EMERGIA

Unaudited Interim Condensed Consolidated Financial Statements

For the three-month and six-month periods ended June 30, 2020 and 2019

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Management's Responsibility for Financial Reporting

The accompanying unaudited interim condensed 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 unaudited interim condensed consolidated financial statements with Management. The Committee reports its findings to the Board, which approves the unaudited interim condensed consolidated financial statements before their filing.

Raymond Chabot Grant Thornton LLP (the "**Auditors**"), the independent auditors of Emergia, have not performed a review of the unaudited interim condensed consolidated financial statements.

HENRI PETIT
PRESIDENT AND CHIEF EXECUTIVE OFFICER

BRUNO DUMAIS, CPA, CA
CHIEF FINANCIAL OFFICER

Emergia Inc. (formerly The Delma Group Inc.)

Unaudited Interim Condensed Consolidated Statements of Financial Position

(in Canadian dollars)

	Note	As at June 30, 2020	As at December 31, 2019
Assets		$	$
Current assets			
Cash		**131,390**	72,678
Receivables and other receivables	**5**	**433,824**	189,706
Assets held for sale	**6**	**887,000**	987,000
Prepaid and refundable deposits		**1,655,308**	1,265,338
Advances to companies under common control, without interest		**250,000**	250,000
Other advances receivable, without interest		**20,803**	32,381
Total current assets		**3,378,325**	2,797,103
Non-current assets			
Other receivables	**5**	**300,000**	300,000
Investment properties	**7**	**97,682,101**	96,140,545
Land held for residential development		**14,150,927**	13,359,986
Investment in a private company		**250,000**	250,000
Property and equipment		**5,172**	4,241
Total non-current assets		**112,388,200**	110,054,772
Total assets		**115,766,525**	112,851,875
Liabilities			
Current liabilities			
Bank overdraft		**—**	116,361
Credit line	**8**	**—**	3,950,000
Trade and other payables	**9**	**12,098,009**	9,637,402
Other current liabilities	**10**	**34,625,985**	32,851,076
Current portion of convertible debentures	**11**	**977,704**	1,043,382
Current portion of bank mortgages and long-term debt	**13, 14**	**15,451,221**	15,033,398
Total current liabilities		**63,152,919**	62,631,619
Non-current liabilities			
Convertible debentures	**11**	**4,110,255**	—
Derivative financial instruments	**12**	**569,074**	—
Bank mortgages	**13**	**14,379,360**	14,585,074
Long-term debt	**14**	**47,616**	138,951
Deferred income tax liabilities		**375,000**	375,000
Total non-current liabilities		**19,481,305**	15,099,025
Total liabilities		**82,634,224**	77,730,644
Shareholders' equity			
Share capital	**15**	**60,394,753**	60,216,541
Warrants	**16**	**31,257**	5,069
Deficit		**(27,293,709)**	(25,100,379)
Total shareholders' equity		**33,132,301**	35,121,231
Total liabilities and shareholders' equity		**115,766,525**	112,851,875

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

On behalf of the Board of Directors:

Yves Séguin (signed), Director

Joseph Cianci (signed), Director

Emergia Inc. (formerly The Delma Group Inc.)

Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss

(in Canadian dollars except for share amounts)

