EMERGIA

Consolidated Financial Statements

For the years ended
December 31, 2020 and 2019

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Management's Responsibility for Financial Reporting

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

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

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

HENRI PETIT	**BRUNO DUMAIS**, CPA, CA
PRESIDENT AND CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER

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Independent Auditor's Report

To the Shareholders of
Emergia Inc.

Opinion

We have audited the consolidated financial statements of Emergia Inc. (hereafter "the Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive loss, the consolidated statements of shareholders' equity and the consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 to the consolidated financial statements, which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the consolidated financial statements and the auditor's report thereon

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mario Venditti.

Raymond Chabot Grant Thornton LLP[1]

Montréal
May 19, 2021

[1] CPA auditor, CA public accountancy permit no. A121855

Emergia Inc.

Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
(in Canadian dollars)

	Note	2020	2019
Assets		**$**	$
Current assets			
Cash		**81,861**	72,678
Receivables and other receivables	**6**	**147,611**	189,706
Assets held for sale	**7**	**—**	987,000
Prepaid and refundable deposits		**1,913,545**	1,265,338
Advances to companies under common control, without interest		**—**	250,000
Other advances receivable, without interest		**—**	32,381
Total current assets		**2,143,017**	2,797,103
Non-current assets			
Other receivables	**6**	**2,679,378**	300,000
Investment properties	**5, 8**	**51,139,051**	96,140,545
Investment in a joint venture	**5, 9**	**2,664,527**	—
Land held for development		**18,115,163**	13,359,986
Investment in a private company		**250,000**	250,000
Property and equipment		**2,500**	4,241
Total non-current assets		**74,850,619**	110,054,772
Total assets		**76,993,636**	112,851,875
Liabilities			
Current liabilities			
Bank overdraft		**—**	116,361
Credit line	**10**	**—**	3,950,000
Trade and other payables	**11**	**6,520,975**	9,637,402
Income tax payable		**43,866**	—
Other current liabilities	**12**	**21,460,185**	32,851,076
Current portion of convertible debentures	**13**	**778,033**	1,043,382
Current portion of bank mortgages and long-term debt	**14, 15**	**4,538,286**	15,033,398
Total current liabilities		**33,341,345**	62,631,619
Non-current liabilities			
Convertible debentures	**13**	**4,331,070**	—
Bank mortgages	**5, 14**	**4,573,003**	14,585,074
Long-term debt	**5, 15**	**7,133,940**	138,951
Deferred income tax liabilities	**17**	**375,000**	375,000
Total non-current liabilities		**16,413,013**	15,099,025
Total liabilities		**49,754,358**	77,730,644
Shareholders' equity			
Share capital	**18**	**73,153,673**	60,216,541
Warrants	**19**	**6,113,827**	5,069
Contributed surplus		**264,819**	—
Deficit		**(52,293,041)**	(25,100,379)
Total shareholders' equity		**27,239,278**	35,121,231
Total liabilities and shareholders' equity		**76,993,636**	112,851,875

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

On behalf of the Board of Directors:

François Castonguay (s), Director   *Joseph Cianci (s)*, Director

Emergia Inc.

Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2020 and 2019
(in Canadian dollars except for share amounts)

	Note	2020	2019
		$	$
Rental income		**2,732,745**	2,910,747
Operating expenses		**1,509,007**	1,757,378
Net operating income		**1,223,738**	1,153,369
Administrative expenses	**20**	**2,387,720**	1,721,890
Bad debt		**368,229**	507,144
Financing costs	**20**	**4,882,170**	3,387,434
Decrease in fair value of assets held for sale		**500,000**	336,100
Loss on sale of assets held for sale		**22,000**	224,032
Decrease in fair value of investment properties		**2,383,001**	67,187
Loss (gain) on disposal of a subsidiary	**5c, 5d**	**(442,228)**	—
Loss on sale of property and equipment		**—**	66,002
Depreciation of property and equipment		**1,739**	4,416
Amortization of trademarks and domain names		**—**	225,000
Impairment of trademarks and domain names		**—**	1,117,510
Share of net income from joint venture	**9**	**(12,946)**	—
Loss (gain) on settlement of other current liabilities	**5b**	**2,314,082**	(129,153)
Loss (gain) on settlement of current and non-current liabilities	**18**	**11,743,740**	(389,993)
Loss on settlement of long-term debt	**5d**	**4,225,027**	—
Loss before income taxes		**(27,148,796)**	(5,984,200)
Income taxes	**17**	**43,866**	—
Net loss and comprehensive loss for the year		**(27,192,662)**	(5,984,200)
Basic and diluted net loss per outstanding common share			
- Basic		**(1.43)**	(0.43)
- Diluted		**(1.43)**	(0.43)
Weighted average number of Outstanding common shares			
- Basic		**18,981,561**	14,043,942
- Diluted		**18,981,561**	14,043,942

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

Emergia Inc.

Consolidated Statements of Shareholders' Equity
For the years ended December 31, 2020 and 2019
(in Canadian dollars except share amounts)

	Share Capital					
	Number of shares	**Amount**	**Warrants**	**Contributed surplus**	**Deficit**	**Total Equity**
	#	**$**	**$**		**$**	**$**
Balance on December 31, 2019	**14,619,107**	**60,216,541**	**5,069**	**—**	**(25,100,379)**	**35,121,231**
Settlement of current and non-current liabilities	**9,384,492**	**12,668,282**	**6,113,827**	**—**	**—**	**18,782,109**
Issued under a private placement	**266,666**	**200,000**	**—**	**—**	**—**	**200,000**
Issued for consultation services	**40,000**	**29,850**	**—**	**—**	**—**	**29,850**
Issuance of a convertible debenture	—	—	—	**259,750**	—	**259,750**
Issued as interest on debentures	**40,000**	**39,000**	**—**	**—**	**—**	**39,000**
Warrants expiration	**—**	**—**	**(5,069)**	**5,069**	**—**	**—**
Net loss and comprehensive loss	**—**	**—**	**—**	**—**	**(27,192,662)**	**(27,192,662)**
Balance at December 31, 2020	**24,350,265**	**73,153,673**	**6,113,827**	**264,819**	**(52,293,041)**	**27,239,278**
Balance on December 31, 2018	13,336,479	57,309,522	—	—	(19,116,179)	38,193,343
Settlement of other current liabilities and payables	434,283	907,288	—	—	—	907,288
Consulting services paid in shares	63,253	89,755				89,755
Acquisition	785,092	1,909,976	—	—	—	1,909,976
Issuance of warrants	—	—	5,069	—	—	5,069
Net loss and comprehensive loss	—	—	—	—	(5,984,200)	(5,984,200)
Balance at December 31, 2019	14,619,107	60,216,541	5,069	—	(25,100,379)	35,121,231

