On January 21, 2020, the Corporation changed its name for "EMERGIA Inc." and its ticker symbol for "EMER".

The principal address and records office of the Corporation is located at 402 – 185 Avenue Dorval, Dorval, Quebec, Canada H9S 5J9.

Note 2 – Statement of Compliance, Going Concern, Judgments and Estimation Uncertainty

A. Statement of Compliance

The unaudited interim condensed consolidated financial statements for the six months ended June 30, 2021 have been prepared in accordance with IAS 34, Interim Financial Reporting.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Corporation's annual audited consolidated financial statements for the year ended December 31, 2020 (the "Annual Financial Statements") which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

These unaudited interim condensed consolidated financial statements were approved and authorized for issuance by the Corporation's Board of Directors on August 25, 2021.

B. Going Concern

These consolidated financial statements have been prepared on a going concern basis, which presumes that the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of its operations.

As of June 30, 2021, the Corporation has not yet generated positive cash flows from its operations with a negative working capital of \$30,846,162 (\$31,198,328 – December 31, 2020).

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 2 – Statement of Compliance, Going Concern, Judgments and Estimation Uncertainty (Continued)

The Corporation has however started to achieve profitable operations with a net income of \$165,661. The Corporation's ability to continue as a going concern is dependent upon its ability to raise sufficient equity or other forms of financing and refinance its short-term debt or other debts as they come due to complete its contemplated business plan and ultimately achieve profitable operations. These factors indicate the existence of material uncertainties that may cast significant doubt regarding the Corporation's ability to continue as a going concern. Notwithstanding the foregoing, subsequent events (note 24) allowed to further reduce the short-term debt and management continues its financing activities as mentioned below. The Corporation has ongoing negotiations to obtain financings to be used for short-term and long-term needs. The Corporation pursues its \$15 million private placement offering and, at the time these consolidated financial statements were approved, the Corporation had executed the private placement for a total amount of \$10,207,394 as at June 30, 2021. At the time these unaudited interim condensed consolidated financial statements were approved, discussions with interested investors were ongoing. In addition to the latter, management pursues other financing alternatives to fund the Corporation's operations, including potential agreements with current lenders and creditors to possibly convert their debt in equity and or extend maturity dates and or related terms and conditions on existing loans, to reinforce its ability to continue as a going concern.

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

C. Significant Accounting Estimates, Assumptions and Judgments

There have been no significant changes to the Corporation's critical accounting judgments, estimates and assumptions made since our annual financial reporting for the year ended December 31, 2020.

Note 3 - Significant Accounting Policies

As of June 30, 2021, there have been no material changes to the significant accounting policies as outlined in Note 3 of the 2020 Annual Financial Statements. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 4 - Other Receivables

The other receivables are composed of the balance of sale detailed as follows:

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Balance of sale	152,831	330,735
Balance of sale, 5% interest starting January 1, 2022, maturing in December 2022	2,348,643	2,348,643
	2,501,474	2,679,378
Current portion of balance of sale	—	—
Non-current portion of balance of sale	2,501,474	2,679,378

Note 5 - Investment Properties

A reconciliation of the Investment properties is as follows:

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Balance, beginning of the year	51,139,051	88,541,212
Disposal of 9700 St-Laurent Blvd. Montreal. Canada	(1,400,000)	—
Disposal of 475-489 Le Breton and 505-531 Le Breton. Longueuil. Canada	(3,196,776)	—
Disposal	—	(9,000,000)
Disposal of 9307-9077 Quebec Inc. (Note 5c)	—	(7,995,892)
Disposal of 9371-9904 Quebec Inc. (Note 5d)	—	(7,425,000)
Settlement of liabilities (Notes 5b and 5e)	—	(17,364,358)
Decrease in fair value of investment properties	—	(2,383,001)
Other acquisitions	1	—
Increase in fair value of investment properties	1,200,000	—
Borrowing costs	39,954	783,992
Development costs	20,391	—
Reclassified as land in development	—	(1,617,235)
Balance, end of the year	47,802,621	51,139,051

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 5 - Investment Properties (Continued)

The Investment properties are composed of the following:

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Land in Bromont, Canada	35,531,672	34,330,751
9700 St-Laurent Blvd, Montreal, Canada	—	1,400,000
475-489 Le Breton and 505-531 Le Breton, Longueuil, Canada	—	3,196,775
860 Cite-des-Jeunes, St-Lazare, Canada	1,382,236	1,329,441
472-474 Knowlton, Lac Brome, Canada	2,968,054	2,968,054
121 Lepine, Gatineau, Canada	4,570,000	4,570,000
Panagopoula Resort, Panagopoula, Greece	1,650,000	1,650,000
Land in Blainville, Canada	1,700,659	1,694,030
	47,802,621	51,139,051

Minimum lease payments receivable

The lease contracts are all non-cancellable for 1 to 10 years from the commencement of the leases. Future minimum lease rentals are as follows:

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Within 1 year	408,857	613,931
1 to 5 years	1,734,242	1,215,416
After 5 years	296,205	241,817
	2,439,304	2,071,64

During the second quarter, the Corporation bought three lands from the City of Bromont at the cost of 1\$. As of June 30, 2021, the Corporation estimated the fair value of one of the three lands, using the criteria set out by a third-party appraisal for the same type of transactions, to be approximately \$1,200,000.

The Corporation also disposed two investment properties for the total proceeds of \$5,215,000. The proceeds were used to repay the associated mortgage, payables and liabilities.

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 6 – Land Held for Development

A reconciliation of the Land held for development is as follows:

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Balance, beginning of the year	18,115,163	13,359,986
Acquisition of the land in Alliston, Canada	15,136,912	—
Borrowing costs	1,645,709	3,122,042
Development costs	52,930	15,989
Reclassified from Investment Properties	—	1,617,146
Balance, end of the year	34,950,714	18,115,163

The Land held for development is composed of the following:

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Land in Bromont, Canada	18,115,163	18,115,163
Land in Alliston, Canada	15,136,912	—
	34,950,714	18,115,163

On May 3, 2021, the Corporation purchased a land of approximately 100 acres in Alliston, Ontario for a purchase price of \$14.4 million (excluding closing costs and land transfer tax). The acquisition of the land was done at arm's length and the purchase price was paid as follows: (i) \$9,600,000 in cash and (ii) \$4,800,000 in Class A shares of the Corporation of which 300,000 have been issued and 4,500,000 are reserved for issuance (**Note 13 – Share Capital**) upon receipt of the allocation of such shares between the vendors. To satisfy a portion of the purchase price, the Corporation entered into a financing of \$9,000,000 at an interest rate of 6% per year payable at maturity on March 10, 2023 (**Note 12 – Long-Term Debt**), plus a participation in the profits of the project.

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 7 - Investment in Joint Venture

The Corporation has ownership interest in the following joint venture:

	As at June 30, 2021	As at December 31, 2020
12028735 Canada Inc.	50%	50%

The following table shows the changes in the carrying value of Emergia's investment in joint venture for the three-month period ended June 30, 2021:

	\$
Beginning balance	2,664,527
Share of net income	891,621
Ending balance	3,556,148

Summarized financial information of the joint venture as at June 30, 2021 is as follows:

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Current assets	460,166	1,249,387
Non-currents assets	15,792,442	13,163,000
Current liabilities	296,967	148,686
Non-current liabilities	8,940,500	8,940,500
Revenues	429,739	193,316
Change in fair value of Investment properties	2,000,000	—
Net income and comprehensive income for the period	1,783,242	25,892

Note 8 - Trade and Other Payables

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Trade payables and accrued liabilities	6,468,553	6,173,732
Interest payable on other current liabilities and long-term debt	38,773	347,243
	6,507,306	6,520,975

Emergia Inc.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 9 - Other Current Liabilities

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Loan, 12%, maturing in May 2022	800,000	—
Promissory notes, 10%	603,203	576,312
Loans, 10%, maturing in August 2021	139,667	139,667
Loan, 15%, secured by Land in Bromont and Land held for development and a guarantee from a director	19,324,068	17,947,048
Advances from a company controlled by a director, 10%	105,000	105,000
Loan from a company controlled by a director, 12%,	330,044	330,044
Loan, 8%, secured by a guarantee from a company controlled by a director	555,364	850,349
Loan, 10%, secured by 472 Chemin Knowlton and a guarantee from a director	200,000	200,000
Loan, 13.8%, secured by 121 Lepine and a guarantee from a director	500,000	500,000
Loan, 20%, secured by a company controlled by a director, maturing in December 2021, convertible into Units at a conversion price of \$0.75 per unit, each unit comprising 1 common share and 1 warrant	—	500,000
Loans, 10% and 12%, maturing in June and August 2021	215,000	215,000
Advances from companies controlled by a director, 9% and 10%	96,775	96,765
	22,869,121	21,460,185

Unless otherwise indicated, other current liabilities are payable on demand.

Emergia Inc.

