EMERGIA

Management's Discussion & Analysis

For the three-month period ended
March 31, 2020

Table of Contents

HIGHLIGHTS FOR Q1 2020

During the three-month period ended March 31, 2020, Emergia achieved the following:

- ✓ Disposed of some Investment properties and Assets held for sale that did not fit in the business model and plan of the Corporation, with the effect of reducing short-term and long-term debt
- ✓ Increased its Net Operating Income by $342,442 against Q1 2019
- ✓ Continued to execute on its proactive growing strategy
- ✓ Pursued the implementation of various initiatives to improve its cost structure, drive increased revenues and improve operating profitability
- ✓ Management pursued the discussions with lenders to negotiate better terms and conditions of the existing financing, and succeeded in reducing some of the Corporation's financial obligations. Some of the modifications have only been executed after the end of the period

MESSAGE TO SHAREHOLDERS

As indicated in our December 31, 2019 MD&A, filed on SEDAR on June 16, 2020, 2019 has been a transformation year for Emergia, as it redefined its business model and plan and worked to strengthen its balance sheet. The measures undertaken in 2019 were pursued in early 2020, in order to prepare the grounds for the current and following years.

The execution of the redefined business plan initiated in 2019 was pursued in 2020 involving the sale of some assets as further indicated in this MD&A. The strengthening of the balance sheet has also been continued and was confirmed with the execution of agreements with senior lenders to reduce the financing costs, which agreements occurred after the end of the period ending on March 31, 2020.

Management is pursuing its discussions with investors in regards to its Private Placement Offering ("**PPO**"), consisting of 20M Units at a price of CAD $0.75 for a total of CAD $15M, destined to reimburse its short-term debt and have working capital to pursue the execution of its business plan. Each Unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one additional share of the Corporation at an exercise price of CAD $1.25 per share until December 31, 2021.

On July 14, 2020, the Corporation's Board of Directors agreed to close the first tranche of the PPO, by the of an amount of $6,661,264 of debt and payables in Units of the PPO, resulting in the issuance of an aggregate of 8,881,685 Units.

This first closing of the PPO is a very good step in the Corporation's process to strengthen its balance sheet as it reduces its short-term debt ratio from 53.5% to 47.8%. The impact is also significant on the total LTV ratio as it reduces the global debt ratio 70.2% to 64.4% from, improving the balance sheet accordingly. This conversion process also demonstrates confidence by the creditors in the Corporation.

Emergia's transformation process has reached an interesting milestone which reinforces the Corporation's execution of its business plan and its aim of creating value and growth of its assets and to generate profits.

HENRI PETIT
PRESIDENT & CHIEF EXECUTIVE OFFICER

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 March 31, 2020, in comparison with the quarter ended March 31, 2019. Dated July 15, 2020, this MD&A 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 March 31, 2020 and March 31, 2019 (the "**Q1 2020 Financial Statements**").

Unless otherwise indicated, all amounts are in thousands of Canadian dollars and are based on the Q1 2020 Financial Statements prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**").

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.

Basis of Presentation

Going Concern

The Q1 2020 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 at March 31, 2020, the Corporation has not yet generated positive cash flows from its operations and has a negative working capital of $57,949,588 ($59,834,516 – December 31, 2019). 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. The Corporation is implementing various cost initiatives to improve profitability.

The Corporation has ongoing negotiations to obtain financings to be used for short-term and long-term needs. The Corporation announced its $15 million private placement offering ("**PPO**") and discussions with interested investors were ongoing at the time these unaudited interim condensed consolidated financial statements were approved, and a first closing of the PPO has been approved by the Board of directors concurrently to the approval of these financial statements and is expected to occur shortly after the filing of these financial statements. This financing, may not be sufficient to enable the Corporation to fund all aspects of its operations and, accordingly, management may need to pursue other financing alternatives to fund the Corporation's operations or agree with current lenders to possibly extend maturity dates and or related terms and conditions on existing loans, so it can continue as a going concern. There is no assurance that these initiatives will be successful and that such extensions will be granted.

The Q1 2020 Financial Statements and this MD&A 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.

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.

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.

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

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, 2019: the impact of the ongoing coronavirus (known as 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; 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.

