GOING FORWARD

EMERGIA

Annual Report 2021

May 6, 2022

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Message to **Shareholders**

" In real estate, determination and perseverance will make the difference in the success of a project. I believe these values apply to overall business challenges. Although the past years have been challenging on most aspects, we managed to keep the focus on our strategic plan and took the best decisions we could to reach the goal we had fixed. EMERGIA is now ready to move forward and demonstrate what it is capable of. "

HENRI PETIT

Chairman,
President and CEO

Dear Shareholders,

It is with a certain pride that I write this year's message to shareholders.

2021 has been the year of significant achievements of important milestones for EMERGIA, as WE:

» Completed the disposition of certain assets to delever the balance sheet;

» Introduced the Emergia investment opportunity to many new investors and secured new capital via private placement offerings;

» Received strong confidence from creditors who decided to convert debts in equity, finding an advantage in becoming shareholders;

» Realized our first acquisition since 2019, with the strategic acquisition of the 100-acre land in Alliston, marking thereby our expansion in Ontario;

» Began to better reflect the quality and fair market value of our portfolio through an extensive revision of the net asset value per share in the current financial statements; and

» Considerably strengthened our balance sheet.

In last year's message, I indicated that the initial objective established in 2019, when EMERGIA's transformation began with its strategic restructuring plan, was to complete same by 2021. We can now indeed confirm that the transformation is completed and that, GOING FORWARD, we can finally execute our business plan and work in a constructive and profitable basis.

Emergia's Turnaround

Despite the uncertain economic environment, the past year has been one of unprecedented turnaround at Emergia. The Corporation has reached the last phase of its plan of action adopted at the beginning of the year, which included the concentration of its activities mainly in the provinces of Quebec and Ontario, the reduction of its short-term debt through capitalization, refinancing and disposition of certain assets, and the acquisition of additional income producing and value-add properties. Emergia has passed the crucial stages in the execution of this strategic plan of action, which has earned the Corporation a very significant improvement in its balance sheet, particularly by its deleverage, as shown in the financial statements. These results thus prove remarkable strength and soundness of its plan. Management looks forward to building on last year's achievements and continuing to demonstrate its strong commitment to building value for our stakeholders in the forthcoming quarters and years.

Financial Results

The 2021 financial results represent a contrast with precedent years as Emergia registers a net income of $32.7 million, compared to a loss of $27.2 million in 2020. The results from operations still represent a loss of $4.2 million for the year 2021, compared to $6.4 million in 2020, but nevertheless represents an improvement of 34.5% in 2021 compared to 2020.

The short-term debt has been reduced considerably in 2021, partly by the reimbursement of such debt and partly through the renegotiation of the terms and conditions of some short-term debts by converting same in long-term debt. The short-term debt has therefore been reduced from $33.4 million to $14 million during the year.

In consideration of the acquisition in 2021 and of the change of use of one property under development as investment property and the value determination accordingly, the Corporation's total assets reached $131.3 million at the end of 2021, representing an increase of $54.3 million or 70.4%. The Adjusted Real Estate Debt[1] reached $50.8 million. Consequently, the Adjusted Real Estate Debt Ratio[1] has reduced to 40.7% in 2021 from 59.5% in 2020.

The equity reached $69.3 million compared to $27.2 million at year-end 2020, representing a Net Asset Value per Share[1] of $2.33 based on the weighted average number of outstanding shares compared to $1.44 in December 2020.

2022 Action Plan

EMERGIA intends to capitalize on its previous years' achievements and:

- Proceed to the acquisition of income producing properties in line with Emergia's business model.
- Further capitalize the Corporation.
- Launch development projects on lands it already owns, contributing to its organic growth.
- Generate recurring profits.

As of the date of this MD&A, Emergia's growth strategy for 2022 has already proven itself. Indeed, after year-end, Emergia announced an acquisition of a 30% interest in a retail portfolio of income producing properties with excess land for future development, the whole, perfectly in line with the Corporation's global business plan.

Conclusion

We can now start our way on the path of becoming the leader we strive to be in diversified real estate ownership, sustainable development, and management. We can now start the execution of a plan that we believe in, add recurring revenues, and ensure growth in the Corporation's equity value.

All the achievements in 2021, and over the past three years, generated a pride in all our team, who has been working in uneasy conditions during that period, and, nonetheless persevered and contributed to the execution of Emergia's restructuring plan over the past years. I therefore want to thank each member of our team for their tremendous work and commitment to Emergia's success.

HENRI PETIT
Chairman, President and CEO

[1] *A non-IFRS measure. Please refer to the Management's Discussion & Analysis for the years ended December 31, 2021 and 2020 for definitions, reconciliations and the basis of presentation of Emergia's non-IFRS measures.*

Be
Different

EMERGIA’S INVESTMENT PLATFORM OFFERS A DIFFERENT WAY TO INVEST IN REAL ESTATE AS IT ALLOWS FOR THE:

Benefit of growth:

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

Benefit of recurring returns:

- From the stabilized income producing properties;
- From performing properties located in strategic markets;
- From the long-term leases with high profile tenants.

Benefit of the diversification of assets holdings:

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

BE

DIVERSIFIED

We strive to become a leader in diversified real estate ownership, development, and management, to ensure sustained and solid returns to our shareholders by building a high-yielding portfolio while reducing the global portfolio volatility and increasing resilience to economic downturns that may result from changing markets and macro-economic conditions.

SUSTAINABLE

We strive to become a leader in sustainability by using innovative methods of building, with high performance construction materials and environmental features in all of our future development projects, and in the upgrading or redevelopment of existing properties, thus reducing the environmental footprint and contributing to the reduction of greenhouse gas emissions for future generations.

INTEGRATED

Emergia is both fully horizontally and vertically integrated allowing higher returns on investments while benefiting from lower operating expenses and from value-add created on its developments, resulting in higher profits for its shareholders.

Corporate **Profile**

EMERGIA is a Canadian Real Estate Operating Company (REOC), distinctively integrated both vertically and horizontally, active in the development, acquisition, holding, and management of high-quality real-estate properties.

The Corporation is primarily focused on value creation on the short and long-term through strategic acquisitions and development of properties with highest quality standards in multi-residential, retail, industrial, and office asset classes, mainly in Canada. We believe that value relies on the high-quality and sustainability of the properties, oriented on the creation of a better lifestyle and on the well-being of our tenants and the communities where we realize development projects.

The combination of stability and growth is at the core of our commitment to creating value-add for our stakeholders and the communities in which we operate. Our business strategy aims to achieve net asset value appreciation, stable net operating income growth, and capital preservation, all with a long-term focus.

We strive to become a leader in diversified real estate ownership, development, and management, to ensure sustained and solid returns to our shareholders and build a high-yielding portfolio. Emergia's vision is that diversification:

1

Reduces global portfolio volatility and increases resilience to economic downturns that may result from changing markets and macro-economic conditions.

2

Benefits from attractive opportunities throughout real estate cycles.

3

Provides long-term returns that outperform the real estate industry.

We are determined to make things that will stand to time-test by concentrating on the performance, the sustainability, the highest quality standards, and the reduction of environment footprint in each of our projects, all oriented on the creation of a better lifestyle, focussed on the well-being of communities where we realize developments projects.

2021
Highlights

$131.3M
Total Assets Value

$50.8M
adjusted real estate Debt[1]

40.7%
ADJUSTED REAL ESTATE DEBT RATIO[1]

$69.3M
Shareholders’ Equity

$2.33
Net Asset Value per Share (Basic)[1]

$2.49
real estate net asset value per share (basic)[1]

$21.4M
Value of Property Acquisitions in 2021

$54.3M
INCREASE OF TOTAL ASSETS VALUE

> 20%
Management Ownership

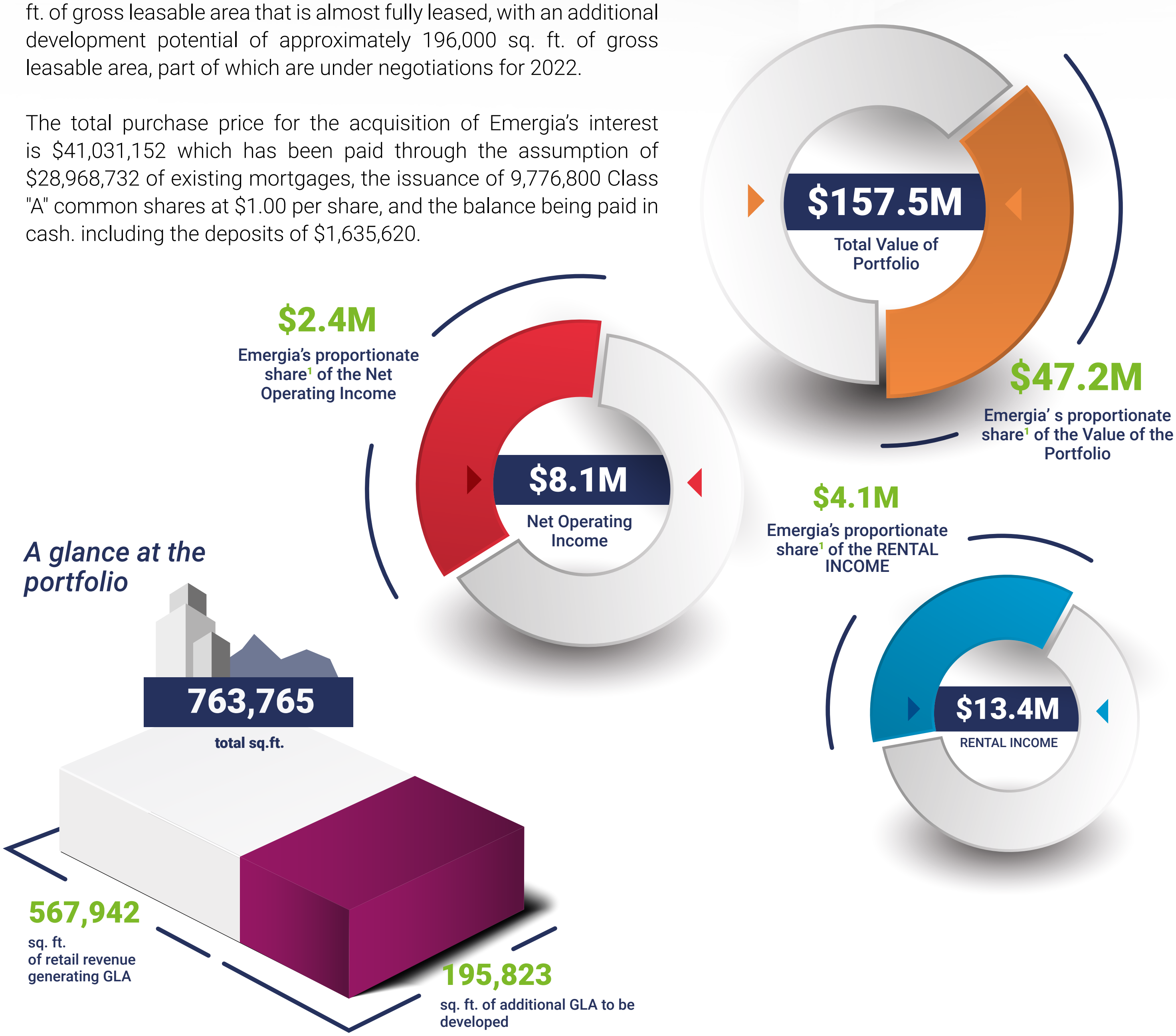
[1] *A non-IFRS measure. Please refer to the Management’s Discussion & Analysis for the years ended December 31, 2021 and 2020 for definitions, reconciliations and the basis of presentation of Emergia’s non-IFRS measures.*

Recent **Development**

In March 2022, acquisition of a 30% interest in a 6-Plaza portfolio in Ontario

In March 2022, Emergia has purchased an interest of approximately 30% of the total value of a portfolio comprised of six retail plazas in six cities in Ontario. The portfolio includes approximately 568,000 sq. ft. of gross leasable area that is almost fully leased, with an additional development potential of approximately 196,000 sq. ft. of gross leasable area, part of which are under negotiations for 2022.

The total purchase price for the acquisition of Emergia's interest is $41,031,152 which has been paid through the assumption of $28,968,732 of existing mortgages, the issuance of 9,776,800 Class "A" common shares at $1.00 per share, and the balance being paid in cash. including the deposits of $1,635,620.



[1] *A non-IFRS measure. Please refer to the Management's Discussion & Analysis for the years ended December 31, 2021 and 2020 for definitions, reconciliations and the basis of presentation of Emergia's non-IFRS measures.*

Recent **Development**

$54.3 MILLION OF ADDITIONAL VALUE

As of December 31, 2021, Management performed a thorough assessment of all properties in the Corporation's portfolio and reassessed the current plans related to its properties. This assessment resulted in a reclassification of its assets as explained below to reflect well established market practices and management expectations with respect to such assets.

As part of its reassessment of its business plans, business strategy and evolving development plans related to its properties, management determined that there was an evidence of a change in use of the portion of the Bromont land previously classified as "Land held for development", and valued at cost, and is now presented as investment properties as "Properties under Development", at fair value as appraised by third-party appraisers. The reclassification related to this property under development resulted in an increase of fair value of $35,305,252 recorded as fair value adjustment on investment properties in the consolidated statements of comprehensive income (loss), bringing the total value to of the properties under development to $114,725,000.

Management transferred an investment property (472 Knowlton, Lac Brome, Canada) to a property held for sale since its carrying amount will be recovered principally through sale rather than from continuing use.

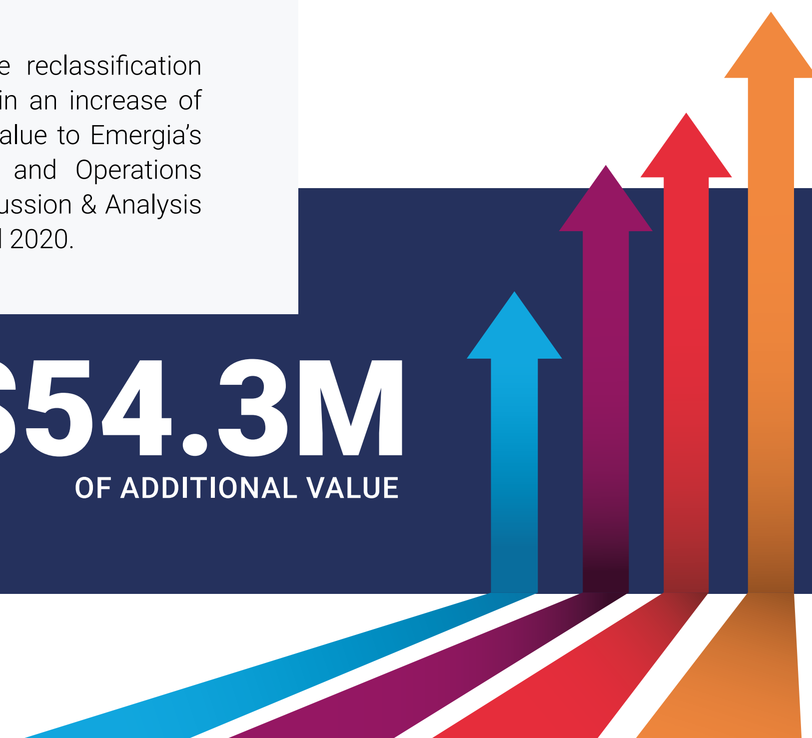
The acquisition realized in 2021 and the reclassification of the above-mentioned properties result in an increase of approximately $54.3 million in additional value to Emergia's portfolio. Please refer to the "Business and Operations Review" section of the Management's Discussion & Analysis for the years ended December 31, 2021 and 2020.

" This additional value in the audited financial statements resulting from strategic acquisitions and from reclassification of the properties as per IFRS is a first step in demonstrating to our shareholders the real value of our assets and Emergia's singular potential. We further anticipate additional growth in the short-term. "

HENRI PETIT Chairman, President and CEO

$54.3M

OF ADDITIONAL VALUE



Recent
Development

PRIVATE PLACEMENTS

On January 10, 2022, the Corporation completed the closing of its previously announced private placement and issued an additional 4,857,020 units and 250,000 Class "A" common shares for a total amount of $3,454,930, composed of $546,862 in cash and $2,908,067 in payment of outstanding debts. Each unit, issued at $0.68 per unit, was 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 Class "A" common share at a price of $1.25 per share until October 31, 2023. This closing includes the conversion of an important portion of the directors' and the Management's accrued compensation for an amount of $990,239 (representing 1,456,234 units) and the conversion of debts by creditors for an amount of $1,935,671 (representing 2,872,816 units) and $546,862 (representing 804,210 units) in cash.

On April 8, 2022, Emergia has completed another closing of a private placement for a total amount of $1,305,000 in cash, composed of $705,000 of unsecured convertible debentures and $600,000 in units of the Corporation at a price of $0.80 per unit. The convertible debentures bear interest at the rate of 8% per year, accruing in arrears, payable semi-annually in cash or in Class "A" common shares of the Corporation. The convertible debentures are convertible at the holder's option into one debenture unit of the Corporation at a conversion price of $0.90. Each debenture unit is composed of one Class "A" common share in the capital of the Corporation and two (2) warrants of the Corporation: (i) a warrant of the Corporation entitling the holder thereof to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023 and (ii) a warrant of the Corporation entitling the holder thereof to purchase one Class "A" common share at a price of $1.50 per share until October 31, 2024. In the event that, during the term of the convertible debentures, the volume weighted trading price of the Class "A" common shares for the last 20 days on the Canadian Securities Exchange is equal to, or greater than $1.50 per share, the Corporation may then force the conversion of the convertible debentures into debenture units. Each unit, issued at $0.80 per unit, is 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 Class "A" common share at a price of $1.25 per share until October 31, 2023.

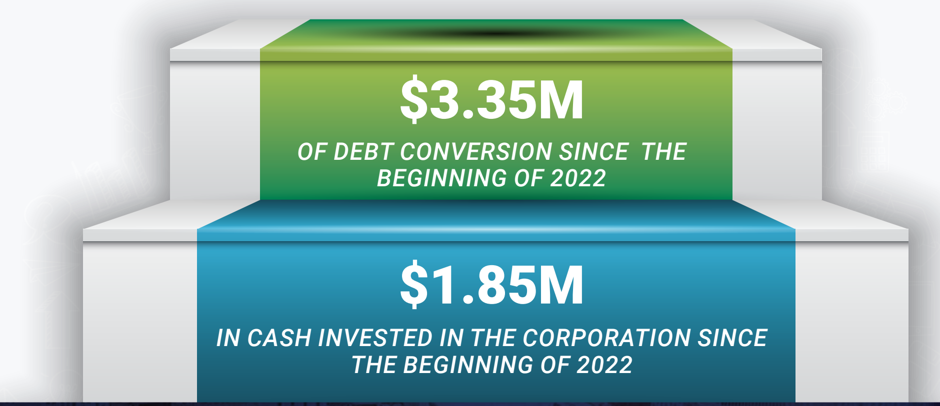
On April 14, 2022, an holder of convertible debentures converted an amount of $425,000 of its debentures into units of the Corporation at $0.85 per unit, each unit being composed of one Class "A" common share in the capital of the Corporation and two (2) warrants of the Corporation: (i) a warrant of the Corporation entitling the holder thereof to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023 and (ii) a warrant of the Corporation entitling the holder thereof to purchase one Class "A" common share at a price of $1.50 per share until October 31, 2024.

> ***" Investors have, throughout 2021 and again in Q1-2022, demonstrated their confidence in the strength and in the future of EMERGIA. We are very proud to have proven them right. "***

HENRI PETIT Chairman, President and CEO

$5.20M

OF TOTAL INVESTMENTS IN EMERGIA SINCE THE BEGINNING OF 2022



Our **Portfolio**

Properties in the Province of Québec
As at the date of this Annual Report

01 Revenue Generating

Gatineau QC
121 Avenue Lépine

19,810
sq.ft. GLA

FMV:
$4,600,000

Gatineau QC
117 Avenue Lépine[1]

24,950
sq.ft. GLA

Emergia's proportionate share of FMV[2]:
$1,050,000

02 development

Blainville QC
Curé-Labelle Blvd

231,699
sq.ft. of Land under Development

FMV:
$2,000,000

03 Revenue Generating / development

Dorval QC
185 Avenue Dorval[1]

54,118
sq. ft GLA

Emergia's proportionate share of FMV[2]:
$1,875,000

45,000
sq.ft. of Land under Development

Emergia's proportionate share of FMV[2]:
$875,000

04 development

Bromont QC
Exit 78 of Highway 10

17,000,000
sq.ft.

FMV:
$91,325,000

[1] Property owned in a joint venture. Please refer to the "Business and Operations Review" section of the Management's Discussion & Analysis for the years ended December 31, 2021 and 2020.

[2] A non-IFRS measure. Please refer to the Management's Discussion & Analysis for the years ended December 31, 2021 and 2020 for definitions, reconciliations and the basis of presentation of Emergia's non-IFRS measures.

Our
Portfolio

Properties in the Province of ontario
As at the date of this annual report.

01
Revenue Generating

Owen Sound ON
2125, 16th Street East[1]

110,900
sq.ft. GLA

Emergia's proportionate share of FMV[2]:
$5,900,000

02
Revenue Generating

Brantford ON
221, Henry Street[1]

91,802
sq.ft. GLA

Emergia's proportionate share of FMV[2]:
$7,000,000

03
development

Alliston ON
6485, 14th Line

4,331,606
sq. ft. of Land under Development

FMV:
$21,400,000

04
Revenue Generating

Niagara Falls ON
7835, McLeod Road[1]

49,852
sq.ft. GLA

Emergia's proportionate share of FMV[2]:
$7,400,000

05
Revenue Generating

North Bay ON
850, McKeown Ave[1]

135,514
sq.ft. GLA

Emergia's proportionate share of FMV[2]:
$8,000,000

06
Revenue Generating

Pembroke ON
15, Robinson Lane[1]

64,564
sq.ft. GLA

Emergia's proportionate share of FMV[2]:
$6,200,000

07
Revenue Generating

Cornwall ON
501, Tollgate Rd[1]

115,910
sq.ft. GLA

Emergia's proportionate share of FMV[2]:
$12,600,000

[1] Property being part of the 6-Plaza Portfolio in Ontario for which Emergia acquired in March 2022 a 30% interest. Please refer to the "Subsequent Events" section of the Management's Discussion & Analysis for the years ended December 31, 2021 and 2020.

[2] A non-IFRS measure. Please refer to the Management's Discussion & Analysis for the years ended December 31, 2021 and 2020 for definitions, reconciliations and the basis of presentation of Emergia's non-IFRS measures.

Pure
Bromont

A unique living space on the continent

PURE BROMONT

The PURE BROMONT site, land of some 17 million sq. ft., benefits of an extraordinary potential to create distinctive attractions in the Eastern Townships.

Bromont, city with a unique character, counting approximately 11,500 inhabitants, is in a phase of high demographic and economic growth. It is a strategic area to realize a mixed-use project like PURE BROMONT, where one finds important recreational tourism, commercial and residential facilities. This project is an opportunity to realize an innovative and unique concept, integrating retail, restaurants, cafés, condo-hotels, chalets and various businesses within an already thriving community, in a nature-oriented environment, respecting the biodiversity of the site. The development will be carried out in harmony with the architectural values of the City of Bromont and integrating certain signature elements of our company, giving a singular character to the project.

PURE BROMONT, near Montreal, is easily accessible from anywhere in the Province of Quebec and the East Coast of the United States, allowing to benefit from facilities that will coexist with chalets, condo-hotels, various shops, restaurants and cafes, connected by a pedestrian street with an atmosphere in perfect harmony with nature.

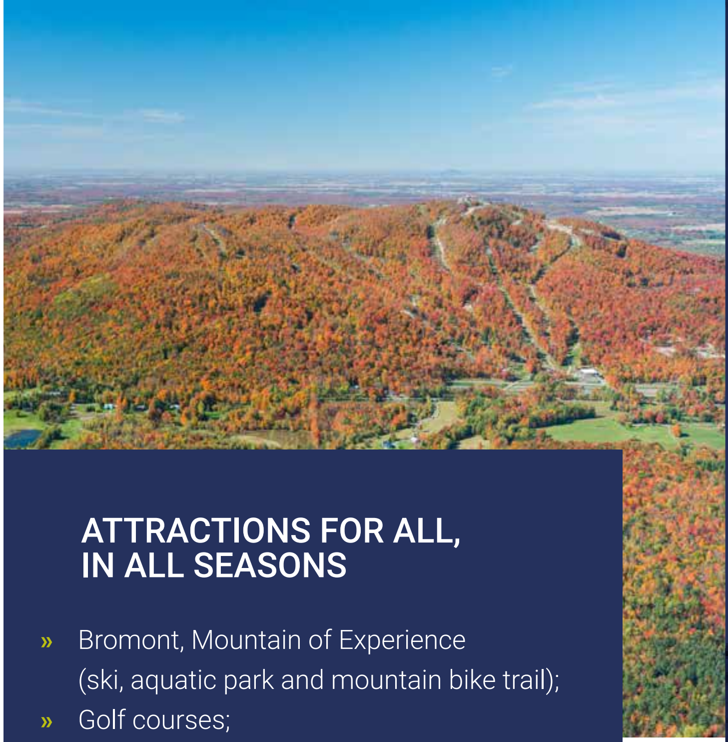
Pure Bromont, the importance of the environment

PURE BROMONT certainly represents an example to follow on the environmental planning. Emergia is committed and honored to plan the development in a sustainable way and respectful of nature, with approximately 6.5 million sq. ft. of the site preserved for environmental purposes. Emergia intends to develop the site prioritizing the use of materials offering maximum benefits for the environment, including a net-zero orientation in parts of the project.

The region, a countryside paradise of mountains and valleys

The tourist region of Brome-Missisquoi, where you can discover 20 wineries, is the cradle of wine production in the Province of Quebec. Moreover, a signalized wine route runs through many of its towns and villages. An area of choice for outdoor adepts, the Sutton Mountain and Mount Brome are extraordinary playgrounds for alpine skiing, snowshoeing and cross-country skiing in the winter, and cycling, horse riding and kayaking in the summer. The Brome-Missisquoi Region, charming with its winding roads crisscrossing its hills and valleys and a multitude of streams, lakes and rivers and large forests, is composed of some 21 municipalities counting around 60,000 inhabitants. Walking in Brome-Missisquoi is a discovery of a unique region dotted with orchards, vineyards and farms. In addition, two municipalities of Brome-Missisquoi are part of the Association of the Most Beautiful Villages of the Province of Quebec: Frelighsburg and Lac Brome (Knowlton).

Just next to PURE BROMONT, the Haute-Yamaska MRC is the link between the plains of the St. Lawrence and the Appalachians. The total population of the MRC is currently 94 780 residents whose city center is Granby (70 297 residents).



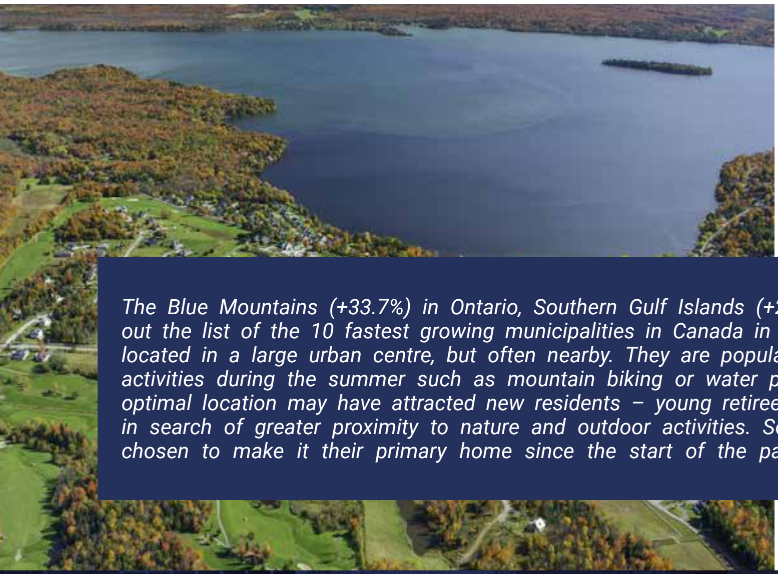
ATTRACTIONS FOR ALL, IN ALL SEASONS

- Bromont, Mountain of Experience (ski, aquatic park and mountain bike trail);
- Golf courses;
- Divertigo (Hebertism);
- Several museums and art galleries;
- Bromont National Cycling Center;
- 5 municipal trail networks totaling 100 km + Mount Brome which offers 39 km of trails;
- Mount Shefford which offers a 6.3 km trail;
- Wine Road;
- And many others.

An exceptional location

PURE BROMONT is destined to be a "must see" destination in the Quebec Eastern Townships. This real estate project is located in a central area that can attract a large number of visitors. With its proximity to the US border (45 minutes), PURE BROMONT is expected to earn the interest of American tourists.

In addition, the project is located near several major cities such as Montreal, Granby, Drummondville and Sherbrooke. Highway 10, at Exit 78, which also faces the project, has a traffic flow of 61,000 cars on a daily basis.



The Blue Mountains (+33.7%) in Ontario, Southern Gulf Islands (+28.9%) in British Columbia and Bromont (+25.6%) in Quebec rounded out the list of the 10 fastest growing municipalities in Canada in 2021. These tourist municipalities or resort cities are not necessarily located in a large urban centre, but often nearby. They are popular vacation and leisure sites located close to ski hills and also offer activities during the summer such as mountain biking or water parks, or navigable bodies of water. Their outdoor facilities and their optimal location may have attracted new residents – young retirees or those able to work from home given the COVID-19 pandemic – in search of greater proximity to nature and outdoor activities. Some people already having a second residence there may also have chosen to make it their primary home since the start of the pandemic. (2021 Census Report- Statistics Canada, February 9, 2022)

A real estate project unique on the continent

PURE BROMONT is destined to be a "must see" "lifestyle" destination in the Eastern Townships, for both the local residents and for visitors from major urban centers or other regions or areas and foreign tourists.

This is a major mixed-use real estate project that includes commercial, recreational tourism and residential components planned on a land of approximately 17 million sq. ft. (1.5 million m^2), 100% owned by the Corporation.

This multifunctional project is inspired by the "New Urbanism" style, this architectural and urbanism trend that is increasingly in demand. This is a revamped traditional model that stands out for real estate developments of medium to high density. It aims to create mixed-use communities, urban "Street Life" entertainment and many attractions offered to the population within a radius near the residence.

FOUR MILLION RESIDENTS IN A RADIUS OF 100 KILOMETERS

The Bromont Region is amongst the most prosperous regions in the Province of Quebec with 1.6 million visitors annually. Its wine Route, consisting of 22 stops, including 8 of them at less than 15 kilometers from the project, allows Bromont to offer singular activities for tourists who want to live a unique experience of its kind. Moreover, the project is located near several important population basins, such as those in the cities of Sherbrooke, Saint-Jean-sur-Richelieu, Drummondville, Granby and, of course, the greater Montreal area with a pool of over 2 million people.

Planned Development

The final development plan for this property is not yet completed as it depends on final approvals by the City. In any case, the Corporation expects to benefit of the capital appreciation of the land.

Retail and Recreotouristical Component:

- **Phase 1** is divided in sub-phases which will include a highway services project (restaurants, convenience store, gas station, etc.) and retail stores.
- **Phase 3**, will comprise a pedestrian street with retail boutiques, restaurants, etc. on the ground floor and condo-hotels to be sold or leased to an operator on the second and third floors. Phase 3 will also include other retail stores outside the pedestrian street.
- **Phase 5** is zoned commercial (retail).
- **Phase 6** is authorized for cellular tower and a land lease is already in place.
- **Phases 1, 3 and 5** will be developed in retail by Emergia (GLA of approximately 720,000 sq.ft.) which the Corporation expects to hold for the long-term. Emergia will also sell parcels of land and condo-hotels to operators.

Residential component:

- **Phase 2** is zoned for low density (1 house per hectar) and is expected to be rezoned to recreotouristical and medium density in the course of 2022 or early 2023.
- **Phase 4** is in a reserve for future development, which development is to be authorized once Phase 2 has reached a certain level of construction. Phase 4 rezoning is expected to become low and medium density in the course of 2023.
- **Phases 2 and 4** will either be developed by Emergia, partly alone and partly through joint ventures, or partly sold to contractors, for housing and condos (multiresidential). Among others, Emergia intends to develop multi-residential apartment buildings in these phases.