Notes to the Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 10 - Convertible Debentures

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Convertible debentures, 10%, secured by all present and future residential properties of the Corporation, payable along with the promissory notes listed into Other current liabilities by monthly installments of \$100,000 and in full by December 31, 2020. On April 21, 2021, the maturity date was amended to December 31, 2021	816,615	778,033
Convertible debentures, face value of \$4,420,000, 12%, secured by a hypothec over specific assets, convertible into common shares at \$1.00 per share, matures in January 2022	3,812,620	4,231,070
Convertible debenture, 12%, unsecured, convertible into Units at the lesser of \$0.75 or the price of most recent financing, matures on June 14, 2022	100,000	100,000
	4,729,235	5,109,103
Current portion	816,615	778,033
	3,912,620	4,331,070

In March 2020, the Corporation entered into a subscription agreement with a private investor who has agreed to provide funding of \$4,420,000 by way of a secured convertible debenture to reimburse the Corporation's line of credit and to settle outstanding debt of the Corporation. The debenture has a maturity date of January 31, 2022 and bears interest at a rate of 12% per annum, payable at maturity. The debenture and the interest are convertible into common shares of the Corporation at a conversion price of \$1.00 per Common Share. The debenture is secured by a hypothec over the land in Blainville and the property located at 472, Knowlton Road in Lac Brome. The debenture may be reimbursed at any time until maturity without any penalty, provided a 30-day notice is given to the investor to allow him to exercise his conversion right, should he decide to do so. In the event the investor decides to exercise its conversion right, 4% interest on such amount will be forfeited by the investor.

In May 2021, the Corporation partially repurchased \$1,250,000 of the debenture, and the payment was made in June 2021. The agreement permits the Corporation to early redeem at anytime until maturity. The early redemption was first allocated to the accrued interest payable of \$707,200, and \$542,800 to the principal. The Corporation allocated the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase. According to IFRS 9, the Corporation has the choice to record the difference between the carrying amount allocated to the part derecognised and the consideration paid for the part derecognised, either as a gain or loss in the income statement or as an element of other comprehensive income through contributed surplus. The Corporation recorded that difference in other comprehensive income.

Emergia Inc.

Notes to the Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 11 - Bank Mortgages

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Term loan, 3.85%, capital and interest payable in monthly payments of \$17,094, maturing in November 2022, secured by 121 Lepine and a guarantee from a director	3,050,294	3,094,091
Term loan, 3.88%, capital and interest payable in monthly payments of \$9,815, secured by 474-489 Le Breton, 505-541 Le Breton and a guarantee from two third parties, maturing in April 2022	—	1,623,605
	3,050,294	4,717,696
Current portion	93,917	144,693
	2,956,377	4,573,003

Note 12 - Long-Term Debt

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Term loan, 6%, maturing May 2023	9,000,000	4,819,926
Term loan, 20%, maturing June 2023	350,000	4,819,926
Advances, 9%, secured by Lands in Bromont, maturing in March 2023	5,039,079	4,819,926
Advances from a company controlled by a director, 9%, secured by Land in Bromont and Land held for residential development, maturing in March 2023	1,112,423	1,064,044
Term loan, 10%, matured and payable on demand, secured by land in Bromont and a guarantee from a director, maturing in May 2023	1,226,046	2,163,697
Term loan, 12%, payable on demand	131,583	143,424
Term loan, 10%, secured by 860 Cité-des-Jeunes and by a guarantee from a director, matured in December 2020, payable on demand	—	412,500
Term loan, 8%, secured by 860 Cité-des-Jeunes and by a guarantee from a director, payable on demand	350,000	350,000
Term loan, 11.5%, secured by 9700 St-Laurent and by a guarantee from a director and a third party, maturing in May 2021	—	1,000,000
Term loan, 12%, secured by 475-489 and 505-531 Le Breton a guarantee from a director, maturing in February 2022	—	1,250,000
Advances from the joint venture	629,442	304,442
Advances, 12% maturing in December 2021	—	19,500
	13,059,486	11,527,533
Current portion	1,707,630	4,393,593
	8,315,481	7,133,940

Emergia Inc.

Notes to the Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 13 - Reconciliation of liabilities arising from financing activities

A change in the Corporation's liabilities arising from financing activities can be classified as follows:

2021			\$
	Short-term borrowings	Long-term borrowings	Total
Balance, beginning of year	22,238,218	20,596,299	42,834,517
Cash			
Repayment	(828,102)	(592,360)	(1,420,462)
New borrowings	800,000	9,350,000	10,150,000
Non-Cash			
Settlement into class "A" shares	—	(19,500)	(19,500)
Settlement from asset transactions	—	(4,986,668)	(4,986,668)
Non-cash interest	1,438,636	490,700	1,929,336
Conversion option	—	—	—
Reclassification	(779,631)	779,631	—
Balance, ending of the period	22,869,121	25,618,102	48,487,223

2020			\$
	Short-term borrowings	Long-term borrowings	Total
Balance, beginning of year	37,844,458	29,757,423	67,601,881
Cash			
Repayment	(5,655,445)	(1,400,932)	(7,056,377)
New borrowings	500,000	7,155,996	7,655,996
Non-Cash			
Settlement into class "A" shares	(3,366,101)	(254,795)	(3,620,896)
Settlement from asset transactions	(4,781,217)	(20,866,816)	(25,648,033)
Non-cash interest	3,580,463	581,233	4,161,696
Conversion option	—	(259,750)	(259,750)
Reclassification	(5,883,940)	5,883,940	—
Balance, ending of year	22,238,218	20,596,299	42,834,517

Note 14 - Share Capital

The Corporation's authorized share capital is as follows:

Unlimited number of common shares as follows:

- Class "A" common shares, conferring 1 vote per share; and
- Class "B" common shares, conferring 100 votes per share, automatically converted into Class "A" common shares on March 23, 2023 and convertible at the option of the holder at any time, on a basis of 1 Class "A" common share for 1 Class "B" common share.

Unlimited number of preferred shares issuable in one or more series, having no voting rights, as follows:

- Class "C" preferred shares; and
- Class "D" preferred shares.

Emergia Inc.

Notes to the Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 14 - Share Capital (Continued)

Shares issued and outstanding were as follows:

	June 30, 2021		December 31, 2020	
	Number	\$	Number	\$
Class "A" common shares	23,488,371	80,567,213	19,839,374	67,000,387
Class "B" common shares	4,510,891	6,153,286	4,510,891	6,153,286
	27,999,262	86,720,499	24,350,265	73,153,673

During the period, the Corporation issued Units (the "Units") at a price of \$0.76 and \$0.78 per Unit, each Unit being composed of one Class "A" Common Share in the capital of the Corporation and a Common Share purchase warrant entitling the holder to purchase one Common Share at a price of \$1.25 per Common Share until June 30, 2023. As at June 30, 2021, 3,348,997 Units were issued for a total of \$2,613,540 consisting of \$1,377,454 paid in cash, \$931,320 for accounts payable and debt settlement, \$291,501 as payment for consultation services. In addition to the above, 300,000 Common Class A Shares were issued at a total price of \$300,000 as payment for the acquisition of the land in Alliston. The settlement of those current and non-current liabilities resulted in an increase of \$2,913,540 in Common shares, \$65,997 in Warrants and \$75,912 in loss from the settlement of current and non-current liabilities.

Note 15 - Warrants

The following is a continuity of the warrants outstanding and exercisable as at June 30, 2021:

		As at June 30, 2021		As at December 31, 2020	
		Weighted average	Exercisable	Weighted average	Exercisable
		price	price	price	price
Expiration date	Number	\$	Number	\$	\$
Beginning balance	9,651,158	1.25	15,000	2.00	
Issuance of warrants December 31, 2022	1,059,541	1.25	9,651,158	1.25	
Issuance of warrants December 31, 2021	2,292,056	1.25	9,651,158	1.25	
Expiration of warrants	—	—	(15,000)	2.00	
Ending balance	13,002,755	1.25	9,651,158	1.25	

The weighted average remaining contractual life for the warrants outstanding as of June 30, 2021 was 1.5 year.

The Corporation deems the Black-Scholes pricing model appropriate to calculate the fair value of these warrants, considered as equity instruments, and uses the following compounded values of a share price at the time of issuance of \$0.98, exercise price of \$1.25, risk free rate of 0.94%, volatility of 53%, vesting immediately, and life of 0.9 year from date of grant resulting in a fair value of the warrant of \$0.11. The expected underlying volatility was based on the historical data of the Corporation's shares over a period equivalent to the expected average life of the warrants.

Emergia Inc.

Notes to the Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 16 - Additional Information – Comprehensive Loss

Administrative expenses are composed of the following:

	For the three-months ended		For the six-months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	\$	\$	\$	\$
Consulting fees	756,535	142,901	1,129,090	296,367
Management fees	86,932	180,056	86,932	382,500
Professional fees	121,666	126,340	207,698	345,341
	965,133	449,388	1,423,720	1,024,208

Financing costs are composed of the following:

	For the three-months ended		For the six-months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	\$	\$	\$	\$
Interest	283,264	543,438	791,592	1,210,698
Change in fair value of the convertible debenture	—	188,906	—	159,328
Financing and other fees	331,472	257,135	331,472	374,361
	614,736	989,479	1,123,064	1,744,387

Note 17 - Net Gain (Loss) per Share

The calculation of basic net loss per share at June 30, 2021 was based on the loss attributable to common shareholders which corresponds to the gain for the year of \$165,662 (June 30, 2020 – loss of \$2,193,330) and a weighted average number of common shares of 22,040,787 (June 30, 2020 – 14,699,891).

The calculation of diluted net loss per share on June 30, 2021 is the same as the basic net loss per share as all conversion option of the debentures, stock options and warrants had an anti-dilutive effect (June 30, 2020 - same).

Emergia Inc.

Notes to the Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 18 - Related Party Transactions

Related parties include the Corporation's key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives.