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

Emergia Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(in Canadian dollars)

	Note	2020	2019
Operating activities		**$**	$
Net loss		**(27,192,662)**	(5,984,200)
Adjustments			
Consulting services paid in shares		**29,850**	89,755
Non-cash interest expense		**211,191**	182,175
Gain on disposal of a subsidiary		**(442,228)**	—
Decrease in fair value of assets held for sale		**500,000**	336,100
Decrease in fair value of investment properties		**2,383,001**	67,187
Depreciation		**1,739**	4,416
Amortization		**—**	225,000
Bad debt		**250,000**	538,240
Loss on the sale of assets held for sale		**22,000**	224,032
Loss on the sale of property and equipment		**—**	66,002
Impairment of trademarks and domain names		**—**	1,117,510
Share of net income from joint venture	**9**	**(12,946)**	—
Loss (gain) on settlement of current and non-current liabilities		**11,743,740**	(129,153)
Loss on settlement of current liabilities		**2,314,082**	—
Loss on settlement of long-term debt		**4,225,027**	—
Gain on settlement of loans		**—**	(389,993)
		(5,967,206)	(3,652,929)
Changes in working capital items	**23**	**4,828,131**	454,902
Cash flow from operating activities		**(1,139,075)**	(3,198,027)
Investing activities			
Other advances receivable		**—**	248,381
Cash acquired from acquisitions		**—**	58,374
Investment properties		**—**	(1,386,145)
Proceeds on disposal of investment properties		**—**	5,338,144
Proceeds on disposal of assets for sale		**465,000**	629,770
Additions to property and equipment		**—**	(5,000)
Proceeds on disposal of property and equipment		**—**	11,498
Cash flow from investing activities		**465,000**	4,895,022
Financing activities			
Credit line		**(3,950,000)**	55,000
Issuance of units		**200,000**	—
Convertible debentures		**4,520,000**	300,000
Repayment of convertible debentures		**(100,000)**	—
Other current liabilities		**500,000**	1,522,635
Repayment of other current liabilities		**(1,605,445)**	(721,600)
Bank mortgages		**29,618**	862,855
Repayment of bank mortgages		**(832,727)**	(4,471,213)
Long-term debt		**2,606,378**	2,652,500
Repayment of long-term debt		**(568,205)**	(2,072,014)
Cash flow from financing activities		**799,619**	(1,871,837)
Net change in cash		**125,544**	(174,842)
Cash (bank overdraft), beginning of the year		**(43,683)**	131,159
Cash (bank overdraft), end of the year		**81,861**	(43,683)

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

Note 1 – Information on the Corporation

Emergia Inc. together with its subsidiaries (together referred to as "**Emergia**" or the "**Corporation**") operates in the development, acquisition and management of multi-purpose real-estate properties, including retail, multi-residential, office and industrial buildings 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*. On March 23, 2018, Emergia became a publicly listed company on the Canadian Securities Exchange ("**CSE**") under the name "The Delma Group Inc." and the symbol "DLMA.CN" through a reverse takeover transaction by Aydon Income Properties Inc. On January 21, 2020, the Corporation changed its name for "EMERGIA Inc." and its ticker symbol for "EMER".

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

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

A. Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and in effect at year-end. These consolidated financial statements were approved and authorized for issuance by the Corporation's Board of Directors on May 19, 2021.

B. Going Concern

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

As of December 31, 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 $31,198,328 ($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. Notwithstanding the foregoing, subsequent events (note 28) allowed to further reduce the short-term debt and management continues its financing activities as mentioned below-.

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

The Corporation has ongoing negotiations to obtain financings to be used for short-term and long-term needs. The Corporation pursues its $15 million private placement offering and, at the time these consolidated financial statements were approved, the Corporation had executed the Private Placement for a total amount of $7,307,119 as at December 31, 2020. At the time these consolidated financial statements were approved, discussions with interested investors were ongoing. In addition to the latter, management pursues other financing alternatives to fund the Corporation's operations, including potential agreements with current lenders and creditors to possibly convert their debt in equity and or extend maturity dates and or related terms and conditions on existing loans, to reinforce its ability to continue as a going concern.

These 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 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. These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the consolidated financial statements of future periods. Actual results may differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the consolidated financial statements of future periods.

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

Judgments

The following are the judgments made by Management in applying the accounting policies of the Corporation that have the most significant effect on the consolidated financial statements.

(i) Going Concern

As discussed under note 2B above, these consolidated financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumptions were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying values of assets and liabilities, the statement of comprehensive loss and the statement of financial position classification used and such adjustments could be material. The Corporation reviews the going concern assessment at the end of each reporting period.

(ii) COVID-19

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

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

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

(iii) Investment properties

Investment properties are recorded at fair value at the financial position date. There have been no changes to the techniques used which include the direct capitalized net operating income

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

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

(iv) Acquisitions

Judgment is used by management in determining if acquisitions qualify as a business combination in accordance with IFRS 3 or as an acquisition of a group of assets.

(v) Joint Arrangements

The classification of a joint arrangement as either a joint operation or a joint venture requires judgment. Emergia holds a 50 percent plus 1 vote interest in 12028735 Canada Inc. ("**JV**"), a jointly controlled entity. It was determined that Emergia doesn't have the rights to the assets and obligations for the liabilities of JV. As a result, the joint arrangement is classified as a joint venture and accounted for using the equity method. Joint ventures are recognized at cost and adjusted thereafter to recognize the Corporation's share of the JV's profit or loss and other comprehensive income ("**OCI**").

In determining the classification of its joint arrangements under IFRS 11, "Joint Arrangements", the Corporation considered the following:

• The intention of the joint arrangement was to allow proper development of its Investment properties while mitigating its debt exposure.

• The partnership agreements require the partners or respective subsidiaries to make contributions if funds are insufficient to meet the obligations or liabilities of the partnerships. The past and future development of JV is dependent on funding from the partners by way of partnership notes payable and loans.

• Emergia, as the operator, either directly or through wholly owned subsidiaries, remains in charge of the management of the property and development project and benefits of a 3-year option to buy back the shares in the JV (Note 9).

(vi) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized.