Q4 - 2022

- Approval by the City of the infrastructures (crossing the Highway 10)
- Development of construction plans for Phases 1.1 and 3.1

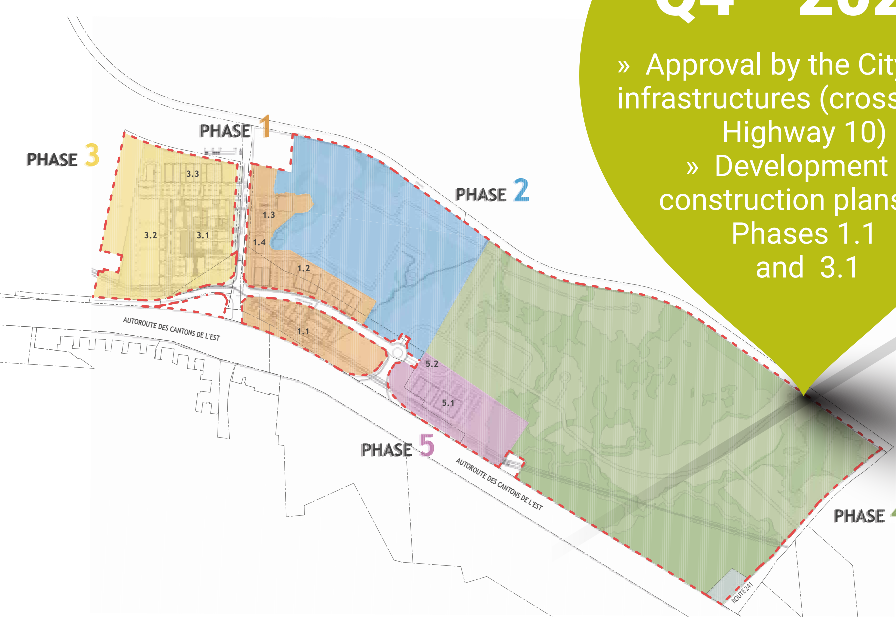
Q1 - 2023

- Launching of the construction of the infrastructures
- Approval of construction plans for Phases 1.1 and 3.1

Q2 - 2023

- Launching of the construction of Phase 1.1
- Launching of the construction of Phase 3.1

EXPECTED TIMELINE



Alliston

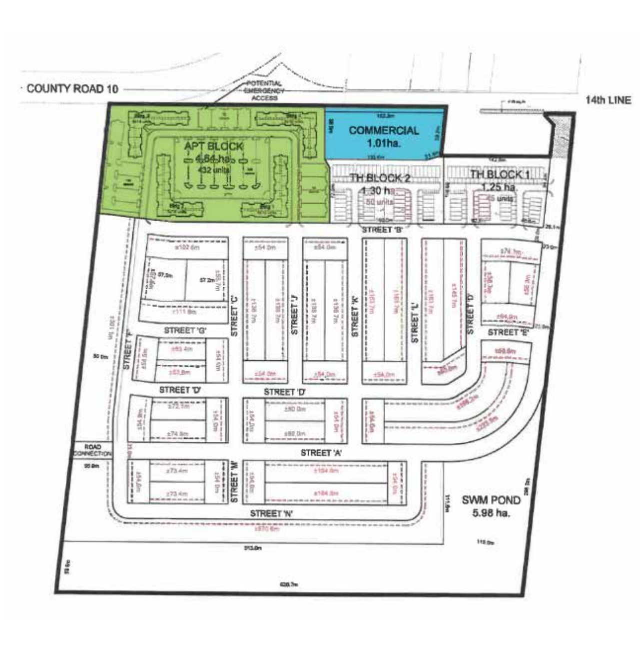
Another Remarkable Value Creation Opportunity

Alliston, located in the southern portion of Simcoe County in the province of Ontario, is part of the Town of New Tecumseth since the 1991 amalgamation of Alliston and nearby villages of Beeton, Tottenham, and the Township of Tecumseth.

The Town of New Tecumseth is amongst the 25 highest growth rates in Canada in 2021[1] with a growth of 28.3% in 2021, now counting a population of over 43,948 residents, and still growing. The community is strategically located near Highway 400 with access to larger Ontario markets of the Greater Toronto Area, Hamilton, Kitchener and Waterloo.

The Town enjoys a diverse local economy with strengths in the industries of manufacturing, retail, transportation, and warehousing, as well as educational services. Honda of Canada Manufacturing Plant, the automobile manufacturing division of Honda of North America Inc., is located in Alliston and is one of the major employer of the Town of New Tecumseth.

[1] Three other suburban municipalities surrounding Toronto also had among the 25 highest growth rates in the country: New Tecumseth (+28.3%), Bradford West Gwillimbury (+21.4%) and Milton (+20.7%). These growth rates were over four times that of the Toronto CMA as a whole (+4.6%). (2021 Census Report- Statistic Canada)



The Acquisition

On May 3, 2021, Emergia acquired a land of approximately 100 acres in Alliston, Ontario. This land is located at only approximately 650 meters from the Honda plant.

The current zoning of the land is Employment-2 (light industrial) and commercial corridor. But a zoning change process is underway to residential (single and multi-family) and commercial corridor.

Planned Development

The plan for the final use of this property is not yet determined as it depends on zoning change. In any case, the Corporation expects to benefit of the capital appreciation of the land. Should the zoning change from Employment-2 to residential not be confirmed, the Corporation intends to proceed to the development of industrial income producing properties.

If the zoning change is confirmed, the expected development is defined as follows:

- **Single family homes:** Once rezoned, it is expected that approximately 81.24 acres (gross acorage – representing 70.3 acres net) would be designed as single-family homes (houses or townhouses). It is Emergia's intent to sell this part of land to single-family homes developers or contractors or joint venture with same for such development.

- **Multi-residential:** After completion of the zoning change, there would be 12 acres designated as multi-family to build apartment buildings (up to 500 units). This development would be kept on the long-term by Emergia.

- **Retail:** Emergia intends to develop a proximity services strip plaza (approximately 50,000 to 60,000 sq.ft.) on the 2.47 acres planned to be maintained as commercial corridor.

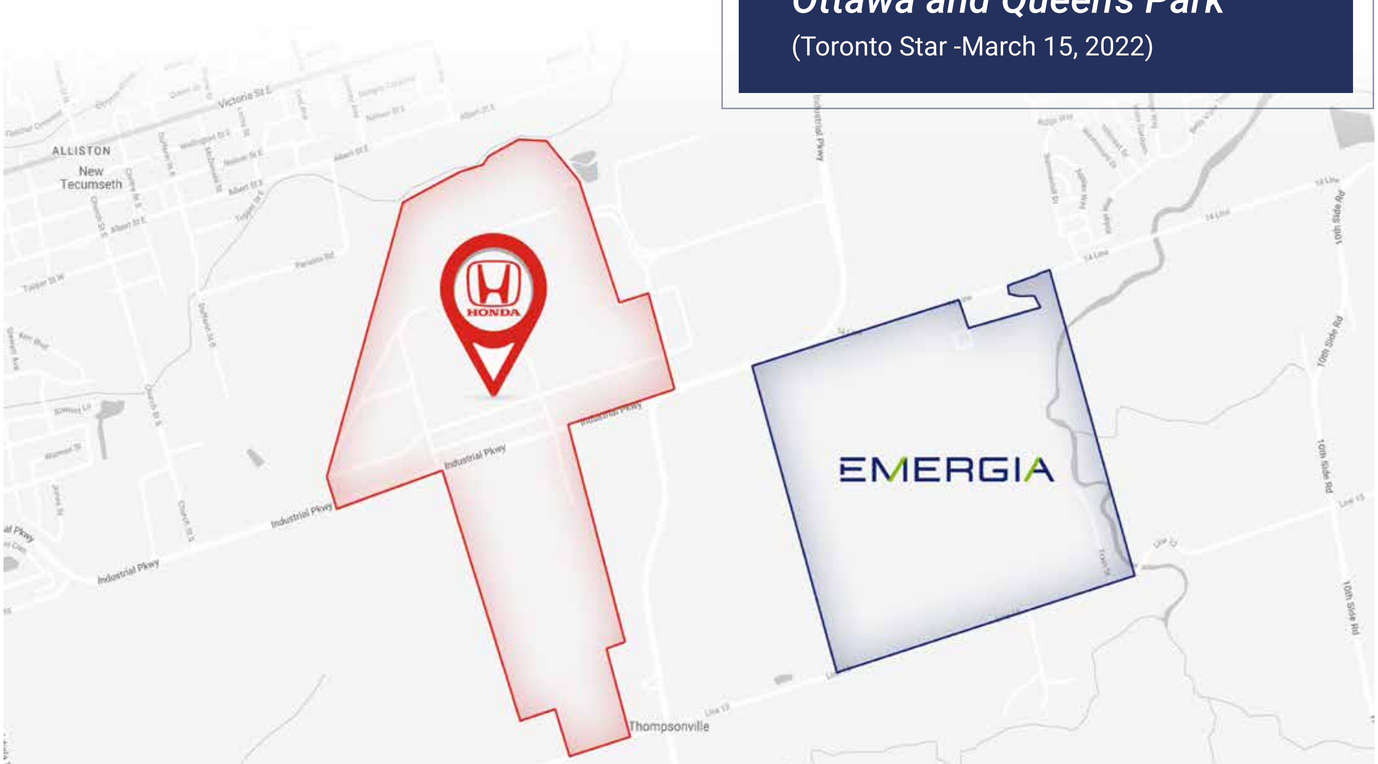
Development Financing

Emergia plans to finance the construction of the 500 units multifamily rental apartments and the 50,000 to 60,000 sq.ft. retail plaza through standard bank financing. Considering the value of the land and the expected profit on the sale of the excess land, no additional capital is expected to be required for the construction of this project, as the loan to value ratio is within the parameters of any lenders' standard requirements.

Honda to invest $1.38B in Alliston factory with help from Ottawa and Queen's Park

(Toronto Star -March 15, 2022)

JUST MINUTES AWAY FROM **HONDA PLANT**



EXPECTED TIMELINE

Q3-2022	Q1-2023	Q3-2023 to Q4-2025
» Zoning change approval.	» Draft Plan Approval for the development project.	» Development of the multi family and retail components.

GOING FORWARD

EMERGIA

Management's Discussion and Analysis

For the years ended December 31, 2021 and 2020

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General and Forward-Looking **Statement Advisory**

GENERAL

The terms "**Emergia**", the "**Corporation**", "**we**", "**us**", and "**our**" in the following Management's Discussion and Analysis for the years ended December 31, 2021 and December 2020 ("**MD&A**") refer to Emergia Inc. together with its subsidiaries. Financial data, including related historical comparatives, provided in this MD&A has been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

This MD&A is current as of May 6, 2022, unless otherwise stated, and should be read in conjunction with Emergia's audited annual consolidated financial statements for the years ended December 31, 2021 and 2020, which have been prepared in accordance with IFRS, copies of which have been filed electronically with securities regulators in Canada through the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and may be accessed through the SEDAR website at www.sedar.com. Historical results and percentage relationships contained in the audited annual consolidated financial statements for the years ended December 31, 2021 and 2020 and this MD&A, including trends, should not be read as indicative of future operations.

Certain information contained in this MD&A concerning the economy generally and relating to the industry in which the Corporation operates has been obtained from publicly and/or industry available information from third party sources, including the 2021 Census Report – Statistic Canada, the Bank of Canada's January 2022 Monetary Policy Report, the Royal Bank of Canada's Provincial Outlook – March 2022, the Canada - OECD Economic Outlook December 2021, CMHC's February 2020 Rental Market Report, the Colliers' 2022 National Retail Outlook and CBRE's Canada Office Figures and Industrial Figures Q1-2022, which are believed to be generally reliable. The Corporation has not verified the accuracy or completeness of any information contained in such publicly available information. In addition, the Corporation has not determined if there has been any omission by any such third party to disclose any facts, information, or events which may have occurred prior or subsequent to the date as of which any such information contained in such publicly available information has been furnished or which may affect the significance or accuracy of any information contained in any such information and summarized herein.

All dollar amounts are in Canadian dollars, unless otherwise noted.

FORWARD-LOOKING STATEMENT ADVISORY

Certain statements contained in this MD&A constitute forward-looking statements. Statements concerning Emergia's objectives and strategies and Management's beliefs, plans, estimates and intentions constitute forward-looking statements. Forward-looking statements can generally be identified by the expressions "anticipate", "believe", "plan", "estimate", "project", "expect", "intend", "outlook", "objective", "may", "will", "should", "continue" and similar expressions.

The forward-looking statements are not historical facts but, rather, reflect the Corporation's current expectations regarding future results or events and are based on information currently available to Management. Certain material factors and assumptions were applied in providing these forward-looking statements. Forward-looking information involves numerous assumptions such as rental income (including assumptions on timing of lease-up, development coming online and levels of percentage rent), interest rates, tenant defaults, borrowing costs (including the underlying interest rates and credit spreads), the general availability of capital and the stability of the capital markets, the ability of the Corporation to make loans, amount of development costs, capital expenditures, operating costs and corporate expenses, level and timing of acquisitions of income producing properties, the Corporation's ability to complete dispositions and the timing, terms and anticipated benefits of any such dispositions, the Corporation's ability to redevelop, sell or enter into partnerships with respect to the future incremental density it has identified in its portfolio, number of shares outstanding and numerous other factors. Moreover, the assumptions underlying the Corporation's forward-looking statements contained in the "Business Environment and Outlook" section of this MD&A also include that consumer demand will remain stable, and demographic trends will continue.

Management believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, Management can give no assurance that actual results will be consistent with these forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed in the "Risks and Uncertainties" section of this MD&A. Factors that could cause actual results or events to differ materially from those expressed, implied or projected by forward-looking statements, in addition to those factors referenced above, include, but are not limited to: general economic conditions; real property ownership; tenant financial difficulties, defaults and bankruptcies; the relative illiquidity of real property; increases in operating costs, property taxes and income taxes; Emergia's ability to maintain occupancy and to lease or re-lease space at current or anticipated rents; the availability and cost of equity and debt capital to finance the Corporation's business, including the repayment of existing indebtedness as well as development, intensification and acquisition activities; changes in interest rates and credit spreads; organizational structure; the availability of a new competitive supply of retail properties which may become available either through construction, lease or sublease; the Corporation's ability to: execute on its strategy, including with respect to dispositions, capitalize on competitive advantages, optimize portfolio assets and accelerate value delivered to its investors and stakeholders, remain ahead of changing market conditions, reach its demographic targets; unexpected costs or liabilities related to acquisitions, development and construction; geographic and tenant concentration; sales and leasing; compliance with financial covenants; changes in governmental regulation; environmental liability and compliance costs; unexpected costs or liabilities related to dispositions; challenges associated with the integration of acquisitions into the Corporation; uninsured losses and Emergia's ability to obtain insurance coverage at a reasonable cost; risks in joint ventures; investments subject to credit and market risk and loss of key personnel.

Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. Emergia undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances, except as required by applicable securities law.

All forward-looking statements in this MD&A are made as of May 6, 2022 and are qualified by these cautionary statements.

overview

BUSINESS OVERVIEW

EMERGIA is a Real Estate Operating Company (REOC), distinctively integrated both vertically and horizontally, active in the development, acquisition, holding, and management of high-quality real-estate properties.

The Corporation was incorporated on April 7, 2014 under the laws of the province of British Columbia, and is governed, since January 19, 2018, by the Canada Business Corporations Act. The Corporation is publicly listed on the Canadian Securities Exchange ("**CSE**") and its ticker symbol is "EMER". The principal address and records office of the Corporation are located at 402 – 185 Avenue Dorval, Dorval, Quebec, Canada H9S 5J9.

The Corporation is primarily focused on value creation on the short and long-term through strategic acquisitions and development of properties with very high quality standards in multi-residential, retail, industrial, and office asset classes. We believe that value relies on the high-quality and sustainability of the properties, oriented on the creation of a better lifestyle and on the well-being of our tenants and the communities where we realize development projects.

The combination of stable income and growth is the core of our commitment to creating value for our stakeholders and the communities in which we operate. Our business strategy aims to achieve net asset value appreciation, stable net operating income growth and capital preservation, all with a long-term focus.

The revenue streams model targeted by the Corporation is as follows: 60% from its income producing properties, 30% from development, and 10% from management fees.

We strive to become a leader in diversified real estate ownership, development, and management, to ensure sustained and solid returns to our shareholders and build a high-yielding portfolio.

Emergia is distinctively integrated vertically and horizontally as it intervenes at all stages of the real estate value chain.

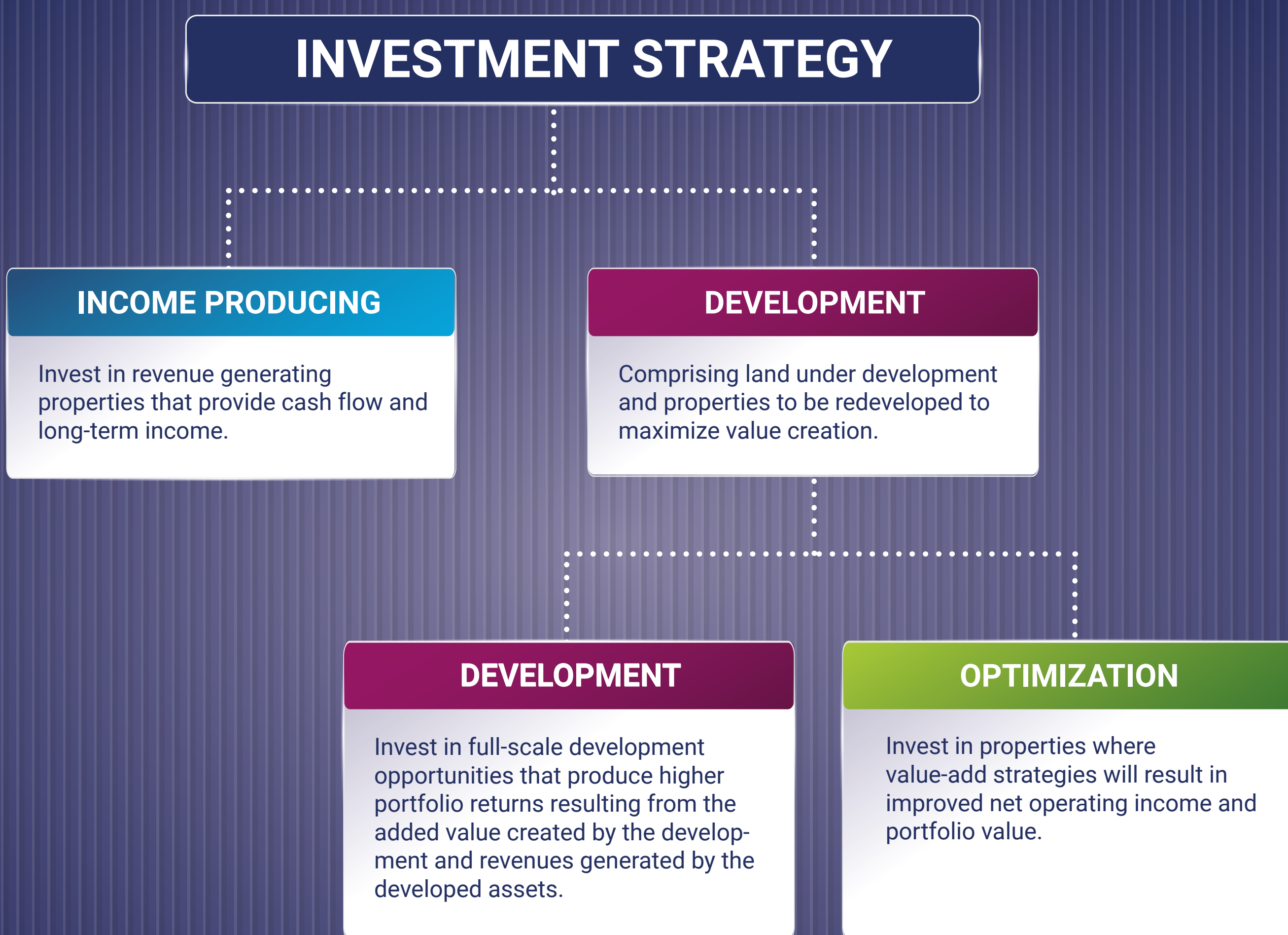
INVESTMENT STRATEGY AND BUSINESS MODEL

The Corporation principally focuses on small to medium-size portfolios based on a diversified asset allocation (multi-residential, retail, industrial, and office), as well as land for future development, mainly in Canada. Emergia aims to create diversified portfolios allowing to reduce the values volatility and to increase resilience to economic downturns.

Development initiatives are a key component of our business plan, positioning Emergia for long-term growth and value creation. Income producing properties acquired generally offer expansion and redevelopment opportunities, enabling us to add high-quality real estate to our portfolio at a reasonable cost. Properties held for development, generally land, are acquired with the objective to develop income producing properties thereon. In some cases, there can be excess land which is held for capital appreciation and may be sold in due course, normally after having added value thereto through zoning change or after having developed our own projects, thereby increasing the value of such excess land. The excess land sold are the ones which eventually might not fit within the Corporation's income producing properties asset classes business model. Our long-term pipeline of potential mixed-use developments also allows us to transform and revitalize neighbourhoods into communities that are self-sustaining and inclusive.

Emergia benefits of experienced internal development capabilities as well as sound relationships with strong real estate contractors and developers who share our vision and commitment to building high-quality and sustainable properties, respecting nature and social environments. We are determined to realize and deliver products that will stand to time-test, being community-oriented, sustainable, and low environment footprint.

Emergia's real estate investment strategy is based on two core assets components:



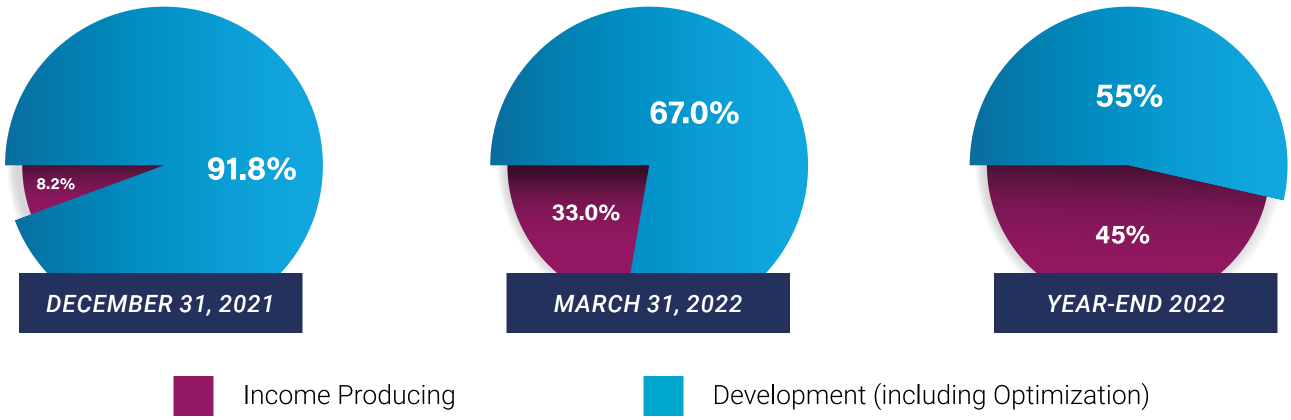
Each acquisition and development project are analysed and planned with specific financial parameters predetermined by Management with the aim of benefitting of value-add as of the acquisition date or the start date of the development project. Emergia will also benefit of capital appreciation of the excess land to be eventually sold.

The combination of stabilized revenues and returns to investors as well as higher yields from its development activities provides an important element of differentiation for Emergia when compared to other existing public real estate investment vehicles. The stabilized revenue generating properties ensure liquidities for operations of the Corporation as well as capital to invest in additional properties and to, eventually, allow distribution of dividends to shareholders. The optimization and development sectors allow higher yields and growth in the net asset value[1] of the Corporation.

The value of Emergia's portfolio at the end of December 2021 on a proportionate share basis[1] was $130,375,000, composed of $10,450,000 in income producing properties, and $118,125,000 in properties under development (including properties under optimization), and $1,800,000 in properties held for sale.

The allocation between the two core components of the Corporation's investment strategy targeted by the Corporation in its business model is 60% for income producing properties and 40% for properties under development.

The following graphs show the allocation between such two core components as of December 31, 2021 and as of March 31, 2022 (please refer to the "Subsequent Events" section of this MD&A on page 72), on a proportionate basis[1] and the allocation targeted to be reached at year-end 2022:



The Corporation seeks to reach the allocation percentages of its model in 2023 (60% for income producing properties and 40% for properties under development) through development of income producing properties within the current properties held under development and by strategic acquisitions of existing income producing portfolios.

We follow a value-based approach to invest and allocate capital. We believe our disciplined action, global reach and our expertise in recapitalization and operational turnarounds enable us to identify a wide range of potential opportunities. The real estate market in Canada offers specific opportunities that fit particularly well with Emergia's business model of short-term value creation and long-term income producing. Our investment focus with respect to each asset class is as follows:

- **Multi-Suite Residential:**
  The tight supply, historically low vacancy rates and tougher stress tests on residential mortgages have had an impact on affordability in certain markets, but Quebec and Ontario markets still allow some opportunities for value creation. There are interesting opportunities in this sector in various cities in the province of Quebec, particularly in the Greater Montreal Area, Quebec City area and Gatineau. The Province of Ontario also offers interesting opportunities, in cities such as Ottawa, Niagara Falls, London, New Tecumseth, and secondary line cities of larger cities like Toronto.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

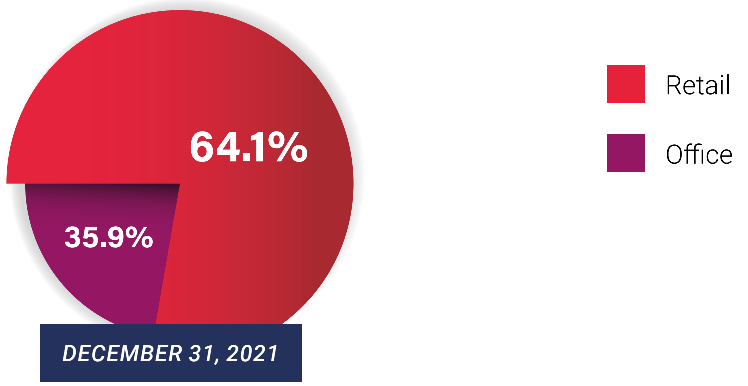
» **Retail:**
With respect to the retail market, the Corporation's plan is to concentrate in proximity services oriented and redevelopment opportunities that include repurposing and densifying site with mixed-use properties, mainly in secondary markets. Such opportunities will generally combine retail with higher-density multi-residential, services, green space and experiential attractions. Emergia specifically targets these retail properties with the objective to complete redevelopment within a short timeframe, increasing asset value and income producing potential for long-term holding.

» **Industrial:**
There is an increased need for industrial space in the markets targeted by the Corporation driven by online retail distribution and return centers and other niche areas such as small bays multi-tenant industrial buildings. Rental increases are expected for the next few years. Emergia is targeting specific geographical areas that offer important logistical advantages to long-term tenants and develop properties in function of firm long-term leasing arrangements.

» **Office:**
We maintain a constant monitoring of this asset class market, taking into consideration the tele-homeworking trend as a result of the COVID-19 pandemic. Leasing activity is fuelled by changing tenants' expectations driven by the technology industry and demand for unique technology-enabled space, with amenities in the buildings and its close vicinity. Emergia developed a tenant-oriented acquisition and redevelopment strategy that enables the Corporation to lock long-term tenants based on addressing their specific needs.

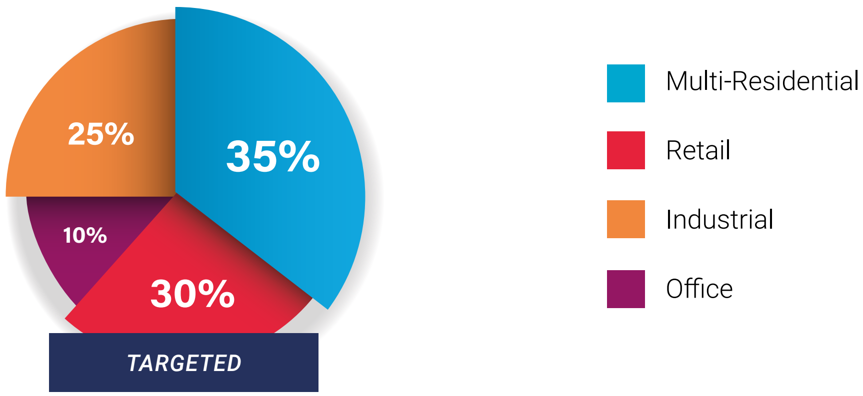
Emergia's portfolio fair value diversification by asset class as at December 31, 2021 on a proportionate basis[1] is as follows:

Portfolio Fair Value Diversification by Asset Class



The allocation between the asset classes targeted by the Corporation in its business model is 35% for multi-residential, 30% for retail, 25% for industrial and 10% for office. The Corporation seeks to reach the allocation percentages of its model within approximately two years through strategic and targeted acquisitions and development of current properties under development, provided that market conditions correspond to Emergia's business model.

Targeted Portfolio Fair Value Diversification by Asset Class



[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

The Corporation acquires and develops its assets according to well-defined financial parameters, and based on the following strategy:

- Strategically acquire and develop diversified assets in neighbourhoods with demographic growths, that can generate value creation and achieve superior returns;
- Develop multi-suite residential properties as part of the wider mixed-use strategy, where Emergia can increase density in portfolio properties or new acquisitions such as urban malls to be redeveloped;
- Focus retail activities on proximity services properties and high rated tenants, mainly in secondary markets;
- Concentrate industrial assets acquisition mainly in larger Canadian cities' outskirts;
- Target office assets in secondary markets with high optimization potential;
- Sell non-core properties and redeploy the released capital to acquire or develop additional properties;
- Control the development and construction costs by establishing a documented and structured control policy reflected in all construction contracts.

Over the past few years, Emergia has executed a strategic restructuring plan adopted in 2019 that included a de-leverage of the balance sheet through capitalization and dispositions of non-core assets, and well-targeted acquisitions to better align the portfolio with its business plan. It succeeded with all components of the plan, with the result of enhancing its asset value and future income. Management believes it will optimize its current portfolio and enlarge same with additional value-add strategic acquisitions.

VALUES, VISION AND OBJECTIVES

In everything we do, we are guided by a shared set of values grounded in integrity, determination, excellence, and sustainability. Emergia was built by focusing on its Values, Vision and Objectives.

Our Values

Integrity – Integrity is intrinsic in each of our people and our work. We are guided by solid moral principles, allowing to always act truthfully and honorably, and to maintain a high level of ethical standards.

Determination – Real estate development is filled with challenges at all stages. Determination and perseverance will make the difference in the success or not of a project.

Excellence – Excellence shall always be in our mind if we want to differentiate from the others and succeed.

Sustainability – Success of a real estate project is defined by the time-test and its social and environmental impacts. We are determined to make things that will stand to time-test, by concentrating on the performance and the very hight standards of quality and sustainability in each of our properties and projects, all oriented on the creation of a better lifestyle and on the well-being of our tenants and the communities where our projects are realized.

Our Vision and Mission

Our Vision – Emergia's vision is to become a leader in diversified real estate assets in secondary and primary markets, and in selective tertiary markets, mainly in Canada. Management expects to accomplish this through the continuance of the development of the properties it owns, ensuring an organic growth, the pursuance of its selective and structured properties acquisition program, and the disposition of excess land not aligned with its business plan.

Our Mission – Identify, acquire, optimize, develop, and manage strategically selected real estate assets mainly in Canada, ensuring value creation and maximize financial returns to our shareholders through:

- Value-add resulting from the revenue increases in the short-term of the stabilized properties as of the date of acquisition;
- Value-add resulting from the optimization or redevelopment of underperforming assets by densification of the site (expansion of existing or addition of new buildings on the site);
- Value-add and profit resulting from the development and construction of projects on land acquired by the Corporation, which projects are then held on long-term, allowing an organic growth;
- Profit on sales of excess land.

Our Objectives

Leader in Diversified Real Estate – We strive to become a leader in diversified real estate ownership, development, and management, to ensure sustained and solid returns to our shareholders and build a high-yielding portfolio. Emergia's vision is that diversification:

- Reduces global portfolio volatility and increases resilience to economic downturns that may result from changing markets and macro-economic conditions;
- Benefits from attractive opportunities throughout real estate cycles;
- Provides long-term returns that outperform the real estate industry.