The remuneration of key management personnel includes the following:

	For the three-months ended		For the six-months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	\$	\$	\$	\$
Management fees	166,950	180,056	367,500	382,500

Furthermore, the Corporation had the following operations with one company controlled by a director and with one company controlled by an officer:

	For the three-months ended		For the six-months ended	
	June 30, 2020	June 30, 2020	June 30, 2021	June 30, 2020
	\$	\$	\$	\$
Management fees and professional fees	48,253	100,000	144,758	210,967
Financing fees	90,845	208,070	173,190	312,105

The Corporation has the following trade and other payables with related parties:

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Companies controlled by directors and officers	3,976,851	3,369,252
Accrual compensation of directors and officers	803,795	592,608

The Corporation has additional loans and advances with related parties disclosed in Note 8 and 11. The Corporation accrues a fee of 2% for the personal guarantees given by a director on the Corporation's secured liabilities. The expense related to this fee is presented within financing costs.

Emergia Inc.

Notes to the Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 19 - Additional Information – Cash Flow

The changes in working capital items are detailed as follows:

	For the three-months ended	
	June 30, 2021	June 30, 2020
	\$	\$
Receivables and other receivables	265,349	(244,117)
Prepays and refundable deposits	858,542	(389,970)
Advances	—	11,578
Trade and other payables	(13,669)	202,798
	1,110,222	(419,711)
Additional cash flow information:		
Interest paid	781,551	567,827
Additions to investment properties included in trade and other payables	60,346	1,541,555
Additions to land held for residential development included in trade and other payables	52,930	790,940

Note 20 - Financial Assets and Liabilities

The carrying amounts and fair values of financial assets and financial liabilities in each category are as follows:

	June 30, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	\$	\$	\$	\$
Financial assets at amortized cost				
Cash	77,124	77,124	81,861	81,861
Receivables and other receivables	2,561,640	2,561,640	2,826,989	2,826,989
Refundable deposits	1,055,003	1,055,003	1,504,640	1,504,640
	3,693,767	3,693,767	4,449,454	4,449,454
Financial assets at FVTPL				
Investment in a private company	250,000	250,000	250,000	250,000
Total financial assets	3,943,767	3,943,767	4,699,454	4,699,454
Financial liabilities				
Financial liabilities at amortized cost				
Trade and other payables	6,507,306	6,507,306	6,520,975	6,520,975
Other current liabilities	22,869,121	22,869,121	21,460,185	21,460,185
Bank mortgages	3,050,294	3,050,294	4,717,696	4,717,696
Long term debt	17,838,573	17,838,573	11,527,533	11,527,533
Convertible debentures	4,729,235	4,729,235	5,109,105	5,109,105
Total financial liabilities	54,994,529	54,994,529	49,335,494	49,335,494

Emergia Inc.

Notes to the Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 20 - Financial Assets and Liabilities (Continued)

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The net carrying amounts of cash, receivables and other receivables, refundable deposits, advances to companies under common control, other advances receivable, bank overdraft, credit line, trade and other current liabilities are considered a reasonable approximation of fair value since all amounts are short-term in nature. The estimated fair value of the bank mortgages and long-term debt was calculated based on the discounted value of future payments using interest rates that the Corporation could have obtained as at the reporting date for similar instruments with similar terms and maturities. The fair value of the bank mortgages and long-term debt is equivalent to its carrying amount and is categorized in Level 2.

Note 21 - Financial Instrument Risk

The Corporation is exposed to various risks in relation to financial instruments.

The main types of risks are market risk, credit risk and liquidity risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Market risk

The Corporation is exposed to market risk through its use of financial instruments and specifically to interest rate risk and other price risk which result from its financing and investing activities.

The Corporation is exposed to interest rate risk on its other current liabilities and its fixed rate and variable rate bank mortgages and long-term debt financings. As at June 30, 2021 and December 31, 2020 bank mortgages, convertible debentures, long-term debt and other current liabilities are at fixed interest rates and subject the Corporation to a fair value risk (certain bank mortgages, other current liabilities and long-term debt in 2019). As at June 30, 2021 and December 31, 2020, certain long-term debts are at variable interest rates and subject the Corporation to cash flow risks. Variations in the interest rate would not affect profit or loss significantly.

The Corporation is exposed to other price risk in respect to its investments in a private company. The exposure is not significant.

Emergia Inc.

Notes to the Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 21 - Financial Instrument Risk (Continued)

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Corporation. The Corporation is exposed to credit risk from financial assets including cash, receivables and other receivables, advances to companies under common control and other advances receivable. The maximum exposure as at June 30, 2021 and December 31, 2020 is the carrying amount of these instruments, the credit risk is not significant.

Liquidity risk

Liquidity risk is the risk that the Corporation might be unable to meet its obligations as they come due. The Corporation manages its liquidity needs by monitoring scheduled debt servicing payments for short and long-term liabilities as well as forecasting cash inflows and outflows due in day-to-day business. The data used for analyzing these cash flows is consistent with that used in the contractual maturity analysis below.

The Corporation's funding is provided in the form of short and long-term debt as well as the issuance of shares. The Corporation assesses the liquidity risk as high.

As at June 30, 2021 and December 31, 2020, the Corporation's financial liabilities have contractual maturities as summarized below:

	June 30, 2021			
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade and other payables	6,507,306	—	—	—
Convertible debentures	—	816,615	3,912,620	—
Other current liabilities	22,869,121	—	—	—
Bank mortgages	46,547	47,370	2,956,377	—
Long term debt	1,707,630	—	16,130,943	—
Total	31,130,604	863,985	22,999,940	—

	December 31, 2020			
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Trade and other payables	6,520,975	—	—	—
Convertible debentures	—	778,033	5,669,888	—
Other current liabilities	20,720,518	865,634	—	—
Bank mortgages	162,441	162,441	4,605,159	—
Long term debt	4,393,593	—	7,133,970	—
Total	31,797,527	1,806,108	17,090,017	—

Emergia Inc.

Notes to the Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 22 - Capital Management

The Corporation's objectives when managing capital are to ensure the Corporation's ability to continue as a going concern, maintain financial flexibility in order to preserve its ability to meet its financial obligations, including potential liabilities resulting from additional acquisitions, maintain a capital structure that allows it to finance its growth strategy with cash flows from its operations and its debt capacity and optimize the use of its capital to provide an appropriate return on investment.

The capital structure of the Corporation consists of the bank mortgages, long-term debt and equity.

The Corporation's financial strategy is developed and adapted on the basis of market conditions to maintain a flexible capital structure consistent with the objectives stated above and to respond to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Corporation may refinance an existing debt, take out new borrowings or repurchase shares or issue new shares.

The Corporation's financial strategy and objectives have remained substantially unchanged for the past year fiscal year. The objectives and strategy are reviewed annually.

Note 23 - Segment Information

Non-current assets (other than financial instruments) are owned in the following countries:

	As at June 30, 2021	As at December 31, 2020
	\$	\$
Canada	84,661,983	70,271,241
Greece	1,650,000	1,650,000

The rental income is 100% in Canada.

Emergia Inc.

Notes to the Consolidated Financial Statements

As at June 30, 2021

(in Canadian dollars)

Note 24 – Subsequent Events

Private placement offering and debt settlement

The previously announced a private placement offering of Units, composed of 1 common share and one common share purchase warrant, for up to \$15,000,000, for which 10.2M has been closed by the Corporation as at June 30, 2021, has been terminated. A new private placement offering has been put in place for an amount of \$5,000,000 until September 6, 2021. The maturity date of the warrants extended to June 30, 2023.

On July 19, 2021, the Corporation issued 110,705 Units, representing \$58,500 in cash and \$27,850 in consulting fees.

Sale of the property located at 860, Cité-des-Jeunes, Saint-Lazare

On August 19, 2021, the Corporation sold the property located at 860, Cité-des-Jeunes in Saint-Lazare at a price of \$1,380,000, which amount served to reimburse short-term debts.

SCHEDULE C

EMERGING STRONGER



Management's Discussion & Analysis Emergia Inc.

For the three-month and the six-month periods ended
June 30, 2021

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Interim Management's Discussion and Analysis

The following Interim Management's Discussion and Analysis ("**MD&A**") is provided to enable the reader to assess the results of operations of Emergia Inc. ("**Emergia**" or the "**Corporation**") for the quarter ended June 30, 2021, in comparison with the quarter ended June 30, 2020.

This MD&A dated August 25, 2021, reflects all significant information available as of that date and should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes of Emergia for the periods ended June 30, 2021 and June 30, 2020 (the "**Q2 2021 Financial Statements**").

Unless otherwise indicated, all amounts are in thousands of Canadian dollars and are based on the Q2 2021 Financial Statements prepared in accordance with International Financial Reporting Standards ("**IFRS**").

Additional information on Emergia is available on Emergia's website at www.emergia.com and on the Canadian Securities Administrators' ("**CSA**") website at www.sedar.com.

The Board of Directors of the Corporation, under the recommendation of the Audit Committee, has approved the contents of this MD&A on August 25, 2021.

Basis of Presentation

Going Concern

The Q2 2021 Financial Statements and this MD&A have been prepared on a going concern basis, which presumes that the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of its operations.

As of June 30, 2021, the Corporation has not yet generated positive cash flows from its operations with a negative working capital of \$30,846,162 (\$31,198,328 – December 31, 2020). The Corporation has however started to achieve profitable operations with a net income of \$165,661. The Corporation's ability to continue as a going concern is dependent upon its ability to raise sufficient equity or other forms of financing and refinance its short-term debt or other debts as they come due in order to complete its contemplated business plan and ultimately achieve profitable operations. These factors indicate the existence of material uncertainties that may cast significant doubt regarding the Corporation's ability to continue as a going concern. Notwithstanding the foregoing, subsequent events (See "Subsequent Events") section on page 10 allowed the Corporation to further reduce the short-term debt and management pursues its financing activities as mentioned below.