Subsequent Events

In April, the Corporation came into an agreement with one of its creditors, whereby the existing terms and conditions of the financing in place were revisited to, inter alia, lower the interest rate from 24% to 10% as of May 31st 2020 and pay part of the accrued interests in units within the previously announced PPO. The Corporation also came into an agreement with another creditor whereby the latter agreed to have part of its debt paid in units in the PPO, and a portion paid by the transfer on April 9, 2020 by Delma Hospitality Corporation of all its interest in the 42 Degrees North Resort for net proceeds of $100,000, as well as extending the term of payment for the balance to September 30, 2020. This transaction was not material for the Corporation.

Covid-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world. As at July, 15 2020, the Corporation is aware of the changes in its operations as a result of the COVID-19 crisis. Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance. As a result, we are unable to estimate the potential impact on the ability to obtain further financing and on the Corporation's operations as at the date of these financial statements.

The Covid-19 pandemic is creating unprecedented challenges to the global economy and stock markets. The Corporation's Board of Directors and management are taking all necessary measures to ensure the health of its employees, support its tenants and best manage the short-term challenges to its business. With the current market uncertainties, the Corporation was limited in its financing activities also during the months of March, April, May and June. Nonetheless, the Corporation continued its discussions to refinance current short-term facilities and loans and succeeded in having obtained firm commitments in its PPO, as indicated above. The Corporation has also temporarily reduced its work force and obtained from some of its lenders capital and or interests payment relief for up to 3 months, covering the months of April, May and June. The Corporation also took measures to reduce spending as much as possible in the short term. The Corporation has had a loss of revenues in the amount of $54,778 for the months of March to June 2020 due to Covid-19.

First closing of the Private Placement

On July 14, 2020, the Board of Directors of the Corporation agreed to close the first tranche of a previously announced non-brokered Private Placement financing. In this first tranche, the Corporation will convert $6,661,264 of debt and payables in Units of the Private Placement and will issue an aggregate of 8,881,685 Units at a price of $0.75 per Unit. Each Unit consists of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one additional share of the Corporation at an exercise price of $1.25 per share until December 31, 2021.

Business Overview

Emergia 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.

Emergia (formerly The Delma Group Inc.) is the resulting issuer of a reverse takeover completed on March 23, 2018 by Aydon Income Properties Inc. and started trading on the Canadian Securities Exchange ("**CSE**") under DLMA.CN on March 23, 2018. On January 21, 2020, the Corporation changed its name for EMERGIA Inc. and its ticker symbol for EMER.

The primary focus of the Corporation is on small to medium size portfolios of mixed-use properties in Canada, mainly in the provinces of Quebec and Ontario. Emergia aims to create diversified portfolios that are resilient to changing markets and macro-economic conditions, and to provide long-term returns that outperform the real estate industry.

Emergia is distinctively integrated both vertically and horizontally. The Corporation’s operational strategy is to identify orphan pools of real estate assets, structure and close high yielding acquisitions, optimize revenue-generating properties, and monetize development properties.

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

The Corporation is now pursuing a strategic phase of financing and expansion. It will continue to acquire more properties through mergers and acquisitions and develop millions of square feet of land it already owns with the goal of creating significant long-term value for its shareholders.

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 of $1 billion, with over $100M in gross annual revenues by 2025, focussing mainly on Quebec and Ontario;
- Initiate dividend distributions within two years;
- Capitalize on established network to source investment and development opportunities; and
- Implement financial structures engineered to ensure long-term profitability and market downturn resilience.

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

Investment Focus

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

- **Retail Segment:** The retail market is changing drastically, bringing opportunities that include the redevelopment or repurposing of urban malls into higher density sites with mixed-use properties combining retail with higher-density residential, services, green space and experiential attractions. 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 Segment**: There is an increase for industrial space driven by online retail distribution and return centers and other niche segments. Significant rental increases are expected with demand exceeding supply for the next years. 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 Segment:** The leasing activity in the office buildings sector is fuelled by changing tenants' expectations driven by the tech industry and demand for unique technology-enabled space with amenities in the buildings and its close vicinity. Emergia developed a tenant-oriented acquisition and redevelopment strategy that enables the Corporation to lock long-term tenants based on addressing their specific needs.

- **Multi-Suite Residential Segment**: The changes in the market conditions in the recent year have had an impact on affordability in certain markets, but the province of Quebec still enjoys greater affordability and pricing is expected to remain firm. There are interesting opportunities in this sector in various cities in the province of Quebec such as Montreal, Dorval, Gatineau, some areas of Quebec City. 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, where Emergia is actively involved.