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

Estimates

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

(i) Fair value measurement

Investment properties are recorded at fair value at the financial statement date. Fair value is determined by using a combination of management's internal measurements and valuations from independent real estate appraisers, performed in accordance with recognized valuation techniques, taking into consideration the location and the category of the investment property, as well as agreements to sell investment properties. Techniques used include the direct capitalized net operating income method that involves stabilized net operating income and capitalization rates, and the discounted cash flow method that involves estimating expected future cash flows, as well as discount and terminal capitalization rates.

Management's fair value internal measurements rely on internal financial information and are corroborated by capitalization rates obtained from independent experts. However, internal measurements and values obtained from independent appraisers are both subject to significant judgments, estimates and assumptions about market conditions at the financial statement date.

(ii) Impairment

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in many cases. When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

(iii) Warrants

To estimate the value of warrants, it is necessary to select an appropriate valuation model and obtain the inputs necessary for the valuation model chosen. The Corporation estimated the volatility of its own shares and the expected life and the exercise period of warrants granted. The model used by the Corporation was the Black-Scholes valuation model.

Note 3 - Significant Accounting Policies

These consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarized below. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

A. Basis of consolidation

The Corporation's consolidated financial statements consolidate those of Emergia Inc. and all of its subsidiaries as of December 31, 2020. All subsidiaries have a reporting date of December 31

(in Canadian dollars)

Note 3 - Significant accounting policies (Continued)

and are wholly owned. All transactions and balances between the entities are eliminated on consolidation, including unrealized gains and losses on transactions between companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Corporation. As indicated in Note 2 (Joint Arrangements), the investment in the joint venture is excluded from the consolidation.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The significant subsidiaries as at December 31, 2020 were:

	2020	**2019**
Delma Real Estate Corporation	100%	100%
Bromont I Limited Partnership	100%	100%
Delma Hospitality Corporation	100%	100%
Lupa Investments Inc.	100%	100%
GHP Real Estate Corporation Inc.	100%	100%
9307-9077 Quebec Inc.	0%	100%
9335-5709 Quebec Inc.	100%	100%
Aux 22 Sentiers Inc.	100%	100%
Société en Commandite Parc Industriel Lévis I	100%	100%
Emergia Real Estate Inc.	100%	100%
9203-5849 Quebec Inc.	100%	100%
Auberge Blueberry Lake Inc.	100%	100%
BBL Holdings Inc.	0%	100%
9371-9904 Quebec Inc.	0%	100%

B. Business combinations

Business combinations are accounted for using the acquisition method. The cost of a business combination is the fair value, at the acquisition date, of the assets transferred, liabilities incurred, and the equity instruments issued in exchange for the control of the acquired business. The transaction-related costs are expensed as incurred.

Emergia accounts for investment property acquisitions in accordance with IFRS 3 – "Business Combinations" ("IFRS 3"), only when it considers that a business has been acquired. Under IFRS 3, a business is defined as an integrated set of activities and assets that could be conducted and managed for the purpose of providing a direct return to investors in the form of lower costs or other economic benefits. If the investment property acquisition does not correspond to the definition of a business, a group of assets is deemed to have been acquired. If the transaction includes goodwill, the acquisition is presumed to be a business. In general, when Emergia acquires a property or a portfolio without taking on the management personnel or acquiring an operational platform, it categorizes the acquisition as an acquisition of a group of assets. Judgment is therefore used by management in determining if the acquisition qualifies as a business combination in accordance with IFRS 3 or as an acquisition of a group of assets.

Note 3 - Significant accounting policies (Continued)

C. Investments in Joint Ventures

Investments in joint ventures are accounted for using the equity method. The carrying amount of the investment in joint ventures is increased or decreased to recognize the Corporation's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Corporation. Unrealized gains and losses on transactions between the Corporation and its joint ventures, if any, are eliminated to the extent of the Corporation's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

D. Foreign currency translation

The consolidated financial statements are presented in Canadian dollars ("**$**"), which is also the functional currency of the Corporation and its subsidiaries. Foreign currency transactions are translated into the functional currency of the Corporation using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

E. Segment reporting

The Corporation presents and discloses segmented information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the Chairman and Board of Directors. Management currently identifies only one operating segment, being the management of properties.

F. Loss per share

The Corporation presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all years presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Corporation. Diluted loss per share is calculated by using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of the conversion of debentures and the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. Diluted loss per share did not include the effect of conversion of debentures, stock options and share purchase warrants, as the effect would be anti-dilutive.

Note 3 - Significant accounting policies (Continued)

G. Financial instruments

Classification and measurement

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

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

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

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

Financial assets are classified into the following categories, if any:

- amortized cost;
- fair value through profit or loss ("**FVTPL**");
- fair value through other comprehensive income ("**FVOCI**").

In the years presented, the Corporation does not have any financial assets categorized as FVOCI.

The classification is determined by both:

- the Corporation's business model for managing the financial asset;
- the contractual cash flow characteristics of financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within operating expenses.

Note 3 - Significant accounting policies (Continued)

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Corporation's cash, receivables and other receivables, refundable deposits, advances to companies under common control and other advances receivable fall into this category.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than ''hold to collect'' or ''hold to collect and sell'' are categorized at fair value through profit and loss. Further, irrespective of the business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains an equity investment. The Corporation accounts for the investment in a private company at FVTPL.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined using a valuation technique where no active market exists.

All interest-related charges are recognized in profit or loss.

Impairment of financial assets

For recognition of credit losses, the Corporation considers a range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Note 3 - Significant accounting policies (Continued)

In applying this forward-looking approach, a distinction is made between:

- Stage 1: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;

- Stage 2: financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low;

- Stage 3: covers financials assets that have objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognized for the first category while "lifetime expected credit losses" are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The Corporation's financial liabilities include bank overdraft, credit line, trade and other payables, convertible debentures, other current liabilities, bank mortgages and long-term debt. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective rate method.

H. Compound financial instruments

Compound financial instruments issued by the Corporation comprise convertible debentures that can be converted to share capital or units at the option of the holder, and for which the number of shares to be issued does not vary with changes in their fair value. The fair value of the debt component is estimated by discounting the future cash flows using an appropriate discount rate. The difference between the proceeds and the fair value of the debt component is allocated to the equity component. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Upon conversion of the convertible debenture, the equity component is transferred to share capital. If the conversion option expires, the equity component is transferred to contributed surplus.