The Corporation is in ongoing negotiations in order to secure financing for both its short term and long term requirements. As at June 30, 2021, the Corporation had closed an amount of \$2,600,275 for the six-month period, for a total of \$10,207,394 as part of its ongoing private placement offering. At the date of this MD&A, the Corporation is pursuing a new private placement. If completed, this financing, together with other transactions, is expected to be sufficient in order to enable the Corporation to fund all aspects of its operations. In addition, management is pursuing other financing alternatives to fund the Corporation's operations, including discussions with current lenders and

creditors with a view to possibly converting their debt into equity and or extending maturity dates and or amending related terms and conditions on existing loans, to reinforce its ability to continue as a going concern.

The preparation of the unaudited interim condensed consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements. Those estimates, assumptions and judgments also affect the disclosure of contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the period. The critical accounting estimates and judgments have been set out in note 2 to Emergia's unaudited interim condensed consolidated financial statements for the quarter ended June 30, 2021. These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the unaudited interim condensed consolidated financial statements of future periods. Actual results may differ from these estimates.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Corporation's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Corporation's financial information reported under IFRS.

The Corporation believes non-IFRS measures are important supplemental measures of financial performance because they eliminate items that have less bearing on the Corporation's financial performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. Because other companies may calculate these non-IFRS measures differently than the Corporation does, these metrics are not comparable to similarly titled measures reported by other companies.

Emergia measures the success of its strategy using a number of performance indicators:

Non-IFRS Performance Indicators

Net operating income ("NOI"): NOI is a measure presented in the statement of comprehensive income in the Corporation's unaudited interim condensed consolidated financial statements, which is calculated as revenues less property operating expenses such as utilities, repairs and maintenance and realty taxes. NOI does not include charges for interest or other expenses not specific to the day-to-day operation of Emergia's properties. Emergia considers NOI to be a valuable measure for evaluating the operating performance of its properties.

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

Occupancy rate: Occupancy rate is a measure used by Emergia to give an indication of the current economic health of the Corporation's portfolio by taking the leasable area occupied by clients divided by the leasable area of Emergia's portfolio, excluding the areas currently under development or redevelopment.

Debt ratio: Debt ratio is a non-IFRS measure used by Emergia to assess the financial balance essential to the prudent running of an organization. The debt ratio is calculated by adding mortgages payable, debentures, bank borrowings less cash and cash equivalents divided by the total assets minus cash and cash equivalent.

Effective Gross Revenues ("EGR"): The EGR refers strictly to rental income generated by revenue generating properties and excludes other revenues such as disposal of land or other properties. Emergia considers EGR to be a valuable measure for evaluating the revenue generating performance of its properties.

Reconciliation with closest IFRS measures and other relevant information regarding the above performance indicators are provided in the appropriate sections of this MD&A.

Message to Shareholders

As indicated in the two previous *Management and Discussion & Analysis*, 2019 was the year the Corporation's effective transformation began and which was pursued in 2020 with the objective to complete this transformation by 2021.

Execution of the Strategic Plan

The strategic plan aimed at redefining the Corporation's business model and strengthening its balance sheet, by:

1. Concentrating its activities and operations in Canada, mainly in the provinces of Quebec and Ontario and focusing on the multi-residential, retail, industrial and office properties, in the sectors of ownership and management, optimization and development;
2. Reducing short-term debt through the capitalization and refinancing and disposing of certain assets;
3. Acquiring revenue generating properties to ensure stable revenues and cash flows.

At the date of this MD&A, the Corporation has made substantial inroads in the carrying out of its strategic plan, based on the following, namely:

1. A reduction in high interest rate short-term debt by approximately \$30.6M since the beginning of 2020.
2. Closing of the private placement in an amount of \$10.3M on a total of \$15M offering composed of cash and mostly of conversion of debt by existing lenders and creditors in equity of the Corporation.
3. The disposal of hospitality segment assets that were held for sale.
4. The rollover of two assets into a joint venture thereby allowing for property optimization in one case and development in the other. In the latter case, the development of property for a mixed-use building in Dorval, Quebec, consisting of 104 apartments and approximately 9,000 sq.ft. of retail. This project has received the first level of authorization by the municipal authorities on July 12, 2021. As part of the rollover transaction, Emergia secured a three-year option under which it may acquire the shares of the joint venture, thereby providing the Corporation with the potential to benefit from the resulting value-add created by the development.
5. On May 3, 2021, the Corporation completed the acquisition of a 100-acre property in Alliston, Ontario. The property is valued at \$15.8M and is in its final stage of rezoning to residential and multi-residential. The Corporation intends to sell 70

acres which are destined for houses and town houses once rezoning is completed and to develop the balance of the land by building 500 multi-residential units in four phases of 125 units each as well as a proximity services commercial strip centre.

6. The alignment of the Corporation's asset allocation with its business model which called for a Revenue Generating Property segment representing at least 60% of the Corporation's holdings and an Optimization and Development Property segment not to exceed 40% of its holdings.

As at the date of this MD&A and considering the discussions and transactions currently underway, we believe the Corporation is nearing completion of its financial restructuring plan.

Emerging **STRONGER**

After the major loss suffered in the 2020 financial year (\$8,865,947 on a cash basis), which was expected under the Strategic Plan as mentioned in the year-end 2020 MD&A, the results for Q2-2021, demonstrate a gain of \$319,072 for the three-month period and a profit of \$165,662 for the six-month period, compared to a loss of \$2,193,330 as at June 30, 2020.

With the execution of our 2021 Plan of Action (described hereafter) well underway, including near completion of the private placement, refinancing of the remaining short-term debt into equity or long-term debt, as well as completion of the acquisition of the development asset in Ontario, we are now ready to execute the Corporation's long-term business plan, including the launching of existing development projects to create organic growth, the creation of joint ventures in specific projects where required, and the planning of other strategic acquisitions in line with our business model.

BE DIFFERENT

The Corporation has proven its ability to engage and continue on the right path to overcome operational difficulties like those it went through since 2018. We thus believe in our readiness to demonstrate to our shareholders Emergia's differentiation profile and business model. By showing how Emergia can **Be Different** in the real estate investment industry, we offer a different way to invest in real estate and a platform allowing its shareholders and investors to benefit through:

Growth:

- ✓ From value-add created in development and optimization projects;
- ✓ From internal profits generated by the development and optimization projects; and,
- ✓ From organic growth resulting from the long-term assets developed internally.

Recurrent Returns:

- ✓ From stabilized Revenue Generating Properties;
- ✓ From performing properties located in strategic markets; and,
- ✓ From the long-term leases with high profile tenants.

Asset Diversification:

- ✓ Allowing to be active in multi-residential, retail, industrial and office classes;
- ✓ Allowing to reduce portfolio volatility; and,
- ✓ Allowing to increase resilience to economic downturns.

Remain Stronger and Different

With a strengthened balance sheet, including the Corporation's revised debt structure, the assets we own and the strategic acquisitions we have made and envisage to make, and with the strengths of our team in place whose members excelled in their performance over the past year, I am now confident that this is the year where Emergia will start to show success with its business plan, generate profits and grow in the coming years. The profit realized in Q2 supports this orientation.

HENRI PETIT

PRESIDENT & CHIEF EXECUTIVE OFFICER

Highlights For Q2 2021

- ✓ Adoption of the 2021 Plan of Action, which includes:
 - Reduction of the short-term debt through private placement equity.
 - Reduction of the short-term debt through disposal of some assets.
 - Launching of development process for projects already owned by the Corporation, to create organic growth.
 - Acquisition of value-add asset in Ontario (Alliston).
 - Acquisition of value-add in the province of Quebec (Bromont).
 - Advance discussions to acquire revenue generating properties to increase revenues and to align the asset allocation with the Corporation's business model.
 - Refinancing of short-term debt into long-term debt.

Subsequent Events

➤ *Disposal of properties to reduce short-term debt*

On August 19, 2021, the Corporation sold the property located at 860, Cité-des-Jeunes in Saint-Lazare at a price of \$1,380,000, which amount is served to reimburse short-term debts.

➤ *Pursuance of a private placement*

The previously announced a private placement of Units, composed of 1 common share and one common share purchase warrant, for up to \$15,000,000, for which 10.2M has been closed by the Corporation as at June 30, 2021, has been terminated. A new private placement offering has been put in place for an amount of \$5,000,000 until September 6, 2021. The maturity date of the warrants extended to June 30, 2023.

On July 19, 2021, the Corporation issued 110,705 Units representing \$58,500 in cash and \$27,850 in consulting fees.

➤ *Approval of development project*

On July 12, first level approval by the municipal authorities of the proposed development project in the City of Dorval to build a mixed-use building comprising 104 apartments rental units and approximately 9,000 sq. ft. ground floor retail. The final approval is expected in September 2021.

Caution Regarding Forward-Looking Statements

Forward-looking statements are presented for the purpose of assisting investors and others in understanding certain key elements of the Corporation's current objectives, goals, targets, strategic priorities, expectations, and plans, and in obtaining a better understanding of the Corporation's business. Readers are cautioned that such information may not be appropriate for other purposes.

Forward-looking statements, by their very nature, involve inherent risks and uncertainties and are based on a number of assumptions, both general and specific, as further described below. The Corporation cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although believed reasonable at the time they were made, subject to greater uncertainty.