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 assets acquisition mainly in peripheries of larger cities such as Montreal, Ottawa, Toronto and Quebec City;
- Target office assets in secondary markets with high potential in optimization;
- Develop multi-suite residential 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.

Growth Vectors and Future Developments

2019 has been a reorganisation year for Emergia, where it sold some assets that did not fit into the Corporation's business model, and renegotiated the terms and conditions of some of its debt, in order to complete its financial reorganisation and structure. As a result, Emergia is now strategically positioned to start and complete profitable development projects in the coming months and years, including the completion and optimizing of some of its existing properties, and the green field development of owed land, most of which are expected to start before the end of 2020. 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 Corporation is in the process of putting in place a financing package specifically structured to facilitate such developments in order to accelerate the different projects and ensure the best returns possible for the Corporation and shareholders.

Portfolio Composition

As of March 2020, 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.

EMERGIA is positioned to be agile and opportunistic in different property types including acquisitions of portfolios of revenue generating assets, optimization of existing revenue generating assets that need to be repositioned or redeveloped, development from land up, creating high value add in these assets.

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. The stabilized revenue generating properties ensure liquidities for operations of the Company as well as capital to invest in additional properties and to, eventually, allow distribution of dividends to shareholders. The optimization and development sectors allow higher yields and growth in the net asset value of the Corporation.

- **Revenue Generating**: Stabilized income-producing properties with high occupancy rates held in the portfolio for long-term revenue generation.
  - ✓ Performing properties in established markets
  - ✓ Allows rapid achievement of critical mass in a specific market
  - ✓ Equilibrates the portfolio with high profile tenants and long-term leases
  - ✓ Enables access to large and strategic sites with potential to out-parcel for development projects

- **Optimization**: Properties with a high potential for short to medium term value creation through segment re-focusing, densification, retrofitting or re-zoning opportunities.

- **Development**: Properties held for development based on modular design and build programs to mitigate risk and capture value increases.

  - ✓ Redevelopment of underperforming assets
  - ✓ Driving values and IRR by repositioning existing properties and increasing sites densification
  - ✓ Development of strategic asset classes ensuring a higher cost control and construction management efficiencies and value creation
  - ✓ Partial sale of peripheral or non core assets to focus on high yielding development projects

The value of Emergia's portfolio at the end of March 2020 reached $110,744,559, composed in majority of development assets. However, the Corporation is in the process of bringing the composition of its portfolio in the range of its business model and plan, which is as follows: a) Revenue Generating, 60%; b) Optimization: 20%; c) Development: 20%. See hereinafter the graphs showing the current assets allocation by sector and the 5-year proforma. The Corporation intends to reach the allocation percentages of its model by the end 2020 or Q1 2021.

Summary by Operating Segment

Property Type	Fair market value	Percentage
Revenue-Generating	$ 32,731,508	29.6%
Held for Optimization	$ 7,600,000	6.9%
Held for Development	$ 70,413,051	63.6%
Total	**$ 110,744,559**	**100%**

Portfolio Properties: Revenue-Generating Properties

Property	Location	Segment	Fair Market Value
Dorval	Dorval, QC	Office	$ 8,684,847
Orly	Dorval, QC	Industrial	$ 5,779,600
St-Jean-Baptiste	Montreal, QC	Industrial	$ 1,951,275
Le Breton 1	Longueil, QC	Industrial	$ 1,358,000
Le Breton 2	Longueil, QC	Industrial	$ 1,838,775
Lépine	Gatineau, QC	Retail	$ 4,782,514
Des Érables	Valleyfield	Retail	$ 7,425,000
Oka	Deux-Montagnes, QC	Retail	$ 911,498
Total			**$ 32,731,509**

Portfolio Properties: Properties Held for Development

Property	Location	Segment	Fair Market Value
Bromont - Commercial Land	Bromont, QC	Retail	$ 36,340,572
Bromont- Residential Lots	Bromont, QC	Residential	$ 13,752,571
Knowlton	Lac Brome, QC	Retail	$ 2,983,896
Parc Industriel Lévis	Levis, QC	Industrial, Retail	$ 10,724,085
Curé-Labelle	Blainville, QC	Retail	$ 1,691,982
Cité-des-Jeunes	St-Lazare, QC	Retail	$ 1,269,945
Dorval	Dorval, QC	Residential, Retail	$2,000,000
Panagopoula	Greece	Hospitality	$1,650,000
Total			**$ 70,413,051**

Portfolio properties: Properties Held for Optimization

Property	Location	Segment	Fair Market Value
Boul. St-Laurent	Montreal, QC	Office	$ 1,400,000
Lépine 2	Gatineau, QC	Retail, Office	$ 6,200,000
Total			**$ 7,600,000**

Portfolio Properties: Properties Held for Sale

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

Following the restructuring of a segment of its portfolio, the Corporation held properties for sale totalling $987,000 in aggregate value as at March 31, 2020. Properties for sale were mainly comprised of hospitality properties including Blueberry Lake Resort, 42 Degrees North Resort, Lake Alphonse, and Domaine Balmoral Development Project.