The combination of stability and growth is the core of our commitment to creating value for our stakeholders and the communities in which we operate. Our business strategy aims to achieve net asset value appreciation, stable net operating income growth and capital preservation, all with a long-term focus.

Leader in Sustainability – We strive to become a leader in sustainability by using innovative methods of building, with high performance construction materials and environmental features in our future development projects, and in the upgrading or redevelopment of existing properties, thus reducing the environmental footprint and contributing to reduction of greenhouse gas emissions for future generations.

COVID-19 **Pandemic**

Since March 2020, the outbreak of the novel strain of coronavirus ("**COVID-19**") resulted in governments enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, closure of non-essential businesses, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Governments have reacted with interventions intended to stabilize economic conditions.

With the increasing percentage of the population being vaccinated, provincial governments have lessened restrictions, which has led to a more positive outlook for future economic growth. Despite the positive impact of vaccination programs throughout Canada, industries, including retail and commercial real estate, continue to be affected to varying degrees by the pandemic. It continues to be difficult to predict the duration and impact of the pandemic, if any, on the Corporation's business and operations, both in the short and long-term. Given the evolving circumstances surrounding the pandemic, the duration and severity of any future waves and/or viral strains, the availability and distribution of vaccines, the severity of its impact on the Corporation's business, operations and financial results cannot be estimated with certainty as the extent of the impact will largely depend on future developments, including actions taken to contain the pandemic. Adverse consequences may include, but are not limited to, business continuity interruptions, disruptions and increased costs of development activities and property operations, unfavorable market conditions, and threats to the health and safety of employees, all of which may impact both the Corporation, the Corporation's tenants and the communities in which the Corporation operates.

As at December 31, 2021, as the majority of the investment properties of the Corporation are under development, the Corporation's results have not been significantly impacted by the COVID-19 pandemic. COVID-19 has however an impact on the timing of the Corporation's development projects as the construction of such projects have been delayed from the original plan and on the lease-up period of certain properties that had been completed shortly before the initial COVID-19 emergence. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time and could have a material impact on the Corporation's future financial position and results of operations and cash flows. Emergia cannot predict the extent and severity of the economic disruption flowing from the global pandemic.

In the preparation of these consolidated financial statements, Emergia has incorporated the potential impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of its assets and liabilities and the reported amount of its results using the best available information as at December 31, 2021. Actual results could differ from those estimates. The estimates and assumptions that Emergia considers critical and/or could be impacted by COVID-19 include those underlying the valuation of investment properties and assets held for sale, including discount rates and terminal capitalization rates, operating assumptions and the carrying amount of its investment in an associate and joint venture.

Business Environment **and Outlook**

Global Economic Context

In its January 2022 Monetary Policy Report, the Bank of Canada noted an improvement of the economy in the last half of 2021, as well as some growth in the labor markets and an increase in wages. However, with the emergence of the Omicron variant of COVID-19 in late 2021, the COVID-19 pandemic has once again put pressure on the economy and caused certain governments to temporarily reinstate restrictions on businesses, gatherings, and events. The Bank of Canada believes that the latest variant will have a less severe impact on the economy than the first waves of COVID-19 and anticipates that the economy should pick-up again over the next several months with increased consumer spending and business investments expected. This opinion is confirmed by the OECD which stated in its December 2021 Economic Outlook on Canada, that, with a high vaccination rate, Canada is better prepared than many other countries to withstand such pressures without re-imposition of strict lockdowns. According to OECD, this could result in households spending more than expected, digging into stores of wealth build up earlier in the pandemic. However, significant risks are posed by disruptions to international goods due to plant shutdowns and shipping delays which could bring strong price increases and a recovery in household consumption and trade volumes. Again, according to OECD, supply-chain disruptions have slowed but not arrested Canada's economic recovery.

Since the Corporation's portfolio properties were diversified, the impact of COVID-19 in 2020 and 2021 has been very limited. Most of the income producing properties have been sold in 2020 and 2021 in the execution the Corporation's strategic plan, reinforcing the limited impact on the Corporation. As at December 31, 2021, as the majority of its investment properties were under development, the Corporation's results have not been significantly impacted by the spread of COVID-19. COVID-19 had however an impact on the timing of the development projects as the construction on such projects have been delayed from the original plan and on the lease-up period of certain properties that had been completed shortly before the initial COVID-19 emergence.

Russia's invasion of Ukraine in February 2022 added a new layer of uncertainty on global outlook amid soaring commodity prices reports the RBC in its Provincial Outlook - March 2022 Report. The report adds that they nonetheless expect all provincial economies to continue to grow in 2022, albeit at a slower pace than in 2021 for the most part. It relates strong growth in capital investment intentions across the country, with stronger increases in the provinces of Saskatchewan, Quebec and Nova Scotia.

REAL ESTATE MARKET IN CANADA

The **multi-residential** market remained stable in 2021, as national average vacancy rate decreased or held steady in most Canadian centres (of at least 10,000 population), with Toronto among the exceptions, where vacancy rates increased (CMHC – Rental Market Report – February 2022). According to CMHC, the stability in Montreal's vacancy rate was a key factor behind the stability of the overall national vacancy rate, as Montreal's rental market accounts for roughly 30% of the rental market universe well above Toronto (15%) and Vancouver (5%). In 2021, rental affordability continues to pose a significant challenge across the country, as market rents remain above the affordable level for most households. Emergia is starting its re-entry in the multifamily rental apartments market with a well-defined plan, including development of new properties and strategic acquisitions.

The COVID-19 pandemic has, in a general manner, impacted the **retail** landscape across Canada in the past two years. However, the high vaccination rates and health measures across Canada allowed consumers greater access to retailers at various levels during 2021. According to Colliers in its 2022 National Retail Outlook, as a result, Canada's retail vacancy rate declined 100 basis points (bps) from year-end 2020 down to 7.7% in Q4 2021 and with the lifting of many more public health restrictions expected in the first half of 2022, retail fundamentals will continue to improve across the country.

Still according to Colliers, the vacancy rates for all retail property types have seen vacancy rates declined in 2021. Ontario's overall retail vacancy rate fell to 8.8% while the same rate declined to 10.2% in Quebec in Q4-2021. Emergia has been impacted by the pandemic, but in a limited way. Strategically, we strengthened our position in retail properties with the Corporation's acquisition of a 30% interest in an Ontario retail portfolio. Said portfolio has resisted to the downturns of the pandemic, with a decline of only 4.2% in its occupancy rate, that was at 100%. Emergia believes that there may be interesting opportunities arising from the pandemic impact on retail real estate and will remain attentive to the evolution of this asset class market.

As it has been the case throughout the pandemic, the **industrial** asset class continues to show its strength and growth, and Emergia expects this trend will continue for the foreseeable future. CBRE, in its Canada Industrial Figures Q1-2022 confirmed that available space remains scarce in Canada with the availability rate continuing its downward trend and falling 20 bps to a new record low of 1.6% in Q1-2022. Consequently, according to CBRE, the national asking net rental rate grew at its fastest pace on record, rising 17.4% year-over-year to a new record high of $11.20 per sq.ft. and, with nearly every market recording positive net leasing activity. Emergia follows this market and envisages making strategic acquisitions if the right opportunity occurs.

The **office** properties market has been importantly impacted by the COVID-19 pandemic. Nonetheless, Emergia believes that, over time, tenants' in-person operations will resume, and tenants will return, at least partly, to pre-COVID operations mode. Social interaction and the ability to make decisions in real time cannot be totally replicated in a virtual setting. Although some tenants may require less space going forward due to flexible work from home arrangements, Emergia expects this will be partially offset by a requirement for more space per employee and a shift towards private workstations to accommodate social distancing requirements even without COVID-19. CBRE, in its Canada Office Figures Q1 2022 stated that office vacancy continued to press upward after a brief reprieve at year-end, now 16.3%. According to CBRE, the outlook is optimistic with many businesses set to more formally return to in-person work soon. Emergia's business model in office properties is adapted to such change of this market.

EMERGIA'S TURNAROUND

Despite the uncertain economic environment, the past year has been one of unprecedented turnaround at Emergia. The Corporation has reached the last phase of its plan of action adopted at the beginning of 2021, which included the concentration of its activities mainly in the provinces of Quebec and Ontario, the reduction of its short-term debt through capitalization, refinancing and disposition of certain assets, and the acquisition of additional income producing and value-add properties. Emergia has passed the crucial stages in the execution of this strategic plan of action, which has earned the Corporation a very significant improvement in its balance sheet, particularly by its deleverage, as shown in the financial statements. These results thus prove remarkable strength and soundness of its plan. Management looks forward to building on last year's achievements and continuing to demonstrate its strong commitment to building value for stakeholders in the forthcoming quarters and years.

We succeeded in:

- Reducing the short-term debt significantly through new equity, debt conversion in shares and convertible debentures with standard terms and conditions, through conversion of short-term debt in long-term debt by current lenders and through the sale of properties. In 2021, we managed to reduce the short-term debt from $33.4 million (December 31, 2020) to $14 million at year-end.

- Closing for $5.7 million in private placement (units and convertible debentures), comprising $1.2 million in debt conversion and $4.5 million in cash.

- Completing the disposition of assets that did not fit in the Corporation's business model.

- Expanding Emergia's operations in Ontario by acquiring a 100-acre land in Alliston, which is expected to generate significant value-add, and ensuring the Corporation's expansion in Ontario. SSaid acquisition included a payment of not less than $4.8 million in Class "A" common shares of Emergia at a price of $1.00 per share. Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 69.

- Managing the joint venture that was created in Q3-2020 to ensure an early development of Emergia's project in Dorval. This development project is expected to be launched in Q3-2022, subject to final approval by the City of Dorval in Q3-2022.

- Improving the fair market value of the Corporation's assets, resulting in an increase in its NAV[1] and its NAV per Share[1]. The increase is mainly related to a reclassification of the properties under development as investment properties registered at fair market value instead of at cost.

- Acquiring, in 2022, a 30% beneficial interest in an income producing portfolio in Ontario, comprising six plazas in six cities in Ontario and including value-add potential with future development. Please refer to the "Subsequent Events" section of this MD&A on page 72.

Going forward, Emergia continues to foresee good opportunities in the multi-residential, industrial, office, and retail asset classes. We therefore intend to pursue in our plan to make further strategic acquisitions and to launch our development projects.

Emergia's 2022 Plan of Action

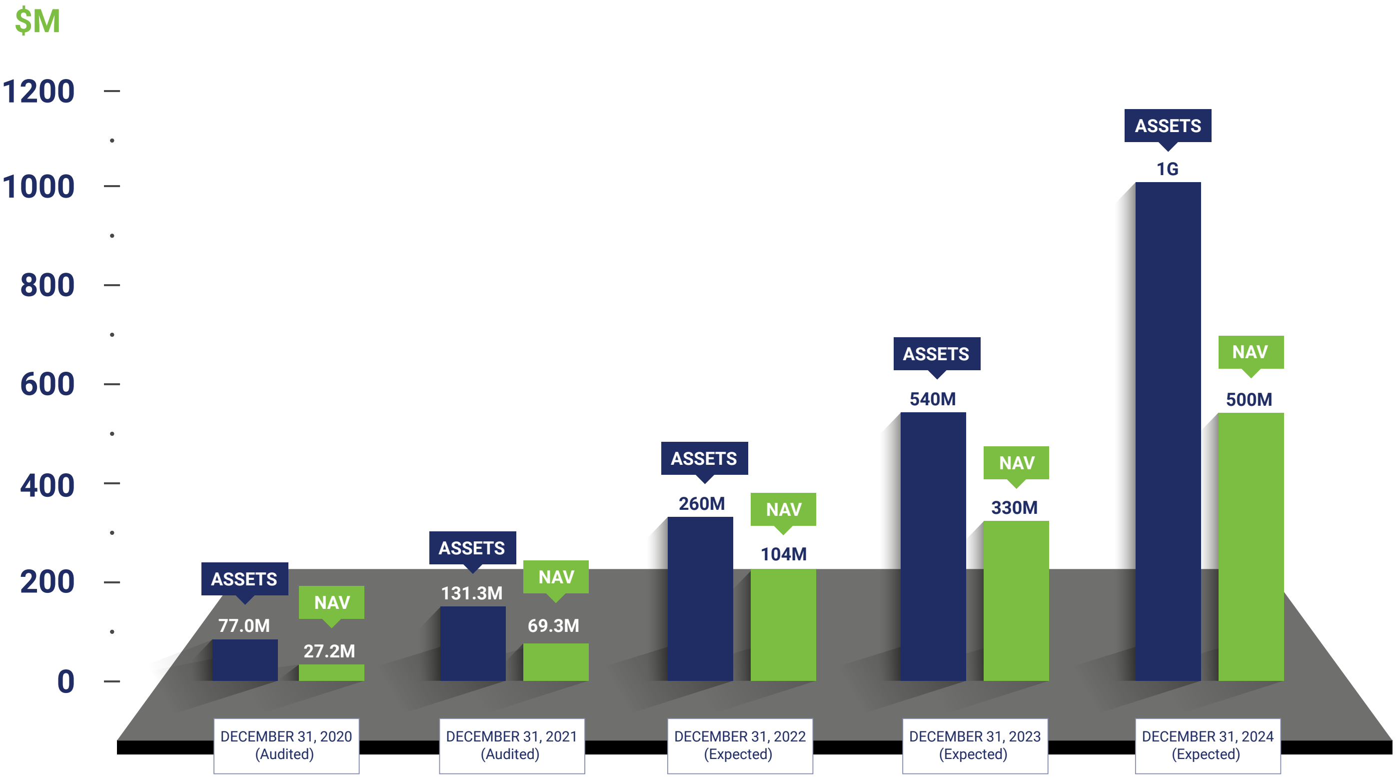
Emergia intends to capitalize on its previous years' achievements and:

- Proceed to the acquisition of income producing properties in line with Emergia's business model.
- Further capitalize the Corporation.
- Launch development projects on lands it already owns, contributing to its organic growth.
- Generate recurring profits.

As of the date of this MD&A, Emergia's growth strategy for 2022 has already proven itself. Indeed, after year-end, Emergia announced an acquisition of a 30% interest in a retail portfolio of income producing properties with excess land for future development, the whole, perfectly in line with the Corporation's global business plan. (Please refer to the "Subsequent Events" section of this MD&A on page 72).

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

Subject to local authorities approving the Corporation's development projects and to Emergia's capacity to execute its organic and external growth strategies, including through the acquisitions in its pipeline on anticipated terms, Emergia intends to increase its portfolio value and its NAV[1] over $500 million and $300 million respectively by year-end 2023 and over $1 billion and $500 million by year-end 2024. The following graph illustrates the growth target of the Corporation, on a proportionate basis1 over the next 2 years based on the foregoing plan:



Based on its past years' experience and achievements, Management is confident that the Corporation's action plan will be carried out as initially established.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

Presentation of Financial Information **and Non-IFRS Financial**

PRESENTATION OF FINANCIAL INFORMATION

Financial results, including related historical comparatives, contained in this MD&A are based on the Corporation's audited annual consolidated financial statements for the years ended December 31, 2021 and 2020, unless otherwise specified.

In the preparation of the consolidated financial statements, Management is required to identify when events or conditions indicate that there is material uncertainty related to such events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. Significant doubt about the Corporation's ability to continue as a going concern would exist when relevant conditions and events, considered in the aggregate, indicate that the Corporation will not be able to meet its obligations as they become due for the period of at least, but not limited to, twelve months from the end of the reporting period. When the Corporation identifies conditions or events that raise potential for significant doubt about its ability to continue as a going concern, the Corporation considers whether its plans that are intended to mitigate those relevant conditions or events will alleviate the potential significant doubt.

The 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. 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 pay or refinance its debts as they come due and to execute its contemplated business plan and ultimately achieve profitable operations. As at December 31, 2021, the Corporation has improved its consolidated statements of financial position with its achievements in 2021, as described further below. The Corporation continues to take actions to strengthen its financial position, with concrete transactions executed as of the date of these consolidated financial statements, in debt and equity financing, debt conversion and acquisition of an interest in a portfolio of income producing properties (please refer to the "Subsequent Events" section of this MD&A on page 72). The consolidated statements of comprehensive income (loss) have also improved, with a net income of $32,647,150 for the year ended December 31, 2021, compared to a net loss of $27,192,662 for the year ended December 31, 2020.

The Corporation's conclusions about its ability to continue as a going concern for the next twelve months involves significant judgment and is dependent on the Corporation's ability to successfully sell the properties held for sale in accordance with its plan or obtain additional debt or equity funding or manage its discretionary spending to maintain sufficient cash flows from operations. Management believes that it has the ability to realize all of the afore-indicated actions in accordance to its plan. There is no guarantee that the Corporation will succeed in the selling of assets or obtaining additional debt or equity financing or be able to alter the future cash flow forecast. However, with the Corporation's success in 2020 and in 2021 to obtain equity financing, to dispose of assets, to significantly reduce its short-term debt, to renegotiate the terms and conditions of its senior debts, including the maturity date of the debt relating to the Bromont property to June 2023 and the discussions underway to refinance the said debt before the end of its term, and with the Corporation's success since the beginning of 2022 (please refer to the "Subsequent Events" section of this MD&A on page 72), Emergia has proven its ability to meet its obligations as they become due. After considering its plans to mitigate the going concern risk, Management has concluded that it has been able to reduce certain material uncertainties related to events or conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern and is continuing to execute on its business plans to ultimately achieve profitable operations.

The 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.

NON-IFRS FINANCIAL MEASURES

In addition to reported IFRS measures, industry practice is to evaluate real estate entities giving consideration, in part, to certain non-IFRS financial measures, non-IFRS ratios and other specified financial measures (collectively, "**non-IFRS measures**") described below. Management believes these non-IFRS measures are helpful to investors because they are widely recognized measures of a real estate company's performance and provide a relevant basis for comparison among real estate entities. In addition to the IFRS results, the Corporation also uses these non-IFRS measures internally to measure the operating performance of its investment property portfolio. These non-IFRS measures should not be construed as alternatives to net income, net cash flows provided by operating activities, total assets, total equity, or comparable metrics determined in accordance with IFRS as indicators of the Corporation's performance, liquidity, cash flows and profitability and may not be comparable to similar measures presented by other real estate companies or enterprises. These non-IFRS measures are defined below and are cross referenced, as applicable, to a reconciliation contained within this MD&A to the most comparable IFRS measure. Non-IFRS measures are not standardized financial measures under IFRS, and might not be comparable to similar financial measures disclosed by other issuers. The Corporation believes these non-IFRS measures provide useful information to both Management and investors in measuring the financial performance and financial condition of the Corporation for the reasons outlined above and below.

NON-IFRS MEASURES	DEFINITION	RECONCILIATION
Emergia's Proportionate Share or Proportionate Basis	All references to "proportionate share" or "proportionate basis" refer to a non-IFRS financial measure representing Emergia's proportionate share of equity accounted investments. Emergia applies the equity method of accounting to its joint venture and associates, as prescribed under IFRS. Management presents the proportionate share of its interests in joint arrangements that are accounted for using the equity method as it is viewed as relevant in demonstrating Emergia's performance.	**Please refer to the following sections:** » Results of Operations » Business and Operations Review - Portfolio Composition » Capital Structure and Liquidity
Funds From Operations ("FFO")	FFO is a non-IFRS financial measure used by most Canadian real estate entities based on a standardized definition established by Real Property Association of Canada ("**REALPAC**")'s January 2022 guidance. FFO is defined as net income and comprehensive income less certain adjustments, including fair value changes in investment properties and derivative instruments, incremental leasing costs and amortization of improvement allowances. FFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. Management believes FFO is a key measure of operating performance as it provides a perspective on the financial performance of the Corporation that is not immediately apparent from net income determined in accordance with IFRS.	**Please refer to the following section:** » Results of Operations - Funds From Operations (FFO)

NON-IFRS MEASURES	DEFINITION	RECONCILIATION
Adjusted Funds From Operations ("AFFO")	Similar to FFO, the IFRS measurement most comparable to AFFO is profit (loss). Emergia considers AFFO to be an appropriate measurement of a publicly listed investment properties entity as it measures the economic performance after deducting for maintenance capital expenditures to the existing portfolio of investment properties. The Corporation also uses AFFO to assess operating performance and decisions related to investment in capital assets. AFFO is determined by taking the amounts reported as FFO and deducting what is commonly referred to as "Maintenance Capital Expenditures". Maintenance Capital Expenditures are referred to as expenditures that, by standard accounting definition, are accounted for as capital in that the expenditure itself has a useful life in excess of the current financial year and maintains the value of the related assets.	**Please refer to the following section:** » Results of Operations - Adjusted Funds From Operations
Adjusted Real Estate Assets	The IFRS measurement most comparable to Adjusted Real Estate Assets is comprised of investment properties, equity from joint arrangements, equity accounted investment, and cash and cash equivalents. Adjusted Real Estate Assets is useful in summarizing the real estate assets owned by the Corporation and it is used in the calculation of Real Estate NAV (as defined below), which management of the Corporation believes is a useful measure in estimating the entity's value.	**Please refer to the following section:** » Capital Structure and Liquidity – Real Estate Net Asset Value
Adjusted Real Estate Debt	The IFRS measure most comparable to Adjusted Real Estate Debt is total mortgage principal outstanding. Adjusted Real Estate Debt is comprised of total mortgage principal outstanding, total lease liabilities attributable to land leases, and construction loan payable, and other debt specifically related to the Adjusted Real Estate Assets. It is useful in summarizing the Corporation's debt which is attributable to its real estate assets and is used in the calculation of Real Estate NAV (as defined below), which management of the Corporation believes is a useful measure in estimating the entity's value.	**Please refer to the following section:** » Capital Structure and Liquidity - Real Estate Net Asset Value
Net Operating Income ("NOI")	NOI is a non-IFRS financial measure which is calculated as revenues less property operating expenses such as utilities, repairs and maintenance and realty taxes. NOI does not include charges for interest or other expenses not specific to the day-to-day operation of Emergia's properties. The most directly comparable IFRS measure to NOI is operating income. Management believes this is a useful measure as it demonstrates the cash generating operating performance of its income producing properties.	**Please refer to the following section:** » Results of Operations - Net Operating Income

NON-IFRS MEASURES	DEFINITION	RECONCILIATION
Real Estate Net Asset Value ("Real Estate NAV")	The IFRS measure most comparable to NAV is Shareholders' equity. With real estate entities, a distinction shall be made as to the NAV (see below) and the Real Estate NAV which is determined by the Corporation as the Adjusted Real Estate Asset minus the Adjusted Real Estate Debt, which Management of the Corporation believes is a useful measure in estimating the entity's equity on its real estate assets.	**Please refer to the following section:** » Capital Structure and Liquidity – Real Estate Net Asset Value
Net Asset Value ("NAV")	The IFRS measure most comparable to NAV is Shareholders' equity. NAV is the total value of all the assets of the Corporation less all of its liabilities, which Management of the Corporation believes is a useful measure in estimating the entity's equity on its global assets.	**Please refer to the following section:** » Capital Structure and Liquidity - Net Asset Value
Net Debt	Net debt is a non-IFRS measure, as debt less cash and cash equivalents. The most directly comparable IFRS measure to net debt is debt. Management considers net debt a useful measure for evaluating debt levels and interest coverage.	**Please refer to the following section:** » Capital Structure and Liquidity - Outstanding Debt and Principal Maturity Profile

NON-IFRS MEASURES	DEFINITION	RECONCILIATION
FFO per Share	FFO per Share includes the non-IFRS financial measure FFO as a component in the calculation. The Corporation uses FFO per Share to assess operating performance on a per share basis.	**Please refer to the following sections:** » Results of Operations – Net Operating Income » Results of Operations - Funds From Operations (FFO) » Results of Operations - Adjusted Funds From Operations » Capital Structure and Liquidity - Real Estate Net Asset Value » Capital Structure and Liquidity - Net Asset Value
AFFO per Share	AFFO per Share includes the non-IFRS financial measure AFFO as a component in the calculation. The Corporation uses AFFO per Share to assess operating performance on a per share basis.	
NOI per Share	NOI per Share includes the non-IFRS financial measure NOI as a component in the calculation. The Corporation uses NOI per Share to assess operating performance on a per share basis.	
Real Estate NAV per Share	Real Estate NAV per Share includes the non-IFRS financial measure Real Estate NAV in its composition Management of the Corporation believes it is a useful measure in estimating the entity's value on a per share basis, which an investor can compare to the Corporation's share price which is publicly traded to help with investment decisions.	
NAV per Share	NAV per Share includes the non-IFRS financial measure NAV in its composition Management of the Corporation believes it is a useful measure in estimating the entity's value on a per share basis, which an investor can compare to the Corporation's share price which is publicly traded to help with investment decisions. FFO per Share, AFFO per Share, NOI per Share, Real Estate NAV per Share and NAV per Share are calculated by taking the non-IFRS ratio's corresponding non-IFRS financial measure and dividing by the weighted average number of shares of the Corporation outstanding both on a basic and on a fully diluted basis, which assumes conversion of convertible debentures and warrants determined in the calculation of diluted per share amounts in accordance with IFRS.	
Adjusted Real Estate Debt Ratio	Adjusted Real Estate Debt Ratio is a non-IFRS measure of Emergia's financial leverage, which is calculated by dividing the Adjusted Real Estate Assets by the Adjusted Real Estate Debt. Management considers this metric useful as it indicates Emergia's ability to meet its debt obligations.	**Please refer to the following section:** » Capital Structure and Liquidity – Adjusted Real Estate Debt Ratio

NON-IFRS MEASURES	DEFINITION	RECONCILIATION
Global Debt Ratio	Global Debt Ratio is a non-IFRS measure of Emergia's financial leverage, which is calculated by adding all debts divided by the total assets. Management considers this metric useful as it indicates Emergia's ability to meet its debt obligations.	**Please refer to the following section:** » Capital Structure and Liquidity – Global Debt Ratio
Occupancy Rate	Occupancy Rate is a measure used by Emergia to give an indication of the current economic health of the Corporation's portfolio by taking the leasable area occupied by clients divided by the leasable area of Emergia's portfolio, excluding the areas currently under development or redevelopment.	**Please refer to the following sections:** » Business Environment and Outlook » Key Performance Indicators and Financial Information » Business and Operations Review

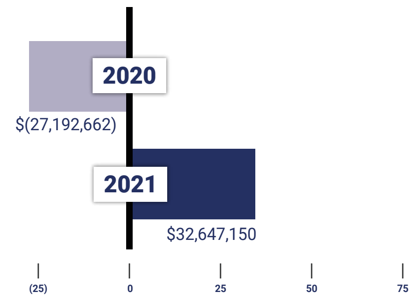
Key Performance Indicators and **Financial Information**

KEYS PERFORMANCE INDICATORS

The analysis of the indicators focuses on trends and significant events affecting the financial condition and results of operations.

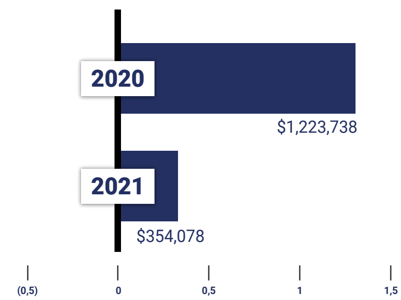
Net Income (Loss) after taxes

Net income for the year ended December 31, 2021, increased by $59,839,812 over the comparable period in 2020 primarily due to the reassessment of the strategy and development plans resulting in an evidence of change in use of an investment property justifying its reclassification from one category to another, at the fair value appraised by third-party appraisers.



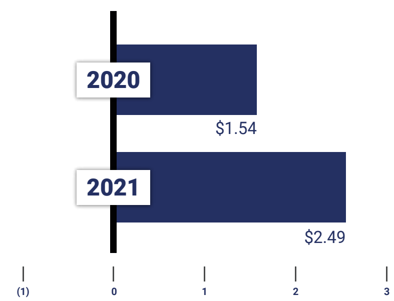
Operating Income and Net Operating Income[1]

The operating income for the year ended December 31, 2021, decreased by $869,660 to $354,078 or 71%, and the Net Operating Income decreased by $889,465 to $284,273 or 76%, compared to the year 2020, primarily due to disposal of two income producing properties in an amount of $5,215,000 with the purchaser assuming all the associated mortgage and liabilities.



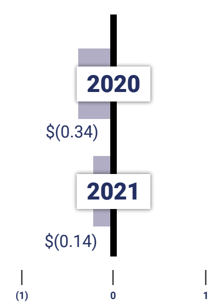
real estate Net Asset Value per Share[1]

The Real Estate NAV per Share for the year ended December 31, 2021, increased to $2.49 per share compared to $1.54 for the year ended December 31, 2020, primarily due to the reassessment of the strategy and development plans resulting in an evidence of change in use of an investment property justifying its reclassification from one category to another, at the fair value appraised by third-party appraisers.



FFO Per Share[1]

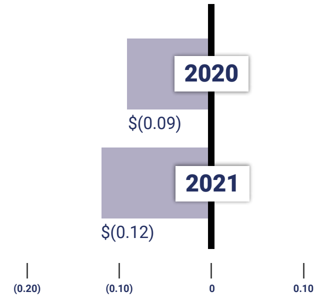
The FFO per Share increased by 58% in 2021 compared to 2020 primarily due to the significant reduction in the loss on debt settlement. The FFO is mainly negative, which is typical for a company in a development stage whose assets are mainly composed of properties under development with no or not significant number of income producing properties.



[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

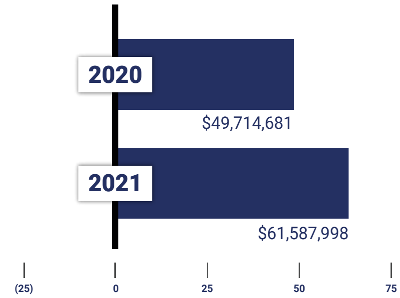
AFFO Per Share[1]

The decrease in AFFO per Share by 46% for the year ended December 31, 2021 compared to 2020, is largely due to the reimbursement of the payables. That decrease in change in working capital is more than offset the increase in the FFO, resulting in a decrease in AFFO.



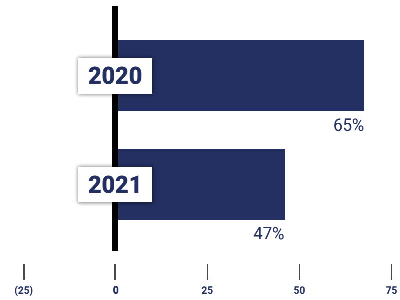
Net Debt[1]

The increase for the year ended 2021 was primarily due to the increase in total liabilities, mainly attributable to the acquisition of the land in Alliston, Ontario, the deferred tax liability on fair value adjustment of investments properties, and partially offset by the increase in cash and cash equivalents.



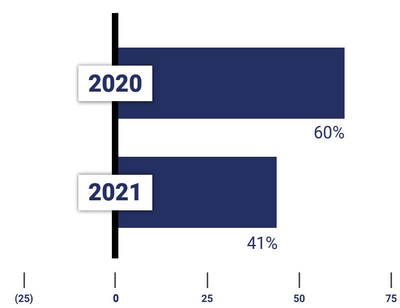
GLOBAL Debt Ratio[1]

The decrease for the year ended 2021, in the Global Debt Ratio, was primarily due to the larger increase in fair value of the investment properties, equity accounted investments and cash, compared to the increase in the liabilities.



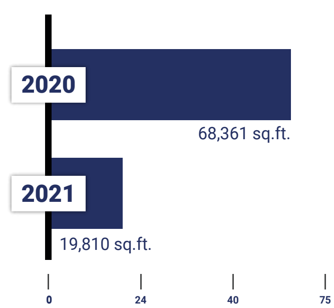
ADJUSTED REAL ESTATE Debt Ratio[1]

The decrease for the year ended 2021, in the Adjusted Real Estate Debt Ratio, was primarily due to the larger increase in fair value of the investment properties, equity accounted investments and cash, compared to the increase in the liabilities.



Gross Leasable Area[1]

The decrease for the year ended 2021 is due to the disposition of income producing properties to reimburse debts during the period (Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 69).



[1] A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.

SELECTED FINANCIAL INFORMATION

Emergia has identified key financial and operating performance indicators that were derived from, and should be read in conjunction with, the consolidated financial statements of the Corporation for the years ended December 31, 2021 and 2020. The analysis of the indicators focuses on trends and significant events affecting the financial condition and results of operations of the Corporation.