Assumptions that could cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements, include, but are not limited to, the following risks factors, which are discussed in greater detail under the heading "Risk and Uncertainties" of the annual MD&A of the Corporation for the year ended December 31, 2020: the impact of the COVID-19 health crisis, access to capital and debt financings, risks associated with the ownership of the immovable properties, including climate change, industry competition and interest rate fluctuations, high level of indebtedness, risks associated with future property acquisitions, dispositions or developments, the recruitment and retention of employees and executives, legislative and/or regulatory developments, compliance with environmental laws and regulations, insurances, any failure to comply with covenants in financing and other material agreements, and volatility in the market price of the shares. These factors are not intended to represent a complete list of the factors that could affect the Corporation; however, these factors should be considered carefully.

The forward-looking statements contained in this MD&A are made as of the date of this MD&A, and the Corporation has no intention and undertakes no obligation to update or revise any forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs, unless required by applicable securities regulations. In the event that the Corporation does update any forward-looking statements contained in this MD&A, no inference should be made that the Corporation will make additional updates with respect to that statement, related matters or any other forward-looking statement.

Summary of Quarterly Results

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

	2021		2020				2019	
In dollars, except per- share amounts	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	284,486	235,607	544,957	797,540	573,118	817,130	766,060	767,735
Operating expenses	205,973	161,462	238,419	455,596	308,499	506,484	325,243	401,649
Net Operating Income (loss)	78,513	74,145	306,538	341,944	264,619	310,646	440,817	366,086
Administration	1,423,720	458,587	689,838	673,684	449,388	574,820	161,745	496,375
(Gain) loss on fair value adjustment	(1,200,000)	—	651,655	1,731,346	—	—	67,187	—
Financing costs	1,123,064	508,328	1,131,986	2,005,797	989,479	754,907	871,035	970,335
Gain on sale of property and equipment	(710,496)	—	—	—	—	—	—	—
Share of net income from joint venture	(618,224)	—	—	—	—	—	—	—
Impairment of intangible assets	—	—	—	—	—	—	—	1,117,510
(Gain) loss on settlement of current and non-current liabilities	75,912	206,635	11,743,740	—	—	—	—	(260,840)
(Gain) loss on settlement of long-term debt	—	—	4,225,027	—	—	—	—	—
Net gain (loss) and comprehensive gain (loss)	165,662	(153,412)	(15,670,793)	(4,068,883)	(1,174,248)	(1,019,081)	(1,627,282)	(1,875,729)
Basic and diluted gain (loss) per share	0.01	(0.01)	(0.87)	(0.18)	(0.08)	(0.07)	(0.11)	(0.13)

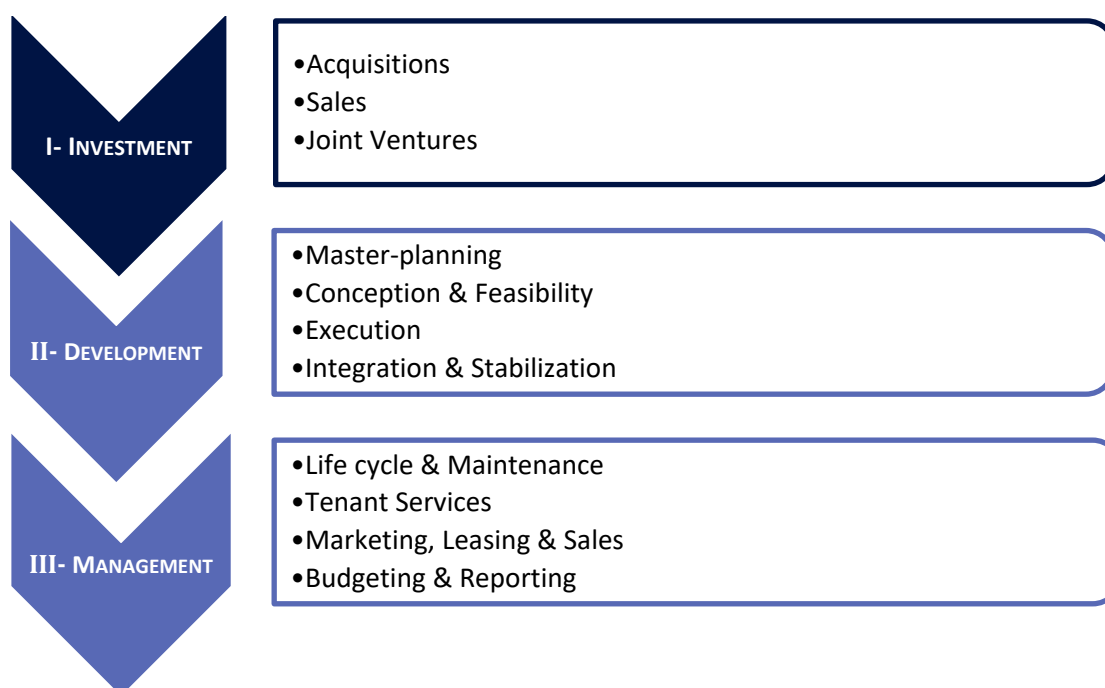
General Business Overview

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

On March 23, 2018, Emergia became a publicly listed company on the Canadian Securities Exchange ("CSE") under the name "The Delma Group Inc." and the symbol "DLMA.CN" through a reverse takeover transaction by Aydon Income Properties Inc. On January 21, 2020, the Corporation changed its name for "Emergia Inc." and its ticker symbol for "EMER". The principal address and records office of the Corporation is located at 402 – 185 Avenue Dorval, Dorval, Quebec, Canada H9S 5J9.

The primary focus of the Corporation is to acquire, develop and manage small to medium size portfolios of mixed-use properties in Canada, mainly in the provinces of Quebec and Ontario, based on a diversified asset allocations into various segments of activities and asset classes (see section "Our Investment Strategy and Business Model" on page 17 of this MD&A). Emergia aims to create diversified portfolios thereby allowing it to reduce the portfolio volatility and increase resilience to economical downturns. This has been experienced during the COVID-19 pandemic, where the diversification allowed Emergia to mitigate and limit its losses in such exceptional circumstances (See Section "COVID-19 – Impact Analysis and Risks" on page 23 of this MD&A).

Emergia is distinctively integrated vertically as it participates in all stages of the real estate value chain.



Brief History

2018

- ✓ On March 23, 2018, Emergia became a publicly listed company on the CSE under the name "The Delma Group Inc." through a reverse takeover transaction.
- ✓ Operations in real estate holdings and development also including hospitality assets development and operations.
- ✓ Acquisitions of assets from Mr. Henri Petit and his group having a total value of approximately \$99.3M paid by the issuance of shares of the Corporation bringing the total value of assets to approx. \$108.7M as at December 31, 2018.
- ✓ Absence of the anticipated concurrent equity financing due to reasons not under the control of Emergia causing a delay in the development of projects which in turn resulted in a high level of short-term debt with high interest rates creating a negative cash-flow position and losses.
- ✓ End of 2018, change in management; Mr. Henri Petit became the CEO of Emergia.

2019

- ✓ Modification of the business plan which included divestiture of the hospitality assets and concentration on revenue generation, optimization and development assets.
- ✓ Implementation of various initiatives to improve its cost structure, increase revenues and improve operational profitability.
- ✓ Increase in its square footage of revenue generating properties by 8,152 sq. ft.
- ✓ Disposal of certain assets held for sale which were not to be part of the new business plan and reduction of its short and long term debt through the proceeds from these sales.
- ✓ Increase of its EGR by 92.1% from Fiscal 2018.
- ✓ Increase of its NOI by 58.8% from Fiscal 2018.

2020

- ✓ Adoption and execution of a plan of action to, by 2021, attain both profitability and the asset allocation model targeted by the Corporation including:
 - Disposal of Assets Held for Sale (Hospitality assets);
 - Disposal of certain other assets to reduce short-term debt;
 - Closing of a private placement in equity exceeding \$7M composed mostly of conversion of debt by existing lenders in equity of the Corporation;
 - Signing of a binding agreement for the acquisition of a 100 acre development land area in Alliston, Ontario (See "Subsequent Events" Section on page 10).
- ✓ Reduction of total short-term liabilities by \$29.29M as at December 31, 2020.
- ✓ Stable maintenance of its Effective Gross Revenues.
- ✓ Increase of its Net Operating Income ratio by 6.1% from \$1,153,369 in 2019 to \$1,223,738 in 2020.
- ✓ Entering into a 50-50 joint venture to own and develop its 185, Dorval Avenue, Dorval, Quebec (revenue generating property), a 6-Storey office building including excess land of 42,000 sq.ft. for development. Transfer of the 117, Lepine Avenue, Gatineau (Optimizing Property), a 2-storey retail and office building, into the same joint venture.

2021

- ✓ Completion, on May 3, 2021, of the acquisition of the 100 acres development land in Alliston, Ontario for a purchase price of \$14.4 million (excluding closing costs and land transfer tax).
- ✓ Additional reduction of its short-term liabilities through a private placement.
- ✓ Disposal of assets to reduce short-term debt.
- ✓ Continuation of discussions to acquire revenue generating properties to align the assets allocation with the Corporation's business model.
- ✓ Obtention of first level approval of the mixed-use development project in Dorval.
- ✓ Adoption of the 2021 Plan of Action (See Section "2021 Plan of Action" on page 155 of this MD&A).

2021 Plan of Action

In 2020, the plan and measures adopted in 2019 have been pursued in order to complete the financial reorganisation of Emergia, which included the strengthening of its balance sheet, the execution of a private placement, the sale of certain assets to reduce short-term debt, the creation of joint ventures, and the conclusion of acquisitions in order to reach profitability and the asset allocation targeted by the Corporation by 2021. Emergia has succeeded in closing part of its private placement for an amount of approximately \$7M, to create a joint venture to own and develop its property located at 185, Dorval Avenue, Dorval (Investment Property) and its property located at 117, Lepine Avenue, Gatineau (Optimizing Property) and to align strategic acquisitions.