	Note	For the three months ended June 30, 2020	June 30, 2019	For the six months ended June 30, 2020	June 30, 2019
		$	$	**$**	$
Rental income		**573,118**	678,238	**1,390,248**	1,376,952
Operating expenses		**308,499**	299,976	**814,983**	1,030,486
Net operating income		**264,619**	378,262	**575,265**	346,466
Administrative expenses	**17**	**449,388**	675,121	**1,024,208**	1,063,771
Decrease in fair value of investment properties		—	80,000	—	80,000
Financing costs	**17**	**989,479**	810,489	**1,744,387**	1,466,065
Loss on sale of assets held for sale		—	—	—	182,132
Loss on sale of property and equipment		—	66,002	—	66,002
Amortization of trademarks and domain names		—	112,500	—	225,000
Gain on settlement of other current liabilities and payables		—	(129,153)	—	(255,316)
Loss before income taxes		**(1,174,248)**	(1,236,697)	**(2,193,330)**	(2,481,188)
Income taxes		—	—	—	—
Net loss and comprehensive loss for the period		**(1,174,248)**	(1,236,697)	**(2,193,330)**	(2,481,188)
Basic and diluted net loss per outstanding common share					
- Basic	**18**	**(0,08)**	(0,09)	**(0,15)**	(0,18)
- Diluted	**18**	**(0,08)**	(0,09)	**(0,15)**	(0,18)
Weighted average number of outstanding common shares					
- Basic		**14,767,158**	13,666,267	**14,699,891**	13,613,090
- Diluted		**14,767,158**	13,666,267	**14,699,891**	13,613,090

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

Emergia Inc. (formerly The Delma Group Inc.)

Unaudited Interim Condensed Consolidated Statements of Shareholders' Equity

For the six-month periods ended June 30, 2020 and 2019

(in Canadian dollars except share amounts)

	Note	Share Capital Number of shares	Share Capital Amount	Warrants	Deficit	Non-controlling interests	Total Equity
		#	$	$	$	$	$
Balance on 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**
Balance at December 31, 2018		13,335,992	57,309,522	—	(19,116,179)	—	38,193,343
Settlement of other current liabilities and payables		327,810	888,877	—	—	—	888,877
Net loss and comprehensive loss		—	—	—	(2,481,188)	—	(2,481,188)
Balance at June 30, 2019		13,663,802	58,198,399	—	(21,597,367)	—	36,601,032

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

Emergia Inc. (formerly The Delma Group Inc.)

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

		For the three months ended		For the six months ended	
	Note	**June 30, 2020**	June 30, 2019	**June 30, 2020**	June 30, 2019
Operating activities		**$**	$	**$**	$
Net loss		**(1,174,248)**	(1,236,697)	**(2,193,330)**	(2,481,188)
Adjustments					
Consulting services paid in shares		**179,400**	—	**204,400**	—
Change in FV of convertible debentures		**89,391**	—	**118,969**	—
Amortization		**—**	112,500	**—**	225,000
Decrease in FV of investment properties		**—**	80,000	**—**	80,000
Loss on the sale of Assets held for sale		**—**	—	**—**	182,132
Loss on the sale of Property		**—**	66,002	**—**	66,002
Gain on settlement of Other current liabilities and payables		**—**	(129,153)	**—**	(255,316)
		(905,457)	(1,107,348)	**(1,869,961)**	(2,183,370)
Changes in working capital items	**24**	**(21,456)**	1,461,956	**(419,711)**	1,799,749
Cash flow from operating activities		**(926,913)**	354,608	**(2,282,672)**	(383,621)
Investing activities					
Advances to companies under common control		**—**	—	**—**	(7,513)
Other advances receivable		**—**	186,873	**—**	37,210
Investment properties		**—**	(942,827)	**—**	(1,734,728)
Proceeds on disposal of Investment properties		**—**	—	**—**	—
Land held for residential development		**—**	—	**—**	(194,072)
Proceeds on disposal of Assets for sale		**100,000**	—	**100,000**	—
Additions to Property and equipment		**—**	—	**(933)**	—
Proceeds on disposal of Property and equipment		**—**	11,498	**—**	11,498
Cash flor from investing activities		**100,000**	(744,456)	**99,067**	(1,887,605)
Financing activities					
Credit line		**—**	45,000	**(3,950,000)**	90,030
Convertible debentures		**42,479**	—	**4,520,000**	—
Repayment of Convertible debentures		**—**	—	**(100,000)**	—
Other current liabilities		**978,194**	626,973	**1,791,942**	713,962
Repayment of Other current liabilities		**(2,033)**	(341,061)	**(17,033)**	(693,064)
Repayment of Bank mortgages		**(49,745)**	—	**(144,643)**	—
Long-term debt		**71,492**	2,524	**410,802**	2,207,760
Repayment of Long-term debt		**(99,189)**	344,801	**(145,388)**	(92,509)
Cash flow from financing activities		**941,288**	344,801	**2,365,682**	2,226,179
Net change in cash		**114,375**	(45,047)	**175,073**	(45,047)
Cash (bank overdraft), beginning of the period		**17,015**	131,159	**(43,683)**	131,159
Cash (bank overdraft), end of the period		**131,390**	86,112	**131,390**	86,112