FOR THE YEARS ENDED DECEMBER 31, (IN $, EXCEPT NUMBER OF SHARES)	**2021**	**2020**
Revenue	**555,337**	2,732,745
Operating income	**354,078**	1,223,738
Net income (loss) and comprehensive income (loss)	**32,647,150**	(27,192,662)
Basic Net income (loss) per share	**1.10**	(1.43)
Diluted Net income (loss) per share	**0.80**	(1.43)
Total shares outstanding	**32,904,085**	24,350,265
Basic Weighted average number of shares	**29,744,701**	18,981,561
Diluted Weighted average number of shares	**42,689,680**	18,981,561
NOI[1]	**284,273**	1,173,738
Basic NOI per share[1]	**0.01**	0.06
Dilutive NOI per share[1]	**0.01**	0.06
FFO[1]	**(4,187,966)**	(6,445,301)
Basic FFO per share[1]	**(0.14)**	(0.34)
Dilutive FFO per share[1]	**(0.10)**	(0.34)
AFFO[1]	**(3,700,644)**	(1,617,170)
Basic AFFO per share[1]	**(0.12)**	(0.09)
Dilutive AFFO per share[1]	**(0.09)**	(0.09)
Adjusted Real Estate Assets[1]	**124,719,396**	72,000,602
Adjusted Real Estate Debt[1]	**50,771,115**	42,814,517
Real Estate NAV[1]	**73,948,281**	29,186,085
Basic Real Estate NAV per share[1]	**2.49**	1.54
Dilutive Real Estate NAV per share[1]	**1.73**	1.54
NAV[1]	**69,274,170**	27,239,278
Basic NAV per share[1]	**2.33**	1.44
Dilutive NAV per share[1]	**1.62**	1.44
Adjusted Real Estate Debt Ratio[1]	**41%**	60%
Global Debt Ratio[1]	**47%**	65%
Occupancy Rate[1]	**95%**	86%

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

YEAR ENDED FINANCIAL PERFORMANCE ANALYSIS

Operating

- The net income and comprehensive income for the year ended December 31, 2021, increased by $59,839,812 over the comparable period in 2020 primarily due to the increase in fair value adjustment of the investment properties to $41,229,764 (an increase of $43,612,765 compared to 2020) offset by the related increase in deferred tax expense to $4,086,761 ($0 in 2020), combined with a decrease in administration expenses to $2,171,779 (a decrease of $215,941 compared to 2020) and a decrease in financing costs to $2,748,332 (a decrease of $2,133,838 compared to 2020).

- Revenue decreased significantly in 2021 (80%) to $555,337 from $2,732,745 at year-end 2020, due to disposal of most income producing properties in early 2021, in a combined amount of $7,803,020, to repay mortgages and short-term debts.

- Consequently, the operating income decreased by $869,670 (or 71%), and the NOI[1] decreased by $889,465 (or 76%), compared to the year 2020, due to disposal of two income-producing properties as mentioned above.

- FFO[1] increased by 35%, from -$6,445,301 in 2020 to -$4,187,966 at year-end 2021. Such increase is primarily due to the reduction in the loss on debt settlement which amounted to $18,282,849 in 2020 to only $57,887 in 2021. The FFO1 is mainly negative, which is typical for a company in a development stage whose assets are mainly composed of properties under development and a small number of income producing properties.

- The decrease in AFFO[1], despite the increase in FFO[1] as mentioned above, is due to the decrease in change in working capital, mainly attributable to the decrease in trade and other payables from $5,100,179 in 2020 to $847,706 (showing a net decrease of $4,252,473) as part of the efforts of Management in debt reduction.

- Real Estate NAV per Share[1] for the year was $2.49, an increase of $0.95 per share from the prior year. The increase is primarily due to the reassessment of the strategy and development plans resulting in an evidence of change in use of an investment property justifying its reclassification from one category to another, at the fair value appraised by third-party appraisers.

- Occupancy Rate[1] for the income producing properties reached 95% as at December 31, 2021 compared to 86% in 2020, for the Corporation's income producing properties.

Financing

- Completed issuance of $3 million of unsecured debentures, with a coupon of 8% on a yearly basis, for a term of 2 years, subject to the forced conversion at the option of the Corporation. The proceeds were used to reduce the short-term debt.

- Completed issuance of 597,149 units at a price of $0.76 and 2,862,553 units at a price of $0.78, for a total of 3,459,702 units during the year 2021. Each unit comprises a warrant that can be exercised by purchasing one Class "A" common share per warrant at a price of $1.25, until October 31, 2023. The proceeds ($2,686,624) were used mostly to reimburse debts.

- Completed issuance of $9 million convertible debentures, with a coupon of 6% on a yearly basis, but accrued for 2 years, related to the acquisition of the 100-acre land acquisition in Alliston.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

» Completed issuance of $1.5 million convertible debentures to acquire the 6-Plazas portfolio in Ontario.

Investing

» The Corporation recorded a change in fair value of its properties during the year of $41,229,764, following the reassessment of the strategy and development plans resulting in an evidence of change in use of an investment property justifying its reclassification from one category (land held for development, valued at cost) to another (Properties under Development, valued at fair value), at the fair value appraised by third-party appraisers.

» Acquisition, on May 3, 2021, of a 99.44 acres land for future development in Alliston Ontario, paid partly in shares ($4,800,000) at a price of $1.00 per share, a $9 million financing by secured convertible debentures at a price of $1.00 per share, at a coupon rate of 6% on a yearly basis, accrued for 2 years, and cash payment in the amount of $600,000.

» Dispositions of $5.2 million of properties which the proceeds were utilized to reduce the debt of the Corporation.

QUARTERLY FINANCIAL INFORMATION

The following is a summary of selected consolidated financial information for each of the eight most recently completed quarters.

Quartely Financial Information	2021				2020			
In $, except per-share amounts	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	166,245	104,606	48,879	235,607	544,957	797,540	573,118	817,130
Operating expenses	(67,052)	62,337	44,512	161,462	238,418	455,596	308,499	506,484
Operating income	233,297	42,269	4,367	74,145	306,539	341,944	264,619	310,646
Administration	411,364	336,695	965,133	458,587	689,839	673,684	449,388	574,820
Financing costs	1,032,231	593,037	614,736	508,328	1,131,986	2,005,797	989,479	754,907
Share of net (income) loss from joint venture	197,372	52,316	54,373	(945,994)	(12,946)	-	-	-
(Gain) Loss on fair value adjustment	(39,411,845)	305	(1,818,224)	-	1,151,655	1,731,346	-	-
(Gain) Loss on sale of assets	250,000	-	-	-	(420,228)	-	-	-
(Gain) Loss on settlement of current and non-current liabilities	-	-	(130,723)	206,635	14,057,822	-	-	-
(Gain) Loss on settlement of long-term debt	(18,025)	-	-	-	4,225,027	-	-	-
Impairment of investment, bad debts, depreciation	-	-	-	-	369,968	-	-	-
Current income taxes and deferred tax expenses	4,350,627	-	-	-	43,866	-	-	-
Net Income (Loss) and comprehensive income (loss)	33,421,573	(940,084)	319,072	(153,411)	(20,886,584)	(4,068,883)	(1,174,248)	(1,019,081)
Basic Net Income (Loss) per share	1.13	(0.03)	0.01	(0.01)	(1.10)	(0.18)	(0.08)	(0.07)
Diluted Net Income (Loss) per share	0.80	(0.03)	0.01	(0.01)	(1.10)	(0.18)	(0.08)	(0.07)

SUMMARY OF QUARTERLY RESULTS

Operating

- The Corporation recorded, during the fourth quarter ended December 31, 2021, a net income of $33,421,573 (net loss of -$20,930,450 – same period in 2020). The increase is primarily due to the $39,411,845 increase in the fair value of investment properties less the $4,350,627 increase in associated deferred tax expense, partially offset by administration expenses of $411,364 (a decrease of $278,475 compared to 2020) and financing costs of $1,032,231 (a decrease of $99,755 compared to 2020).

- Revenue decreased significantly (by 69 %) at $166,245 during the fourth quarter ended December 31, 2021 ($544,957 – same period in 2020).

- Negative operating expense in the fourth quarter ended December 31, 2021 resulted from Management's efforts in reducing costs and from credits, adjustments and reimbursement of expenses related to the disposed investment properties.

- Decrease of 24% of its operating income to $233,297, for the fourth quarter ended December 31, 2021 ($306,539 – same period in 2020).

- Real Estate NAV per Share[1] for the quarter was $2.49, an increase of $0.95 per share from the prior year comparable period. The increase is primarily due to the reassessment of the strategy and development plans resulting in an evidence of change in use of an investment property justifying its reclassification from one category to another, at the fair value appraised by third-party appraisers.

- Occupancy Rate[1] for the income producing property reached 95% as at December 31, 2021 compared to 80% in 2020.

Financing

- Completed issuance of $3 million of unsecured debentures, with a coupon of 8% on a yearly basis, for a term of 2 years, subject to the forced conversion at the option of the Corporation. The proceeds were used to reduce the short-term debt.

Investing

- The Corporation recorded a change in fair value of its properties during the year of $39,411,845 following the reassessment of the strategy and development plans resulting in an evidence of change in use of an investment property justifying its reclassification from one category ("Land held for development", valued at cost) to another ("Properties under development", valued at fair value), at the fair value appraised by third-party appraisers.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

Business and
Operations Review

PORTFOLIO COMPOSITION

The Corporation principally focuses on small to medium-size portfolios based on a diversified asset allocation (multi-residential, retail, industrial, and office), as well as land for future development, mainly in Canada.

Development initiatives are a key component of our business plan, positioning Emergia for long-term growth and value creation. Income producing properties acquired generally offer expansion and redevelopment opportunities, enabling us to add high-quality real estate to our portfolio at a reasonable cost. Properties held for development, generally land, are acquired with the objective to develop income producing properties thereon. In some cases, there can be excess land which held for capital appreciation and may be sold in due course, normally after having added value thereto through zoning change or after having developed our own projects which increases the value of such excess land. The excess land sold are the ones which eventually might not fit within the Corporation's income properties asset classes business model.

Emergia benefits of experienced internal development capabilities as well as sound relationships with strong real estate contractors and developers who share our vision and commitment to building high-quality and sustainable properties, respecting natura and social environments. We are determined to realize and deliver products that will stand to time-test, being community-oriented, sustainable, and low environment footprint. Our long-term pipeline of potential mixed-use developments also allows us to transform and revitalize neighbourhoods into communities that are self-sustaining and inclusive.

At the end of December 2021, Emergia's portfolio included retail and office buildings as well as land for future development and excess land. Emergia's corporate structure and business model have been designed to capitalize on the many advantages the diversification of asset classes offers, including the creation of synergies between the different real estate asset classes, value creation opportunities at all stages of the value chain, and reduction of portfolio volatility and increase of resilience to economic downturns.

Real Estate Portfolio Summary as at December 31, 2021 on a Proportionate Share Basis[1]

As at December 31, 2021, Emergia's portfolio consisted of eight investment properties (three income producing properties and five properties under development), including one property held in a joint venture and one property held as investment in an associate, and one property held for sale, with a total fair value, on a proportionate basis[1], of $130,375,000, composed of $10,450,000 in income producing properties, $118,125,000 in properties under development (including properties under optimization), and $1,800,000 in properties held for sale.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

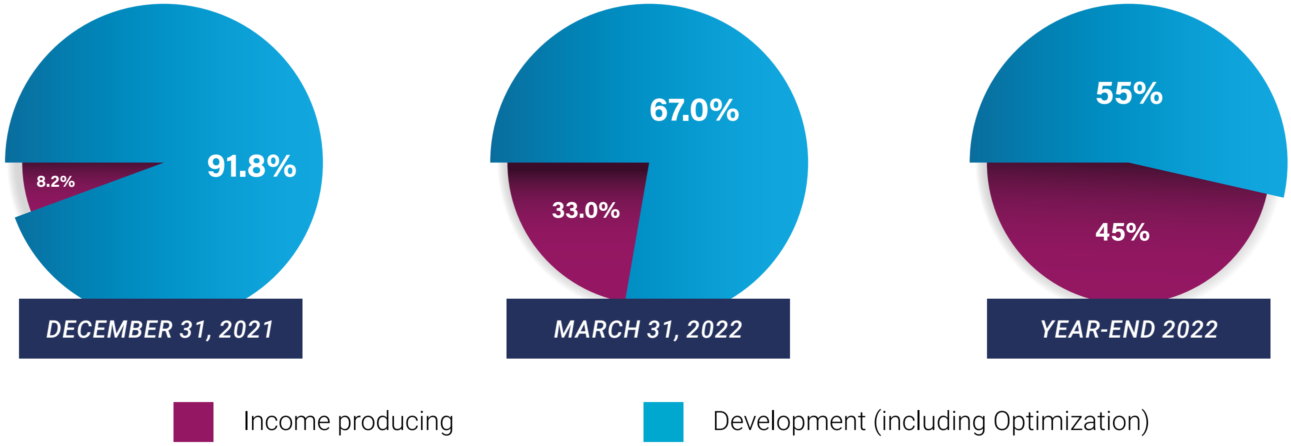
Property Location	Description	Emergia's Proportionate Share[1]	Fair Value on a Proportionate Basis[1] As at December 31	
			2021	2020
		%	$	$
121 Lépine Avenue, Gatineau, QC, Canada	Income producing	100%	4,600,000	4,570,000
185 Dorval Avenue, Dorval, QC, Canada	Income producing	50%	3,750,000	3,750,000
117 Lépine Avenue, Gatineau, QC, Canada	Income producing	50%	2,100,000	2,100,000
185.2 Dorval Avenue, Dorval, QC, Canada	Development	50%	1,750,000	1,750,000
Exit 78 of Hwy 10, Bromont, QC, Canada[a]	Development	100%	91,325,000	52,445,914
Curé-Labelle Blvd, Blainville, QC, Canada	Development	100%	2,000,000	1,694,030
6485 14th Line, Alliston, ON, Canada	Development	100%	21,400,000	n/a
Panagopoula, Patras, Greece	Development	30%	1,650,000	1,650,000
472 Knowlton Rd, Lac Brome, QC, Canada	Held for sale	100%	1,800,000	2,968,054
		TOTAL	**130,375,000**	**70,927,998**

[a] *The amount for the year 2020 for the Bromont property includes the amount of $34,330,751 of investment properties and $18,115,163 then classified as "Land held for development" reclassified as investment properties in 2021 (Please refer to the "Change in use of assets" section of this MD&A on page 53).*

As at the date of this MD&A, the total fair value of Emergia's portfolio, including the asset held per sale, on a proportionate basis[1] is $167,765,000 as a result of the acquisition of a 30% average interest in an income producing retail portfolio in Ontario, composed of six plazas in six cities located in secondary markets in Ontario (please refer to the "Subsequent Events" section of this MD&A on page 72 and the description of such portfolio on page 72).

The allocation between the two core components of the Corporation's investment strategy targeted by the Corporation in its business model is 60% for income producing properties and 40% for properties under development (including the properties under optimization).

The following graphs show the allocation between such two core components as of December 31, 2021 and as of March 31, 2022 (please refer to the "Subsequent Events" section of this MD&A on page 72), on a proportionate basis[1] and the allocation targeted to be reached at year-end 2022:



[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

The Corporation seeks reaching the allocation percentages of its model (60% for income producing properties and 40% for properties under development) in 2023 through development of income producing properties within the current properties held under development and by strategic acquisitions of existing income producing portfolios.

The following table reconciles the consolidated statements of financial position on an IFRS basis to a proportionate basis, a non-IFRS measure, as at December 31, 2021, and December 31, 2020. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.

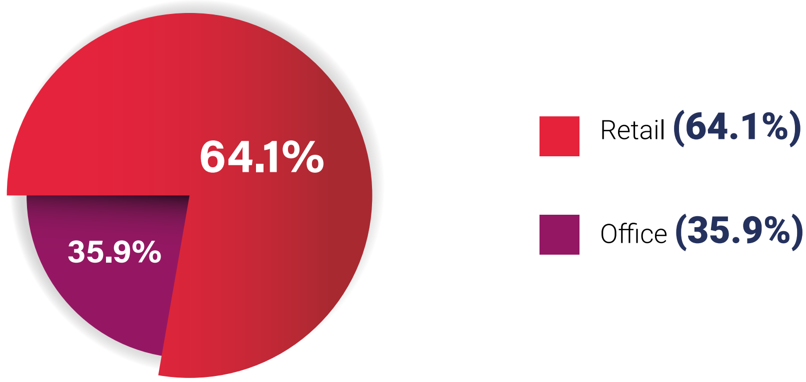
	December 31, 2021			December 31, 2020		
	IFRS Basis[a]	**Reconciliation**	**Proportionate Share Basis[1]**	IFRS Basis[a]	Reconciliation	Proportionate Share Basis[1]
	$	**$**	**$**	$	$	$
Assets						
Cash	**437,936**	**28,379**	**466,315**	81,861	332,940	414,801
Receivables and other receivables	**2,989,083**	**358,031**	**3,347,114**	2,869,173	167,900	3,037,073
Prepaids and refundable deposits	**1,789,125**	**57,913**	**1,847,038**	1,913,545	126,780	2,040,325
Properties held for sale	**1,800,000**	**-**	**1,800,000**	-	-	-
Investment properties and land	**119,325,000**	**9,444,438**	**128,769,438**	67,604,214	8,231,500	75,835,714
Income producing properties	**4,600,000**	**5,972,878**	**10,572,878**	9,166,775	5,773,241	14,940,016
Properties under development	**114,725,000**	**3,471,560**	**118,196,560**	40,322,276	2,458,259	42,780,535
Land held for development	**-**	**-**	**-**	18,115,163	-	18,115,163
Investment in a joint venture	**3,306,459**	**(3,306,460)**	**-**	2,664,527	(2,664,527)	-
Investment in an associate	**1,650,000**	**(1,650,000)**	**-**	1,650,000	(1,650,000)	-
Investment in a private company	**-**	**-**	**-**	250,000	-	250,000
Property and equipment	**2,500**	**-**	**2,500**	2,500	-	2,500
Total assets	**131,300,104**	**4,932,301**	**136,232,405**	77,035,820	4,554,593	81,580,413
Liabilities						
Trade and other payables	**5,951,958**	**141,995**	**6,093,953**	6,563,159	74,343	6,637,502
Income tax payable	**307,732**	**160,500**	**468,232**	43,866	-	43,866
Convertible debentures	**16,588,327**	**-**	**16,588,327**	5,109,103	-	5,109,103
Bank mortgages	**3,005,653**	**2,373,306**	**5,378,959**	4,717,696	2,388,750	7,106,446
Long-term debt	**31,177,135**	**2,256,500**	**33,433,635**	32,987,718	2,081,500	35,069,218
Deferred income tax liabilities	**4,995,129**	**-**	**4,995,129**	375,000	-	375,000
Total liabilities	**62,025,934**	**4,932,301**	**66,958,235**	49,756,542	4,544,593	54,341,135
Shareholders' equity						
Share capital	**80,848,486**	**-**	**80,848,486**	73,153,673	-	73,153,673
Warrants	**6,327,418**	**-**	**6,327,418**	6,113,827	-	6,113,827
Contributed surplus	**1,744,157**	**-**	**1,744,157**	264,819	-	264,819
Deficit	**(19,645,891)**	**-**	**(19,645,891)**	(52,293,041)	-	(52,293,041)
Total shareholders' equity	**69,274,170**	**-**	**69,274,170**	27,239,278	-	27,239,278
Total liabilities and shareholders' equity	**131,300,104**	**4,932,301**	**136,232,405**	77,035,820	4,544,593	81,580,413

[a] *The consolidated statements of financial position have been presented on a non-classified basis for purposes of this reconciliation.*

Emergia's portfolio Diversification by Asset Class as at December 31, 2021 and 2020 on a Proportionate Basis[1]

Emergia's portfolio fair value diversification by asset class as at December 31, 2021 on a proportionate basis[1] is as follows:

Portfolio Fair Value Diversification by Asset Class as at December 31, 2021



Fair Market Value by Asset Class				
	December 31, 2021	**Acquisitions (Dispositions)[a]**	**Others[b]**	**December 31, 2020**
	$	**$**	**$**	**$**
Retail[c]	6,700,000	-	30,000	6,670,000
Office[d]	3,750,000	-		3,750,000
Industrial	-	(3,196,775)		3,196,775
TOTAL	**10,450,000**	**(3,196,775)**	**30,000**	**13,616,775**

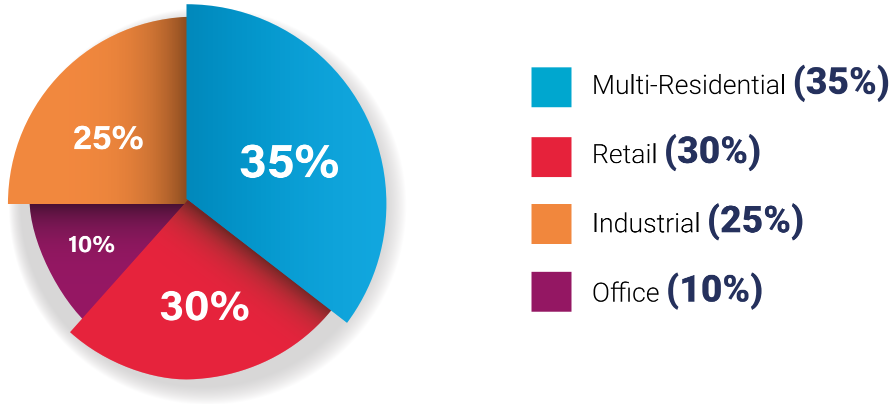
[a] *Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 69.*
[b] *Increase in fair market value.*
[c] *Composed of the 121 Lépine, Gatineau property and 50% of the joint venture owned property located at 117 Lépine, Gatineau.*
[d] *The 50% joint venture owned property located at 185 Dorval Avenue in Dorval.*

As at the date of this MD&A, considering the recent acquisition by the Corporation of an interest in a portfolio of income producing properties in six cities in Ontario (please refer to the "Subsequent Events" section of this MD&A on page 72, the Corporation estimates that its portfolio fair value diversification by asset class on a proportionate basis[1] is comprised of 93.5% retail properties, and 6.5% office properties.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

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

Targeted Portfolio Fair Value by Asset Class



The Corporation intends to reach the allocation percentages of its model within approximately two years through strategic and targeted acquisitions and development of current properties under development, provided that market conditions correspond to Emergia's business model.

Valuation Methodology

Investment Properties

Investment properties that are income producing are appraised primarily based on an income approach that reflects stabilized cash flows or net operating income from existing tenants with the property in its existing state, since purchasers typically focus on expected income. Internal valuations are conducted using and placing reliance on both the direct capitalization method and the discounted cash flow method (including the estimated proceeds from a potential future disposition).

Properties undergoing development, redevelopment or expansion are valued either (i) using the discounted cash flow method, with a deduction for costs to complete the project, or (ii) at cost, when cost approximates fair value. Stabilized capitalization rates, discount rates and terminal capitalization rates, as applicable, are adjusted to reflect lease-up assumptions and construction risk, when appropriate. Adjacent land parcels held for future development are valued based on comparable sales of commercial land.

The primary method of appraisal for development land is the comparable sales approach, which considers recent sales activity for similar land parcels in the same or similar markets to estimate a value on either a per acre (or, as the case may be, on a per square foot or square meter) basis or on a basis of per square foot buildable. Such values are applied to Emergia's properties after adjusting for factors specific to the site, including its location, zoning, servicing and configuration.

Investment properties are remeasured to fair value on a recurring basis, using the following methodologies:

(a) Discounted cash flow method – Under this income approach, discount rates are applied to the projected annual operating cash flows, generally over a ten-year period, including a terminal value of the properties based on a capitalization rate applied to the estimated net operating income, a non-IFRS measure, in the terminal year. This method is primarily used to value the rental portfolio.

(b) Comparable sales method – This market approach compares a subject property's characteristics with those of comparable properties which have recently sold. The process uses one of several techniques to adjust the price of the comparable transactions according to the presence, absence, or degree of characteristics which influence value. These characteristics include the cost of construction incurred at a property under development. This method is primarily used to value the development portfolio, including ancillary parking facilities and investment properties held for sale.

Management is responsible for determining the fair value measurements on a quarterly basis, including verifying all major inputs included in the valuation and reviewing the results. Management, along with the Audit Committee, discuss the valuation process and significant assumptions on a quarterly basis. The valuations are performed in due course by qualified external valuators who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The COVID-19 pandemic has increased the risk and uncertainty surrounding valuation estimates due to limited market activity for comparable transactions, as well as uncertainty regarding the expected length of the pandemic and the resulting impact on the Corporation's cash flows from investment properties. In developing its estimates, management performed an assessment of its tenants and portfolio of investment properties, as well as an evaluation of the changes in the overall market conditions for the asset classes in the Corporation's portfolio since the impact of the pandemic began in early March 2020.

Investment properties were valued by Management and qualified independent external valuation professionals as at December 31, 2021. The aggregate fair value of two properties under development with an aggregate fair value of $112,725,000 were based on qualified independent external valuation professionals during the year which resulted in an adjustment in fair value of $40,361,803 recorded as fair value adjustment on investment properties in the consolidated statements of comprehensive income (loss).

Properties Held for Sale

Properties held for sale are presented at fair value. Management estimates the fair value using the same valuation techniques as investment properties.

Investments in Joint Arrangements and Investments in Associates

For the joint venture arrangements, the Corporation is entitled only to the net assets of the joint venture, using the equity method of accounting. For the joint operation arrangements, the Corporation is entitled to its share of the assets and liabilities and recognizes its rights to and obligations of the assets, liabilities, revenues, and expenses of the joint operation.

Investments in associates are accounted for using the equity method, whereby the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee. The Corporation determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Corporation calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and recognizes the amount in the consolidated statements of comprehensive income (loss).

Change in Use of Assets

As at December 31, 2021, Management performed a thorough assessment of all properties and reassessed the current plans related to its properties. This assessment resulted in reclassification of its assets as explained below to reflect well established market practises and management expectations with respect to such assets.

As at December 31, 2021, Management first reclassed an investment property (Panagopoula Resort, Panagopoula, Greece) to an investment in an associate using the equity method to better represent the purchase agreement entered into with respect to the acquisition by the Corporation of a 30% interest of the entity, Aigialeia S.A., owning the property. This correction requires a retrospective adjustment. There is no change in the carrying value of the investment as at December 31, 2021 and December 31, 2020. Please refer to the "Investment in an Associate" section of this MD&A on page 68.

As part of its reassessment of its business plans, business strategy and evolving development plans related to its properties, management determined that there was an evidence of a change in use of the portion of the Bromont land previously classified as "Lands held for development", and valued at cost, and is now presented as investment properties as "Properties under Development", at fair value as appraised by third-party appraisers.

The reclassification related to this property under development resulted in an increase of fair value of $35,305,252 recorded as fair value adjustment on investment properties in the consolidated statements of comprehensive income (loss), bringing the total value of the properties under development to $114,725,000.

Management transferred an investment property (472 Knowlton, Lac Brome, Canada) to a property held for sale since its carrying amount will be recovered principally through sale rather than from continuing use, and the criteria set out in IFRS 5 are met. Please refer to the "Properties Held for Sale" section of this MD&A on page 68.

Portfolio Properties: Income Producing Properties

The Corporation principally focuses on small to medium-size portfolios based on a diversified asset allocation (multi-residential, retail, industrial, and office) mainly in secondary markets. As at year-end 2021, Emergia owned 100% of one income producing property valued at $4,600,000, and two income producing properties through a joint venture, Emergia's proportionate share[1] (50%) being valued at $5,850,000. The income producing properties portfolio as at December 31, 2021 and 2020, on a proportionate basis[1], is further described in the following table:

Property Location	Asset Class	Emergia's Proportionate Share[1]	Fair Value on a Proportionate Basis[1] As at December 31	
			2021	2020
			$	$
121 Lépine Avenue, Gatineau, QC, Canada	Retail and Office	100%	4,600,000	4,570,000
185 Dorval Avenue, Dorval, QC, Canada[a]	Office	50%	3,750,000	3,750,000
117 Lépine Avenue, Gatineau, QC, Canada[a]	Retail and Office	50%	2,100,000	2,100,000
Total			**10,450,000**	**10,420,000**

[a] *Property held in a joint venture (50%) as at December 31, 2021. See "Subsequent Events" section of this MD&A on page 72. The Corporation owns 25% of such joint venture as at the date of this MD&A.*

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

Investment in a Joint Venture

On September 4, 2020, the Corporation entered into a joint venture agreement to own and develop two of its investment properties. The joint venture was formed in a separate legal entity, 12028735 Canada Inc. (the "**JV**"). 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 the JV and the transfer of the following liabilities of the Corporation to the JV: bank mortgages of $4,777,500, long-term debt of $1,150,000 and accounts payable and accrued liabilities of $420,920. This transaction resulted in a loss $2,383,001 related to fair value adjustment.

On October 22, 2020, the Corporation entered into an agreement with lenders for the reimbursement of loans in the aggregate amount of $3,880,000 and related accrued interest of $255,918, for a total of $4,135,918 by transferring the 117 Lépine Avenue property to the lenders for such total amount. Subsequently to such transaction, the JV purchased the said property from these lenders at a price of $4,163,000.

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.

The following table shows the changes in the carrying value of Emergia's investment in joint venture for the years ended December 31, 2021 and 2020:

	2021	2020
	$	$
Beginning balance	**2,664,527**	-
Contributions	**-**	2,651,581
Share of net income	**641,933**	12,946
Ending balance	**3,306,460**	2,664,527

Summarized financial information of the joint venture as at December 31, 2021 is as follows:

	2021	2020
	$	$
Current assets	**888,644**	1,249,387
Non-current assets	**15,588,877**	13,163,000
Current liabilities	**604,991**	148,686
Non-current liabilities	**9,259,611**	8,940,500
Revenues	**900,119**	193,316
Change in fair value of investment properties[a]	**2,000,000**	-
Net income and comprehensive income for the period	**1,283,866**	25,892

[a] *To adjust for the fair-value done by a third-party valuator in March 2021, updated as of December 31, 2021.*

Each income producing property as at December 31, 2021 is further described hereinafter.

québec

121 Lépine Avenue, Gatineau, QC

Strip plaza property comprising institutional tenant (School Board) and well-established tenants, such as PMC Global and Gabriel Pizza. This plaza is located in Gatineau (Sector Buckingham), a growing area in the City of Gatineau, on the main commercial street of Buckingham, neighbouring all the major brands like Maxi, Metro, Canadian Tire, Dollarama, SAQ, Canada Post, etc.

This property, wholly owned by Emergia, is leased at 95% since December 2021, with a lease signed in December 2021 for 15.1% of the total GLA.

19,810
sq.ft. GLA

$4,600,000
FMV

95%
Occupancy Rate[1]

$346,045
Rental Income in 2021

$450,260
Expected Rental Income at Maturity

québec

24,950
sq.ft. GLA

$4,200,000
Total FMV

$107,724
Rental Income in 2021

$2,100,000
Emergia's proportionate share[1] of FMV

$53,862
Emergia's proportionate share[1] of Rental Income (50%)

20%
In lease-up Occupancy Rate[1]

$586,498
Expected Rental Income at Maturity

117 Lépine Avenue, Gatineau, QC

This property is a two-storey mixed-use building with retail on the ground floor and office on the second. This plaza is located in Gatineau (Sector Buckingham), a growing area in the City of Gatineau, on the main commercial street of Buckingham, neighbouring all the major brands like Maxi, Metro, Canadian Tire, Dollarama, SAQ, Canada Post , School Board, etc.

This property is in its lease-up period. It now has a dental clinic and a national brand as tenant. The lease-up is expected to be completed within twelve months.

This property is owned in a joint venture. The Corporation owned 50% of the interest in such joint venture until February 2022 and now owns 25%. Please refer to the "Acquisitions and Dispositions"section of this MD&A on page 69 and then "Subsequent Events"section on page 72.

[1] A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.

185 Dorval Avenue, Dorval

Six-storey office building comprising institutional tenants such as federal government agency, the National Bank, the Dorval School Board, medical clinic, dental clinic, other health related professionals, lawyers, notaries, and various business offices. This property is very well located in the center of Dorval, close to the International Airport, train station, and within minutes' walk from the main commercial plaza of Dorval.

This property is planned to be upgraded and leased-up to create value-add. The lease-up is expected to be completed within twelve months.

This property is owned in a joint venture. The Corporation owned 50% of the interest in such joint venture until February 2022 and now owns 25%. Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 69 and then "Subsequent Events" section on page 72.