The plan of action established for 2021 can be summarized as follows:

- ✓ Launching of development projects that are already owned by the Corporation, to create organic growth.
- ✓ Creation of joint ventures for specific development projects that will facilitate the development and financing of such projects.
- ✓ Continuation of discussions to acquire revenue generating properties to increase revenues and to align the asset allocation with the Corporation's business model.
- ✓ Completion of a private placement to reduce the short-term debt and global debt ratio and increase working capital.
- ✓ Refinancing of short-term debt into long-term debt.

As a result of the actions undertaken in 2019 and 2020, Emergia is now strategically positioned to start development projects in the coming months and years, including with some of its existing properties and the green field development of owned land. These developments are expected to increase the net asset value of the Corporation's portfolio as well as the Corporation's aggregated current revenues. The following projects are expected to start, with the architectural plans, in Q4-2021 or early 2022:



Pure Bromont

- Development of a 17M sq.ft. parcel of land located at Exit 78 of Highway 10 in Bromont, in Quebec's Eastern Townships. The project, known as Pure Bromont, is destined for mixed use buildings comprising retail, recreational tourism and residential uses. Emergia has received a certificate of authorization from the ministry of the environment permitting the development of the land. After allowing for wet lands, the project counts approximately 2.5M sq.ft. of land for retail development and 8M sq.ft. for residential development. The residential part, included in Phases 2 and 4 of the Global Site Plan, is to be sold to local developers. The retail part, Phases 1 and 3, will be developed by the Corporation, which development is expected to start in Q4-2021 or early 2022.



185 Dorval Avenue, Dorval

• 54,150 sq.ft. Gross Leasable Area in a 6-Storey office building including excess land of 45,000 sq.ft. for development of a 104 apartment multi-residential building with retail space on the ground floor, totalling 101,230 sq.ft. This project is to be launched in Q4-2021.

Our Vision and Mission

Our Vision: To develop and invest in high-quality projects that create a better lifestyle focussed on the well-being of communities and the reduction environmental footprints in secondary and primary markets.

Our Mission: To identify, acquire, optimize, develop and manage strategic real estate assets across Canada, mainly in the provinces of Quebec and Ontario, thereby ensuring value creation and maximizing financial returns to our shareholders through:

- ✓ Potential value added resulting from the revenue increases in the short-term of the stabilized properties as of the date of acquisition;
- ✓ Potential value added resulting from the optimization or redevelopment of underperforming assets by densification of sites (expansion of existing or addition of new buildings on such sites);
- ✓ Profits resulting from the development and construction of projects on land acquired by the Corporation, which projects are then held on a long-term basis thus allowing for organic growth; and,
- ✓ Potential profit on sales of excess land.

Our Values

Integrity

- Integrity is the defining quality of our people and our work. We are guided by solid moral principles, allowing to always act truthfully and honorably, and to maintain a high level of ethical standards.

Sustainability

- We are determined to create things that will stand the test of time, by concentrating on the performance and the highest standards of quality in each of our projects.

Our Objectives

We strive to:

- ✓ Become a leader in mixed-use real estate ownership, development and management;
- ✓ Ensure sustained and solid returns to shareholders;
- ✓ Build a high-yielding portfolio focussed mainly on Canada;
- ✓ Capitalize on established networks to source investment and development opportunities; and,
- ✓ Implement financial structures engineered to ensure long-term profitability and market downturn resilience.

Our Investment Strategy and Business Model

Emergia's real estate investment strategy is focused on 3 core asset segments:

REVENUE GENERATING

Invest in revenue generating properties that provide cash flow and long-term income.

OPTIMIZATION

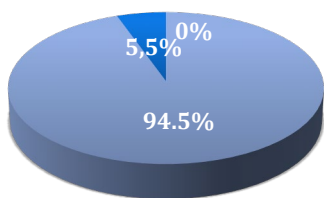
Invest in properties where value-added strategies will result in improved net operating income and portfolio value.

DEVELOPMENT

Invest in full-scale revenue generating development opportunities that produce higher portfolio returns and value.

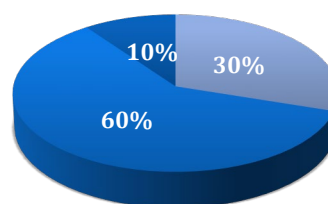
The combination of stabilized revenues and returns to investors as well as higher yields from its development activities provides an important element of differentiation for Emergia when compared to other existing public real estate investment vehicles. Stable revenue generating properties ensure liquidity for operations as well as capital to invest in additional properties and to, eventually, allow for the distribution of dividends to shareholders. The optimization and development sectors allow for higher yields and growth in the net asset value of the Corporation. The value of Emergia's portfolio as at June 30, 2021 was \$86,309,483, composed of \$82,753,335 in investment and development properties and \$3,556,148 in a joint venture participation. The allocation between asset segments targeted by the Corporation in its business model is 60% for revenue generating properties, 20% for development properties and 20% for optimization properties. The following tables show the allocation between such asset segments as of June 30, 2021 and the allocation expected to be reached in 2022:

Asset Allocation/ As at June 30, 2021



- Development (94.5%)
- Revenue Generating (5.5%)
- Optimization (0%)

Asset Allocation/ Expected in 2022



- Development (30%)
- Revenue Generating (60%)
- Optimization (10%)

It is anticipated that the Corporation will achieve its asset allocation model in 2022 as a result of the planned acquisitions of revenue generating properties.

We follow a value-based approach to investing and allocating capital. We believe our disciplined management, global reach and expertise in recapitalizations and operational turnarounds enable us to identify a wide range of potential opportunities. The real estate market in Canada, especially in Ontario and Quebec, offers segment specific opportunities that fit particularly well with Emergia's business model of short-term value creation and long-term revenue generation. Our investment focus with respect to each asset class is as follows:

- **Retail:**

With respect to the retail market, the Corporation's plan is to concentrate in proximity services oriented and redevelopment opportunities that include repurposing and densifying site with mixed-use properties that combine retail with higher-density multi-residential, services, green space and experiential attractions. Emergia specifically targets these retail properties with the objective to complete redevelopment within a short time frame to increase asset value and revenue generation potential for long-term holding while focussing on proximity services and retail properties with value-add potential.

- **Industrial:**

There is an increased need for industrial space in the market driven by online retail distribution and return centers and other niche areas such as small bay multi-tenant industrial buildings. Rental increases are expected with demand exceeding supply for the next few years. Emergia is targeting specific geographical areas that offer important logistical advantages to long-term tenants and develop properties in functions of firm long-term leasing arrangements.

- **Office:**

We maintain a constant monitoring of this asset class market, taking into consideration the tele-homeworking trend as a result of the COVID-19. Leasing activity is fuelled by changing tenants' expectations driven by the technology industry and demand for unique technology-enabled space, with amenities in the buildings and its close vicinity. Emergia

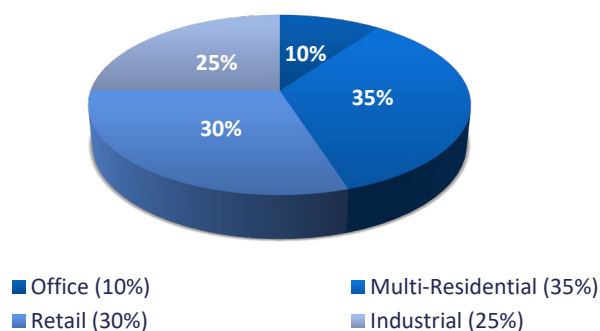
developed a tenant-oriented acquisition and redevelopment strategy that enables the Corporation to retain long-term tenants based on addressing their specific needs.

- **Multi-Suite Residential:**

The tight supply, historically low vacancy rates and tougher stress tests on residential mortgages have had an impact on affordability in certain markets, but Quebec and Ontario markets still allow some opportunities for value creation. There are interesting opportunities in this sector in various cities in the province of Quebec. The Province of Ontario also offers interesting opportunities, in cities such as Ottawa, Niagara Falls, London and secondary line cities of larger cities like Toronto.

The allocation of these asset classes targeted by the Corporation are the following:

Targeted Asset Class Allocation



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

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

Portfolio Composition

At the end of June 2021, EMERGIA's portfolio included retail, office and industrial buildings as well as land for future development. EMERGIA's corporate structure and business model have been designed to capitalize on the many advantages the mixed-use segment offers including, the creation of synergies between the different real estate asset types, value creation opportunities at all stages of the value chain, and a diversification effect that reduces portfolio volatility and increases resilience to economic downturns.

Real Estate Portfolio Summary by Asset Segment as at June 30, 2021

As at June 30, 2021, EMERGIA's portfolio included retail, office and industrial buildings as well as land for future development. The value of Emergia's portfolio at the end of June 2021 was \$86,309,484 as shown in the table below. However, the Corporation is in the process of bringing the composition of its portfolio in the range of its business model and plan (See "Our Investment Strategy and Business Model" Section on page 17).

Property Type	Fair market value
Revenue-Generating	\$ 4,570,000
Held for Development	\$ 78,183,336
Held for Optimization	\$ 0
Investment in a Joint Venture (50%)	\$ 3,556,148
Total	\$ 86,309,484

Portfolio Properties: Revenue-Generating Properties

Property	Location	Segment	Fair Market Value
Lépine	Gatineau, QC	Retail	\$ 4,570,000
Total			\$ 4,570,000

- **121 Lepine, Gatineau, Quebec**

The property consists of a 21,539 sq.ft. gross leasable area multi-tenant retail and office building, built in 2016.