I. Investment properties

Investment properties are properties held to earn rental income or for capital appreciation, or both, and are initially accounted at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in

Note 3 - Significant accounting policies (Continued)

the manner intended by management and subsequently measured using the fair value model. Investment properties are revalued annually with resulting gains and losses recognized in profit or loss and are included in the consolidated statement of financial position at their fair values. Investment properties also consider excess land held for commercial development or resale.

J. Land held for development

Land held for development is accounted at acquisition cost, including transactions costs, and is valued at the lower of cost or net realizable value. Cost includes the costs directly attributable to the development properties, including direct development costs, realty taxes and borrowing costs that are added to the value of the properties.

K. Trademarks and domain names

Trademarks and domain names are initially recognized at acquisition cost and subsequently measured at cost less any accumulated amortization and any accumulated impairment losses. Amortization of trademarks and domain names is calculated based on estimated useful lives by using the straight-line method. The estimated useful lives of the trademarks and domain names are estimated at five years.

Useful lives, residual values and depreciation methods are reviewed annually.

Gains or losses arising on the disposal of trademark and domain names are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in consolidated profit or loss within other income or administrative expenses.

L. Impairment of trademarks and domain names

The carrying amount of an item of trademarks and domain names is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Trademarks and domain names are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Impairment reviews are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized

Note 3 - Significant accounting policies (Continued)

immediately in the consolidated statement of comprehensive income. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of the recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized.

M. Revenue

Revenue consists of rental income from investment properties. In that respect, management has determined that all leases concluded between the Corporation and its tenants are operating leases. Base rent payments are recognized using the straight-line method over the term of the related leases. The leases generally provide for the tenants' proportionate share payment of maintenance expenses for common elements, realty taxes and other operating costs, such payment being recognized as operating revenues in the period when the right to payment vests. Incidental income is recognized when services are rendered. Lease cancellation fees are recognized when they are due.

N. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, upgrading, redevelopment or development of a qualifying asset are capitalized during the period of time that is necessary to execute the works to bring the asset to the level of completion for its intended use. Other borrowing costs are expensed in the year in which they are incurred and reported in finance costs.

O. Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in OCI or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

Deferred tax liabilities are generally recognized in full. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Corporation's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

P. Non-current assets and liabilities classified as held for sale

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Corporation's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

Note 3 - Significant accounting policies (Continued)

Q. Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Shared-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock-based compensation reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

R. Share capital

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. Proceeds received on the issuance of units, consisting of common shares and share purchase warrants, are allocated to common shares and warrants using the residual method with the fair value attributed to the common shares based on the quoted market and the residual being allocated to the warrants.

S. Warrants

Warrants include the value of outstanding warrants. When warrants are exercised, the related compensation cost and value are transferred to share capital.

T. Deficit

Deficit includes all current and prior year retained losses.

U. Provisions and contingent liabilities

Provisions are recognized when the Corporation has a present legal obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Corporation and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote. As at December 31, 2020 and 2019, the Corporation has no provisions.

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 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.

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

At the time of the authorisation of these consolidated financial statements, several new but not yet effective standards and amendments to existing standards and interpretations have been published by the International Accounting Standard Board ("**IASB**"). None of these standards or amendments to existing standards have been adopted early by the Corporation.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Corporation's financial statements.

Note 5 - Transactions

Disposition of Investment properties in 2020

a) Transfer of assets in a joint venture

On September 4, 2020, the Corporation entered into a joint venture agreement to own and develop some of its investment properties. The joint venture was formed in a separate legal entity, 12028735 Canada Inc. On September 4, 2020, the Corporation sold to the JV its 185, Dorval Avenue property at a price of $9,000,000 in exchange of 2,651,581 Class "A" common shares of 12028735 Canada Inc. and the transfer of the following liabilities: bank mortgages of $4,777,500, long-term debt of $1,150,000 and accounts payable and accrued liabilities of $420,920. The Corporation benefits of an option to buy-back all the shares of the partner in the JV at any time during a period of 3 years from the date of closing. The Corporation remains in charge of the management and development of the property in virtue of a management contract.

(in Canadian dollars)

Note 5 – Transactions (Continued)

b) Land in Levis.

On November 11, 2020, the Corporation entered into an agreement with a senior lender for the repayment of a $3,500,000 term loan, related accrued interest, financing costs and taxes in the amount of $2,429,783 by handing over, on December 31, 2020, the mortgaged land in Levis. The agreement also considered the right for the Corporation to buy-back the property at the earliest of 12 months following January 1, 2021 or ten (10) business days following the receipt of a bona fide not at arms length offer by a third-party to the Lender.

The Lender also assumed payment of other current liabilities of $250,000 and accrued liabilities related to the property of $509,549.

c) Disposal of 9307-9077 Québec Inc.

On December 31, 2020, the Corporation entered into an agreement to dispose of its subsidiary 9307-9077 Quebec Inc. which includes the 1221-1225 St-Jean-Baptiste, 610-640 Orly and 2001 Chemin Oka properties for gross proceeds of $330,735 which are receivables as at December 31, 2020 (note 6). A gain on disposal of a subsidiary of $171, 248 was realized on this transaction

d) Disposal of 9371-9904 Quebec Inc.

On December 31, 2020, the Corporation entered into an agreement with respect to selling its shares of 9371-9904 Quebec Inc. and related 395-425 Des Erables property for gross proceeds of $2,348,643 which are receivables as at December 31, 2020 (note 6). A gain on disposal of a subsidiary of $270,980 was realized on this transaction

e) 117, Lepine, Gatineau

On October 22, 2020, the Corporation entered into an agreement with lenders for the reimbursement of $3,880,000 loans and related accrued interest of $255,918 by transferring the 117, Lepine property.

Overall impacts of these Investment properties transactions from Notes 5a) to 5e) on the financial statements were as follows:

	$
Balance of sale receivable	2,679,378
Investment properties	(41,785,251)
Investment in a joint venture	2,651,581
Bank mortgages	(14,757,514)
Other current liabilities	(4,781,217)
Long-term debt	(6,129,302)
Trade and other payables	(4,689,378)
Gain on disposal of subsidiaries	442,228
Loss on settlement of long-term debt	(4,225,027)
Loss on settlement of other current liabilities	(2,314,082)

(in Canadian dollars)

Note 5 – Transactions (continued)

Acquisition and disposal of Investment properties in 2019

f) Acquisition of 9371-9904 Quebec Inc.