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

Note 1 – Information on the Corporation

Emergia Inc. (formerly The Delma Group 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 as well as 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*. The Corporation 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 Delma Group Inc. changed its name for Emergia Inc. and its ticker symbol for EMER.

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

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, 2020 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 Company's annual audited consolidated financial statements for the year ended December 31, 2019 (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 consolidated financial statements were approved and authorized for issuance by the Corporation's Board of Directors on August 20, 2020.

B. Going Concern

These unaudited interim condensed 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.

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

As of June 30, 2020, the Corporation has not yet generated positive cash flows from its operations, nor has it achieved profitable operations and has a negative working capital of $59,774,594 ($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 pursued its $15 million private placement offering during Q2 20 and, , at the time these consolidated financial statements were approved, the Corporation had executed the Private Placement for a total amount of $6,966,096, including an amount of $200,000 in cash and $6,766,096 in full satisfaction of an aggregate outstanding debts of the Corporation for such amount. At the time these unaudited interim consolidated financial statements were approved, discussions with interested investors were ongoing. This financing, while significant, 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.

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

Critical accounting estimates and judgments

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.

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

The critical accounting estimates and judgments have been set out in note 2 to Emergia's consolidated financial statements for the year ended December 31, 2019. There have been no changes to the critical accounting estimates and judgments during the six-month period ended June 30, 2020, except as noted below.

(i) 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. 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.

Management is uncertain of the effects of the global changes resulting from the COVID-19 on its financial statements. Although management believes that any disturbance may be temporary, 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.

(ii) Canada Emergency Commercial Rent Assistance (CECRA)

CECRA provides relief for small businesses experiencing financial hardship due to COVID-19. Over the course of the program, it allows property owners to reduce rent by 75 % from April to August 2020 for their small business tenants. CECRA will cover 50 % of the rent, with the tenant paying 25 % and the property owner forgiving 25 %. The Quebec government announced a program which is expected to cover 50% of the owner's forgiveness of 25% of the second quarter rent. Following a detailed analysis of the CECRA guidelines published by the federal government, Emergia concluded that the tenant acts as the principal and Emergia acts as the agent and consequently, Emergia records the CECRA (and the Quebec provincial government program) portion of the rent as a rent to be paid by the federal and the provincial governments. Since the eligibility of each tenant was determined in late June, and given that April, May and June rents were already invoiced, the property owner portion to be forgiven is considered as an expected credit loss. The tenant portion of the program is recorded as usual. Emergia estimated CECRA's amounts to be recorded in its financial statements based on the program criteria prequalification form received from tenants who made a request for financial assistance. Actual results may differ and depend on the government's assessment of tenant's eligibility to the program.

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

(iii) 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 condensed interim 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 unaudited interim condensed consolidated statements of comprehensive income was required.

Note 3 - Significant accounting policies

As of June 30, 2020, there have been no material changes to the significant accounting policies as outlined in Note 3 of the Annual Financial Statements, except as disclosed in Note 4. The unaudited interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Note 4 - 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 Company’s consolidated financial statements as its policies were in line with the guidance.

(in Canadian dollars)

Note 4 - Changes in accounting policies (Continued)

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.