Portfolio Properties: Properties Held for Development

Property	Location	Segment	Fair Market Value
Bromont - Development land	Bromont, QC	Mixed-use	\$55,345,474
Knowlton	Lac Brome, QC	Retail	\$ 2,968,054
Curé-Labelle	Blainville, QC	Retail	\$ 1,610,000
Cité-des-Jeunes	St-Lazare, QC	Retail	\$ 1,382,236
Alliston (14 th Line Road)	Alliston, ON	Mixed-use	\$15,136,912
Panagopoula	Greece	Hospitality	\$1,650,000
Total			\$ 78,183,336

- ***Bromont Land, Bromont, Quebec***

Development of a 17M sq.ft. parcel of land located at Exit 78 of Highway 10 in Bromont, in Quebec's Eastern Townships. The project, known as Pure Bromont, is destined for mixed use buildings comprising retail, recreational tourism and residential uses. Emergia has received the relevant certificates of authorization from the ministry of the environment permitting the development of the land. After allowing for wet lands, the project counts approximately 2.5M sq.ft. of land for retail development and 8M sq.ft. for residential development. The residential part, included in Phases 2 and 4 of the Global Site Plan, is to be sold to local developers, except for a parcel of these two phases which will be developed by the Corporation with multi-residential buildings, the construction of which is expected to start in Q2 2022. The retail part, Phases 1 and 3, will be developed by the Corporation, which development is expected to start in 2022. See "2021 Plan of Action" Section on page 15. In April 2021, the Corporation was retroceded three plots of land by the City of Bromont that had been expropriated to build the roundabouts giving the City a new Exit/Access to Highway 10. These plots, totaling approximately 14,283.8 sq. m. (153,749 sq.ft.), represent the excess portion of the land expropriated for the construction of the said roundabouts.

- ***Blainville Land, Blainville, Quebec***

Development land of 231,699 sq.ft., very well located on the Curé-Labelle Boulevard in the city of Blainville, north of Montreal, is zoned for commercial development. However, considering the high demand for multi-residential units in the area, discussions with the City with regards to a zoning change to multi-residential have been initiated with the municipal authorities in Q2-2021.

- ***Lac Brome Property, Quebec***

Situated in the Eastern Townships, the property consists of 203,777 sq.ft. of land with an existing 15,900 sq.ft. building to be redeveloped and extended to at least 26,500 sq.ft. The property includes excess land to be sold for residential development.

- ***St-Lazare Land, St Lazare, Quebec***

Development land of 143,000 sq.ft., is very well located at the entrance of the City of St-Lazare (West of Montreal), is to be developed in retail of proximity services.

- ***Alliston Land, Ontario***

100-acre land in Alliston (New Tecumseth), Ontario, in the process of being redesignation of its current zoning from Employment (light industrial) and corridor commercial to residential and corridor commercial. The zoning redesignation of the land is expected to be completed in Q4-2021 or Q1-2022, following which the Corporation intends to sell part of the land to a developer of single-family residences (approximately 70 acres). The remainder is intended to be developed by the Corporation into 500 multi-residential units and a proximity services strip shopping centre of 50,000 to 60,000 sq. ft.

- ***Panagopoula, Greece***

This asset is in the process of being sold. Emergia, through its subsidiary Delma Hospitality Corporation owns 30% of AIGIALEIA S.A., company that owns 100% of a 323,000 sq. ft.

waterfront resort project near Patras in Western Greece with 48 Bungalow-type rooms and a hotel, which is about 65% completed.

Portfolio Properties: Investments in Joint venture

On September 4, 2020, the Corporation entered into a joint venture agreement to own and develop its 185, Dorval Avenue Investment Property. The transaction considered the transfer of this asset at a price of \$9,000,000 in exchange of 2,651,581 Class "A" common shares, representing 50% plus 1 of the voting shares of the joint venture. Related debts and accrued liabilities of \$6,348,420 were also transferred at the time of the agreement. The partner invested an amount of \$ 2,651,580 to reimburse the long-term debt of \$1,150,000 and the trade & other payables of \$420,919, leaving a balance of \$1,080,661 of cash flow in the joint venture. The Corporation benefits of an option to buy-back all the shares of the partner in the joint venture at any time during a period of 3 years from the date of closing. On October 29, 2020, the same joint venture entered into an agreement with respect to the property located at 117, Lepine, Gatineau, which is in its optimization phase, whereby the said property has been acquired at a price of \$4,135,922 into the joint venture. As for the latter property, the Corporation remains in charge of the management of the 117 Lépine property and also benefits of the same 3-year option to buy back the shares of the joint venture. These investments are recorded in "Investments in a joint venture" for \$3,556,148 as at June 30, 2021 using the equity method.

Property	Location	Segment	Fair Market Value
185 Dorval Avenue	Dorval, QC	Office plus excess land	\$ 11,000,000
117 Lépine Avenue	Gatineau, QC	Retail and Office	\$ 4,135,922
Total			\$15,135,922

- **185 Dorval Avenue, Dorval, Quebec**

The property consists of a 54,150 sq.ft. gross leasable area in a 6-Storey office building including an excess land of 48,000 sq.ft. for development of a 103 apartment multi-residential building with a retail space on the ground floor, totaling 101,230 sq.ft. This project is in its final phase of approval by the municipal authorities the construction plans are expected to be completed in Q4-2021, and the construction is expected to be launched in early 2022. (See Section "2021 Plan of Action" Section on page 15).

- **117 Lepine Avenue, Gatineau, Quebec**

The property consists of a 24,984 sq.ft. gross leasable area retail and office building in the lease up period. Expected to be majoritarily leased by year end 2021.

Net Asset Value

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

<i>(In \$, Except Number of Shares)</i>	As at June 30, 2021	As at December 31, 2020
Aggregated Portfolio Value	86,309,483	71,918,741
Aggregated Portfolio Liabilities	48,487,223	42,834,517
Cash, Receivables, Prepaids, Advances and Property and equipment, less Deferred income tax liabilities	3,571,267	4,699,895
Payables and Income tax payable	6,551,172	6,564,841
Net Value	34,842,355	27,239,278
Total Shares Outstanding	27,999,262	24,350,265
Net Asset Value per Share	1.24	1.12

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

COVID-19 – Impacts Analysis and Risks

COVID-19 and the resulting government restrictive measures continue to have a significant impact on the global and domestic economy since the onset of the pandemic in March 2020. While many areas experienced a respite in case counts delineating the first wave, the pandemic entered a second wave with increased case outbreaks. Subsequent to year end 2020, the Government of Quebec took another set of measures to slow the pandemic spread by announcing on January 8, 2021 the closing of non-essential retail operations throughout the province and by making teleworking mandatory for people working in offices, except for workers whose public or private sector employers deem their presence necessary to pursue the organization's activities. Despite the recent rollout of vaccinations across Canada and globally, the longevity and extent of the pandemic, the duration and intensity of resulting business disruptions and related financial, social and public health impacts currently remain fluid and uncertain.

As the COVID-19 pandemic evolves, Emergia will continue to act accordingly to directions provided by the Federal, Provincial and Municipal governments. The Corporation's Board of Directors and management have taken and are still taking all necessary measures to ensure the health of its consultants, support its tenants and best manage the short-term challenges to its business. The Corporation has also temporarily reduced its work force and obtained from some of its lenders of capital and or interests payment relief. The Corporation also took measures to reduce spending as much as possible in the short term.

Management is uncertain of the effects of the global changes resulting from the COVID-19 on its operations and future financial performance. Although management believes that any disturbance may be temporary, there is uncertainty about the length and potential impact of the disturbance. These uncertainties may persist beyond when it is determined how to contain the virus or treat its impact. The outbreak presents uncertainty and risk with respect to the Corporation, its performance, and estimates and assumptions used by Management in the preparation of its financial results.

Canada Emergency Commercial Rent Assistance ("CECRA")

CECRA provided relief for small businesses experiencing financial hardship due to COVID-19. Over the course of the program, it allowed property owners to reduce rent by 75 % from April to September 2020 for their small business tenants. CECRA covered 50 % of the rent, with the tenant paying 25 % and the landlord forgiving 25 %. The Quebec government implemented a program that covers the same period and which covered 50% of the landlord's forgiveness of 25%. This will allow the Corporation to recuperate 50% of the losses of revenues indicated above.

Canada Emergency Rent Subsidy ("CERS")

On October 9, 2020, the Federal government announced the launch of a new program, the Canada Emergency Rent Subsidy (CERS) to provide rent support from October 1, 2020 until June 30, 2021 for qualifying organizations affected by COVID-19. This program is the successor to the CECRA program which ended last September. CERS is offered directly to qualifying organizations, without going through landlords. Emergia therefore does not isolate proceeds received by qualifying tenants from the Federal government under CERS in its financial reporting. As announced, CERS will fund up to 65% of rent payments for businesses whose revenues have decreased by 70% or more, and those whose revenues have decreased by less than 70% will receive an amount that will vary according to the severity of their losses. In addition, businesses that have been forced to temporarily close their doors due to mandatory prescriptions issued by an eligible public health authority could benefit from a complementary subsidy at the rate of 25%, which would be added to the 65% subsidy for total funding covering up to 90% of eligible expenses. Eligible businesses could apply retroactively for the period from September 27, 2020 and the program will be in effect until June 2021.