Net Asset Value

The Net Asset Value ("**NAV**") is an adjusted asset value reflecting the market values of real estate properties held by 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:

(In $, Except Number of Shares)	As at March 31, 2020
Aggregated Portfolio Value	110,744,559
Aggregated Portfolio Liabilities	69,055,853
Net Cash, Credit Line and Payables	11,112,244
Net Value	31,188,462
Total Shares Outstanding	14,644,107
Net Asset Value per Share	**2.13**

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

Summary of Quarterly Results

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

	2020	**2019**				**2018**		
In dollars, except per-share amounts	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	817,130	766,060	767,735	678,238	698,714	615,363	563,497	301,236
Operating expenses	506,484	325,243	401,649	299,976	730,510	421,001	343,409	24,496
Net Operating Income	310,646	440,817	366,086	378,262	(31,796)	194,362	220,088	276,740
Administration	574,820	161,745	496,375	675,121	388,650	1,326,979	934,630	1,263,012
Fair value adjustment	-	67,187	-	-	-	12,395,200	-	-
Financing expenses	754,907	871,035	970,335	890,489	617,840	727,893	454,153	295,007
Impairment of intangible assets	-	-	1,117,510	-	-	-	-	-
Listing fees	-	-	-	-	-	14,931	-	-
Loss and comprehensive loss	(1,019,081)	(1,627,382)	(1,875,729)	(1,236,697)	(1,244,490)	(12,240,618)	(1,285195)	(1,397,779)
Basic and diluted loss per share	(0.07)	(0.11)	(0.13)	(0.09)	(0.09)	(1.08)	(0.10)	(0.14)

Results For the Three-Month Period Ended March 31, 2020

Increase in rental income, operating costs and net operating income is a direct consequence of Emergia's acquisition and growth strategy, partially offset by the selling of three revenue-generating properties that did not fit in Emergia's business model, which also had the effect of reducing high interest rates loans. Rental income grew by $118,416, or 17%, to $817,130 during the three-month period ended March 31, 2020 as compared to $698,714 during the same period from the previous year.

Operating costs reached $506,484 for the three-month period ended March 31, 2020 as compared to $730,510 during the same period in 2019. The Corporation recorded a Net Operating Income of $310,646, or 39%, during the first quarter of 2020 as compared to negative $31,796 or nil% in the same period of 2019.

Administrative expenses increased by $186,170, or 48%, to $574,820 during the three-month period ended March 31, 2020 from $388,650 for the same period in 2019, mainly driven by the implementation of a solid management team to support the growth of the Corporation and by professional fees.

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

Emergia determines the fair value of investment properties by developing a range of acceptable values based on the discounted cash flow method and direct capitalization method, both of which are generally accepted appraisal methodologies. Fair value is based on, among other things, assumptions of future cash flows in respect of current and future leases, capitalization rates, terminal capitalization rates, discount rates, market rents, tenant inducements and leasing cost assumptions and expected lease renewals. Fair values are supported by a combination of internal financial information, market data and external independent valuations. As at March 31, 2020, the Corporation performed a review of its portfolio and concluded that no changes in the fair value of its investment properties was required.

Financing costs were $754,907 during the first quarter ended on March 31, 2020, an increase of $99,331 as compared to the same period in 2019. Financing costs include a fee of 1% for personal guarantees given by a director on the Corporation's secured liabilities.

The Corporation recorded a net loss and comprehensive loss of $1,019,081, or $0.07 per share, for the three-month period ended March 31, 2020, compared to a net loss and comprehensive loss of $1,244,490 or $0.09 per share, for the three-month period ended March 31, 2019.

Liquidity and Capital Resources

As at March 31, 2020, the Corporation had a cash position of $17,015 and reimbursed $3,950,000 of its credit line as compared to a cash position $554,485 as at March 31, 2019, representing a decrease in net cash of $3,385,515.