Note 5 - Receivables and other receivables

	As at June 30, 2020	As at December 31, 2019
	$	$
Trade receivables	**333,823**	89,706
Balance of sale	**100,000**	100,000
	433,823	189,706

The Balance of sale is detailed as follows:

	As at June 30, 2020	As at December 31, 2019
	$	$
Balance of sale, without interest, maturing in August 2020	**100,000**	100,000
Balance of sale, 3%, maturing in August 2021	**300,000**	300,000
	400,000	400,000
Current portion of balance of sale	**(100,000)**	(100,000)
Non-current portion of balance of sale	**300,000**	300,000

Note 6 - Assets held for sale

Assets held for sale are composed of the following:

	As at June 30, 2020	As at December 31, 2019
	$	$
Blueberry Lake Resort, Labelle, Canada	**259,000**	259,000
42 Degrees North Resort, Ellicotville, USA (a)	**—**	100,000
Lake Alphonse, La Minerve, Quebec, Canada	**128,000**	128,000
Domaine Balmoral Development Project, Quebec, Canada	**500,000**	500,000
	887,000	987,000

(in Canadian dollars)

Note 6 - Assets held for sale (continued)

At the end of 2018, management decided to sell the above assets to focus on investment properties. Consequently, these assets were classified as held for sale. The fair value of some of these properties was estimated by independent valuators.

On April 9, 2020, Delma Hospitality Corporation sold all its interest in the 42 Degrees North Resort for net proceeds of $100,000 applied as a reduction of an existing Long-term debt.

Note 7 - Investment properties

A reconciliation of the investment properties is as follows:

	As at June 30, 2020	As at December 31, 2019
	$	**$**
Balance, beginning of the period	**96,140,545**	88,541,212
9371 Acquisition	—	7,425,000
Disposals	—	(5,338,144)
Other acquisitions	—	100,424
Decrease in fair value of investment properties	—	(67,187)
Borrowing costs	**1,541,556**	2,979,540
Development costs	—	849,700
Reclassified from (to) assets held for sale	—	1,650,000
Balance, end of the period	**97,682,101**	96,140,545

(in Canadian dollars)

Note 7 - Investment properties (Continued)

The investment properties are composed of the following:

	As at June 30, 2020	As at December 31, 2019
	$	$
Land in Bromont, Canada	**36,738,926**	35,947,985
9700 St-Laurent Blvd, Montreal, Canada	**1,400,000**	1,400,000
475-489 Le Breton and 505-531 Le Breton, Longueuil, Canada	**3,196,775**	3,196,775
1221-1225 St-Jean-Baptiste Blvd., Montreal, Canada	**1,951,275**	1,951,275
185 Dorval Avenue, Montreal, Canada	**10,731,347**	10,684,847
610-640 Orly, Montreal, Canada	**5,779,600**	5,779,600
860 Cite-des-Jeunes, St-Lazare, Canada	**1,301,402**	1,268,915
2001 Chemin Oka, Deux-Montagnes, Canada	**913,222**	909,773
Land in Levis, Canada (a)	**10,914,359**	10,508,488
472-474 Knowlton, Lac Brome, Canada	**2,968,054**	2,968,054
117 Lepine, Gatineau, Canada	**6,450,000**	6,200,000
121 Lepine, Gatineau, Canada	**4,570,000**	4,570,000
395-425, Des Erables, Valleyfield, Canada	**7,425,000**	7,425,000
Panagopoula Resort, Panagopoula, Greece	**1,650,000**	1,650,000
Land in Blainville, Canada	**1,692,141**	1,679,833
	97,682,101	96,140,545

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, 2020	As at December 31, 2019
	$	$
Within 1 year	**2,782,816**	2,868,089
1 to 5 years	**7,015,302**	7,760,240
After 5 years	**1,624,437**	2,516,536
	11,422,555	13,144,865

Note 8 - Credit line

The credit line for an authorized amount of $4,000,000 prior its reimbursement in March 2020 was bearing interest at prime rate plus 0.60% (4.55%; 4.55% as of December 31, 2018).

The Credit line was secured by a guarantee from a director and two third parties of $4,000,000 each. The Corporation accrued an amount of $40,000 (June 30, 2019 - $80,000) in exchange for such guarantee from one of the third parties.