Investment properties

Investment properties are recorded at fair value at the balance sheet date. There have been no changes to the techniques used which include the direct capitalized net operating income method that involves stabilized net operating income and overall capitalization rates, and the discounted cash flow method that involves estimating expected future cash flows, as well as discount and terminal capitalization rates. The COVID-19 impacts regarding stabilized net operating income, expected future cash flows, overall capitalization rates, discount and terminal capitalization rates have been considered in these consolidated financial statements. To reflect the estimated current impacts of COVID-19 on its portfolio, Emergia used data by property type and geographic market from internal and external valuations and available market data and concluded no material fair value adjustments in the consolidated statements of comprehensive income was required.

Results for the Six-Month Period Ended June 30, 2021

The decrease in rental income, operating costs and net operating income is a direct consequence of Emergia's Plan of Action whereby it proceeded to the disposal of assets, including revenue generating properties, to reduce its short-term debt.

The rental income was reduced to \$284,486 as at June 30, 2021 compared to \$1,390,248 for the six-month period in 2020. Operating costs were reduced to \$205,974 for the six-month period ended June 30, 2021, as compared to \$814,983 during the same period in 2020. The Corporation

recorded a Net Operating Income of \$78,512, or 27.6%, during the first six months of 2021 as compared to \$575,265 or 41.4% during the same period in 2020.

Administrative expenses increased by \$399,512, or 39%, to \$1,423,720 during the six-month period ended June 30, 2021 from \$1,024,208 for the same period in 2020. The increase in the administrative expenses is the result of certain 2021 professional fees prepaid in June 2021 through Class A share issuance.

Financing costs were reduced to \$1,123,064 as at June 30, 2021 compared to \$1,744,387 during the six-month period ended on June 30, 2020, a decrease of \$621,323, or 35.6%. This reduction is a direct consequence of the reduction in the short-term debt resulting from the disposal of some properties.

The Corporation recorded a net gain and comprehensive gain \$165,662 or \$0.006 per share, for the six-month period ended June 30, 2021, compared to a net loss and comprehensive loss of \$2,193,330 or \$0.15 per share, for the six-month period ended June 30, 2020.

Results for the Three-Month Period Ended June 30, 2021

- The Corporation reported a decrease in revenue and net operating income during the three-month period ended June 30, 2021 as a consequence of the selling of some properties. Revenues decreased by \$524,239 or 91%, to \$48,879 during the period (\$573,118 – three-month period ended June 30, 2020).
- Operating costs decreased by \$263,988 or 86%, to \$44,512 during the three-month period ended June 30, 2021 (\$308,499 – three-month period ended June 30, 2020).
- Administrative expenses increased by \$515,745 to \$965,133 during the three-month period ended June 30, 2021 (\$449,388 – three-month period ended June 30, 2020). This increase is due to the fact that the company paid in advance some significant professional fees for the year 2021 by issuing the company's Class A shares.
- Financing costs were \$614,736 during the three-month period ended June 30, 2021, a decrease of \$374,743 or 38% (\$989,479 – three-month period ended June 31, 2020). The decrease is the result of the reduction of the long-term debt.
- The Corporation recorded, for the three-month period ended June 30, 2021, non-cash expenses regarding a loss on settlement of other current liabilities of \$75,912 (2020 – \$NIL) following the issuance of Units during the year. The recording was calculated under IFRIC-19 which compares the strike price from the settlement day and the placement offering of \$0.78 per Unit to assess the valuation of the common shares and the warrants. These non-recurring settlements increased the loss by \$75,912, or \$0.003 per share during the second quarter.
- The Corporation recorded a net gain and comprehensive gain of \$319,072 or \$0.01 per share, for the three-month period ended June 30, 2021 (\$1,174,248 or \$0.08 per share – three-month period ended June 30, 2020), mainly due to the disposal of some assets at loss in the course of the restructuring plan and related settlement in Units.

Liquidity and Capital Resources

As of June 30, 2021, the Corporation had a cash position of \$77,124 compared to a cash position of \$131,390 as at June 30, 2020.

The Corporation used \$519,281 from its operating activities during the three-month period ended June 30, 2021, as compared to \$926,913 being used for the same period from last year.

Cash flows from the investing activities during the three-month period ended June 30, 2021, were \$(8,753,679) compared to \$100,000 being generated during the same period from last year.

The financing activities include the capitalization of the Corporation in an amount of \$1,377,454 through the private placement offering for the second quarter 2021. The Offering is being pursued in Q3 2021. The Corporation also increased its long-term liabilities by \$9,025,000 to proceed with the acquisition of a land held for development.

Information on Shares Outstanding

The Corporation's authorized share capital consists of an unlimited number of Class A common shares (the "**Class A Shares**") and an unlimited number of Class B common shares (the "**Multiple Voting Shares**"), an unlimited number of Class C preferred shares issuable in one or more series and an unlimited number of class D preferred shares issuable in one or more series (the "**Preferred Shares**").

As of June 30, 2021, there were 23,488,371 Class A Shares, including the 4,500,000 Class A Shares reserved for issuance according to the Alliston land purchase agreement, 4,510,891 Multiple Voting Shares issued and outstanding, and no Preferred shares were issued and outstanding, for a total of 27,999,262 shares. As at the date of this MD&A, there were 23,392,961 Class A Shares and 4,510,891 Multiple Voting Shares issued and outstanding and no Preferred Shares, for a total of 27,903,852 shares outstanding. 4,500,000 Class A Shares are reserved for issuance to the vendors of the Alliston land purchased by the Corporation on May 3, 2021.

Under the Corporation's articles, each Class A Share carries the right to one vote and each Multiple Voting Share carries the right to one hundred (100) votes. Pursuant to a voting agreement entered into on March 13, 2018 between Gestion H. Petit Inc. and 9334-1063 Quebec Inc. on one hand, and Granada Canada Inc. and HKS Family Trust, on the other hand, as well as with the other holders of Multiple Voting Shares, the holders of Multiple Voting Shares shall unanimously agree on the manner to vote their Multiple Voting Shares failing which each such shareholder shall abstain from voting. The Voting Agreement also provides for a right of first refusal to both parties in case one or the other decided to sell part or all of its shares.

As at June 30, 2021, 13,002,755 warrants were issued. At the date of this MD&A, there were 13,002,755 warrants outstanding.

The Corporation also had \$4,729,235 of convertible debentures at face value as June 30, 2021 as compared to \$5,208,544 as at June 30, 2020. At the date of this MD&A, there were \$4,812,060 of convertible debentures at face value outstanding. The conversion prices vary from \$0.75 to \$2.32, for an average price of \$1.18.

The Corporation has an incentive stock option plan, which provides that the Board of Directors of the Corporation may, from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and technical consultant to the Corporation, non-transferable stock options to purchase common stock. There were no stock options outstanding as at June 30, 2021 and as at the date of this MD&A there have been no options granted.

Financial Instruments

Classification and measurement

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

After their initial, recognition, the financial assets are not reclassified, unless the Corporation detects a change in the economic model that it follows for the management of financial assets and that it reassesses the classification of its financial assets.

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument in question. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Corporation has substantially transferred all of the risks and rewards of ownership. A financial liability is derecognized in the event of extinction, termination, cancellation or expiration.

Financial assets and liabilities are offset and the net balance is presented in the statement of financial position when there is a legally enforceable right to offset the amounts recognized and an intention either to settle on a net basis or to realize the asset and settle liabilities simultaneously.

The Corporation's financial instruments consist of cash, receivables, assets held for sale, debenture receivable, refundable deposits, advances to companies under common control, trade and other payables, other current liabilities, conversion features of the convertible debentures and long-term debt.

Risks and Uncertainties

Emergia's focus is on small to medium size portfolios of mixed-use properties in Canada, mainly in the provinces of Quebec and Ontario, which diversified portfolio is more resilient to changing markets and macro-economic conditions. However, there are certain risks inherent in an investment in the shares of the Corporation and the activities of Emergia. For a detailed description of such risks, refer to the "Risks and Uncertainties" section of the Corporation's annual MD&A for the year ended December 31, 2020. The Corporation is not aware of any significant changes to the Corporation's risk factors from those disclosed at that time.

Off-Balance Sheet Arrangements

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

Related Parties Transactions

During the three-month period ended June 30, 2021, the Corporation entered into transactions with related parties, which include the Corporation's key personnel and entities that are controlled by officers or directors of the Corporation. Key management includes directors and senior executives. All transactions with related parties occurred in the normal course of operations and are measured at their fair value as determined by management and the Board of Directors.

During the three-month period ended June 30, 2021, the CEO invested \$1,250,000 in cash by subscribing to 1,602,564 Units in the private placement offering at a price of \$0.78 per Unit. Other executives converted accrued amounts owed to them in Units within the private placement offering. The Board members also converted their accrued compensation in Units within the private placement offering.

During the three-month period ended June 30, 2021, the Corporation incurred \$166,950 in management fees as compared to \$180,056 during the same period in 2020.

Furthermore, during the three-month period ended June 30, 2021, the Corporation incurred \$48,253 in consulting fee with a company controlled by a director and officer and a company controlled by a director of the Corporation compared to \$100,000 as of June 30, 2020.

Also, during the three-month period ended June 30, 2021, the Corporation accrued a fee of 2% (\$90,845) for the personal guarantees given by a director on the Corporation's secured liabilities. The expense related to this fee is presented within financing costs as compared to \$208,070 during the same period from the previous year.

Amounts owed to companies controlled by directors and officers were \$3,976,851 as at June 30, 2021 as compared to \$3,369,252 as at December 31, 2020 to consider consulting fees and financing fees related to the three-month period ended June 30, 2021. Amounts payable owed to directors and officers also increased from \$592,608 as at December 31, 2020 to \$803,795 as at June 30, 2021 to consider accrued management fees.

Additional Information

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