54,118
sq.ft. GLA

$7,500,000
Total FMV

$741,093
Rental Income in 2021

$3,750,000
Emergia's proportionate share[1] of FMV

$370,547
Emergia's proportionate share[1] of Rental Income (50%)

60%
Occupancy Rate[1]

$1,418,178
Expected Rental Income at Maturity

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

Leasing and Occupancy

Occupancy and Lease Renewals

FOR THE THREE MONTHS ENDED DECEMBER 31, 2021	FOR THE YEAR ENDED DECEMBER 31, 2021
For the three months ended December 31, 2021, the average occupancy rate for the Corporation's remaining income producing properties increased by 15% for the same period in 2020, reaching 95% occupancy rate. For the three months ended December 31, 2021, there has been no renewal during this period.	As at December 31, 2021, the total GLA of the portfolio of income producing properties owned at 100% by the Corporation was 19,810 sq.ft. The remaining income producing properties occupancy increased from 80% to 95% compared to December 31, 2020, for the same property. The increase is related to the leasing of an empty space in this property. During 2021, the Corporation executed one lease renewal for 3,692 sq.ft. (gym) for a term of 5 years at the same rate.

User Profile

The following table sets out Emergia's user-mix based of rental revenue percentage, on a proportionate share basis[1], for the year ended on December 31, 2021:

TENANT CATEGORY	121 Lépine	117 Lépine [a]	185 DORVAL
Government Agencies and Institutional	31.82%	0.00%	22.30%
Investment Grade and National Brands	38.91%	23.50%	24.50%
Medical Related	0.00%	76.50%	17.10%
Other Tenants	29.27%	0.00%	36.27%
TOTAL	**100%**	**100%**	**100%**

[a] *This property is in lease-up, with a current occupancy rate of 20%. Consequently, the figures above for this property must take into consideration that the user profile for this property may change significantly, since the 80% empty space may be leased to various categories of tenants.*

For an overview of the Emergia's user-mix based of rental revenue percentage following the acquisition of the 6-Plaza portfolio in Ontario in March 2022, please refer to the "Recent Developments Regarding Income Producing Properties" section of this MD&A on page 58. Please also refer to the "Subsequent Events" section of this MD&A on page 72.

Lease Maturity Profile

As at December 31, 2021, the GLA occupancy rate in Emergia's income producing property (121, Lépine) was 95% and its remaining weighted average lease term was 5.4 years.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

The 6-Plazas portfolio acquired in March 2022 (Please refer to the "Recent Developments regarding Income Producing Properties" section below and the "Subsequent Events" section of this MD&A on page 72) has an average occupancy rate of 93.8% and its weighted average lease term is 4.9 years as at March 31, 2022.

The table below indicates the Corporation's future minimal rental revenue for the next five years (from January 1, 2022 to December 31, 2026) for the income producing properties owned directly by Emergia (121 Lépine), and through joint arrangements, including the JV and the 30% interest in the 6-Plaza in Ontario acquired in March 2022. The Corporation's future minimum lease rental income, on a proportionate share basis[1], for the years 2022 to 2026, based on its portfolio as of the date of this MD&A and on the in-place leases with contracted rent increases but excluding any contractual renewal options, is as follows:

Building	Total	2022	2023	2024	2025	2026
	$	$	$	$	$	$
121 Lépine	2,068,775	403,097	424,279	436,125	441,721	363,553
117 Lépine[a]	146,663	28,589	29,073	30,964	31,830	26,207
185 Dorval[a]	439,844	171,058	123,462	102,132	37,406	5,786
6 Plazas-Ontario[b]	20,790,294	2,913,799	4,046,080	4,157,740	4,181,200	4,199,237
Total	**22,153,338**	**3,516,543**	**4,622,894**	**4,726,961**	**4,692,157**	**4,594,783**

[a] *Property held in joint venture. The numbers represent Emergia's proportionate share of 25% in such joint venture.*
[b] *Emergia owns an average interest of 30% in this portfolio. The amount for 2022 is on a 9-month basis as the acquisition was made in March 2022.*

As indicated in the table above, the acquisition of the 6-Plaza portfolio in Ontario in March 2022 changes the 5-year future minimum lease rentals figures for Emergia, bringing its rental revenues over $4 million per year as of 2023. Please refer to the "Recent Developments regarding Income Producing Properties" section below and the "Subsequent Events" section of this MD&A on page 72.

Recent Developments Regarding Income Producing Properties

In March 2022, Emergia acquired a 30% average interest in an income producing retail portfolio in Ontario, composed of six plazas in six cities located in secondary markets in Ontario (please refer to the "Subsequent Events" section of this MD&A on page 72). In February 2022, Emergia disposed of 25% interest in the JV, keeping 25% of the joint venture (please refer to the "Subsequent Events" section of this MD&A on page 72). Emergia, however, still benefits of the option to buy all the shares of the JV until September 2023. The impact of these transactions as of the date of this MD&A, on a proportionate share basis[1], is described in the following table.

Property Location	Asset Class	Emergia's Proportionate Share[1]	Fair Value on a Proportionate Basis[1]	
			As at the date of this MD&A	As at December 31, 2021
			$	$
121 Lépine Avenue, Gatineau, QC, Canada	Retail and Office	100%	4,600,000	4,600,000
185 Dorval Avenue, Dorval, QC, Canada[a]	Office	50%	1,875,000	3,750,000
117 Lépine Avenue, Gatineau, QC, Canada[a]	Retail and Office	50%	1,050,000	2,100,000
Six plazas located in six cities, ON, Canada[b]	Retail	30%	47,190,000	n/a
			54,715,000	**10,450,000**

[a] *Emergia owned 50% of the joint venture owning this property and disposed of 25% of such interest in February 2022. Please refer to the "Subsequent Events" section of this MD&A on page 72.*
[b] *Emergia owns an average interest of 30% in this portfolio, based on a third party appraisal of the aggregate portfolio*

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

Each income producing property composing the 6-Plaza portfolio in Ontario acquired in March 2022 (average of 30% interest) is further described hereinafter with the numbers indicated as at December 31, 2021.

ontario

110,900
sq.ft. GLA

$31,800,000
Total FMV

101,319
Additional sq.ft. GLA

$5,900,000
Emergia's proportionate share[1] of FMV

$2,387,134
Rental Income in 2021

100%
Occupancy Rate[1]

$446,818
Emergia's proportionate share[1] of Rental Income (18.72%)

2125 16th Street East, Owen Sound

Strip plaza comprising investment grade tenants, such as Winners, Home Sense, DollarTree, PetSmart, and Michaels. The site is located in one of the most prominent locations in the City of Owen Sound. It is located at the top end of the primary retail strip, and in close proximity to Walmart, Home Depot, and Canadian Tire.

This plaza is currently fully leased and has a potential for additional development allowing to build an additional 101,319 sq.ft. of GLA.

Since March 2022, Emergia owns an interest of 18.72% of the entity owning this property. Please refer to the "Subsequent Events" section of this MD&A on page 72.

221 Henry Street, Brantford

Strip plaza comprising investment grade tenants, such as Dollar Tree, PetSmart, Michaels, SportChek and Bed Bath & Behond. This property is well-positioned off the Wayne Gretzky Parkway, just south of one of the major thoroughfares that travels through Brantford, the Alexander Graham Bell Parkway (Highway 403).

This plaza is currently fully leased and has a potential for additional development allowing to build an additional 54,504 sq.ft. of GLA.

Since March 2022, Emergia owns an interest of 25.79% of the entity owning this property. Please refer to the "Subsequent Events" section of this MD&A on page 72.

ontario

91,802
sq.ft. GLA

$27,400,00
Total FMV

54,504
Additional sq.ft. GLA

$7,000,000
Emergia's portion of FMV

$2,154,025
Rental Income (2021)

100%
Occupancy Rate

$555,528
Emergia's proportionate share[1] of Rental Income (25.79%)

[1] A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.

ontario

49,852 sq.ft. GLA	**$23,400,000** Total FMV
40,000 Additional sq.ft. GLA	**$7,400,000** Emergia's proportionate share[1] of FMV
$1,668,366 Rental Income (2021)	**100%** Occupancy Rate[1]
$530,544 Emergia's proportionate share[1] of Rental Income (31.8%)	

783 McLeod Road, Niagara Falls

Strip plaza comprising investment grade tenants, such as Bank of Nova Scotia, Rogers Communications, Co-Operators and institutional tenants such as Niagara Region and First Ontario Credit. This site is an excellent retail and residential location. It has excellent exposure and access along McLeod Road at Montrose Road, in proximity to and with full visibility form the McLeod/ QEW interchange. In addition, the property is opposite to the Niagara Square Shopping Centre, and the newly renovated MacBain Community Centre, which includes a public library and YMCA among other public services.

This plaza is currently fully leased and has a potential for additional development allowing to build an additional 40,000 sq.ft. of GLA.

Since March 2022, Emergia owns an interest of 31.8% of the entity owning this property. Please refer to the "Subsequent Events" section of this MD&A on page 72.

850, McKeown Avenue, North Bay

Strip plaza comprising investment grade tenants, such as Winners, Michaels, SportCheck, Mark's, Dollar Tree and PetSmart. This plaza's location is the most south-after retail location in the entire region. It is surrounded by many significant retailers including Canadian Tire, Sobeys, No Frills, Shoppers, etc. The site is in the newer area of the city, which is experiencing strong residential and commercial growth. It is blocks away from the expanding Nipissing University student housing complexes, as well as the new North Bay Regional Health Centre. The site has tremendous visibility along the Trans-Canada Highway, a signalized entrance on McKeown Avenue and a shared parking lot access with Canadian Tire.

Since March 2022, Emergia owns an interest of 21.15% of the entity owning this property. Please refer to the "Subsequent Events" section of this MD&A on page 72.

ontario

135,514 sq.ft. GLA	**$37,800,000** Total FMV
100% Occupancy Rate	**$8,000,000** Emerhia's proportionate share[1] of FMV
$3,698,626 Rental Income (2021)	**$782,259** Emergia's proportionate share[1] of Rental Income (21.15%)

[1] A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.

ontario

64,564 sq.ft. GLA	$13,400,000 Total FMV
100% Occupancy Rate[1]	$6,200,000 Emergia's proportionate share[1] of FMV
$1,256,136 Rental Income (2021)	$577,163 Emergia's proportionate share[1] of Rental Income (45.9%)

15 Robinson Lane, Pembroke

Strip plaza comprising investment grade tenants, such as Winners, Michaels and SportChek. This property is well located in the City of Pembroke, which is the largest service centre between Ottawa and North Bay.

Since March 2022, Emergia owns an interest of 45.9% of the entity owning this property. Please refer to the "Subsequent Events" section of this MD&A on page 72.

ontario

501 Tollgate Road, Cornwall

Strip plaza comprising investment grade tenants, such as Dollar Tree, Mark's, and SportChek. The property Is strategically positioned along Cornwall's main arterial, Brookdale Avenue (Hwy #138) which connects Highway 401 to downtown, and the Seaway International Bridge connecting to the US. It is shadow anchored by Home Depot immediately to the south and located between the 401/Brookdale Ave interchange and the existing downtown. This intersection and immediate area are expected to see future infrastructure improvements and further retail development in the near-term, which will add to the amount of consumer traffic drawn to this area on a consistent basis.

The plaza has an occupancy rate of 70% at the date of this MD&A. However, leasing agreements have been concluded and the plaza will be 100% leased in Q4-2022.

Since March 2022, Emergia owns an interest of 53.1% of the entity owning this property. Please refer to the "Subsequent Events" section of this MD&A on page 72.

115,910 sq.ft. GLA	$23,700,000 Total FMV
70% Occupancy Rate[1]	$12,600,000 Emergia's proportionate share[1] of FMV
$2,247,049 Rental Income (2021)	$1,192,708 Emergia's proportionate share[1] of Rental Income (53.1%)

[1] A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.

The following table sets out Emergia's user-mix profile with the inclusion of the 6-Plaza portfolio in Ontario, on a proportionate share basis[1], as at the date of this MD&A:

TENANT CATEGORY	121 Lépine	117 Lépine [a]	185 DORVAL	6-PLAZA, ON
Government Agencies and Institutional	31.82%	0.00%	22.30%	3.80%
Investment Grade and National Brands	38.91%	23.50%	24.50%	90.40%
Medical Related	0.00%	76.50%	17.10%	0.00%
Other Tenants	29.27%	0.00%	36.27%	5.80%
TOTAL	**100%**	**100%**	**100%**	**100%**

[a] This property is in lease-up, with a current occupancy rate of 20%. Consequently, the figures above for this property must take intoconsideration that the user profile for this property may change significantly, since the 80% empty space may be leased to various categories of tenants.

The Corporation's future minimum lease rental revenue, on a proportionate share basis[1], for the years 2022 to 2026, based on its portfolio as of the date of this MD&A and on the in-place leases with contracted rent increases but excluding any contractual renewal options, is espected to increase by $20.8 million to reach $22.2 million over the 5-year period mentioned above, as a result of the 6-Plaza acquisition.

As a result of this acquisition, this future minimum lease income is expected to be $22.2 million over the next five years, based on current leases in place and excluding any renewal options. This 6-Plaza portfolio has an average occupancy rate of 93.8% and its weighted average lease term is 4.9 years as at March 31, 2022.

[1] A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.

Portfolio Properties: Properties Under Development

As per its business model, Emergia believes in investing in full-scale development opportunities that produce higher portfolio returns resulting from the added-value created by the development and revenues generated by the developed incoming producing properties resulting therefrom.

Emergia currently owns lands for development in Bromont, Blainville and Dorval in the province of Quebec and in Alliston in Ontario.

As at year-end 2021, Emergia owned 100% of three properties under development valued at $114,725,000, and one property under development held through the JV (50%) valued at $1,750,000 (Emergia's proportionate share[1]), and one property under development held through an investment in an associate (30%) valued at $1,650,000 (Emergia's proportionate share[1]). The properties under development, on a proportionate basis[1], are further described in the following table:

Property Location	Asset Class	GLA Development Potential (sq.ft.)	Emergia's Proportionate Share[1]	Fair Value on a Proportionate Basis[1] As at December 31	
				2021	2020
				$	$
Land in Bromont, Canada[a]	Mixed retail and multifamily	720,000	100%	91,325,000	52,445,914
Land in Alliston, Canada	Mixed retail and multifamily	550,000	100%	21,400,000	n/a
Land in Blainville, Canada	Multifamily	170,000	100%	2,000,000	1,694,054
185 Dorval Avenue, Dorval, QC, Canada[b]	Mixed retail and multifamily	n/a	50%	1,750,000	1,750,000
Aigialeia, S.A., Greece[c]	Hospitality	n/a	30%	1,650,000	1,650,000
		1,440,000		**118,125,000**	**57,539,944**

[a] *Land in Bromond, includes Land held for development in 2020, which was reclassified to properties under development in 2021. Please refer to the "Change in use of asset" section of this MD&A on page 53.*

[b] *This property is in the joint venture in which Emegia owned 50% interest on December 31, 2021 and 25% as of March 31, 2022 (value of $875,000 at that date). The GLA Development potential of this property of approximately 101,230 sq.ft., is not taken into account in the Corporation's future GLA Development Potential. Please refer to the "Subsequent Events" section of this MD&A on page 72.*

[c] *Emergia, through its subsidiary Delma Resorts & Hotels GP Canada Inc. owns 30% of AIGIALEIA S.A., the entity that owns 100% of a 30,000 s.m. seafront resort project in Panagopoula, near Patras, in Western Greece. The project comprises 48 Bungalow-type rooms and a hotel, which is about 65% completed. The Corporation anticipates selling its interest in Aigialeia S.A. in the foreseeable future.*

As indicated in the above table, Emergia benefits of a potential organic growth of approximately 1.44 million sq.ft. of GLA, excluding the properties under development in the joint arrangements, within the coming years.

Each property under development as at December 31, 2021 is further described hereinafter. The expected development to be realized in our current properties under development will depend on the zoning changes underway and final approval of each of these projects.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

québec

Pure Bromont

Exit 78 of Highway 10 in Bromont, QC

Development land of approximately 17,000,000 sq. ft. comprising 10,600,000 sq.ft. of developable land and over 6,000,000 sq.ft. reserved to compensate for wetlands and biodiversity. There has been an agreement with the Ministry of Environment on the compensation related thereto.

Very well located, with full exposure and access, at Exit 78 of Highway 10 in Bromont, in Quebec's Eastern Townships. The site is at 50 minutes from Montreal and Sherbrooke and 45 minutes from US Border.

The site is currently zoned commercial (including recreotouristical) for part and residential for another part.

Approximately
17,000,000
sq. ft. of Land under development

$91,325,000
FMV

Planned Development

The final development plan for this property is not yet completed as it depends on final approval by the city. In any case, the Corporation expects to benefit of the capital appreciation of the land.

Retail and Recreotouristical Component:

- **Phase 1** is divided in sub-phases which will include a highway services project (restaurants, convenience store, gas station, etc.) and retail stores.
- **Phase 3** will comprise a pedestrian street with retail boutiques, restaurants, etc. on the ground floor and condo-hotels to be sold or leased to an operator on the second and third floors. Phase 3 will also include other retail stores outside the pedestrian street.
- **Phase 5** is zoned commercial (retail).
- **Phase 6** is authorized for cellular tower and a land lease is already in place.
- **Phases 1, 3 and 5** will be developed in retail by Emergia (GLA of approximately 720,000 sq.ft.) which the Corporation expects to hold for the long-term. Emergia will also sell parcels of land and condo-hotels to operators.

Residential Component:

- **Phase 2** is zoned for low density (1 house per hectare) and is expected to be rezoned to medium density in the course of 2022 or early 2023.
- **Phase 4** is in a reserve for future development, which development is to be authorized once Phase 2 has reached a certain level of construction. Phase 4 rezoning is expected to become low and medium density in the course of 2023.
- **Phases 2 and 4** will either be developed by Emergia, partly alone and partly through joint ventures, or partly sold to contractors, for housing and condos (multiresidential). Among others, Emergia intends to develop multifamily apartment buildings in these phases.

Development Financing

Globally, out of the 10.6 million sq.ft. of developable land, Emergia expects to develop the majority part of it and either joint venture for the development of the remaining land or, as the case may be, sell any excess land, if any, that would not be developed internally by the Corporation or through joint ventures, with the balance of the land being reserved to compensate for wetlands and biodiversity. Emergia is in advanced discussions for the financing of the whole project through a development credit facility. Considering the value of the land, no additional capital, except standard debt financing, is expected to be required for the construction of this project, as the expected loan to value ratio is within the parameters of the lenders' standard requirements with the land value alone. Also, if required, part of the proceeds of the excess land sales will be reinvested into the development.

EXPECTED TIMELINE:

Q4-2022

- Approval by the City of the infrastructures (crossing the Highway 10).
- Development of construction plans for Phases 1.1 and 3.1.

Q1-2023

- Launching of the construction of the infrastructures.
- Approval of construction plans for Phases 1.1 and 3.1.

Q2-2023

- Launching of the construction of Phase 1.1.
- Launching of the construction of Phase 3.1.

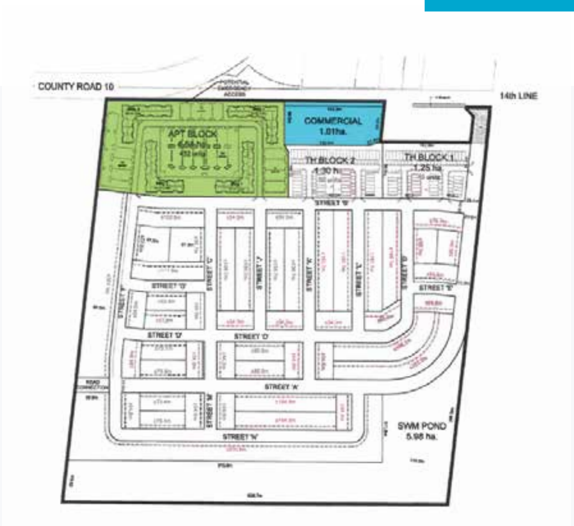
ALLISTON

6485 14th Line, Alliston ON

Development land of 99.44 acres (4,331,606 sq.ft.) located on 14th Line in Alliston (New Tecumseth) in Simcoe County, Ontario. Very well located at the junction of 14th Line and Industrial Parkway, with access on the 400 Hwy.

Very well located at proximity of the Honda Canada plant, located at less that 1 km from the site. The land is also close to city's infrastructures such as soccer fields.

The current zoning is Employment 2 (light industrial) and commercial corridor. A zoning change process is underway to residential (single and multi-family) and commercial corridor.



4,331,606
sq. ft. of Land under development

$21,400,000
FMV

Planned Development

The plan for the final use of this property is not yet determined as it depends on zoning change. In any case, the Corporation expects to benefit of the capital appreciation of the land. Should the zoning change from Employment-2 to residential not be confirmed, the Corporation intends to proceed to the development of industrial income producing properties.

If the zoning change is confirmed, the expected development is defined as follows:

Single family homes: Once rezoned, it is expected that approximately **81.24 acres** (gross acorage – representing 70.3 acres net) would be designed as single-family homes (houses or townhouses). Should the zoning change be confirmed, Emergia expects to sell this part of land to single-family homes developers or contractors or joint venture to develop same.

Multi-residential: After completion of the zoning change, there would be **12 acres** designated as multi-family to build apartment buildings (up to 500 units). This development would be kept on the long-term by Emergia.

Retail: Emergia intends to develop a proximity services strip plaza (approximately 50,000 to 60,000 sq.ft.) on the **2.47 acres** planned to be maintained as commercial corridor.

Development Financing

Emergia plans to finance the construction of the 500 units multifamily rental apartments and the 50,000 to 60,000 sq.ft. retail plaza through standard bank financing. Considering the value of the land and the expected profit on the sale of the excess land, no additional capital is expected to be required for the construction of this project, as the loan to value ratio is within the parameters of any lenders' standard requirements.

EXPECTED TIMELINE:

Q3-2022	Q1-2023	Q3-2023 to Q4-2025
» Zoning change approval.	» Draft plan approval for the development project.	» Development of the multi-family and retail components.

québec

185.2 Dorval Avenue, Dorval

Land for development adjacent to the income producing property (185, Dorval Avenue) already owned by the joint venture. This property is very well located in the center of Dorval, close to the International Airport, train station, within minutes' walk from the main commercial plaza of Dorval, and adjacent to the office building that contains various health professional clinics.

The project has been approved with respect to zoning for a mixed-use retail on the ground floor and multi-residential on the 6 additional storeys.

This property is owned in a joint venture. The Corporation owned 50% of the interest in such joint venture until February 2022 and now owns 25%. Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 69 and then "Subsequent Events" section on page 72.

45,000
sq. ft. of Land under development

$3,500,000
Total FMV

$1,750,000
Emergia's proportionate share[1] of FMV (50%)

Planned Development

Mixed-use 7-Storey Building: The project to be developed will consist in a for a seven-storey building comprising 1 storey (ground floor) retail and 6 storeys of multi-residential apartment building. The ground floor will consist of approximately 9,000 sq.ft. of retail GLA and the 6 multi-residential floors will comprise 96 rental apartments totaling approximately 92,230 sq.ft. GLA.

Development Financing

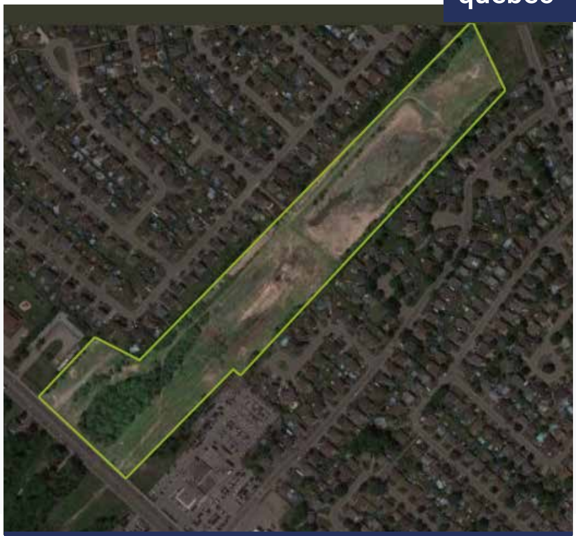
This property is owned in a joint venture where Emergia owns 25% interest as at the date of this MD&A. The construction of this project is planned to be financed through standard bank financing. Considering the value of the land, which is free of any mortgage, the additional capital expected to be required from Emergia (25%) for the construction of this project is approximately $250,000 (25% of $1M), based on standard loan to value ratio when CMHC is involved in the financing.

EXPECTED TIMELINE:

Q3-2022	Q4-2022	Q1-2023
» Obtention of circulation study (completing the approval process studies). » Final approval of the project.	» Approval of construction plans.	» Start of construction.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

Curé-Labelle Blvd, Blainville



Land under development

Development land located on the main boulevard in Blainville, nearby large residential components and major retail facilities.

The current zoning is retail, but we are in the process of proceeding to a zoning change for multi-residential rental apartments, in a eight-storey building.

231,699
sq. ft. of Land under development

$2,000,000
FMV

Planned Development

Multi-residential 8-Storey Apartment Building: The project to be developed will consist in a for an eight-storey building comprising up to 175 units, totaling approximately 170,000 sq.ft. GLA.

Development Financing
Emergia plans to finance the construction of this multifamily rental apartments through standard bank financing. Some capital injection is expected to be required for the construction of this project, which the Corporation intends to use the capital from its other projects therefore, and to finance the balance through bank financing.

EXPECTED TIMELINE:

Q4-2022
- Pre-approval of the zoning change.

Q1-2023
- Final approval of the zoning change.

Q3-2023
- Approval of the construction plans.
- Start of the construction of the project.

Portfolio Properties: Properties Held for Sale

As of December 31, 2021, Emergia transferred an investment property to become in the held for sale category. See table below.

Property Location	Description	2021	2020
		$	$
472, Knowlton Rd, Lac Brome, QC	Re-Development	1,800,000	-
TOTAL		**1,800,000**	**-**

The Lac Brome property was initially planned to be re-developed for its retail portion with the sale of the excess land for single family homes or condos. Advanced discussions are currently underway in view of such sale.

ACQUISITIONS AND DISPOSITIONS

Acquisitions and Dispositions of Properties in 2021

a) **Disposition of 9700 St-Laurent Boulevard, Montreal, Canada**
In the second quarter of 2021, the Corporation disposed of the property located at 9700 St-Laurent Boulevard for proceeds of $1,550,000. The purchaser assumed the associated mortgage, payables and liabilities.

b) **Disposition of 475-489 Le Breton Street and 505-531 Le Breton Street, Longueuil, Canada**
In the second quarter of 2021, the Corporation disposed of the properties located at 475-489 and 505-531 Le Breton Street for total proceeds of $3,665,000. The purchaser assumed the associated mortgage, payables and liabilities.

c) **Acquisition of Three Lots in Bromont**
In the second quarter of 2021, the Corporation bought three lots from the City of Bromont at the cost of 1$ as these lots were part of a retrocession agreement of the said lots resulting from a former expropriation by the City and the Ministry of Transport of larger lands to build road infrastructures on the Bromont site owned by the Corporation approximately fifteen years ago. They were recorded initially at cost, and with their undetermined use, Management deemed that the criteria for the classification as investment properties in accordance with IAS 40 was satisfied and those lands would subsequently be measured using fair value as of December 31, 2021. Please refer to paragraph f) below with respect to the disposal of one of these three lots.

d) **Acquisition of Land in Alliston**
On May 3, 2021, the Corporation purchased a land of approximately 100 acres located in Alliston, Ontario for a purchase price of $14.4 million (excluding closing costs and land transfer taxes). 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" common shares of the Corporation. To satisfy a portion of the purchase price, the Corporation entered into a financing of $9,000,000 through two convertible debenture subscription agreements at an interest rate of 6% per year payable at maturity on May 3, 2023, plus a participation in the profits of the project.

e) **Disposition of 860 Cite-des-Jeunes Boulevard, St-Lazare, Canada**
In the third quarter of 2021, the Corporation disposed of the property located at 860 Cité-des-Jeunes Boulevard, for proceeds of $1,380,000. The proceeds were used to repay the associated mortgage, payables and liabilities.

f) **Disposition of One Lot in Bromont, Canada**
Subsequently to the purchase of three lots mentioned in paragraph c) above, Management changed the intention of use of one lot during negotiations with a lender. The said lot would be used to reimburse part of the loan at an agreed-upon selling price, which gave rise to a fair value adjustment of $1,200,000, using the criteria set out by a third-party appraisal for the same type of transactions. The deal was closed in December 2021 whereby it was agreed to reduce the debt amounting to $1,310,474, to $1,292,449 to be paid as follows: (i) transfer of the land at a price of $1,208,021, and (ii) payment of the balance of $84,428 in ten equal monthly payments starting in January 2022. The settlement resulted in a gain on settlement of long-term debt of $18,025, as separately disclosed in the consolidated statements of comprehensive income (loss).

g) **Disposition of a Minority Interest Into a Company**
In the fourth quarter of 2021, the Corporation disposed of the investment of its minority interest in a private company, resulting in a $250,000 loss on disposal of an investment.

Dispositions of Properties in 2020

h) 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. (the "**JV**"). 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 the JV 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. This transaction resulted in a loss $1,731,346 related to fair value adjustment. 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.

i) Disposition of 117 Lépine Avenue, Gatineau

On October 22, 2020, the Corporation entered into an agreement with lenders for the reimbursement of loans in the aggregate amount of $3,880,000 and related accrued interest of $255,918, for a total of $4,135,918 by transferring the 117 Lépine Avenue property to the lenders for such total amount. Subsequently to such transaction, the JV purchased the said property from these lenders at a price of $4,163,000.

j) Disposition of a Land in Lévis.

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 to the lender, on December 31, 2020, the mortgaged land in Lévis. The lender also assumed payment of other current liabilities of $250,000 and accrued liabilities related to the property in the amount of $509,549. The agreement 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 arm's length offer by a third-party to the Lender. Such right was terminated during 2021 in accordance with the terms of the agreement.

k) Disposition of 9307-9077 Québec Inc.

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

l) Disposition of 9371-9904 Quebec Inc.

On December 31, 2020, the Corporation entered into an agreement with respect to selling its shares of its subsidiary 9371-9904 Quebec Inc. and related 395-425 Des Erables property for a total counterpart of $7,425,000, paid as follows: (i) assumption of mortgages in the amount of $5,076,357, and (ii) a balance of sale of $2,348,643. A gain on disposal of a subsidiary of $270,980 was realized on this transaction. The balance of sale is still a receivable as at December 31, 2021.

Financial Impacts Related to the Acquisitions and Dispositions of Properties in 2021 and 2020

Please refer to the tables below for the overall impacts of the none-cash transactions on the financial statements in the respective years and for the reconciliation of those liabilities arising from those transactions in the respective years.