(in Canadian dollars)

Note 9 - Trade and other payables

	As at June 30, 2020	As at December 31, 2019
	$	$
Trade payables and accrued liabilities	**8,924,831**	6,791,342
Interest payable on other current liabilities and long-term debt	**2,757,547**	2,550,209
Canada Emergency Commercial Rent Assistance (CECRA)	**110,333**	—
Deposits and other payables	**305,298**	295,851
	12,098,009	9,637,402

Note 10 - Other current liabilities

	As at June 30, 2020	As at December 31, 2019
	$	$
Promissory notes, 10% (2019 -24%)	**724,020**	665,983
Advances, 9%, secured by Lands in Bromont	**7,671,029**	7,274,660
Loan (including $5,652,260 accrued interest; 2019 – $4,462,543), 15%, secured by Land in Bromont and Land held for residential development and a guarantee from a director	**16,651,260**	15,461,543
Advances from a company controlled by a director, 9%, secured by Land in Bromont and Land held for residential development	**1,017,396**	972,773
Advances from a company controlled by a director, 10% (2019– 10%)	**105,000**	105,000
Loan from a company controlled by a director, 11%, secured by 117 Lepine	**535,000**	525,000
Term loan, 12%, secured by 9700 St-Laurent, 475-505 Le Breton and 1221 St-Jean Baptiste properties and a guarantee from a director	**1,300,000**	1,300,000
Loan, 8%, secured by a guarantee from a company controlled by a director	**826,724**	744,290
Loan, 12%, secured by Land in Levis and a guarantee from a director	**250,000**	250,000
Loan, 8%, secured by 2001 Chemin Oka	**525,000**	525,000
Loan, 12%, 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, 8%, secured by 117 Lepine and a guarantee from a director	**3,880,000**	3,880,000
Advances, 12%	**115,000**	115,000
Loan	**—**	15,000
Advances from companies controlled by a director, 9% and 10%	**99,339**	90,610
Other	**226,217**	226,217
	34,625,985	32,851,076

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

(in Canadian dollars)

Note 11 - Convertible debentures

	As at June 30, 2020	As at December 31, 2019
	$	$
Convertible debentures, including $221,542 interest payable ($134,457 in 2019), 8.8% and 10%, secured by all present and future residential properties of the Corporation, matured in 2019	**777,704**	743,382
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	**4,010,255**	—
Convertible debentures, 18%, unsecured, mature in July 2020, convertible into common shares and warrants at the lesser of $1.00 or the unit price under a private placement	**—**	100,000
Convertible debenture, 15%, unsecured, matures in November 2020, convertible into common shares at $0.90 per share	**100,000**	100,000
Convertible debenture, 12%, unsecured, convertible into common shares at 75% of the price of the most recent financing, subject to securities regulatory rules, matures in July 2020	**100 000**	100 000
Convertible debenture, 12%, unsecured, convertible into units comprised of one common share and one warrant at $0.75 per unit subject to Securities regulatory rules, matures in June 2022	**100 000**	—
	5,087,959	1,043,382
Current portion	**977,704**	1,043,382
	4,110,255	—

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 specific assets that were already mortgaged to secure the RBC line of credit. 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.

The fair value of the convertible debenture was allocated between the debenture and the derivative financial instrument related to the conversion feature. The debenture was estimated using an effective discounted rate of 18%. The Black-Scholes pricing model was used to determine the fair value of the conversion feature using a share price at the time of the issuance of $0.70, exercise price of $1.00, risk free rate of 0.76%, volatility of 60%, vesting immediately, and life of 5 years from date of grant. At inception, fair value calculations resulted in an allocation of $3,796,591 for the convertible debenture and $663,769 for the derivative financial instruments. The difference between the fair value and the face value of the convertible debenture is being accreted over the term to maturity using the effective interest method. During the period, an expense of $213,664 was recorded as variation of the fair value.

(in Canadian dollars)

Note 12 – Derivative financial instruments

	As at June 30, 2020	As at December 31, 2019
	$	$
Convertible debenture convertible into common shares at $1.00, matures in January 2022	**569,074**	—
	569,074	—

The fair value of the derivative financial instruments was estimated at the end of the period using the Black-Scholes pricing model using a share price at the time of issuance of $0.85, exercise price of $1.00, risk free rate of 0.76%, volatility of 60%, vesting immediately, and life of 5 years from date of grant. During the period, a gain of $94,695 was recorded as variation of the fair value.