In 2019, the Corporation completed the acquisition of 100% of the shares of 9371-9904 Quebec Inc. for a total consideration of $1,909,976 paid in exchange of 785,092 Class "A" common shares of the Corporation.

The fair value of the net assets acquired was at $1,909,976. The acquisition was accounted for as an asset purchase and the results of operations of 9371-9904 Quebec Inc. have been consolidated with the Corporation as of July 25, 2019.

Net assets acquired	$
Cash	58,374
Investment property	7,425,000
Bank mortgage	(5,153,138)
Trade and other payables	(178,158)
Other current liabilities with the Corporation	(242,102)
Total	**1,909,976**
Consideration:	
Issuance of 785,092 Class "A" common shares	**1,909,976**

The impact of the acquisition on revenue and net loss between July 25, 2019 and December 31, 2019 has been $198,938 and $43,006 (as net income) respectively.

g) Disposal of 9920-9924 St-Laurent, Montreal

During 2019, the Corporation sold its 9920-9924 St Laurent property for gross proceeds of $900,000 in cash.

h) Disposal of 1124, Place Verner, Laval

During 2019, the Corporation sold its 1124, Place Verner property for gross proceeds of $650,000 in cash.

i) Disposal of 2055, Desjardins, Montreal

During 2019, the Corporation sold its 2055, Desjardins property for gross proceeds of $3,800,000 in cash.

Note 6 - Receivables and Other Receivables

	2020	2019
	$	$
Trade receivables	**46,894**	89,706
Balance of sale	**—**	100,000
Other receivables	**100,717**	—
	147,611	189,706

(in Canadian dollars)

Note 6 - Receivables and Other Receivables (Continued)

The Balance of sale is detailed as follows:

	2020	2019
	$	$
Balance of sale, without interest	**—**	100,000
Balance of sale, 3%	**—**	300,000
Balance of sale (Note 5c)	**330,735**	—
Balance of sale, 5% interest starting January 1, 2022, maturing in December 2022	**2,348,643**	—
	2,679,378	400,000
Current portion of balance of sale	**—**	(100,000)
Non-current portion of balance of sale	**2,679,378**	300,000

Note 7 - Assets Held for Sale

Assets held for sale are composed of the following:

	2020	2019
	$	$
Blueberry Lake Resort, Labelle, Canada	**—**	259,000
42 Degrees North Resort, Ellicotville, USA	**—**	100,000
Lake Alphonse, La Minerve, Quebec, Canada	**—**	128,000
Domaine Balmoral Development Project, Quebec, Canada	**—**	500,000
	—	987,000

At the end of 2018, management decided to sell the above assets and to focus on revenue generating, optimization and development properties in the assets classes of retail, industrial, office and multi-residential. Consequently, these assets in the hospitality asset class were classified as held for sale. The fair value of some of these properties was estimated by independent valuators.

During the year, 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. It also sold its Blueberry Lake Resort Property for net proceeds of $225,000 and its Lake Alphonse Property for net proceeds of $140,000 both proceeds being applied against existing debt. A loss of $22,000 was also recorded to reflect those sales.

By year-end, the Corporation conducted an impairment test on its assets held for sale and concluded an impairment of its participation in the Domaine Balmoral Development Project was required and recorded a $500,000 impairment.

During 2019, the Corporation sold some of its investment property and property and equipment of Blueberry Lake Resort for a cash consideration of $600,000 and a balance of sale of $400,000. The Corporation recognized a loss of $41,900.

(in Canadian dollars)

Note 8 - Investment Properties

A reconciliation of the Investment properties is as follows:

	2020	2019
	$	**$**
Balance, beginning of the year	**96,140,545**	88,541,212
9371 Acquisition	**—**	7,425,000
Disposal (Note 5a)	**(9,000,000)**	(5,338,144)
Disposal of 9307-9077 Quebec Inc. (Note 5c)	**(7,995,892)**	—
Disposal of 9371-9904 Quebec Inc. (Note 5d)	**(7,425,000)**	—
Settlement of liabilities (Notes 5b and 5e)	**(17,364,358)**	—
Other acquisitions	**—**	100,424
Decrease in fair value of investment properties	**(2,383,001)**	(67,187)
Borrowing costs	**783,992**	2,979,540
Development costs	**—**	849,700
Reclassified as land in development	**(1,617,235)**	—
Reclassified from assets held for sale	**—**	1,650,000
Balance, end of the year	**51,139,051**	96,140,545

The Investment properties are composed of the following:

	2020	2019
	$	**$**
Land in Bromont, Canada a)	**34,330,751**	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 (Note 5c)	**—**	1,951,275
185 Dorval Avenue, Montreal, Canada (Note 5a)	**—**	10,684,847
610-640 Orly, Montreal, Canada (Note 5c)	**—**	5,779,600
860 Cite-des-Jeunes, St-Lazare, Canada	**1,329,441**	1,268,915
2001 Chemin Oka, Deux-Montagnes, Canada (Note 5c)	**—**	909,773
Land in Levis, Canada (Note 5b)	**—**	10,508,488
472-474 Knowlton, Lac Brome, Canada	**2,968,054**	2,968,054
117 Lepine, Gatineau, Canada (Note 5e)	**—**	6,200,000
121 Lepine, Gatineau, Canada	**4,570,000**	4,570,000
395-425, Des Erables, Valleyfield, Canada (Note 5d)	**—**	7,425,000
Panagopoula Resort, Panagopoula, Greece	**1,650,000**	1,650,000
Land in Blainville, Canada	**1,694,030**	1,679,833
	51,139,051	96,140,545

a) This property was evaluated by an external valuator in 2020.

(in Canadian dollars)

Note 8 - Investment Properties (Continued)

Valuation Process

Fair value of the Corporation's investment properties is estimated based on appraisals performed by independent, professionally-qualified property valuators or internal valuations. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board of directors at each reporting date. The fair value is categorized in Level 2 (Note 25). The appraisals for each of the investment properties at fair value were carried out using a market approach or an income approach, depending on the intended use of the property. The market approach reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location and current use. The extent and direction of this adjustment depends on the number of characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. The income approach is based on the estimated net income derived from the property. Although this is a subjective judgment, management considers that the overall valuation could not be materially affected by reasonably possible alternative assumptions. As at December 31, 2020 and 2019, there was no significant change in the fair value of the remaining investment properties.

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:

	2020	2019
	$	$
Within 1 year	**613,931**	2,868,089
1 to 5 years	**1,215,416**	7,760,240
After 5 years	**241,817**	2,516,536
	2,071,164	13,144,865

Note 9 - Investment in Joint Venture

The Corporation has ownership interest in the following joint venture:

	2020	2019
12028735 Canada Inc.	**50%**	n.a.