	As at December 31 2021	As at December 31 2020
Balance of sale receivable	**-**	2,679,378
Investment properties	**(6,423,020)**	(41,785,251)
Investment in a joint venture	**-**	2,651,581
Bank mortgages	**(1,614,375)**	(14,757,514)
Other current liabilities	**-**	(4,781,217)
Long-term debt	**(4,494,071)**	(6,129,302)
Trade and other payables	**(332,599)**	(4,689,378)
Net loss (gain) on disposal of subsidiaries	**-**	(442,228)
Loss (gain) on settlement of long-term debt	**(18,025)**	4,225,027
Loss (gain) on settlement of other current liabilities	**-**	2,314,082

A reconciliation of the investment properties is as follows:

	Income Producing Properties		**Properties Under Development**		**Total**	
		2020	**2021**	2020	**2021**	2020
Balance, beginning of the year	**9,166,775**	42,117,270	**40,322,276**	52,373,275	**49,489,051**	94,490,545
Disposal of 9700 St-Laurent Boulevard, Montreal, Canada	**(1,550,000)**	-	**-**	-	**(1,550,000)**	-
Disposal of 475-489 Le Breton Street and 505-531 Le Breton Street, Longueuil, Canada	**(3,665,000)**	-	**-**	-	**(3,665,000)**	-
Disposal of 860 Cite-des-Jeunes Boulevard, St-Lazare, Canada	**-**	-	**(1,380,000)**	-	**(1,380,000)**	-
Transfer of assets in a joint venture	**-**	(9,000,000)	**-**	-	**-**	(9,000,000)
Disposal of 9307-9077 Quebec Inc.	**-**	(7,995,892)	**-**	-	**-**	(7,995,892)
Disposal of 9371-9904 Quebec Inc.	**-**	(7,425,000)	**-**	-	**-**	(7,425,000)
Settlement of liabilities	**-**	(6,450,000)	**(1,208,021)**	(10,914,358)	**(1,208,021)**	(17,364,358)
Acquisition of the Land in Alliston	**-**	-	**15,038,019***	-	**15,038,019**	-
Other acquisitions	**-**	-	**1***	-	**1**	-
(Decrease) Increase in fair value of investment properties	**648,225**	(2,383,001)	**40,581,539**	-	**41,229,764**	(2,383,001)
Borrowing costs	**-**	303,398	**4,552,744***	1,255,176	**4,552,744**	1,558,574
Development costs	**-**	-	**503,279***	74,723	**503,279**	74,723
Reclassified from (to) Land held for development	**-**	-	**18,115,163**	(2,466,540)	**18,115,163**	(2,466,540)
Reclassified to properties held for sale	**-**	-	**(1,800,000)**	-	**(1,800,000)**	-
Balance, end of year	**4,600,000**	9,166,775	**114,725,000**	40,322,276	**119,325,000**	49,489,051

* *In the cash flow from investing activities, the additions to investment properties of $10,112,539 resulted from the acquisition of the land in Alliston in an amount of $15,038,019 and other acquisition in an amount of $1, less deposits made in previous years in the amount of $628,760, plus the development costs of $503,279, and less the consideration paid in share in the amount of $4,800,000 (detailed in paragraphe d) above).*

SUBSEQUENT EVENTS

Acquisition in March 2022 of a 30% Interest in a 6-Plaza Portfolio in Ontario

In March 2022, Emergia has purchased an interest of approximately 30% of the total value of a portfolio comprised of six retail plazas in six cities in Ontario. The portfolio includes approximately 568,000 sq.ft. of GLA that is almost fully leased, with an additional development potential of approximately 196,000 sq.ft. of GLA, part of which are under negotiations for 2022.

The total purchase price for the acquisition of Emergia's interest is $41,031,152, which has been paid through the assumption of $28,968,732 of existing mortgages, the issuance of 9,776,800 Class "A" common shares at $1.00 per share, and the balance being paid in cash, including the deposits of $1,635,620.

Private Placements

On January 10, 2022, Emergia completed the closing of its previously announced private placement and issued an additional 4,857,020 units and 250,000 Class "A" common shares for total amount of $3,454,930, composed of $546,862 in cash and $2,908,067 in payment of outstanding debts. Each unit, issued at $0.68 per unit, was 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 Class "A" common share at a price of $1.25 per share until October 31, 2023. This closing includes the conversion of an important portion of the directors' and the Management's accrued compensation for an amount of $990,239 (representing 1,456,234 units) and the conversion of debts by creditors for an amount of $1,935,671 (representing 2,872,816 units) and $546,862 (representing 804,210 units) in cash.

On April 8, 2022, the Corporation completed another closing of a private placement for a total amount of $1,305,000 in cash, composed of $705,000 of unsecured convertible debentures and $600,000 in units of the Corporation at a price of $0.80 per unit. The debentures bear interest at the rate of 8% per year, accruing in arrears, payable semi-annually in cash or in Class "A" common shares of the Corporation. The debentures are convertible at the holder's option into one unit (the "**Debentures Units**") of the Corporation at a conversion price of $0.90. Each Debenture Unit is composed of one Class "A"common share in the capital of the Corporation and two (2) warrants of the Corporation: (i) a warrant of the Corporation entitling the holder thereof to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023 and (ii) a warrant of the Corporation entitling the holder thereof to purchase one Class "A" common share at a price of $1.50 per share until October 31, 2024. In the event that, during the term of the debentures, the volume weighted trading price of the Class "A" common shares for the last 20 days on the CSE is equal to, or greater than $1.50 per share, the Corporation may then force the conversion of the debentures into Debenture Units. Each unit, issued at $0.80 per unit, is 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 Class "A" common share at a price of $1.25 per share until October 31, 2023.

On April 14, 2022, an holder of unsecured convertible debentures converted an amount of $425,000 of its debentures into units of the Corporation at $0.85 per unit, each unit being composed of one Class "A" common share in the capital of the Corporation and two (2) warrants of the Corporation: (i) a warrant of the Corporation entitling the holder thereof to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023 and (ii) a warrant of the Corporation entitling the holder thereof to purchase one Class "A" common share at a price of $1.50 per share until October 31, 2024.

Related Party

In January 2022, a director waived and renounced to the payment of the 2% personal guarantee fee, accrued over the periods ending in December 2020 and 2021, and for the part of Q1-2022 for an amount totalling $1,360,000. The associated accrued liability is reduced accordingly.

Disposition

In February 2022, the Corporation disposed of half of its 50% interest in the joint venture to its co-shareholder for a price of $560,000 in reduction of a debt in the same amount. The Corporation maintained its option to buy back all the shares of its partner in the said joint venture until September 2023.

Results of **Operations**

The following sets out summary information and financial results for the three months and year ended December 31, 2021, and the comparable period in 2020.

NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

The following table reconciles the consolidated statements of income and comprehensive income on an IFRS basis to a proportionate basis, which is a non-IFRS measure, for the three months and years ended December 31, 2021 and 2020 . Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.

	December 31, 2021			December 31, 2020		
(in Canadian dollars)	**Consolidated Statement of Income Loss**	**Adjustment for Proportionate Share[1]**	**Proportionate Share[1]**	Consolidated Statement of Income Loss	Adjustment for Proportionate Share[1]	Proportionate Share[1]
Revenues	555,337	450,060	1,005,397	2,732,745	96,658	2,829,403
Operating expense	**201,259**	**424,094**	**625,353**	1,509,007	38,100	1,547,108
Operating income	354,078	25,966	380,044	1,223,738	58,558	1,282,295
Administrative expenses	2,171,779	807	2,172,586	2,387,720	16,176	2,400,970
Bad debt	-	-	-	368,229	-	368,229
Financing costs	2,748,332	222,726	2,971,058	4,882,170	32,362	4,914,532
Decrease in fair value of assets held for sale	-	-	-	500,000	-	500,000
Loss on sale of assets held for sale	-	-	-	22,000	-	22,000
Decrease (increase) in fair value of investment properties	(41,229,764)	(1,000,000)	(42,229,764)	2,383,001	-	2,383,001
Gain on disposal of a subsidiary	-	-	-	(442,228)	-	(442,228)
Loss on disposal of an investment	250,000	-	250,000	-	-	-
Depreciation of property and equipment	-	-	-	1,739	-	1,739
Share of net income from joint venture	(641,933)	-	(641,933)	(12,946)	-	(12,946)
Loss on settlement of other current liabilities	-	-	-	2,314,082	-	2,314,082
Loss on settlement of current and non-current liabilities	75,912	-	75,912	11,743,740	-	11,743,740
(Gain) Loss on settlement of long-term debt	(18,025)	-	(18,025)	4,225,027	-	4,225,027
Income (Loss) before income taxes	**36,997,777**	**802,433**	**37,800,210**	(27,148,796)	12,946	(27,135,850)
Income taxes	4,350,627	160,500	4,511,127	43,866	-	43,866
Net income (Loss) before income taxes	**32,647,150**	**641,933**	**33,289,083**	(27,192,662)	12,946	(27,179,716)
Basic - Weighted average number of Outstanding common shares	**29,714,699**		**29,714,699**	18,981,561		18,981,561
Dilutive - Weighted average number of Outstanding common shares	**42,689,680**		**42,689,680**	18,981,561		18,981,561
Basic - Net income (loss) per share	**$1.10**		**$1.12**	$(1.43)		$(1.43)
Dilutive - Net income (loss) per share	**$0.80**		**$0.81**	$(1.43)		$(1.43)

For the Three months ended December 31, 2021	For the Year ended December 31, 2021
On an IFRS basis, net income and comprehensive income for the three months ended December 31, 2021, increased by $54,352,023 over the comparable period in 2020, primarily due to the fair value adjustment of the investment properties of $39,411,845, partially offset by the related deferred tax expenses of $4,350,627, the administration expenses of $411,364 and the financing costs of $1,032,231.	On an IFRS basis, net income and comprehensive income for the year ended December 31, 2021, increased by $59,839,812 over the comparable period in 2020 primarily due to the increase in fair value adjustment of the investment properties of $43,612,765, combined with a decrease of administration expenses of $215,941 and financing costs of $2,133,838.

NET OPERATING INCOME[1]

In 2021, as part of its plan of action, Emergia disposed of income producing properties having a value of $5,215,000 to repay the associated $5,215,000 of related mortgages and short-term debts. As a result, the net operating income has decreased significantly in 2021 (76%) compared to 2020.

The following table reconciles operating income to net operating income, a non-IFRS measure (please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36).

	3 months	3 months		**12 months**	12 months	
Net Operating Income ("NOI")	**December 31, 2021**	December 31, 2020	% Change	**December 31, 2021**	December 31, 2020	% Change
Rental income	104,606	544,957		485,532	2,682,745	
Less: Property operating expenses	62,337	238,418		201,259	1,509,007	
NOI	**42,269**	306,539	**-86%**	**284,273**	1,173,738	**-76%**
Basic - Weighted average number of Outstanding common shares	**29,714,699**	18,981,561		**29,714,699**	18,981,561	
Dilutive - Weighted average number of Outstanding common shares	**42,689,680**	18,981,561		**42,689,680**	18,991,561	
Basic NOI per share	**$0.00**	$0.02		**$0.01**	$0.06	
Diluted NOI per share	**$0.00**	$0.02		**$0.01**	$0.06	

The Corporation operates in three different segments of the real estate industry: (i) ownership of revenue-producing multi-residential, commercial, industrial and office properties ("**Rental Income**"), (ii) development and sale of investment properties ("**Development Income**"), (iii) management of investment properties from associate and joint ventures ("**Management Fees**"). Operating performance of the Corporation is evaluated primarily based on the development of the properties and their change in fair value as well as operating income of these three segments. Centrally managed expenses such as interest, amortization, and general administrative costs are not included or allocated to operating segment results. As at December 31, 2021 and 2020, the Corporation does not have Development Income.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

The following table sets out the operating income by segment for the year ended December 31, 2021, and the comparable period in 2020.

	Income Producing Properties		Properties Under Development		Associates and Joint-Ventures		Corporation[a]		Consolidation	
For the years ended	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Total Assets	**4,600,000**	9,166,775	**114,725,000**	58,437,439	**4,956,459**	4,314,527	**7,018,644**	5,117,079	**131,300,104**	77,035,820
Rental income	**485,532**	2,682,745	-	-	-	-	**-**	-	**485,532**	2,682,745
Development income	**-**	-	-	-	-	-	**-**	-	**-**	-
Management Fees	**-**	-	-	-	-	-	**69,805**	50,000	**69,805**	50,000
Operating income	**284,273**	1,173,738	-	-	-	-	**69,805**	50,000	**354,078**	1,223,738

[a] *Represents the assets and revenues not included in the income producing properties, properties under development and associates and joint ventures but includes assets such as assets held for sale, the investment in companies, the receivables and other cash or cash equivalent assets.*

For the Three months ended December 31, 2021	For the Year ended December 31, 2021
The NOI[1] decreased by $264,270 or 86%, compared to the fourth quarter of 2020 primarily due to the disposal of income producing properties in early 2021 for the total value of $5,215,000 to repay existing mortgages and short-term debts.	The NOI[1] decreased by $889,465 or 76%, compared to the year 2020 primarily due to disposal of most income-producing properties in early 2021 for the total value of $5,215,000 to repay existing mortgages and short-term debts.

NET INCOME ATTRIBUTABLE TO SHAREHOLDERS

The reconciliation of FFO[1] for the year ended December 31, 2021 and 2020 is as follows:

	3 months	**3 months**		**12 months**	12 months	
Net Income (Loss) per share ("EPS")	**December 31, 2021**	December 31, 2020	$/% Change	**December 31, 2021**	December 31, 2020	$/% Change
Net Income (Loss) per share	**33,421,573**	(20,886,584)	**281%**	**32,647,150**	(27,148,796)	236%
Basic - Weighted average number of Outstanding common shares	**29,714,699**	18,981,561		**29,714,699**	18,981,561	
Dilutive - Weighted average number of Outstanding common shares	**42,689,680**	18,981,561		**42,689,680**	18,981,561	
Basic - Net income (loss) per share	**$1.12**	$(1.10)	$2.23	**$1.10**	$(1.43)	$2.53
Dilutive - Net income (loss) per share	**$0.80**	$(1.10)	$1.90	**$0.80**	$(1.43)	$2.23

For the Three months ended December 31, 2021	For the Year ended December 31, 2021
Net income attributable to common shareholders was $33,421,573 or $1.12 per share compared to -$20,886,584 or -$1.10 per share for the same prior year period. The increase of $2.23 per share is primarily due to the increase in the fair value adjustment of the investment properties, offset by the related increase in deferred tax expenses.	Net income attributable to common shareholders was $32,647,150 or $1.10 per share compared to -$27,148,796 or -$1.43 per share for the same prior year period. The increase of $2.53 per share is primarily due to the increase in the fair value adjustment of the investment properties offset by the related increase in deferred tax expenses.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

FUNDS FROM OPERATIONS (FFO)[1]

The reconciliation of FFO for the year ended December 31, 2021 and 2020 is as follows:

	3 months	3 months		**12 months**	12 months	
	December 31, 2021	December 31, 2020	$/% Change	**December 31, 2021**	December 31, 2020	$/% Change
Net income (loss) and comprehensive income (loss)	33,421,573	(20,930,450)		32,647,150	(27,192,662)	
Adjustments:						
(Gain) Loss in fair value adjustment in investment properties	(39,411,845)	651,655		(41,229,764)	2,383,001	
(Gain) Loss in fair value adjustment in assets held for sale	-	500,000		-	22,000	
(Gain) Loss on sale of assets held for sale	-	22,000		-	22,000	
(Gain) Loss on disposal of a subsidiary	-	(442,228)		-	(442,228)	
(Gain) Loss on disposal of an investment	-	-		250,000	-	
Loss on debt settlement	(18,025)	18,282,849		57,887	18,282,849	
Deferred tax expenses	4,086,761	-		4,086,761	-	
Depreciation of property and equipment	-	1,739		-	1,739	
FFO	**(1,921,536)**	(1,914,435)	**0%**	**(4,187,966)**	(6,445,301)	**35%**
Basic - Weighted average number of Outstanding common shares	**29,714,699**	18,981,561		**29,714,699**	18,981,561	
Dilutive - Weighted average number of Outstanding common shares	**42,689,680**	18,981,561		**42,689,680**	18,981,561	
Basic FFO per share	**$(0.06)**	$(0.10)	$0.04	**$(0.14)**	$(0.34)	$0.20
Dilutive FFO per share	**$(0.05)**	$(0.10)	$0.06	**$(0.10)**	$(0.34)	$0.24

On annual basis, FFO increased by 35% primarily due to the reduction in the loss on debt settlement which amounted to $18,282,849 in 2020 to only $57,887. The FFO is mainly negative, which is typical for a company in a development stage whose assets are mainly composed of properties under development and a small number of income producing properties. Due to unsignificant quarterly variance, it is less relevant to disclose the FFO measure on a quarterly basis.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

ADJUSTED FUNDS FROM OPERATIONS (AFFO)[1]

The reconciliation of AFFO for the year ended December 31, 2021 and 2020 is as follows:

	12 months	12 months	
	December 31, 2021	December 31, 2020	% Change
FFO	(4,187,966)	(6,445,301)	35%
Add (deduct):			
Change in Working Capital[a]	487,322	4,828,131	90%
AFFO	(3,700,644)	(1,617,170)	**-129%**

[a] The components of the change in working capital are as follows:

	12 months	12 months
	December 31, 2021	December 31, 2020
Receivables and other receivables	(119,910)	299,912
Prepaids and refundable deposits	(504,340)	(648,207)
Advances	-	32,381
Trade and other payables	847,706	5,100,179
Income tax payable	263,866	43,866
Change in working capital	487,322	4,828,131

The decrease in AFFO is largely due to the decrease in trade and other payables from $5,100,179 in 2020 to $847,706 as part of the efforts of Management in debt reduction (showing a net decrease of $4,252,473).

ADMINISTRATIVE EXPENSES

Administrative expenses for the three months and years ended December 31, 2021 and 2020, are as follows:

	3 months	**3 months**	**12 months**	12 months
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
Consulting and professional fees	**(400,752)**	(630,475)	**1,269,903**	1,327,896
Management fees	**812,116**	370,328	**901,876**	1,059,824
	411,364	689,839	**2,171,779**	2,387,720

Consulting fees include consultation services related to the development projects. Professional fees include accounting and legal fees, listing fees, and other professional services. Management fees include the compensation of the board of directors, and key management personnel. In January 2022, the directors' compensation has totally been paid in stocks for an amount of $96,498 and the fees payable to key management personnel has also mostly been paid in shares of the Corporation, for an amount of $778,498. In 2021, management changed the comparative figures in order to better represent the nature of the fees, which resulted in a reclassification from Consulting and professional fees to management fees. Overall, administrative expenses were reduced in 2021 compared to 2020 due to management efforts in reducting costs.

[1] A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.

For the Three months ended December 31, 2021	For the Year ended December 31, 2021
Consulting and professional fees were negative both in the fourth quarter of 2020 and 2021 due to the change in comparative figures in order to better represent the nature of the fees. There was a net increase of $229,723 in the fourth quarter 2021 compared to the same period in 2020 due to the increasing equity financings and development activities related to two properties under development. Management fees increased by $441,788 compared to the same period in 2020 mainly due to the reclassification from consulting fees and professional fees. Overall, management fees decrease due to the reduction in the salary of one key management personnel.	For the year ended December 31, 2021, the consulting and professional fees decreased by $57,993 from the comparable period, primarily due to management overall efforts in cost reduction among the increasing activities in equity financings, business development activities, and in the acquisitions. Management fees decreased by $157,866 compared to the same period in 2020 mainly due to the reduction in the salary of one key management personnel.

FINANCING COSTS

Financing costs for the three months and years ended December 31, 2021, and 2020, are as follows:

	3 months December 31, 2021	3 months December 31, 2021	**12 months December 31, 2021**	12 months December 31, 2020
	$	$	**$**	$
Interest	**474,370**	1,015,138	1,626,190	**3,468,941**
Financing and other fees	**557,861**	116,848	1,122,142	**1,413,229**
	1,032,231	1,131,986	2,748,332	**4,882,170**

For the Three months ended December 31, 2021	For the Year ended December 31, 2021
Financing costs decreased by $99,755 over the comparative quarter mainly due to the overall decrease in the debt.	Financing costs decreased by $2,133,838 from the comparable period, primarily due to financing costs related to the new convertible debentures and some new debts, issued to acquire one investment property.

INCOME TAX

For the three months and the year ended December 31, 2021, the current income tax expense $263,866 and the deferred tax expenses of $4,086,761 brought the total tax expenses to $4,350,627, compared to $43,866 and $0 , respectively, over the same prior year periods. The increase of $220,000 in income tax and $4,086,761 in deferred taxes was primarily due to the gain realised on disposed investment properties and on the unrealized gain on the fair value of investment properties.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

Capital Structure **and Liquidity**

The Corporation's capital resources and liquidity are used to fund capital investments including development activity, leasing costs, interest expense and future distributions to Shareholders. The primary source of liquidity is net operating income generated from rental properties, which is dependent on rental and occupancy rates, the structure of lease agreements, leasing costs, and the rate and amount of capital investment and development activity, among other variables.

The Corporation has financed its operations through the use of equity, mortgage debt secured by rental properties, unsecured debentures and unsecured term loans. The Corporation's objective is to maximize financial flexibility while continuing to strengthen the balance sheet. Management intends to achieve this by continuing to access the equity market, unsecured debenture market and unsecured loan market.

CASH FLOWS

	Three months ended December 31		Year ended December 31	
	2021	2020	**2021**	2020
Cash provided from (used in) operating activities	1,036,587	6,348,905	(2,866,622)	(1,139,075)
Cash provided from (used in) financing activities	1,066,953	(317,828)	11,955,236	799,619
Cash provided from (used in) investing activities	(1,726,067)	(5,983,419)	(8,732,539)	465,000
Net change in cash and cash equivalents	**377,473**	**47,658**	**356,075**	**125,544**

Operating Activities

Cash flow from operating activities represents the Corporation's primary source of liquidity for servicing debt and funding planned revenue sustaining expenditures, corporate expenses and future dividends to shareholders.

For the Three months ended December 31, 2021	For the Year ended December 31, 2021
Cash flows provided by operating activities during the three months period ended December 31, 2021 were $1,036,587 compared to $6,348,905 for the same period in 2020. The 2021 cash inflow is primarily due to the year-end adjustment to reflect the non-cash payment of consultant fees (share based payment), and capitalised interest expenses through out the year. The 2020 cash inflow is higher than 2021 due to the higher value of non-cash settlement of consulting fees, and payables.	Cash flows used in operating activities for the year ended December 31, 2021 were -$2,866,622 compared to -$1,139,075 for the same period in 2020. This increase in cash used is mainly related to the lesser value of share-base payment in 2021 compared to 2021, and in the significant reduction in payables, as shown in the change in working capital.

Investing Activities

For the Three months ended December 31, 2021	For the Year ended December 31, 2021
Cash flows used in investing activities during the three months period ended December 31, 2021 were $1,726,067 compared to $5,983,419 used for the same period in 2020. The cash flows used for the three months ended December 31, 2021 were related to development costs related to properties under development. The cash flows used in the same period in 2020 were due to the fact that most disposals were realised in the first three quarters of 2020 and were recorded as disposals. However, the 2020 year end adjustment resulted in a net disposal of $465,000.	Cash outflows from investing activities for the year ended December 31, 2021 were $8,732,539 compared to $465,000 cash inflows for the same period in 2020. This increase in cash outflow is mainly due to the acquisition of one property under development in Ontario, which more than offset a disposal of one other property under development.

Financing Activities

For the Three months ended December 31, 2021	For the Year ended December 31, 2021
Cash inflows from financing activities during the three months period ended December 31, 2021 were $1,066,953 compared to $317,828 of cash outflows for the same period in 2020. This increase is primarily due to the convertible debentures issued in October and November in the amount of $3 million.	Cash inflows from financing activities for the year ended December 31, 2021 were $11,955,236 compared to $799,619 for the same period in 2020. This increase is primarily due to the issuance of convertible debentures for an amount of $13,260,000 for which proceeds have been used to purchase the 99.44 acre land in Alliston, reimburse short-term debts and provide deposits for the acquisition of the 6-Plazas in Ontario (Please refer to the "Subsequent Events" section of this MD&A on page 72).

LIQUIDITY

Liquidity risk exists due to the possibility of the Corporation not being able to generate sufficient cash flow, and/or not having access to sufficient debt and equity capital to fund its ongoing operations and growth and to refinance or meet existing payment obligations. The Corporation manages its liquidity risk by staggering debt maturities, renegotiating expiring credit arrangements proactively and issuing equity when deemed appropriate. The Corporation's funding is provided in the form of short and long-term debts as well as the issuance of shares and other equity instruments, and convertible debentures. The Corporation is mitigating the liquidity risk by negotiating new equity and debt financing, and may also sell certain investment properties. Already, in 2022, an important amount of the short-term debt has been reimbursed through debt conversion in units, comprising one Class "A" common share and one warrant exercisable until October 31, 2023 to buy one Class "A" common share per warrant at a price of $1.25 per share, issuance of convertible debentures.

Sources of liquidity primarily consist of cash flow from operations, cash and cash equivalents, and proceeds of equity and debt issuances. The following table summarizes the Corporation's liquidity position as at December 31, 2021:

	Notes	2021	2020
Operating activities		**$**	$
Cash flows from investing activities		**(2,866,622)**	(1,139,075)
Investing activities			
Cash flows from investing activities		**(8,732,539)**	465,000
Financing activities			
Cash flows from financing activities		**11,955,236**	799,619
Net change in cash		**356,075**	125,544
Cash (bank overdraft), beginning of year		**81,861**	(43,683)
Cash, end of year		**437,936**	81,861

The Corporation has historically used mortgages, loans, unsecured convertible debentures, and equity issuances to finance its growth and repay debt. The actual level and type of future borrowings will be determined based on prevailing interest rates, various costs of debt and equity capital, capital market conditions and Management's view of the appropriate leverage for the business. There is no guarantee that the Corporation will succeed in obtaining additional debt or equity financing or be able to alter the future cash flow forecast. However, with the Corporation's success in 2020 and in 2021 and again in early 2022, to obtain equity financing and to strategically dispose of assets, to significantly reduce its short-term debt, and to renegotiate the terms and conditions of its senior debts, Emergia has proven its ability to meet its obligations as they become due. Therefore, Management believes that it has sufficient resources to meet its operational and investing requirements in the near and longer term based on the availability of capital.

OUTSTANDING DEBT AND PRINCIPAL MATURITY PROFILE

Debt Management

As mentioned above, Emergia has proven its ability to meet its obligations as they become due in the past years, through equity financing, debt conversion in shares, issuance of convertible debentures and renegotiating the terms of existing debt. Management seeks to refinance the Corporation's current debts in better terms and conditions with respect to the term and interest rate. Emergia also seeks flexibility in maintaining the overall debt level of the portfolio, taking into account the changing market conditions, interest rates and refinancing risk, and the availability of financing, Generally, Emergia tends to finance itself primarily with long-term, fixed-rate debt and seeks to maintain a conservative debt to gross book value ratio.

As at December 31, 2021, Emergia's Global Debt Ratio1 stood at 47.2% (64.6% as at December 31, 2020) consisting of the total debts divided by the total assets. Bank mortgages represented approximately 4.8% of total debt, convertible debentures represented approximately 26.7%, while long-term debt represented approximately 50.3%. As at December 31, 2021, the weighted average annual contractual rate was 9.17% (9.49% as at December 31, 2020), and the weighted average annual contractual term was 1.5 years (0.5 years as at December 31, 2020)

As at December 31, 2021, 100% of the Corporation's total debt was fixed rate.

Debt Summary

The following table summarises the debt situation of the Corporation

	As at December 31, 2021			As at December 31, 2020		
	Amount	**Weighted average contractual rate**	**Weighted average contractual term (years)**	Amount	Weighted average contractual rate	Weighted average contractual term (years)
Mortgages payable	**3,005,653**	**3.86%**	**0.9**	4,717,696	3.86%	2.9
Convertible debentures	**16,588,327**	**9.12%**	**1.9**	5,109,103	12%	0.5
Long-term debt	**31,177,135**	**14.55%**	**1.5**	32,987,718	12.61%	0.5
Other (current liabilities)	**11,254,819**	**n/a**	**n/a**	6,982,025	n/a	n/a
Total debt	**62,025,934**			49,796,542		
Less: Cash and cash equivalents	**437,936**			81,861		
Net debt	**61,587,998**			49,714,681		

The maturity profile including scheduled amortization of the Corporation's bank mortgages, long-term debts as well as its convertible debentures as at December 31, 2021 is summarized in the table below:

As at December 31, 2021	Bank Mortgages	Long-Term Debt	Convertible Debentures	Total	% Due
2022	3,005,653	-	2,247,304	5,252,957	100
2023	-	31,177,135	14,341,023	45,518,158	100
Thereafter	-	-	-	-	-
Total	**3,005,653**	**31,177,135**	**16,588,327**	**50,771,115**	**100**

The Corporation's strategy is to manage its long-term debt by staggering maturity dates to mitigate risk associated with short-term volatility in the debt markets. The Corporation also intends to maintain financial flexibility to support a reasonable cost of debt and equity capital over the long term.

Convertible Debentures

As at December 31, 2021, the balance of convertible debentures payable was $16,588,327, an increase of $11,479,224 from $5,109,103 as at December 31, 2020. This increase is explained mainly by the financing of the 99.44 acres land in Alliston ($9,000,000), and for the reimbursement of short-term debt and working capital ($3,000,000). As at December 31, 2021, the weighted average contractual rate was 9.12% and the effective weighted average Interest rate was 14.87%.

The principal amount outstanding and the carrying value for the convertible debentures issued by the Corporation are as follows:

							December 31, 2021	December 31, 2020
	NOTES	Issuance Date	Maturity Date	Coupon Rate	Effective Rate	Outstanding Principal	Carrying Value	Carrying Value
							$	$
Convertible Debenture	a)	2021-03-10	2023-05-02	6.00%	15.00%	9,000,000	8,320,796	-
Convertible Debenture	b)	2020-02-01	2023-06-30	12.00%	15.00%	3,877,200	3,721,828	4,231,070
Convertible Debenture	c)	2021-10-29 2021-11-29	2023-10-29 2023-11-29	8.00%	15.00%	3,000,000	2,298,399	-
Convertible Debenture	d)	2021-04-15 2021-05-14 2021-07-02	2022-04-15 2022-05-14 2022-07-02	20.00% 20.00% 24.00%	15.00%	500,000 500,000 500,000	1,717,683	-
Convertible Debenture	e)	2019-07-31	2022-02-28	10.00%	10.00%	427,545	430,941	778,033
Convertible Debenture	f)	2020-06-15	2022-06-14	12.00%	15.00%	100,000	98,680	100,000
							16,588,327	5,109,103
Current portion							2,247,304	778,033
							14,341,023	**4,331,070**

a) On March 10, 2021, the Corporation issued convertible debentures in the amount of $9,000,000, The convertible debentures, secured by investment properties, have the interests and the principal payable at the maturity, and embedded with a conversion option into Class "A" Common shares at a price of $1.00 per share. They were issued to acquire the land in Alliston. Please refer to the "Acquisitions and Dispositions" Section of this MD&A on page 69.

b) On February 1, 2020, the Corporation issued secured convertible debentures in the amount of $4,420,000. The convertible debentures, secured by investment properties, have the interests and the principal payable at the maturity, and are embedded with a conversion option into Class "A" Common shares at a price of $1.00 per share. Any early redemption is without any penalty, provided a 30-day notice to the investor to allow same to exercise its conversion right, should it 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 convertible debenture was partially reimbursed for an amount of $1,250,000 in May 2021, with $707,200 first allocated to the accrued interests payable and $542,800 to the principal. The early redemption generated adjustment to both the fair value of the financial liability and conversion components. The Corporation allocated the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the redemption. According to IFRS 9 – Financial Instruments, the Corporation has the choice to record the difference between the carrying amount allocated to the part derecognised and the consideration paid for the part derecognised, either as a gain or loss in the consolidated statements of comprehensive income (loss) or as an element of other comprehensive income through contributed surplus. The Corporation recorded that difference in other comprehensive income, presented in the fair-value adjustment on the conversion options in the reconciliation of the convertible debentures.

In December 2021, the Corporation has been granted an extension of the term, which was initially on January 31, 2022, to June 30, 2023 with no other changes. Adjustment to the fair value of the financial liability was recorded. components were recorded.

c) On October 29, 2021 and November 29, 2021, the Corporation issued for a total amount of $3,000,000 of unsecured convertible debentures. The unsecured convertible debentures are issued as part of the Corporation's private placement. The interests are payable semi-annually at an annual rate of 8% either in cash or in shares. They are embedded with a conversion option into "Unit" consisting of one Class "A" common share, one warrant exercisable at $1.25 until October 31, 2023, and one additional warrant exercisable at a price of $1.50 per share until October 31, 2024. The Corporation may force the conversion if the volume weighted trading price of the Class "A" common shares for the last 20 days on the CSE is equal or higher than $1.50. The cash in the amount of $240,000 and warrant broker commissions in the amount of 282,352 warrants (valued at $147,594 using Black-Scholes Model), are treated as financing costs and amortised throughout the term of the convertible debentures.

d) On April 15, 2021, May 14, 2021 and July 2, 2021, the Corporation issued $500,000 of convertible debentures on each such date for a total of $1,500,000. The convertible debentures, guaranteed by a director, have the interests and the principal payable at the maturity, and are embedded with a conversion option into Class "A" common shares at a price of $1.00 per share. This specific financing was contracted in view of the acquisition of an income producing portfolio in Ontario (please refer to the "Subsequent Events" section of this MD&A on page 72).

e) On July 31, 2019, the Corporation issued convertible debentures in an amount of $743,382. The convertible debentures, initially secured by all present and future residential properties of the Corporation, are payable along with the promissory notes listed into Long-Term Debt (Current Portion) 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, with accrued interests and principal payable on February 28, 2022. Partial redemption in the amount of $700,000 was done on December 2, 2021. The convertible debenture is still outstanding and payable on demand with all accrued interests as of the approval date of the financial statements.

f) On June 15, 2020, the Corporation issued convertible debentures in the amount of $100,000. The convertible debenture, unsecured and held by an officer, has the interests and the principal payable at the maturity, and are embedded with a conversion option into units comprising one Class "A" common share and one warrant exercisable at a price of $1.25 per Class "A" common share until October 31, 2023. The conversion price is the lesser of $0.75 or the price of the shares issued to investors through a public financing of the Corporation prior to the maturity date.