(in Canadian dollars)

Note 13 - Bank Mortgages

	As at June 30, 2020	As at December 31, 2019
	$	$
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	**3,107,443**	3,128,903
Term loan, 3.02%, capital and interest payable in monthly payments of $5,928, maturing in September 2021, secured by 1221-1225 St-Jean-Baptiste and a guarantee from a third party	**1,116,753**	1,135,358
Term loan, 3.88%, capital and interest payable in monthly payment of $9,815, secured by 474-489 Le Breton, 505-541 Le Breton and a guarantee from two third parties, maturing in April 2022	**1,663,586**	1,690,159
Term loan, 4.62%, secured by 600-650 Orly and a guarantee from a director and a third party, maturing in February 2024	**3,807,184**	3,829,012
Term loan, 4.98%, capital and interest payable in monthly payments of $5,247, secured by 9700 St-Laurent and a guarantee from a company controlled by a director, payable on demand	**483,559**	510,638
Mortgage, 4.62%, secured by 395-425, Des Erables, and a guarantee from a director and a third party, capital and interest payable in monthly payments of $29,129, maturing in February 2024	**5,076,280**	5,105,376
Term loan, prime rate plus 1% (4.95%), payable on demand, secured by 185, Dorval and a guarantee from a director	**4,777,500**	4,777,500
	20,032,304	20,176,946
Current portion	**5,652,944**	5,591,872
	14,379,360	14,585,074

(in Canadian dollars)

Note 14 - Long-Term Debt

	As at June 30, 2020	As at December 31, 2019
	$	$
Term loan, 46.9%, capital and interest, payable in weekly payments of $6,112 (2018 - $6,132), maturing in October 2020, secured by a guarantee from a director and a third party	**311,478**	356,865
Term loan, 10%, matured, payable on demand and secured by Blueberry Lake Resort	**293,000**	293,000
Term loan, 10%, matured and payable on demand, secured by 395-425 Des Erables and a guarantee from a director	**2,101,347**	1,792,112
Term loan, 12%, payable on demand	**135,068**	106,000
Term loan, 5%, secured by 860 Cité-des-Jeunes and by a guarantee from a director, matured in December 2019	**400,000**	400,000
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, 12%, secured by Land in Levis and by a guarantee from a director, matured and payable on demand	**3,500,000**	3,500,000
Loan, matured in April 2019 and payable on demand	**430,000**	530,000
Term loan, 12.5%, secured by 185, Dorval and by a guarantee from a director and a third party, matured in April 2020	**1,150,000**	1,150,000
Term loan, 8%, secured by 600-650 Orly and a guarantee from a director, additional 4% interest should the lender decide not to convert, payable in March 2020	**1,000,000**	1,000,000
Loan, matured in December 2019, payable on demand	**175,000**	102,500
	9,845,893	9,580,477
Current portion	**9,798,277**	9,441,526
	47,616	138,951

(in Canadian dollars)

Note 15 - 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.

Shares issued and outstanding as of June 30, 2020 and 2019 are as follows:

	June 30, 2020		June 30, 2019	
	Number	**$**	Number	$
Class “A” common shares	**10,374,416**	**54,241,467**	9,152,911	52,045,113
Class “B” common shares	**4,510,891**	**6,153,286**	4,510,891	6,153,286
	14,885,307	**60,394,753**	13,663,802	58,198,399

At June 30, 2020, 325,226 outstanding Class “A” common shares (2019 – 487,839) and 1,277,767 outstanding Class “B” common shares (2019 – 1,916,651) are subject to an escrow agreement and are to be released on a staged basis as follows:

	Class “A” common shares	Class “B” common shares
September 23, 2020:	162,613	638,884
March 23, 2021:	162,613	638,883

Note 16 - Warrants

The following is a continuity of the warrants outstanding and exercisable as at June 30, 2020:

	Number	Weighted average Exercisable price $
Beginning balance	15,000	2.00
Issuance of warrants	221,200	1.25
Ending balance	236,200	1.30

The weighted average remaining contractual life for the warrants outstanding as of June 30, 2020 was 1.42 years.