During the year, the Corporation entered a new joint venture arrangement. The Corporation has assessed the above investment property as a joint venture. The Corporation has determined the type of arrangement based upon the ownership structure of the investment property and considered the fact that decisions about the relevant activities require unanimous consent of the parties sharing control and that the purchase options retained by the Corporation are not substantive rights on an accounting basis.

(in Canadian dollars)

Note 9 - Investment in Joint Venture (Continued)

The following table shows the changes in the carrying value of Emergia's investment in joint venture for the year ended December 31, 2020:

	$
Beginning balance	—
Contributions (Note 5a)	**2,651,581**
Share of net income	**12,946**
Ending balance	**2,664,527**

Summarized financial information of the joint venture as at December 31, 2020 is as follows:

	$
Current assets	**1,249,387**
Non-currents assets	**13,163,000**
Current liabilities	**148,686**
Non-current liabilities	**8,940,500**
Revenues	**193,316**
Net income and comprehensive income for the period	**25,892**

Note 10 - 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%; 2019 - 4.55%). The credit line is no longer available as at December 31, 2020.

Note 11 - Trade and Other Payables

	2020	2019
	$	$
Trade payables and accrued liabilities	**6,173,732**	6,791,342
Interest payable on other current liabilities and long-term debt	**347,243**	2,550,209
Deposits and other payables	**—**	295,851
	6,520,975	9,637,402

(in Canadian dollars)

Note 12 - Other Current Liabilities

	2020	2019
	$	$
Promissory notes, 10% (2019 -24%)	**576,312**	665,983
Advances, 9%, secured by Lands in Bromont (Note 15)	**—**	7,274,660
Loans, 10%, maturing in August 2021	**139,667**	—
Loan, 15%, secured by Land in Bromont and Land held for development and a guarantee from a director	**17,947,048**	15,461,543
Advances from a company controlled by a director, 9% (Note 15)	**—**	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, 12%,	**330,044**	525,000
Term loan, 12%	**—**	1,300,000
Loan, 8%, secured by a guarantee from a company controlled by a director	**850,349**	744,290
Loan, 10% (Note 5b)	**—**	250,000
Loan, 8% (Note 5c)	**—**	525,000
Loan, 10%, (12% in 2019) 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% (Note 5e)	**—**	3,880,000
Loan, 20%, secured by a company controlled by a director, maturing in December 2021, convertible into units at a conversion price of $0.75 per unit, each unit comprising 1 common share and 1 warrant	**500,000**	—
Loans, 10% and 12%, maturing in June and August 2021	**215,000**	215,000
Loan (Note 5c)	**—**	15,000
Advances from companies controlled by a director, 9% and 10%	**96,765**	90,610
Other (Note 5c)	**—**	126,217
	21,460,185	32,851,076

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

(in Canadian dollars)

Note 13 - Convertible Debentures

	2020	2019
	$	$
Convertible debentures, 10% (8.8% and 10% in 2019), secured by all present and future residential properties of the Corporation, payable along with the promissory notes listed into Other current liabilities by monthly installments of $100,000 and in full by December 31, 2020. On April 21, 2021, the maturity date was amended to December 31, 2021	**778,033**	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	**4,231,070**	—
Convertible debentures, 18%, repaid in 2020	**—**	100,000
Convertible debenture, 15%, unsecured, converted in July 2020	**—**	100,000
Convertible debenture, 12%, unsecured, convertible into common shares at 75% of the price of the most recent financing, converted in July 2020	**—**	100 000
Convertible debenture, 12%, unsecured, convertible into units at the lesser of $0.75 or the price of most recent financing, matures on June 14, 2022	**100,000**	—
	5,109,103	1,043,382
Current portion	**778,033**	1,043,382
	4,331,070	—

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

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 15%. At inception, fair value calculations resulted in an allocation of $4,160,250 for the convertible debenture and $259,750 to the conversion option which was classified as equity within the contributed surplus.

(in Canadian dollars)

Note 14 - Bank Mortgages

	2020	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	**3,094,091**	3,128,903
Term loan, 3.02%, capital and interest payable in monthly payments of $5,928, maturing in September 2021 (Note 5c)	**—**	1,135,358
Term loan, 3.88%, capital and interest payable in monthly payments of $9,815, secured by 474-489 Le Breton, 505-541 Le Breton and a guarantee from two third parties, maturing in April 2022	**1,623,605**	1,690,159
Term loan, 4.62% (See Note 5c)	**—**	3,829,012
Term loan, 4.98%, capital and interest payable in monthly payments of $5,247	**—**	510,638
Mortgage, 4.62% (Note 5d)	**—**	5,105,376
Term loan, at prime rate + 1% (4.95%) (Note 5 a)	**—**	4,777,500
	4,717,696	20,176,946
Current portion	**144,693**	5,591,872
	4,573,003	14,585,074

(in Canadian dollars)

Note 15 - Long-Term Debt

	2020	2019
	$	$
Term loan, 10%, matured	**—**	293,000
Advances, 9%, secured by Lands in Bromont, maturing in March 2022	**4,819,926**	—
Advances from a company controlled by a director, 9%, secured by Land in Bromont and Land held for residential development, maturing in March 2022	**1,064,044**	—
Term loan, 10%, matured and payable on demand, secured by land in Bromont and a guarantee from a director, maturing in May 2021	**2,163,697**	1,792,112
Term loan, 12%, payable on demand	**143,424**	106,000
Term loan, 10%, secured by 860 Cité-des-Jeunes and by a guarantee from a director, matured in December 2020, payable on demand	**412,500**	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% (See Note 5b)	**—**	3,500,000
Loan, 10%	**—**	530,000
Term loan, 11.5%, secured by 9700 St-Laurent and by a guarantee from a director and a third party, maturing in May 2021	**1,000,000**	—
Term loan, 8% (Note 5c)	**—**	1,000,000
Term loan, 46.9% (Note 5c)	**—**	356,865
Term loan, 12%, secured by 475-489 and 505-531 Le Breton a guarantee from a director, maturing in February 2022	**1,250,000**	—
Term loan, 12.5% (Note 5a)	**—**	1,150,000
Loan (Note 5c)	**—**	102,500
Advances from the joint venture	**304,442**	—
Advances, 12% maturing in December 2021	**19,500**	
	11,527,533	9,580,477
Current portion	**4,393,593**	9,441,526
	7,133,940	138,951