A reconciliation of the convertible debentures is as follows:

	Host instruments	Conversion Options	Total
	$	$	$
Balance at December 31, 2019	**1,043,382**	**-**	**1,043,382**
New issuances	4,260,250	259,750	4,520,000
Amortization of transaction costs	-	-	-
Accretion on convertible debentures	105,471	-	105,471
Fair value adjustment on conversion options	-	-	-
Capitalized interests	-	-	-
Repurchase	(100,000)	-	(100,000)
Conversion	(200,000)	-	(200,000)
Balance at December 31, 2020	**5,109,103**	**259,750**	**5,368,853**
Issuance of new convertible debentures, net of transaction costs	11,196,391	1,916,015	13,112,406
Deferred income tax liability – conversion option	-	(533,368)	(533,368)
Amortization of transaction costs	24,436	-	24,436
Accretion on convertible debentures	1,138,017	-	1,138,017
Fair value adjustment on conversion options	-	96,691	96,691
Capitalized interests	53,871	-	53,871
Repurchase	(933,491)	-	(933,491)
Conversion	-	-	-
Balance at December 31, 2021	**16,588,327**	**1,739,088**	**18,327,415**

Bank Mortgages

As at December 31, 2021, the balance of bank mortgages payable was $3,005,653, down of $88,438 from $3,094,091 as at December 31, 2020. This decrease corresponds to the reimbursement schedule of the said mortgage loan.

	Notes	Interest rate	Maturity	2021	2020
				$	$
Secured fixed rate mortgages	a)	3.85 % (2020 – 3.85%)	November 2022	3,005,653	3,094,091
Secured fixed rate mortgages	b)	3.88 % (2020 – 3.88%)	April 2022	-	1,623,605
				3,005,653	4,717,696
Current portion				3,005,653	144,693
				-	4,573,003

a) The mortgage loan, initially in the amount of $3,300,000, is secured by an investment property (121 Lépine Avenue), and a guarantee from a director, bearing a fixed interest rate of 3.85%, capital and interest payable in monthly payments of $17,094, maturing in November 2022. The mortgage is expected to be renewed at its maturity date.

b) The mortgage loan, initially in the amount of $1,900,000, was secured by two investment properties (475-489 Le Breton Street, 505-531 Le Breton Street), and a guarantee from two third parties, bearing a fixed interest rate of 3.88%, capital and interest payable in monthly payments of $9,815, maturing in April 2022. The mortgage was fully reimbursed at the disposal of the investment properties in the second quarter of 2021. Please refer to the "Acquisitions and Dispositions" Section of this MD&A on page 69.

Long-Term Debt

	Weighted Average Interest rate	Maturity	2021	2020
			$	$
Secured	9.38 % (2020 – 7.70 %)	June 2023	**6,434,582**	5,883,970
Secured, and guaranteed	17.16 % (2020 – 15.77 %)	June 2023	**22,053,539**	23,823,245
Unsecured	8.54 % (2020 – 7.91 %)	June 2023	**2,268,308**	1,930,154
Unsecured, and guaranteed	7.23% (2020 – 7.36 %)	June 2023	**420,706**	1,350,349
Total			**31,177,135**	32,987,718
Current portion			**2,443,811**	25,853,778
			28,733,324	7,133,940

As at December 31, 2021, the long-term debt payable was $28,733,324 compared to $7,133,940 as at December 31, 2020. This increase is primarily due to the conversion of some short-term debt in long-term as per agreements with the lenders. The Corporation has been granted an extension of the maturity to June 30, 2023 for the majority of the loans, with the interests and capital being paid at the maturity. The weighted average of interest rates in 2021 is higher than in 2020 because the 2021 interest expenses, for some extended loans, are calculated based on the new principal amount, consisting of the accumulated unpaid interests calculated at the previous maturity dates and the original principal amounts. There is no other change in the loan agreements at the extension date.

Global Debt Ratio[1]

Global Debt Ratio[1] is a non-IFRS measure used by Emergia to manage debt levels. Global Debt Ratio[1] is calculated by adding all the debts divided by all the assets.

	December 31, 2021	December 31, 2020
	$	$
Total current liabilities	**13,956,458**	33,383,529
Total non-current liabilities	**48,069,476**	16,413,013
Total liabilities	**62,025,934**	49,796,542
Current assets	**7,016,144**	2,185,201
Non-current assets	**124,283,960**	74,850,619
Total assets	**131,300,104**	77,035,820
Global Debt ratio	**47.2%**	64.6 %

The Corporation reduced its global debt ratio to 47.5% at year-end 2021 from 64.6% in December 2020.

Adjusted Real Estate Debt Ratio[1]

Adjusted Real Estate Debt Ratio[1] is a non-IFRS measure used by Emergia to manage debt levels. Adjusted Real Estate Debt Ratio[1] is Adjusted Real Estate Debt[1] divided by the Adjusted Real Estate Assets[1].

Adjusted Real Estate Assets[1]	**December 31, 2021**	December 31, 2020
	$	$
Adjusted Real Estate Assets[1]	**124,719,396**	72,000,602
Adjusted Real Estate Debt[1]	**50,771,115**	42,814,517
Adjusted Real Estate Debt Ratio[1]	**40.7%**	59.5%

COMMITMENTS AND CONTINGENCIES

Contractual Obligations

The Corporation's contractual maturities of its material financial liabilities and other contractual commitments, as at December 31, 2021 are set out in the tables above (Bank mortgages, Convertible debentures, and Long-term debt).

Contingencies

Emergia is involved in litigation and claims which arise from time to time in the normal course of business. None of these contingencies, individually or in aggregate, would result in a liability that would have a significant adverse effect on the financial position of the Corporation.

SHAREHOLDERS' EQUITY

Shareholders' equity amounted to $62,274,170 as at December 31, 2021, compared to $27,239,278 as at December 31, 2020. The increase was primarily due to the reclassification the portion of the Bromont land that was previously classified as "Land held for development", and valued at cost, and is now presented as investment properties as "Properties under Development", at fair value as appraised by third-party appraisers.

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

Share Capital

Shares issued and outstanding as of December 31, 2021 and 2020 are as follows:

	Number	2021	Number	2020
		$		$
Class "A" common shares	**28,393,194**	**74,695,200**	19,839,374	67,000,387
Class "B" common shares	**4,510,891**	**6,153,286**	4,510,891	6,153,286
	32,904,085	**80,848,486**	24,350,265	73,153,673

During the period, the Corporation issued units at a price of $0.76 and $0.78 per unit respectively, each unit comprising one warrant entitling the holder to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023. As at December 31, 2021, 3,459,702 units were issued for a total of $2,694,813 consisting of $1,436,726 paid in cash, $944,585 for accounts payable and debt settlement, $313,502 as payment for consultation services.

The Corporation also issued 4,800,000 Class "A" common shares at a total price of $4,800,000 as partial payment for the acquisition of the land in Alliston (please refer to "Acquisitions and Dispositions" section of this MD&A on page 69).

In addition to the above, 294,118 units were reserved for issuance, each unit comprising one warrant entitling the holder to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023, at a unit price of $0.68, for the $200,000 received in advance, in view of the private placement offering that closed in January 2022.

The settlement of those current and non-current liabilities resulted in an increase of $944,585 in Class "A" common shares, $64,856 in Warrants and $75,912 in loss from the settlement of current and non-current liabilities.

At various dates during the year 2020, the Corporation issued 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 Class "A" common share at a price of $1.25 per 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 Class "A" common shares, $6,113,817 in warrants and $11,743,740 in loss from the settlement of current and non-current liabilities. In 2020, 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 and 634,884 outstanding Class "B" common shares were subject to an escrow agreement. Those shares were released on March 23, 2021. As at December 31, 2021, there was no shares in escrow.

Warrants

The following is a continuity of the warrants outstanding and exercisable as at December 31, 2021:

		As at December 31, 2021 Weighted Average Exercisable		As at December 31, 2020 Weighted Average Exercisable	
	Expiration date	Number	Price	Number	Price
Beginning balance		**9,651,158**	**1.25**	15,000	2.00
Issuance of warrants	December 31, 2021	**-**	**-**	9,651,158	1.25
Issuance of warrants	October 31, 2023	**3,744,654**[a]	**1.25**	-	-
Issuance of warrants	October 31, 2023	**294,118**[b]	**1.25**	-	-
Expiration of warrants		**-**	**-**	(15,000)	2.00
		13,689,930	**1.25**	9,651,158	1.25

[a] *Including 284,952 number of warrants issued as broker warrant commission.*

[b] *Warrants reserved for issuance, along with 294,118 Class "A" common shares (reserved for issuance), for the $200,000 received in advance of the private placement offering in January 2022*

On October 13, 2021, the Board of Directors approved the extension of the warrant maturity dates to all warrant holders, except warrant brokers. The extension being granted to all warrant holders, including the extension for the warrants issued as part of debt settlement, but excluding the broker warrants, there was no accounting impact to the Corporation.

With the new grant date, being the extension approval date, and the maturity date extended to October 31, 2023, the weighted average remaining contractual life for the warrants outstanding as of December 31, 2021 was increased to 2.02 years.

The Corporation deems the Black-Scholes Model appropriate to calculate the fair value of these warrants, considered as equity instruments, and uses the following compounded values of a share price at the time of issuance of $0.90, an exercise price of $1.25, a risk-free rate of 0.72%, volatility of 122.33%, vesting immediately, and an average life of 2.02 years from the extension approval date, resulting in a fair value of the warrant of $0.46. 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.

NET ASSET VALUE[1]

The NAV[1] has increased by $0.89 to $2.33 during the year 2021, which increase is mainly due to the reclassification of a portion of the Bromont land previously classified as "Land held for development", and valued at cost, and is now presented as investment properties as "Properties under Development", at fair value as appraised by third-party appraisers (Please refer to the "Change in Use of Assets" section of this MD&A on page 53).

The Corporation's NAV[1] is calculated in the following table:

	As at December 31, 2021	As at December 31, 2020
	$	$
Assets		
Current assets	**7,016,144**	2,185,201
Non-current assets	**124,283,960**	74,850,619
Total Assets	**131,300,104**	77,035,820
Liabiliites		
Current liabilities	**13,956,458**	33,383,529
Non-current liabilities	**48,069,476**	16,413,013
Total Liabilities	**62,025,934**	49,796,542
Net Asset Value[1]	**69,274,170**	27,239,278
NAV per Share[1] – basic[a]	**2.33**	1.44
NAV per Share[1] – dilutive[a]	**1.62**	1.44

[a] *The number of shares on a weighted average basis at December 31, 2021 was 29,714,699 (18,981,561 at year-end 2020) and 42,689,680 on a dilutive basis (18,981,561 at year-end 2020).*

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

REAL ESTATE NET ASSET VALUE[1]

The Real Estate NAV[1] increased by $0.95 to $2.49 during the year 2021, which increase is mainly due to increase in fair value of investment properties net of related deferred taxe expenses. (Please refer to "Change in Use of Assets" section of this MD&A on page 53).

The Corporation's Real Estate NAV is calculated in the following table:

	As at December 31, 2021	As at December 31, 2020
	$	$
Investment properties	**119,325,000**	49,489,051
Land held for development	**-**	18,115,163
Investment in a joint venture	**3,306,460**	2,664,527
Investment in an associate	**1,650,000**	1,650,000
Cash and cash equivalents	**437,936**	81,861
Adjusted Real Estate Assets[a]	**124,719,396**	72,000,602
Total mortgage principal outstanding	**3,005,653**	4,717,696
Convertible debentures	**16,588,327**	5,109,103
Total long-term debt	**31,177,135**	32,987,718
Adjusted Real Estate Debta	**50,771,115**	42,814,517
Real Estate NAV[1]	**73,948,281**	29,186,085
Real Estate NAV per Share[1] basic[a]	**2.49**	1.54
Real Estate NAV per Share[1] dilutive[a]	**1.73**	1.54

[a] *The number of shares on a weighted average basis at December 31, 2021 was 29,714,699 (18,981,561 at year-end 2020) and 42,689,680 on a dilutive basis (18,981,561 at year-end 2020).*

[1] *A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 36.*

Related Party **Transactions**

During the year ended December 31, 2021, the Corporation entered into transactions with related parties, which include the Corporation's key personnel and entities that are controlled by officers or directors of the Corporation. Key management includes directors and senior executives. All transactions with related parties occurred in the normal course of operations and are measured at their fair value as determined by management and the Board of Directors.

During the year ended December 31, 2021, the Corporation incurred $901,876 in management fees as compared to $1,059,824 during the same period in 2020. Overall, there is a decrease in management fees by an amount of $157,948, resulting from a reduction in the salary charge of key management personnel.

Furthermore, during the year ended December 31, 2021, the Corporation incurred $554,312 in consulting fee with a company controlled by a director and officer and a company controlled by a director of the Corporation compared to $264,620 as of December 31, 2020. The increase was due to the reclassification of the compensation of key management personnel into Management fees in 2020.

Also, during the year ended December 31, 2021, the Corporation accrued a fee of 2% ($1,296,379) for the personal guarantees given by a director on the Corporation's secured liabilities. The expense related to this fee is presented within financing costs as compared to $705,583 during the same period from the previous year. This amount has been waived in January 2022 by the director.

Amounts owed to companies controlled by directors and officers reached $2,225,651 as at December 31, 2021 as compared to $1,787,624 as at December 31, 2020 to consider consulting fees and financing fees related to the year ended December 31, 2021. Amounts payable owed to directors and officers also decreased from $892,821 as at December 31, 2020 to $ 619,982 to consider quarterly board of direction compensation, and management fees.

During the year ended December 31, 2021, the CEO subscribed to 1,602,564 units at a price of $0.78 per unit, which were issued by the Corporation for a total amount of $1,250,000; each unit comprising one Class "A" common share and one warrant entitling the holder to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023. During the year ended December 31, 2021, other key management personnel has also converted part of their remuneration and subscribed to 198,719 units at a price of $0.78 per unit, for an amount of $155,000; each unit comprising one Class "A" common share and one warrant entitling the holder to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023.

Financial **Instruments**

As at December 31, 2021 and December 31, 2020, the Corporation's financial instruments consisted of cash, receivables, refundable deposits, trade and other payables, convertible debentures, bank mortgages and long-term debt.

Recognition and measurement of financial instruments

Financial assets must be classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset.

Initially, all financial assets and financial liabilities are recorded in the consolidated statements of financial position at fair value, adjusted for transaction costs (where applicable), and are recognized when the Corporation becomes a party to the contractual provisions of the instrument in question.

Financial assets subsequent to initial recognition are classified and measured based on three categories:

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

Financial liabilities are classified and measured at amortized cost.

After initial recognition, the effective interest related to financial assets and liabilities measured at amortized cost and the gain or loss arising from the change in the fair value of financial assets or liabilities classified as FVTPL are included in net income (loss) for the year in which they arise. At each consolidated balance sheet date, financial assets measured at amortized cost or at FVOCI, except for investment in equity instruments, require an impairment analysis using the expected credit loss model to determine the expected credit losses using judgment determined on a probability weighting basis. 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.

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 consolidated statements of financial position when there is a legally enforceable right to offset the amounts recognized and an intention either to settle on a net basis or to realize the asset and settle liabilities simultaneously.

The following summarizes the classification and measurement of financial assets and liabilities:

Assets/Liabilities	Classification
Financial Assets	
Cash	Amortized cost
Receivables and Other receivables	Amortized cost
Refundable deposits	Amortized cost
Investment in a private company	FVTPL
Financial Liabilities	
Trade and other payables	Amortized cost
Convertible debentures	Amortized cost
Bank mortgages	Amortized cost
Long-term debt	Amortized cost

Subsequent measurement of financial assets

After their initial recognition at fair value, 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 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 whos 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 inital recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

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. As of December 31, 2021, the investment in a private company was disposed.

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.

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.

Subsequent measurement of Financial Liabilities

After their initial recognition at fair value, financial liabilities are measured at amortized cost, using the effective rate method.

Transaction Costs

Transaction costs are incremental costs directly related to the acquisition of a financial asset or the issuance of a financial liability.

Direct and indirect financing costs that are attributable to the issue of financial liabilities measured at amortized cost are presented as a reduction from the carrying amount of the related debt and are amortized using the effective interest rate method over the term of the related debt. These costs include interest, amortization of discounts or premiums relating to borrowings, fees and commissions paid to lenders, agents, brokers and advisers, that are incurred in connection with the arrangement of borrowings.

Accounting Estimates **and Assumptions**

Critical Accounting Estimates, Assumptions and Judgments

The preparation of the consolidated financial statements requires Management to make judgments and estimates in applying the Corporation's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes.

Critical accounting estimates and assumptions are discussed in Emergia's audited consolidated financial statements for the year ended December 31, 2021, and the notes contained therein.

Significant Accounting Policies

Accounting policies and any respective changes are discussed in the Corporation's audited consolidated financial statements for the year ended December 31, 2021, and the notes contained therein .

Disclosure Controls and **Internal Controls**

Management, including the President and Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("**ICFR**") to provide reasonable assurance that all information prepared by the Corporation for external purposes is reliable and timely. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS.The Corporation's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately reflect the transactions of the Corporation; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Corporation's assets that could have a material effect on the Corporation's consolidated Financial Statements. Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements.

As a venture issuer, the Corporation is not required to certify the design and evaluation of the Corporation's disclosure controls and procedures ("**DC&P**") and ICFR, and as such as not completed such an evaluation. Shareholders should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 52-109 – Certification in Issuer's Annual and Interim Filings may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In addition, ICFR cannot provide absolute assurance of achieving financial reporting objectives because of their inherent limitations. ICFR is a process that involved human diligence and compliance and is subject to lapses in judgment and breakdowns resulting in human failures. ICFR can also be circumvented by collusion or improper management override. Because of such limitations, there is risk that material misstatements may not be prevented or detected on a timely basis by ICFR. However, these inherement limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Risks and **Uncertainties**

Emergia's focus is on small to medium size portfolios of mixed-use properties in Canada, mainly in the provinces of Quebec and Ontario, which diversified portfolio is more resilient to changing markets and macro-economic conditions. However, there are certain risks inherent in an investment in the shares of the Corporation and the activities of Emergia. The risks and uncertainties described in this MD&A are those the Corporation currently believes to be material, but they are not the only ones it faces. If any of the following risks, or any other risks and uncertainties that the Corporation has not yet identified or that it currently considers not to be material, actually occur or become material, the Corporation's business, guidance, prospects, financial condition, results of operations and cash flows and consequently the price of the shares could be materially and adversely affected.

Risk Factors Related to the Business of Emergia

Going Concern

In the preparation of the consolidated financial statements, management is required to identify when events or conditions indicate that there is material uncertainty related to such events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. Significant doubt about the Corporation's ability to continue as a going concern would exist when relevant conditions and events, considered in the aggregate, indicate that the Corporation will not be able to meet its obligations as they become due for the period of at least, but not limited to, twelve months from the end of the reporting period. When the Corporation identifies conditions or events that raise potential for significant doubt about its ability to continue as a going concern, the Corporation considers whether its plans that are intended to mitigate those relevant conditions or events will alleviate the potential significant doubt.

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. 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 pay or refinance its debts as they come due and to execute its contemplated business plan and ultimately achieve profitable operations. As at December 31, 2021, the Corporation has improved its consolidated statements of financial position with the achievements in 2021, as described further below. The Corporation continues to take actions to strengthen its financial position, with concrete transactions executed as of the date of these consolidated financial statements, in debt and equity financing, debt conversion and acquisition of an interest in a portfolio of income producing properties (please refer to the "Subsequent Events" section of this MD&A on page 72). The consolidated statements of comprehensive income (loss) have also improved, with a net income of $32,647,150 for the year ended December 31, 2021, compared to a net loss of $27,148,796 for the year ended December 31, 2020. Although the 2021 net income is a result of the increase of the fair value of the assets, the operations loss would have been limited to $4,053,301 without the increase in the fair value of the investment properties, compared to a loss of $27,148,796 in 2020.

The Corporation's conclusions about its ability to continue as a going concern for the next twelve months involves significant judgment and is dependent on the Corporation's ability to successfully sell the properties held for sale in accordance with its plan or obtain additional debt or equity funding or manage its discretionary spending to maintain sufficient cash flows from operations. Management believes that it has the ability to realize all of the afore-indicated actions in accordance to its plan. There is no guarantee that the Corporation will succeed in the selling of assets or obtaining additional debt or equity financing or be able to alter the future cash flow forecast. However, with the Corporation's success in 2020 and in 2021 to obtain equity financing, to dispose of assets, to significantly reduce its short-term debt, to renegotiate the terms and conditions of its senior debts, including the maturity date of the debt relating to the Bromont property to June 2023 and the discussions underway to refinance the said debt before the end of its term, and with the Corporation's success since the beginning of 2022 (please refer to the "Subsequent Events" section of this MD&A on page 72), Emergia has proven its ability to meet its obligations as they become due. After considering its plans to mitigate the going concern risk, management has concluded that it has been able to reduce certain material uncertainties related to events or conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern and is continuing to execute on its business plans to ultimately achieve profitable operations.

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.

COVID-19 Pandemic

Since March 2020, the outbreak of the novel strain of COVID-19 resulted in governments enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, closure of non-essential businesses, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Governments have reacted with interventions intended to stabilize economic conditions.

With the increasing percentage of the population being vaccinated, provincial governments have lessened restrictions, which has led to a more positive outlook for future economic growth. Despite the positive impact of vaccination programs throughout Canada, industries, including retail and commercial real estate, continue to be affected to varying degrees by the pandemic. It continues to be difficult to predict the duration and impact of the pandemic, if any, on the Corporation's business and operations, both in the short and long-term. Given the evolving circumstances surrounding the pandemic, the duration and severity of any future waves and/or viral strains, the availability and distribution of vaccines, the severity of its impact on the Corporation's business, operations and financial results cannot be estimated with certainty as the extent of the impact will largely depend on future developments, including actions taken to contain the pandemic.

Adverse consequences may include, but are not limited to, business continuity interruptions, disruptions and increased costs of development activities and property operations, unfavorable market conditions, and threats to the health and safety of employees, all of which may impact both the Corporation, the Corporation's tenants and the communities in which the Corporation operates.

As at December 31, 2021, as the majority of the investment properties of the Corporation are under development, the Corporation's results have not been significantly impacted by the spread of COVID-19. COVID-19 has however an impact on the timing of the development projects as the construction on such projects have been delayed from the original plan and on the lease-up period of certain properties that have been completed shortly before the initial COVID-19 emergence. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time and could have a material impact on the Corporation's future financial position and results of operations and cash flows. Emergia cannot predict the extent and severity of the economic disruption flowing from the global pandemic.

Access to Capital and Debt Financing

The real estate industry is capital intensive. Emergia requires access to capital to pay its short-term debt, to maintain its properties, as well as to fund its growth strategy and capital expenditures from time to time. There can be no assurances that the Corporation will have access to sufficient capital (including debt financing) on terms favourable to Emergia for future property acquisitions and developments, for the financing or refinancing of properties, for funding operating expenses or for other purposes. Failure to raise or access capital in a timely manner or under favourable terms could have a material adverse effect on Emergia's financial position and results of operations.

Indebtedness

Emergia is subject to risk associated with debt financing. The availability of debt to re-finance existing and maturing debts and the cost of servicing such debt will influence Emergia's success. The Corporation may not be able to refinance its existing debt or renegotiate the terms of repayment at favourable rates.

A portion of Emergia's cash flows is dedicated to servicing its debt, and there can be no assurance that Emergia will generate sufficient cash flows from operations to meet required interest or principal payments. Emergia has and will continue to have substantial outstanding consolidated indebtedness. Emergia is subject to the risks associated with debt financing, including the risk that Emergia may be unable to make interest or principal payments or meet loan covenants, the risk that defaults under a loan could result in cross defaults or other lender rights or remedies under other loans, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be favourable. In such circumstances, Emergia could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing, and its ability to make property capital investments could be adversely affected.

The Corporation's financial liabilities have contractual maturities as summarized below:

2021	$	$	$	$
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
Trade and other payables	5,951,958		-	-
Convertible debentures	1,736,533	620,000	18,007,500	-
Bank mortgages	46,547	2,959,106	-	-
Long term debt	2,443,811	-	33,561,798	-
Total	**10,178,849**	**3,579,106**	**51,569,298**	**-**

2020	$	$	$	$
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
Trade and other payables	6,563,159	-	-	-
Convertible debentures	-	778,033	5,669,888	-
Bank mortgages	162,441	162,441	4,605,159	-
Long term debt	25,114,111	865,634	7,133,970	-
Total	**31,839,711**	**1,806,108**	**17,409,017**	**-**

As at December 31, 2021, the Corporation was either in compliance with or had received accommodations from its creditors with respect to their debt covenants.

The Corporation is mitigating the liquidity risk by negotiating new equity and debt financing, and by committing to sell the properties held for sale within the next twelve months. Already, in 2022, an important amount of the short-term debt has been reimbursed (please refer to the "Subsequent Events" section of this MD&A on page 72). There is no guarantee that the Corporation will succeed in the selling of such properties or obtaining additional debt or equity financing or be able to alter the future cash flow forecast. However, with the Corporation's success in 2020 and in 2021 and again in 2022, to obtain equity financing and to dispose of assets, to significantly reduce its short-term debt, and to renegotiate the terms and conditions of its senior debts, Emergia has proven its ability to meet its obligations as they become due. Based on its performance to date and the support of its lenders and creditors, management believes that the liquidity risk described above is not significant and that there are no material uncertainties related to the Corporation's capacity to meet its obligations when they become due.

Interest Rate

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Emergia monitors its interest rate exposure on an ongoing basis. The Corporation requires financial resources to complete the implementation of its strategy which includes refinancing of short-term debt, acquisition of income producing properties and development of currently owned projects. The successful implementation of Emergia's strategy will require cost effective access to additional funding. There is a risk that interest rates may increase which could impact long-term borrowing costs and negatively impact financial performance. As at December 31, 2021 and December 31, 2020, bank mortgages, convertible debentures, long-term debts and other current liabilities are at fixed interest rates, and the refinancing of any short-term debt underway is expected to reduce the current interest rates, therefore mitigating the Corporation's risk to interest rates.

Ownership of Immovable Properties

All real property investments are subject to risk exposures. Such investments are affected by general economic conditions, local real estate markets, demand for leased premises, competition from other vacant premises, municipal valuations and assessments, and various other factors.

The value of immovable properties and improvements thereto may also depend on the solvency and financial stability of tenants, the economic environment in which they operate and the increase in interest rates. Emergia's income would be adversely affected if one or more major tenants or a significant number of tenants were unable to meet their lease obligations or if a significant portion of vacant space in Emergia's properties cannot be leased on economically favourable lease terms, or simply re-leased. In the event of default by a tenant, delays or limitations may be experienced in enforcing Emergia's rights as a lessor and substantial costs may be incurred to protect Emergia's investment. The ability to rent unleased space in Emergia's properties will be affected by many factors, including the level of general economic activity and competition for tenants by other similar properties. The failure to rent unleased space on a timely basis or at all or at rents that are equivalent to or higher than current rents would likely have an adverse effect on Emergia's financial position and the value of its properties.

Certain significant expenditures, including property taxes, operating and maintenance costs, capital repairs and enhancements, hypothecary payments, insurance costs and related charges must be made throughout the period of ownership of immovable properties regardless of whether the property is producing any income. In order to retain desirable rentable space and to generate adequate revenue over the long term, Emergia must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which Emergia may not be able to recover from its tenants. In addition, property tax reassessments based on updated appraised values may occur, which Emergia may not be able to recover from its tenants. As a result, Emergia could have to bear the economic cost of such operating costs and/or taxes which may adversely impact Emergia's financial condition and results from operations. Numerous factors, including the age of the relevant building, the materials used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization. In addition, if Emergia is unable to meet mortgage payments on a property, a loss could be sustained as a result of the mortgage creditor's exercise of its hypothecary remedies.

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit Emergia's ability to adjust its portfolio promptly in response to changing economic or investment conditions or in the event it seeks to sell real estate assets as a source of liquidity. In recessionary times, it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession Emergia may be faced with ongoing expenditures with a declining prospect of incoming revenue. In such circumstances, it may be necessary for Emergia to dispose of properties at lower prices to generate sufficient cash for operations. Considering Emergia's diversified portfolio, management considers this risk as being not significant.

Leases for Emergia's properties, including those of significant tenants, will mature from time to time over the short and long term. There can be no assurance that Emergia will be able to renew any or all of the leases upon maturity or that rental rate increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may adversely impact Emergia's financial position and results of operations.

Reporting Investment Property at Fair Value

Emergia holds investment property to earn rental income, for capital appreciation or both. All investment property is measured using the fair value model, whereby changes in fair value are recognized for each reporting period in the consolidated statements of comprehensive income (loss).

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 statements date.

An appraisal is an estimate of market value and caution should be used in evaluating data with respect to appraisals. It is a measure of value based on information gathered in the investigation, appraisal techniques employed and reasoning both quantitative and qualitative, leading to an opinion of value. Market assumptions applied for appraisals and valuation purposes do not necessarily reflect Emergia's specific history or experience and the conditions for realizing the fair values through a sale may change or may not be realized. In addition, there is an inherent risk related to the reliance on and use of a limited number of appraisers, as this approach may not adequately capture the range of fair values that market participants would assign to the investment properties. Emergia mitigates this risk by undertaking a detailed review of the assumptions utilized by the appraiser in its valuation, which includes a comparison of such assumptions to the corresponding benchmarks derived from management's own observations of market transactions. Downturns in the real estate market could negatively affect Emergia's operating revenues and cash flows; such a downturn could also significantly impact the fair values of Emergia's investment properties, as well as certain of its financial ratios and covenants.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is the full carrying value of the financial instrument. Exposure to credit risk relates to cash, receivables and other receivables. Emergia is exposed to credit risk resulting from the possibility that counterparties could default on their financial obligations to the Corporation. Emergia mitigates the risk of credit loss through careful selection of tenants and look to obtain national tenants or tenants in businesses with a long-standing history or perform financial background checks including business plan reviews for smaller tenants. We manage our concentration risk by renting to an expansive tenant base, with no dependency on rents from any one specific tenant. The maximum exposure as at December 31, 2021 and December 31, 2020 is the carrying amount of these instruments, the credit risk is not significant.

Environmental Matters

As an owner of real property, Emergia could, under various federal, provincial and municipal laws, become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances or address such matters through alternative measures prescribed by the governing authority, may adversely affect Emergia's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against Emergia by private plaintiffs or governmental agencies. Emergia is not aware of any material non-compliance, liability or other claim in connection with any of its properties, nor is Emergia aware of any environmental condition with respect to any of its properties that it believes would involve material expenditures by Emergia. In order to mitigate the environmental risk, the Corporation has a well established practice to proceed to Environmental Study Assesments for each properties. Also, where appropriate, Emergia includes environmental liability clauses in its leases to ensure tenants comply with environmental laws and regulations.

Climate Change

Natural disasters and severe weather such as floods, blizzards and rising temperatures may result in damage to the properties. The extent of Emergia's casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. Emergia is also exposed to risks associated with inclement winter weather, including increased need for maintenance and repair of its buildings. In addition, climate change, to the extent it causes changes in weather patterns, could have effects on Emergia's business by increasing the cost of property insurance, and/or energy at the properties. As a result, the consequences of natural disasters, severe weather and climate change could increase Emergia's costs and reduce Emergia's cash flow.

Legal Risks

Emergia's operations are subject to various laws and regulations across all of its operating jurisdictions and Emergia faces risks associated with legal and regulatory changes and litigation.

Competition

Emergia competes for suitable immovable property investments with individuals, corporations and other institutions which are presently seeking, or which may seek in the future, immovable property investments similar to those desired by Emergia. Many of those investors have greater financial resources than Emergia.

In addition, numerous property developers, managers and owners compete with Emergia in seeking tenants. The existence of competing developers, managers and owners and competition for Emergia's tenants could have an adverse effect on Emergia's ability to lease space in its properties and on the rents charged, and could adversely affect Emergia's revenues and, consequently, its ability to meet its debt obligations.