(in Canadian dollars)

Note 16 – Warrants (Continued)

In May 2020, the Corporation issued 221,200 warrants. The fair value of these warrants was calculated using Black-Scholes pricing model using a share price at the time of issuance of $0.60, exercise price of $1.25, risk free rate of 0.55%, volatility of 81%, vesting immediately, and life of 1.6 years from date of grant resulting in a fair value of $26,188. Each Warrant will entitle its holder to purchase one common Share at a price of $1.25 at any time until they expire in December 2021.

Note 17 - Additional information – Comprehensive loss

Administrative expenses are composed of the following:

	For the three-months ended		For the six-months ended	
	June 30, 2020	June 30, 2019	**June 30, 2020**	June 30, 2019
	$	$	$	$
Consulting fees	**142,901**	177,122	**296,367**	325,122
Management fees	**180,056**	161,640	**382,500**	292,000
Professional fees	**126,340**	336,359	**345,341**	446,649
	449,388	675,121	**1,024,208**	1,063,771

Financing costs are composed of the following:

	For the three-months ended		For the six-months ended	
	June 30, 2020	June 30, 2019	**June 30, 2020**	June 30, 2019
	$	$	$	$
Interest	**543,438**	608,508	**1,210,698**	1,264,084
Change in fair value of the convertible debenture	**188,906**	—	**159,328**	—
Financing and other fees	**257,135**	201,981	**374,361**	201,981
	989,479	810,489	**1,744,387**	1,466,065

Note 18 - Net loss per share

The calculation of basic net loss per share at June 30, 2020 was based on the loss attributable to common shareholders which corresponds to the loss for the year of $2,193,330 (June 30, 2019 – $1,244,490), and a weighted average number of common shares of 14,691,891 (June 30, 2019 – 13,536,938).

The calculation of diluted net loss per share on June 30, 2020 is the same as the basic net loss per share as all options and warrants had an anti-dilutive effect (June 30, 2019 - same).

(in Canadian dollars)

Note 19 - 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, 2020	June 30, 2019	**June 30, 2020**	June 30, 2019
	$	$	**$**	$
Management fees	**180,056**	161,640	**382,500**	292,000

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

	For the three-months ended		**For the six-months ended**	
	June 30, 2020	June 30, 2019	**June 30, 2020**	June 30, 2019
	$	$	**$**	$
Management fees and professional fees	**100,000**	110,000	**210,967**	220,000
Financing fees	**208,070**	—	**312,105**	—

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

	As at June 30, 2020	As at December 31, 2019
	$	$
Companies controlled by directors and officers	**2,729,874**	2,088,090
Payable to directors and officers	**412,824**	281,792

The Corporation has additional loans and advances with related parties disclosed in Note 13. The Corporation pays a fee of 1% 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.

(in Canadian dollars)

Note 20 - Additional information – Cash Flow

The changes in working capital items are detailed as follows:

	As at June 30, 2020	As at June 30, 2019
	$	$
Receivables and other receivables	**(244,117)**	56,789
Prepaids and refundable deposits	**(389,970)**	(928,043)
Advances	**11,578**	—
Trade and other payables	**202,798**	2,671,003
	(419,711)	1,799,749
Additional cash flow information:		
Interest paid	**567,827**	537,346
Additions to investment properties included in trade and other payables	**1,541,555**	1,296,711
Additions to land held for residential development included in trade and other payables	**790,940**	194,072

(in Canadian dollars)