(in Canadian dollars)

Note 16 - Reconciliation of liabilities arising from financing activities

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

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

2019			**$**
	Short-term borrowings	Long-term borrowings	Total
Balance, beginning of year	34,166,578	27,632,157	61,798,735
Cash			
Repayment	(721,600)	(6,543,227)	(7,264,827)
New borrowings	1,877,635	3,515,355	5,392,990
Non-Cash			
Acquisition	—	5,153,138	5,153,138
Gain on settlement	(129,153)	—	(129,153)
Settlement into class “A” shares	(400,000)	—	(400,000)
Non-cash interest	3,050,998	—	3,050,998
Balance, ending of year	37,844,458	29,757,423	67,601,881

Note 17 - Deferred Income tax liabilities and Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	2020	2019
	$	$
Net loss	**27,148,796**	(5,984,200)
Statutory tax rate	**26.5%**	26.6%
Expected income tax recovery at the statutory tax rate	**(7,194,431)**	(1,591,598)
Change in fair value of Investment properties	**631,495**	82,916
Temporary differences not recognized	**1,799,794**	514,970
Impact from Loss on settlement	**3,112,091**	—
Current year losses for which no deferred tax assets are recognized	**1,555,228**	988,872
Other	**139,688**	5,040
Actual income tax expense	**43,866**	—

(in Canadian dollars)

Note 17 - Deferred Income tax liabilities and Income taxes (Continued)

The tax expense comprises:

	2020	2019
	$	$
Deferred tax expense	**(7,054,742)**	(1,586,758)
Change in fair value of investment properties	**631,495**	82,916
Temporary differences not recognized	**6,423,246**	1,503,842
Deferred tax expense	—	—
Current tax expense	**43,866**	—

The Corporation has the following deductible temporary losses for which no deferred tax asset has been recognized:

	2020	2019
	$	$
Non-capital loss carry-forwards	**18,357,387**	10,991,728
Investment properties	**1,989,202**	876,060
Share issue costs	**68,594**	216,661
	20,415,183	12,084,399

The ability to realize tax benefits is dependent upon a number of factors. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At December 31, 2020, deferred tax assets totaling $5,410,000 have not been recognized (2019 - $3,202,000).

The tax pools relating to these deductible losses expire as follows:

	2019	**2018**
	$	**$**
2040	**6,061,448**	—
2039	**4,730,452**	3,620,831
2038	**6,004,020**	5,813,369
2037	**989,571**	1,225,871
2028 - 2036	**571,896**	331,657
	18,357,387	10,991,728

(in Canadian dollars)

Note 17 - Deferred Income tax liabilities and Income taxes (Continued)

Deferred taxes arising from temporary differences and unused tax losses are summarized as follows:

	January 1, 2020	**Recognized in profit or loss**	**December 31, 2020**
Deferred tax liabilities			
Investment properties	**(598,681)**	**273,748**	**(324,933)**
Convertible debentures	**—**	**(50,067)**	**(50,067)**
Tax losses	**223,681**	**(223,681)**	**—**
	(375,000)	**—**	**(375,000)**

	January 1, 2019	**Recognized in profit or loss**	**Acquired through acquisitions**	**December 31, 2019**
Deferred tax liabilities				
Investment properties	(375,000)	(223,681)	—	(598,681)
Tax losses	—	223,681	—	223,681
	(375,000)	—	—	(375,000)

Note 18 - 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 December 31, 2020 and 2019 are as follows:

		2020		2019
	Number	**$**	Number	$
Class “A” common shares	**19,839,374**	**67,000,387**	10,108,216	54,063,255
Class “B” common shares	**4,510,891**	**6,153,286**	4,510,891	6,153,286
	24,350,265	**73,153,673**	14,619,107	60,216,541

(in Canadian dollars)

Note 18 - Share Capital (Continued)

At various dates during the year, the Corporation issued units (the “Units”) at a price of $0.75 per Unit, each Unit being composed of one Class “A“ Common Share in the capital of the Corporation and a Common Share purchase warrant entitling the holder to purchase one Common Share at a price of $1.25 per Common Share until December 31, 2021. As at December 31, 2020, 9,651,158 units were issued consisting of $200,000 paid cash, $3,417,674 as Accounts payable settlement and $3,135,732 as Other current liabilities, $254,795 as Long-term debt settlement and $230,169 as Convertible debentures settlement. The settlement of those current and non-current liabilities resulted in an increase of $12,668,283 in Common shares, $6,113,817 in Warrants and $11,743,740 in loss from the settlement of current and non-current liabilities.

The Corporation also issued 80,000 Class “A” common shares in lieu of payments of consultation services and debenture interest.

At December 31, 2020, 162,613 outstanding Class “A” common shares (2019 – 487,839) and 638,884 outstanding Class “B” common shares (2019 – 1,916,651) are subject to an escrow agreement and are to be released on March 23, 2021.

Note 19 - Warrants

The following is a continuity of the warrants outstanding and exercisable as at December 31, 2020:

		As at December 31, 2020		As at December 31, 2019	
	Expiration date	Number	Weighted average Exercisable price $	Number	Weighted average Exercisable price $
Beginning balance		15,000	2.00	—	—
Issuance of warrants	December 31, 2021	9,651,158	1.25	15,000	2.00
Expiration of warrants		(15,000)	2.00	—	—
Ending balance		9,651,158	1.25	15,000	2.00

The weighted average remaining contractual life for the warrants outstanding as of December 31, 2020 was 1 year.

The fair value of these warrants was calculated using Black-Scholes pricing model using following compounded values of a share price at the time of issuance of $1.36, exercise price of $1.25, risk free rate of 0.23%, volatility of 101%, vesting immediately, and life of 1.45 years from date of grant resulting in a compounded fair value of the warrant of $0.66. The expected underlying volatility was based on the historical data of the Corporation’s shares over a period equivalent to the expected average life of the warrants.

(in Canadian dollars)

Note 20 - Additional Information – Comprehensive Loss

Administrative expenses are composed of the following:

	2020	2019
	$	$
Consulting fees	**1,713,523**	468,221
Management fees	**188,870**	704,748
Professional fees	**485,327**	548,922
	2,387,720	1,721,891

Financing costs are composed of the following:

	2020	2019
	$	$
Interest	**3,468,941**	2,239,150
Financing and other fees	**1,413,229**	1,148,284
	4,882,170	3,387,434

Note 21 - Net Loss per Share

The calculation of basic net loss per share at December 31, 2020 was based on the loss attributable to common shareholders which corresponds to the loss for the year of $27,192,662 (2019 – $5,984,200), and a weighted average number of common shares of 18,981,561 (2019 – 14,043,942).