The current cash on hand is not sufficient to meet Emergia's cash requirements for the next twelve months. The Corporation expects to receive increasing revenues from its rental properties and management fees. The management also continues with the process of raising funds for its operations and acquisitions to further increase the liquidities of the Corporation. Should these measures not be sufficient to meet ongoing costs the Corporation will require additional financing to fund our administrative expenses and for any proposed acquisitions. Accordingly, the

Corporation is investigating various business opportunities that would potentially increase the Corporation's cash flow. The Corporation has historically satisfied its capital needs primarily by issuing equity securities and convertible debentures. The management is also negotiating with some creditors to convert some debts in equity, therefore reducing the need in cash to service or reimburse such debts.

The Corporation's future capital requirements will depend on many factors, including, among others, cash flow from operations and sale of assets held for resale. The Corporation will need to raise additional funds through debt or equity financing to pursue its plans and objectives. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced, and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Corporation's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Corporation and its shareholders.

The Corporation is currently negotiating further funding commitments or arrangements for additional financing, including through equity, at this time and there is no assurance that it will be able to obtain any additional financing on terms acceptable to it. Any additional funds raised will be used for general and administrative expenses, the reimbursement or refinancing of short-term debt, and for the acquisition of properties, as applicable. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by the Corporation's management as opportunities to raise funds arise.

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 March 31, 2020, there were 10,133,216 Class A Shares and 4,510,891 Multiple Voting Shares issued and outstanding, and no Preferred shares were issued and outstanding, for a total of 14,644,107 shares. As at the date of this MD&A, there were 10,384,416 Class A Shares and 4,510,891 Multiple Voting Shares issued and outstanding and no Preferred Shares, for a total of 14,895,307 shares outstanding.

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.

Of the shares issued and outstanding, 1,084,086 Class A Shares and 4,259,224 Multiple Voting Shares were subject to an escrow agreement and are subject to release in agreement with the provisions provided in the escrow agreement. As at March 31, 2020 and as at the date of this

MD&A, 325,226 Class A Shares and 1,277,768 Multiple Voting Shares remain subject to the escrow agreement.

As at March 31, 2020, 15,000 warrants were issued. At the date of this MD&A, there were 236,200 warrants outstanding (See "Subsequent Events").

The Corporation also had $5,380,544 of convertible debentures at face value as at March 31, 2020 as compared to $670,457 as at March 31, 2019. At the date of this MD&A, there were $5,380,544 of convertible debenture at face value outstanding. The conversion price varies from $0.75 to $2.32, for an average price of $1.07.

The Corporation has adopted 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 March 31, 2020 and as at the date of this MD&A there have been no options granted.

Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value, subsequent measurement of financial assets and financial liabilities are described below.

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

The 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, 2019. The Corporation is not aware of any significant changes to the Corporation's risk factors from those disclosed at that time.

Changes in accounting policies

Adoption of new standards as at January 1, 2020

Certain new standards and amendments that have an impact on the unaudited interim condensed consolidated financial statements of the Corporation became effective on January 1, 2020 are as follows:

The IASB issued Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors for 'Definition of Material,' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. The Corporation has adopted the amendments and determined the application did not have a material impact on the Corporation's unaudited interim condensed consolidated financial statements as its policies were in line with the guidance.

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Corporation

The following are new standards that have been issued but are not yet in effect and which are relevant to the Corporation:

On January 23, 2020, the IASB issued 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Corporation is in the process of evaluating the impact of the standard on its consolidated financial statements.

Off-Balance Sheet Arrangements

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

Related Parties Transactions

During the three-month period ended March 31, 2020, 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 March 31, 2020, the Corporation incurred $191,250 in management fees as compared to $118,750 during the same period in 2019.

Furthermore, during the three-month period ended March 31, 2020, the Corporation incurred $11,194 in consulting fee with a company controlled by a director and officer of the Corporation compared to $0 as of March 31, 2019.

Also, during the three-month period ended March 31, 2020, the Corporation incurred a fee of 1% ($104,035) 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.

Amounts owed to companies controlled by directors and officers reached $2,203,319 as at March 31, 2020 as compared to $2,088,090 as at December 31, 2020 to consider consulting fees and financing fees related to the three-month period ended March 31, 2020. Amounts payable owed to directors and officers also increased from $281,792 as at December 31, 2019 to $473,042 to consider quarterly board and 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.