Note 21 - Financial Assets and Liabilities

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

	June 30, 2020		December 31, 2019	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets	**$**	**$**	$	$
Financial assets at amortized cost				
Cash	**131,390**	**131,390**	72,678	72,678
Receivables and other receivables	**733,824**	**733,824**	489,706	489,706
Advances to companies under common control	**250,000**	**250,000**	250,000	250,000
Other advances receivable	**20,803**	**20,803**	32,381	32,381
	1,136,017	**1,136,017**	844,765	844,765
Financial assets at FVTPL				
Investment in a private company	**250,000**	**250,000**	250,000	250,000
Total financial assets	**1,386,017**	**1,386,017**	1,094,765	1,094,765
Financial liabilities				
Financial liabilities at amortized cost				
Bank overdraft	—	—	116,361	116,361
Credit line	—	—	3,950,000	3,950,000
Trade and other payables	**12,098,009**	**12,098,009**	9,637,402	9,637,402
Other current liabilities	**34,625,985**	**34,625,985**	32,851,076	32,851,076
Bank mortgages	**20,032,304**	**20,032,304**	20,176,949	20,176,946
Long term debt	**9,845,893**	**9,845,893**	9,580,477	9,580,477
Convertible debentures	**5,087,959**	**5,087,959**	1,043,382	1,043,382
Derivative financial instruments	**567,074**	**567,074**	—	—
Total financial liabilities	**82,257,224**	**82,257,224**	77,355,647	77,355,647

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, advances to companies under common control, other advances receivable, 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 22 - 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 though 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 December 31, 2019 and 2018, the Corporation is exposed to changes in market interest rates through certain bank mortgages and long-term debt at variable interest rates. Certain bank mortgages, long-term debt and other current liabilities are at fixed interest rates and subject the Corporation to a fair value risk. 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.

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, 2020 and 2019 is the carrying amount of these instruments, the credit risk is not significant.

Liquidity risk

Liquidity risk is 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.

(in Canadian dollars)

Note 22 - Financial instrument risk (Continued)

As at June 30, 2020 and December 31, 2019, the Corporation's financial liabilities have contractual maturities as summarized below:

				June 30, 2020
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
Trade and other payable	**12,098,009**	—	—	—
Convertible debentures	**977,704**	—	**4,110,255**	—
Other current liabilities	**34,625,985**	—	—	—
Bank mortgages	**5,454,956**	**197,988**	**9,430,005**	**4,949,355**
Long term debt	**9,659,326**	**138,951**	**47,616**	—
Total	**62,815,980**	**336,939**	**13,587,876**	**4,949,355**

				December 31, 2019
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
Credit line	3,950,000	—	—	—
Trade and other payable	9,632,402	—	—	—
Convertible debentures	1,043,382			
Other current liabilities	32,751,076	100,000	—	—
Bank Mortgages	5,320,462	954,985	16,037,110	—
Long term debt	9,380,161	61,365	138,951	—
Total	**62,077,483**	**1,116,350**	**16,176,061**	**—**

Note 23 - 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.

(in Canadian dollars)

Note 24 - Segment Information

Non-current assets are owned in the following countries:

	As at June 30, 2020	As at December 31, 2019
	$	$
Canada	**114,116,525**	107,854,772
Greece	**1,650,000**	1,650,000

The rental income is 100% in Canada.

Note 25 - Subsequent event

First closing of a Private Placement

In July 2020, the Corporation completed the first closing (the “First Closing”) of its previously announced private placement of up to $15,000,000 comprising of up to 20,000,000 units of the Corporation (the “Units”) at a price of $0.75 per Unit. At the First Closing, the Corporation has issued 8,948,352 Units at a price of $0.75 per Unit for total amount of $6,711,264 in full satisfaction of an aggregate outstanding debts of the Corporation or in cash.

In August 2020, the Corporation also issued 339,776 Units at a price of $0.75 per Unit for total amount of $254,832 in full satisfaction of an aggregate outstanding debts of the Corporation or in cash.

Each Unit is composed of one Class A Common Share in the capital of the Corporation (a “Common Share”) and a Common Share purchase warrant (a “Warrant”) entitling the holder to purchase one Common Share at a price of $1.25 per Common Share until December 31, 2021.