The calculation of diluted net loss per share on December 31, 2020 is the same as the basic net loss per share as all conversion option of the debentures, stock options and warrants had an anti-dilutive effect (December 31, 2019 - same).

Note 22 - 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:

	2020	2019
	$	$
Management fees	**125,000**	469,297

(in Canadian dollars)

Note 22 - Related Party Transactions (Continued)

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

	2020	2019
	$	$
Consulting fees and professional fees	**1,199,444**	468,121
Financing fees	**938,819**	456,729

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

	2020	2019
	$	$
Companies controlled by directors and officers	**3,369,252**	2,088,090
Accrual compensation of directors and officers	**592,608**	281,792

The Corporation has additional loans and advances with related parties disclosed in Note 12 and 16. The Corporation accrues a fee of 2% for the personal guarantees given by a director on the Corporation's secured liabilities. The expense related to this fee is presented within financing costs. During the period, related parties converted $2,228,924 of trade and accrued payables in Units from the private placement.

Note 23 - Additional Information – Cash Flow

The changes in working capital items are detailed as follows:

	2020	2019
	$	$
Receivables and other receivables	**342,096**	208,240
Prepaids and refundable deposits	**(648,207)**	(565,880)
Advances	**32,381**	—
Trade and other payables	**5,057,995**	812,542
Income tax payable	**43,866**	—
	4,828,131	454,902
Additional cash flow information:		
Interest paid	**1,294,033**	2,947,645
Additions to investment properties included in trade and other payables	**4,150,257**	3,182,487
Additions to land held for residential development included in trade and other payables	**3,464,299**	2,127,928

(in Canadian dollars)

Note 24 - Financial Assets and Liabilities

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

	December 31, 2020		December 31, 2019	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets	**$**	**$**	$	$
Financial assets at amortized cost				
Cash	**81,861**	**81,861**	72,678	72,678
Receivables and other receivables	**2,826,989**	**2,826,989**	489,706	489,706
Refundable deposits	**1,540,604**	**1,504,640**	1,265,338	1,265,338
Advances to companies under common control	**—**	**—**	250,000	250,000
Other advances receivable	**—**	**—**	32,381	32,381
	4,449,454	**4,449,454**	2,110,103	2,110,103
Financial assets at FVTPL				
Investment in a private company	**250,000**	**250,000**	250,000	250,000
Total financial assets	**4,699,454**	**4,699,454**	2,360,103	2,360,103
Financial liabilities				
Financial liabilities at amortized cost				
Bank overdraft	**—**	**—**	116,631	116,631
Credit line	**—**	**—**	3,950,000	3,950,000
Trade and other payables	**6,520,975**	**6,520,975**	9,637,402	9,637,402
Other current liabilities	**21,460,185**	**21,460,185**	32,851,076	32,851,076
Bank mortgages	**4,717,696**	**4,717,696**	20,176,949	20,176,949
Long term debt	**11,527,533**	**11,527,533**	9,580,477	9,580,477
Convertible debentures	**5,109,105**	**5,109,105**	1,043,382	1,043,382
Total financial liabilities	**49,335,494**	**49,335,494**	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.

Note 24 - Financial Assets and Liabilities (Continued)

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

Note 25 - 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 the Corporation is exposed to changes in market interest rates through certain bank mortgages and long-term debt at variable interest rates. As at December 31, 2020 bank mortgages, convertible debentures, long-term debt and other current liabilities are at fixed interest rates and subject the Corporation to a fair value risk (certain bank mortgages, other current liabilities and long-term debt in 2019). As at December 31, 2020 and 2019, 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 December 31, 2020 and 2019 is the carrying amount of these instruments, the credit risk is not significant.

(in Canadian dollars)

Note 25 - Financial Instrument Risk (Continued)

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.

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

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

				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 26 - 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.

(in Canadian dollars)

Note 26 - Capital Management (Continued)

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

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

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

Note 27 - Segment Information

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

	2020	2019
	$	$
Canada	**70,271,241**	107,854,772
Greece	**1,650,000**	1,650,000

The rental income is 100% in Canada.

Note 28 – Subsequent Events

Acquisition of 100 acres development land in Ontario

On May 3, 2021, the Corporation purchased a land of approximately 100 acres in Alliston, Ontario for a purchase price of $14.4 million (excluding closing costs and land transfer tax).

The acquisition of the land was done at arm's length and the purchase price was paid as follows: (i) $9,600,000 in cash and (ii) $4,800,000 in Class A shares of the Corporation of which 300,000 have been issued and 4,500,000 are reserved for issuance upon receipt of the allocation of such shares between the vendors. To satisfy a portion of the purchase price, the Corporation entered into a financing of $9,000,000 at an interest rate of 6% per year payable at maturity on March 10, 2023, plus a participation in the profits of the project.

Private Placement and Debt Settlement

The previously announced Private Placement of units, composed of 1 common share and one common share purchase warrant, for up to $15,000,000, for which $7.3M has been closed by the Corporation as at December 31, 2020, has been extended until April 24, 2021 and is expected to be extended until mid-June 2021 and the maturity date of the warrants extended to December 31, 2022.

Note 28 – Subsequent Events (Continued)

On February 1, 2021, the Corporation issued 433,464 units representing $329,432.64 in debt conversion and 163,685 units representing $124,400.60 in cash investment. On May 1, 2021, the Corporation issued 334,002 units, representing $260,521.56 in debt conversion.

Sale of the Le Breton Properties

In April 2021, the Corporation sold the two industrial investment properties located on Le Breton Street in Longueuil at price of $3,665,000, representing a gain of $468,225 on the book value of these properties. This transaction allowed to reduce the short-term debt by $809,816 and the long-term-debt by $1,250,000 and the bank mortgages by $1,605,184.

Sale of the 9700, St-Laurent Boulevard Property

In April 2021, the Corporation sold this optimization property located in Montreal at price of $1,550,000, representing a gain of $150,000 on the book value of this property. This transaction allowed to reduce the short-term debt by $550,000 and the long-term-debt in an amount of $1,000,000.

At the time of these consolidated financial statements were issued, the Corporation was in process of assessing the accounting impact of the above-mentioned subsequent events.