Property Development

Information regarding Emergia's development projects, development costs, capitalization rates and expected returns are subject to change, which may be material, as assumptions regarding items such as, but not limited to, tenant rents, building sizes, leasable areas, project completion timelines and project costs, are updated periodically based on revised site plans, Emergia's cost tendering process, continuing tenant negotiations, demand for leasable space in Emergia's markets, the obtaining of required building permits, ongoing discussions with municipalities and successful property re-zonings. There can be no assurance that any assumptions in this regard will materialize as expected and any changes in these assumptions could have a material adverse effect on Emergia's development program, asset values and financial performance.

Growth Strategy

Emergia's growth strategy will depend in large part on identifying suitable acquisition opportunities that meet Emergia's investment criteria. In addition, growth strategy will be affected by purchase price, ability to obtain adequate financing or financing on reasonable terms, consummating acquisitions (including obtaining necessary consents) and effectively integrating and operating the acquired properties. Acquired properties may not meet financial or operational expectations due to unexpected costs associated with acquiring the property, as well as the general investment risks inherent in any real estate investment or acquisition, including future refinancing risks. Moreover, newly acquired properties may require significant management attention or property capital investments that would otherwise be allocated to other properties. If Emergia is unable to manage its growth and integrate its acquisitions effectively, its business, operating results and financial condition could be adversely affected.

Joint Ventures and Co-ownerships

Emergia participates in joint ventures, partnerships and similar arrangements that may involve risks and uncertainties associated with third-party involvement, including, but not limited to, Emergia's dependency on partners, co-tenants or co-venturers that are not under our control and that might compete with Emergia for opportunities, become bankrupt or otherwise fail to fund their share of required capital contributions, or suffer reputational damage that could have an adverse impact on Emergia. Additionally, our partners might at any time have economic or other business interests or goals that are different than or inconsistent with those of the Corporation and may require Emergia to take actions that are in the interest of the partners collectively, but not in Emergia's sole best interests. Accordingly, the Corporation may not be able to favourably resolve issues with respect to such decisions, or the Corporation could become engaged in a dispute with any of them that might affect its ability to operate the business or assets in question.

Retention of Employees and Executives

The success of Emergia depends to a significant extent on the efforts and abilities of its executive officers and other members of management, as well as its ability to attract and retain qualified personnel to manage existing operations and future growth. The loss of an executive officer or other key employee could lead to material disruption to the business.

Cyber Security

A cyber security incident includes any material adverse event that threatens the confidentiality, integrity and/or availability of Emergia's information resources. Such events, intentional or unintentional, could include malicious software attacks, unauthorized access to confidential data or information systems, or security breaches and could lead to a disruption of operations or unauthorized access to, and release of, confidential information. The results could include reputational damage with tenants and suppliers, financial costs, or a disruption to Emergia's business. Cyber incidents are becoming more frequent and more sophisticated. Emergia has implemented processes, procedures and controls to help mitigate these risks, and has made it a priority to better educate and train all team members on cyber security. These measures, however, as well as Emergia's increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by the occurrence of any such event.

Government Regulation

Emergia and its properties are subject to various government statutes and regulations. Any change in such statutes or regulations that is adverse to Emergia and its properties could affect Emergia's operating results and financial performance.

Insurance

Emergia carries a blanket comprehensive general liability and a property policy including insurance against fire, flood, extended coverage and rental loss insurance, with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (generally of a catastrophic nature such as wars or environmental contamination) which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, Emergia could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but Emergia would continue to be obligated to repay any hypothecary recourse or mortgage indebtedness on such properties.

Risk Factors Related to the Ownership of Securities

Market Price

A publicly traded real estate company will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the shares may trade at a premium or a discount to values implied by the initial appraisal of the value of its properties or the value of such properties from time to time.

Structural Subordination of Securities

In the event of a bankruptcy, liquidation or reorganization of Emergia or any of its subsidiaries, holders of certain of their indebtedness will generally be entitled to payment of their claims from the assets of Emergia and those subsidiaries before any assets are made available for distribution to the holders of securities. The securities will be effectively subordinated to most of the other indebtedness and liabilities of Emergia and its subsidiaries. Neither Emergia nor any of its subsidiaries will be limited in their ability to incur additional secured or unsecured debts.

Dilution

Subject to applicable laws, Emergia is authorized to issue an unlimited number of shares for the consideration, and on the terms and conditions, that the Board of directors determines, without shareholders' approval. Shareholders have no pre-emptive right in connection with any further issuance. The Board of directors has the discretion to issue additional shares in other circumstances pursuant to Emergia's stock option plan. Any issuance of additional shares may have a dilutive effect on the holders of shares.

Dividends are not Guaranteed

There can be no assurance regarding the amount of income to be generated by Emergia's properties. The ability of Emergia to pay dividends will be entirely dependent on the operations and assets of Emergia and its subsidiaries, and will be subject to various factors including financial performance and results of operations, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from anchor tenants and capital expenditure requirements.

GOING FORWARD

EMERGIA

Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

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Management's **Report**

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 and the independent auditors. The Committee reports its findings to the Board, which approves the consolidated financial statements before they are submitted to the shareholders of Emergia.

Raymond Chabot Grant Thornton LLP (the "**Auditors**"), the independent auditors of Emergia, have audited the consolidated financial statements of Emergia in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the consolidated financial statements. The Auditors have direct and full access to, and meet periodically with the Committee, both with and without management present.

HENRI PETIT
Chairman, President and CEO

RATHA SIV, CPA auditor, CMA
Chief financial officer

Independent **Auditor's Report**

Raymond Chabot Grant Thornton

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, 2021 and 2020, and the consolidated statements of comprehensive income (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, 2021 and 2020, 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 1 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 6, 2022

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

Consolidated Statements of **Financial Position**

As at December 31, 2021 and 2020 (in Canadian dollars)

	Notes	2021	2020
Assets		**$**	$
Current assets			
Cash		**437,936**	81,861
Receivables and other receivables	**11**	**2,989,083**	189,795
Prepaids and deposits	**10**	**1,789,125**	1,913,545
Properties held for sale	**6, 7**	**1,800,000**	-
Total current assets		**7,016,144**	2,185,201
Non-current assets			
Other receivables	**11**	**-**	2,679,378
Investment properties	**6**	**119,325,000**	49,489,051
Land held for development		**-**	18,115,163
Investment in a joint venture	**8**	**3,306,460**	2,664,527
Investment in an associate	**6, 8**	**1,650,000**	1,650,000
Investment in a private company	**5g**	**-**	250,000
Property and equipment		**2,500**	2,500
Total non-current assets		**124,283,960**	74,850,619
Total assets		**131,300,104**	77,035,820
Liabilities			
Current liabilities			
Trade and other payables	**12**	**5,951,958**	6,563,159
Income tax payable	**17**	**307,732**	43,866
Current portion of convertible debentures	**13**	**2,247,304**	778,033
Current portion of bank mortgages	**14**	**3,005,653**	144,693
Current portion of long-term debt	**15**	**2,443,811**	25,853,778
Total current liabilities		**13,956,458**	33,383,529
Non-current liabilities			
Convertible debentures	**13**	**14,341,023**	4,331,070
Bank mortgages	**14**	**-**	4,573,003
Long-term debt	**15**	**28,733,324**	7,133,940
Deferred income tax liabilities	**17**	**4,995,129**	375,000
Total non-current liabilities		**48,069,476**	16,413,013
Total liabilities		**62,025,934**	49,796,542
Shareholders' equity			
Share capital	**18**	**80,848,486**	73,153,673
Warrants	**19**	**6,327,418**	6,113,827
Contributed surplus	**13**	**1,744,157**	264,819
Deficit		**(19,645,891)**	(52,293,041)
Total shareholders' equity		**69,274,170**	27,239,278
Total liabilities and shareholders' equity		**131,300,104**	77,035,820

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

On behalf of the Board of Directors: *(signed) Joseph Gianci, Director* *(signed) François Castonguay, Director*

Consolidated Statements of **Comprehensive Income (Loss)**

For the years ended December 31, 2021 and 2020
(in Canadian dollars except for share amounts)

	Notes	2021	2020
		$	$
Revenue	**9**	**555,337**	2,732,745
Operating expense		**201,259**	1,509,007
Operating income		**354,078**	1,223,738
Administrative expenses	**23**	**2,171,779**	2,387,720
Bad debt		**-**	368,229
Financing costs	**23**	**2,748,332**	4,882,170
Decrease in fair value of properties held for sale		**-**	500,000
Loss on sale of properties held for sale		**-**	22,000
Decrease (increase) in fair value of investment properties	**6**	**(41,229,764)**	2,383,001
Gain on disposal of a subsidiary		**-**	(442,228)
Loss on disposal of an investment	**5g**	**250,000**	-
Depreciation of property and equipment		**-**	1,739
Share of net income from joint venture	**8**	**(641,933)**	(12,946)
Loss on settlement of other current liabilities		**-**	2,314,082
Loss on settlement of current and non-current liabilities	**18**	**75,912**	11,743,740
Loss (gain) on settlement of long-term debt	**5f**	**(18,025)**	4,225,027
Income (Loss) before income taxes		**36,997,777**	(27,148,796)
Income taxes	**17**	**4,350,627**	43,866
Net income (loss) and comprehensive income (loss) for the year		**32,647,150**	(27,192,662)
Basic and diluted net income (loss) per outstanding common share	**20**		
- Basic		**1.10**	(1.43)
- Diluted		**0.80**	(1.43)
Weighted average number of outstanding common shares	**20**		
- Basic		**29,714,699**	18,981,561
- Diluted		**42,689,680**	18,981,561

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

Consolidated Statements of **Shareholders' Equity**

For the years ended December 31, 2021 and 2020

(in Canadian dollars except for share amounts)

	Share capital					
	Number of shares	**Amount**	**Warrants**	**Contributed Surplus**	**Retained Earnings (Deficit)**	**Total Equity**
	#	**$**	**$**	**$**	**$**	**$**
Balance on December 31, 2020	**24,350,265**	**73,153,673**	**6,113,827**	264,819	**(52,293,041)**	**27,239,278**
				-	-	**1,009,441**
Settlement of current and non-current liabilities	**1,209,029**	**944,585**	**64,856**	**-**	**-**	**1,785,461**
Issued under a private placement	**2,142,867**	**1,636,726**	**148,735**	**-**	**-**	**313,502**
Issued for consultation services	**401,924**	**313,502**	**-**	**-**	**-**	
Issuance of convertible debentures, net of taxes	**-**	**-**	**-**	**1,479,338**	**-**	**1,479,338**
Issued for an acquisition	**4,800,000**	**4,800,000**	**-**	**-**		**4,800,000**
Net income and comprehensive income	**-**	**-**	**-**	**-**	**32,647,150**	**32,647,150**
Balance on December 31, 2021	**32,904,085**	**80,848,486**	**6,327,418**	**1,744,157**	**(19,645,891)**	**69,274,170**
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 on December 31, 2020	**24,350,265**	**73,153,673**	**6,113,827**	**264,819**	**(52,293,041)**	**27,239,278**

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

Consolidated Statements of
Cash Flows

For the years ended December 31, 2021 and 2020
(in Canadian dollars)

	Notes	2021	2020
Operating activities		**$**	$
Net Income (Loss)		**32,647,150**	(27,192,662)
Adjustments for			
Consulting services paid in shares	**18**	**313,502**	29,850
Amortization of transaction costs on convertible debentures	**16**	**24,436**	-
Non-cash interest expense	**16**	**1,138,017**	211,191
Gain on disposal of a subsidiary		**-**	(442,228)
Decrease in fair value of properties held for sale		**-**	500,000
Bad debt		**-**	250,000
Loss on sale of properties held for sale		**-**	22,000
Depreciation of property and equipment		**-**	1,739
Decrease (Increase) in fair value of investment properties	**5c, 6**	**(41,229,764)**	2,383,001
Share of net income from joint venture	**8**	**(641,933)**	(12,946)
Loss on disposal of an investment	**5g**	**250,000**	-
Loss on settlement of current and non-current liabilities	**18**	**75,912**	11,743,740
Loss on settlement of current liabilities		**-**	2,314,082
Loss (Gain) on settlement of long-term debt	**5f**	**(18,025)**	4,225,027
Deferred income tax expense	**17**	**4,086,761**	-
		(3,353,944)	(5,967,206)
Changes in working capital items	**22**	**487,322**	4,828,131
Cash flows from operating activities		**(2,866,622)**	(1,139,075)
Investing activities			
Proceeds on disposal of Investment properties	**6**	**1,380,000**	-
Proceeds on disposal of properties held for sale		**-**	465,000
Additions to investment properties	**5d, 6**	**(10,112,539)**	-
Cash flows from investing activities		**(8,732,539)**	465,000
Financing activities			
Credit line		**-**	(3,950,000)
Issuance of units and warrants	**18**	**1,636,726**	200,000
Convertible debentures	**16**	**13,260,000**	4,520,000
Repayment of convertible debentures	**16**	**(933,491)**	(100,000)
Bank mortgages		**-**	29,618
Repayment of bank mortgages	**16**	**(97,668)**	(832,727)
Long-term debt	**16**	**1,350,000**	3,106,378
Repayment of long-term debt	**16**	**(3,260,331)**	(2,173,650)
Cash flows from financing activities		**11,955,236**	799,619
Net change in cash		**356,075**	125,544
Cash (bank overdraft), beginning of year		**81,861**	(43,683)
Cash, end of year		**437,936**	81,861

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

Notes to the Consolidated **Financial Statements**

As at December 31, 2021 and December 31, 2020
(in Canadian dollars except share amounts)

NOTE 1. INFORMATION ON THE CORPORATION AND GOING CONCERN

Emergia Inc. together with its subsidiaries (collectively 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 and excess land. As at December 31, 2021, the Corporation holds income producing properties, properties under development and properties held for sale.

The Corporation was incorporated on April 7, 2014 under the laws of the province of British Columbia, and is governed, since January 19, 2018, by the Canada Business Corporations Act. The Corporation is publicly listed on the Canadian Securities Exchange ("**CSE**") and its ticker symbol is "EMER". The principal address and records office of the Corporation are located at 402 – 185 Avenue Dorval, Dorval, Quebec, Canada H9S 5J9.

In the preparation of the consolidated financial statements, management is required to identify when events or conditions indicate that there is material uncertainty related to such events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. Significant doubt about the Corporation's ability to continue as a going concern would exist when relevant conditions and events, considered in the aggregate, indicate that the Corporation will not be able to meet its obligations as they become due for the period of at least, but not limited to, twelve months from the end of the reporting period. When the Corporation identifies conditions or events that raise potential for significant doubt about its ability to continue as a going concern, the Corporation considers whether its plans that are intended to mitigate those relevant conditions or events will alleviate the potential significant doubt.

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. 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 pay or refinance its debts as they come due and to execute its contemplated business plan and ultimately achieve profitable operations. As at December 31, 2021, the Corporation has improved its consolidated statements of financial position with its achievements in 2021, as described further below. The Corporation continues to take actions to strengthen its financial position, with concrete transactions executed as of the date of these consolidated financial statements, including debt and equity financing, debt conversion and acquisition of an interest in a portfolio of income producing properties (refer to Note 29 -Subsequent Events). The consolidated statements of comprehensive income (loss) have also improved, with a net income of $32,647,150 for the year ended December 31, 2021, compared to a net loss of $27,192,662 for the year ended December 31, 2020.

The Corporation's conclusions about its ability to continue as a going concern for the next twelve months involves significant judgment and is dependent on the Corporation's ability to successfully sell the properties held for sale in accordance with its plan or obtain additional debt or equity funding or manage its discretionary spending to maintain sufficient cash flows from operations. Management believes that it has the ability to realize all of the afore-indicated actions in accordance to its plan. There is no guarantee that the Corporation will succeed in the selling of assets or obtaining additional debt or equity financing or be able to alter the future cash flow forecast. However, with the Corporation's success in 2020 and in 2021 to obtain equity financing, to dispose of assets, to significantly reduce its short-term debt, to renegotiate the terms and conditions of its senior debts, including the maturity date of the debt relating to the Bromont property to June 2023 and the discussions underway to refinance the said debt before the end of its term, and with the Corporation's success since the beginning of 2022 (refer to Note 29 -Subsequent Events), Emergia has proven its ability to meet its obligations as they become due. After considering its plans to mitigate the going concern risk, management has concluded that it has been able to reduce certain material uncertainties related to events or conditions that may cast significant doubt upon the Corporation's ability to continue as a going concern and is continuing to execute on its business plans to ultimately achieve profitable operations.

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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Compliance

The consolidated financial statements of the Corporation for the years ended December 31, 2021, and 2020, are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The policies set out below were consistently applied to all the years presented unless otherwise noted.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting judgments, estimates and assumptions that affect the amounts reported. The Corporation's basis for applying judgments, estimates and assumptions to its accounting policies are described in Note 3 - Critical Accounting Estimates, Assumptions and Judgments below.

These consolidated financial statements were approved and authorized for issuance by the Corporation's Board of Directors on May 6, 2022.

B. Basis of Presentation

The consolidated financial statements have been prepared on a historical cost basis except for Investment properties (Note 6) and Properties held for sale (Note 7) which are measured at fair value. The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

C. Basis of Consolidation

The Corporation's consolidated financial statements consolidate those of Emergia Inc. and all its subsidiaries as of December 31, 2021. All subsidiaries have a reporting date of December 31 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 2H - Interest in Joint Arrangements and in Note 2I - Interest in Associates, the investment in the joint venture and the investment in an associate are 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 material subsidiaries as at December 31, 2021 were:

	2021	2020
Emergia Real Estate Quebec Inc.	100%	100%
Bromont I Limited Partnership	100%	100%
9216-3583 Québec Inc.	100%	100%
9335-5709 Québec Inc.	100%	100%
Emergia Pure Bromont Inc.	100%	100%
Emergia Real Estate Inc.	100%	100%
Aux 22 Sentiers Inc.	100%	100%
GHP Real Estate Corporation Inc.	100%	100%
Emergia Asset Management Quebec Inc.	100%	100%
Emergia Canada Inc.	100%	0%
Emergia Real Estate Ontario Inc.	100%	0%
Lupa Investments Inc.	100%	100%
NTA Development Corporation	100%	0%

D. Investment Properties

Investment properties consist of income producing properties held to earn rental income, and properties under development (including excess land), being constructed or developed for future use to earn rental income or for capital appreciation or both.

Investment properties are measured initially at cost. Cost includes all amounts relating to the acquisition (including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management and excluding transaction costs related to a business combination) and improvement of the properties. All costs associated with upgrading and extending the economic life of the existing facilities, other than ordinary repairs and maintenance, are capitalized to investment property. Included in these costs are internal amounts that are directly attributable to a specific investment property which are capitalized to the extent that they upgrade or extend of the economic life of the asset.

Subsequent to initial recognition, investment properties are recorded at fair value, in accordance with International Accounting Standard 40, "Investment Properties" ("**IAS 40**"). Fair value is determined based on a combination of internal and external processes and valuation techniques, as discussed in Note 6 - Investment Properties. Gains and losses arising from differences between current period fair value and the sum of previously measured fair value and capitalized costs as described above are recorded in profit or loss in the consolidated statements of comprehensive income (loss) in the period in which they arise.

Investment properties are reclassified to "Properties Held for Sale" when the criteria set out in IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations ("**IFRS 5**") are met (refer to Note 2F - Properties Held for Sale).

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

Excess land represents land owned by the Corporation located contiguous to land included as investment property. The Corporation has the ability to develop additional income producing properties on this excess land or sell it separately from the investment property at a later date. Excess land is held for capital appreciation, and therefore, is treated as investment property and recorded in accordance with IAS 40 as outlined above. When determining the fair value of a project with excess land, the capitalization rate used in determining the value is adjusted accordingly.

Income Producing Properties

Investment properties that are income producing are appraised primarily based on an income approach that reflects stabilized cash flows or net operating income from existing tenants with the property in its existing state, since purchasers typically focus on expected income. Internal valuations are conducted using and placing reliance on both the direct capitalization method and the discounted cash flow method (including the estimated proceeds from a potential future disposition).

Additions to income producing properties are expenditures incurred for the expansion and/or redevelopment of existing income producing properties that result in additional gross leasable area and are considered revenue producing capital expenditures. Extending and improving the productive capacity of leasable area of existing income producing properties owned by the Corporation requires significant on-going capital expenditures. The Corporation considers its operating capital expenditures to be the following:

- Property capital: Major expenditures such as parking lot resurfacing and roof replacements which are significant items of improvement incurred pursuant to a capital plan are capitalized and recoverable from tenants under the terms of their leases over the useful life of the improvements. All other repair and maintenance costs are expensed when incurred.

- Direct leasing costs: These include direct third-party brokerage fees incurred in the successful negotiation of a lease.

- Tenant improvement allowances: Amounts expended to meet the Corporation's lease obligations are characterized as either tenant improvements, which are owned by the Corporation, or tenant inducements. An expenditure is determined to be a tenant improvement when it primarily benefits and/or is owned by the Corporation. In such circumstances, the Corporation is considered to have acquired an asset which is recorded as an addition to income producing properties. Tenant inducements are amortized on a straight-line basis over the term of the lease.

Properties Under Development

Properties undergoing development, redevelopment or expansion are valued either (i) using the discounted cash flow method, with a deduction for costs to complete the project, or (ii) at cost, when cost approximates fair value. Stabilized capitalization rates, discount rates and terminal capitalization rates, as applicable, are adjusted to reflect lease-up assumptions and construction risk, when appropriate. Adjacent land parcels held for future development are valued based on comparable sales of commercial land.

The primary method of appraisal for development land is the comparable sales approach, which considers recent sales activity for similar land parcels in the same or similar markets to estimate a value on either a per acre (or, as the case may be, on a per square foot or square meter) basis or on a basis of per square foot buildable. Such values are applied to Emergia's properties after adjusting for factors specific to the site, including its location, zoning, servicing and configuration.

The cost of development properties includes direct development costs, construction costs, realty taxes and borrowing costs attributable to the development.

Capitalization of borrowing costs and all other costs commences when the activities necessary to prepare an asset for development or redevelopment begin and continue until the date that construction is complete and all necessary occupancy and related permits have been received, whether the space is leased or not. If the Corporation is required, as a condition of a lease, to construct tenant improvements that enhance the value of the property, then capitalization of costs continues until such improvements are completed. Capitalization ceases if there are prolonged periods when development activity is interrupted.

As required by IFRS in determining investment property fair value, the Corporation makes no adjustments for portfolio premiums and discounts, nor for any value attributable to the Corporation's management platform.

Properties under development are transferred to income producing properties at their fair value upon practical completion. The Corporation considers practical completion to have occurred when the property is capable of operating in the manner intended by management.

In some circumstances, a property under development may be reclassified and transferred to properties held for sale if the intended use of the property has changed and if the criteria set out in IFRS 5 are met (refer to Note 2F - Properties Held for Sale). Appropriate evidence of a change in use is established by management, upon a certain advancement stage and available for sale in the ordinary course of the business.

E. Land held for development

In 2020, properties under development, now classified as investment properties, were classified as "Land held for development". "Land held for development" was accounted at acquisition cost, including transactions costs, and was valued at the lower of cost or net realizable value. Cost included the costs directly attributable to the development properties, including direct development costs, realty taxes and borrowing costs that were added to the value of the properties.

F. Properties Held for Sale

Under IFRS, a non-current asset is classified as held for sale if its carrying value will be recovered through sale rather than through continuing use. For this to be the case, the asset, or group of assets, must be available in its present condition and its sale is highly probable. For this purpose, a sale is highly probable:

- **a)** If management is committed to a plan to achieve the sale;
- **b)** There is an active program to find a buyer;
- **c)** The non-current asset (or disposal group) is being actively marketed at a reasonable price;
- **d)** The sale is anticipated to be completed within one year from the date of classification; and
- **e)** It is unlikely there will be changes to the plan.

When an asset (or disposal group) is acquired with a view to resell, it is classified as a current asset (or disposal group) held for sale if the disposal is expected to take place within one year of the acquisition and it is highly likely that the other conditions referred to above will be met within the prescribed delays. Retrospective application is not required; therefore, comparative figures will not be adjusted to reflect properties held for sale. Upon designation as asset held for sale, the investment property continues to be measured at fair value and is presented separately on the consolidated statements of financial position.

G. 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.

As at December 31, 2021 and December 31, 2020, the Corporation did not have any business combinations.

H. Interest in Joint Arrangements

Joint arrangements consist of either joint ventures or joint operations arrangements. For the joint venture arrangements, the Corporation is entitled only to the net assets of the joint venture, using the equity method of accounting. For the joint operation arrangements, the Corporation is entitled to its share of the assets and liabilities and recognizes its rights to and obligations of the assets, liabilities, revenues, and expenses of the joint operation.

As at December 31, 2021 and December 31, 2020, the Corporation had an interest in a joint venture (refer to Note 8a), and did not have any joint operation arrangements. The carrying amount of the investment in the joint venture 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.

I. Interest in Associates

Associates are entities over which the Corporation has significant influence but not control or joint control, generally accompanying an ownership of between 20% and 50% of the voting rights. However, determining significant influence is a matter of judgment and specific circumstances and, from time to time, the Corporation may hold an interest of less than 20% and exert significant influence through representation on the board of directors, through direction of management or through contractual agreements.

Investments in associates are accounted for using the equity method, whereby the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee. The Corporation determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Corporation calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and recognizes the amount in the consolidated statements of comprehensive income (loss).

As at December 31, 2021 and 2020, the Corporation had an interest in an associate (refer to Note 8b).

J. 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.

K. Revenue Recognition

Revenue is generated from rental and service revenue from investment properties, and other revenues (including management fee from joint ventures and associates).

(i) Rental Revenue

Emergia has retained substantially all of the risks and benefits of ownership of its investment properties and as such accounts for its leases with tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on lease inception date when the tenant occupies their leased space. Rental revenue is recognized systematically over the term of the lease, which is generally not more than twelve months. Any suite specific incentives offered, or initial direct costs incurred in negotiating and arranging an operating lease are also amortized over the term of the operating lease. Rental revenue is recorded based on the amount received or to be received in accordance with the operating lease.

Lease revenue earned directly from investment property is recognized and measured in accordance with IFRS 16 - Leases ("**IFRS 16**"). In addition to revenue generated directly from the operating lease, rental revenue includes non-lease revenue earned from the tenant, which is recognized and measured under IFRS 15 – Revenue from Contracts with Customers ("**IFRS 15**"). Non-lease revenue includes parking revenue, other service revenue and fees, and recovery of realty taxes and certain operating costs, and lease cancellation fees. These non-lease revenues are recognized when earned. IFRS 15 requires revenue recognized from customer contracts (non-lease components) to be disclosed separately from its other sources of revenue (Note 9 - Revenues and Note 27 - Segment Information).

Rents from tenants may include free rent periods and rental increases over the term of the lease and are recognized in revenue on a straight-line basis over the term of the lease. Typically, in ground-up developments, when there are fixturing periods outside of the term of the lease, revenue is not recognized during these fixturing periods. The difference between revenue recognized and the cash received is included in investment properties as straight-line rents receivable.

Lease incentives provided to tenants (referred to as tenant improvements) are deferred and amortized on a straight-line basis against revenue over the term of the lease. Recoveries from tenants are recognized as revenue in the period in which the applicable costs are incurred. Percentage participation rents are recognized after the minimum sales level has been achieved with each lease, where applicable.

Lease cancellation fees are recognized as revenue once an agreement is completed with the tenant to terminate the lease and the collectability is reasonably assured.

(ii) Management Fees

The Corporation has an interest in investment properties through a joint venture whereby the Corporation provides property management services to the joint venture. The management fees are based on cost plus basis and are recorded as services are provided.

L. Borrowing Costs

Borrowing costs directly attributable to acquiring, developing, or constructing a qualifying investment property are capitalized. Capitalization commences when the activities necessary to prepare an asset for development or redevelopment begin, and ceases once the asset is substantially complete, or is suspended if the development of the asset is suspended. The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross costs incurred on those borrowings. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

M. Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted cash on hand and balances with banks.

N. Financial Instruments

Recognition and measurement of financial instruments

Financial assets must be classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset.

Initially, all financial assets and financial liabilities are recorded in the consolidated statements of financial position at fair value, adjusted for transaction costs (where applicable), and are recognized when the Corporation becomes a party to the contractual provisions of the instrument in question.

Financial assets subsequent to initial recognition are classified and measured based on three categories:

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

Financial liabilities are classified and measured at amortized cost.

After initial recognition, the effective interest related to financial assets and liabilities measured at amortized cost and the gain or loss arising from the change in the fair value of financial assets or liabilities classified as FVTPL are included in net income (loss) for the year in which they arise. At each consolidated balance sheet date, financial assets measured at amortized cost or at FVOCI, except for investment in equity instruments, require an impairment analysis using the expected credit loss model to determine the expected credit losses using judgment determined on a probability weighting basis. 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

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 consolidated statements of financial position when there is a legally enforceable right to offset the amounts recognized and an intention either to settle on a net basis or to realize the asset and settle liabilities simultaneously.

The following summarizes the classification and measurement of financial assets and liabilities:

Assets / Liability	Classification
Financial Assets	
Cash	Amortized cost
Receivables and other receivables	Amortized cost
Refundable deposits	Amortized cost
Investment in a private company	FVTPL
Financial Liabilities	
Trade and other payables	Amortized cost
Convertible debentures	Amortized cost
Bank mortgages	Amortized cost
Long-term debt	Amortized cost

Subsequent measurement of financial assets

After their initial recognition at fair value, 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 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.

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. As of December 31, 2021, the investment in a private company was disposed.

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.

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.

Subsequent measurement of Financial Liabilities

After their initial recognition at fair value, financial liabilities are measured at amortized cost, using the effective rate method.

Transaction Costs

Transaction costs are incremental costs directly related to the acquisition of a financial asset or the issuance of a financial liability.

Direct and indirect financing costs that are attributable to the issue of financial liabilities measured at amortized cost are presented as a reduction from the carrying amount of the related debt and are amortized using the effective interest rate method over the term of the related debt. These costs include interest, amortization of discounts or premiums relating to borrowings, fees and commissions paid to lenders, agents, brokers and advisers, that are incurred in connection with the arrangement of borrowings.

O. 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.

Emergia first determines the carrying amount of the liability component by measuring the fair value of a similar liability (including any embedded non-equity derivative features) that does not have an associated equity component and using an appropriate discount rate. The carrying amount of the equity instrument represented by the option to convert the instrument into common shares is then determined by deducting the fair value of the financial liability from the fair value of the compound financial instrument as a whole.

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. Transaction costs that relate to the issuance of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of the proceeds. The residual equity component is recognized initially in the contributed surplus.

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. Classification of the liability and equity components is not subsequently revised as a result of a change in the likelihood that a conversion option will be exercised.

Upon conversion of the convertible debenture at maturity, Emergia derecognizes the liability component and recognizes it as an equity. The original equity component (contributed surplus) remains as equity and is transferred to share capital. If the conversion option expires, the equity component remains in the contributed surplus.

Emergia may extinguish a convertible debenture before maturity through an early redemption or repurchase without any penalty. If the original conversion privileges are unchanged, the consideration paid and any related transaction are allocated to the liability and equity components of the instrument at the date of the transaction, using the original allocation method at the issuance of the instrument. Once the allocation of the consideration is made, any resulting gain or loss is recognized in equity through contributed surplus.

P. Share Capital, Warrants, Contributed Surplus and Deficit

Share capital represents the amount received on the issuance 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.

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

Contributed surplus includes the conversion of option of convertible debentures as well as the value of expired warrants.

Deficit includes all current and prior year earnings and losses.

Q. Share-Based Payments

Share-based payments to employees and key management personnel can be stock-options and equity settlement for the services provided. Stock-options share-based payments are measured at the fair value of the instruments issued and amortized over the vesting periods. Equity-settled shared-based payments to key management personnel are measured at the fair value of services received or the fair value of the equity instruments issued, if it is determined that the fair value of the services cannot be reliably measured and are recorded at the date the services are received.

As of December 31, 2021, while no stock-option was granted, there were equity-settled share-based payments made by the Corporation to settle for the services provided by some key management personnel. The Corporation applies the IFRS 2 – Share-based payments since both parties have agreed upon to pay and to be paid either by cash or by shares. This share-base payment did not result in any gain or loss in the consolidated statements of comprehensive income (loss).

Equity-settled 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 fair value of options is determined using the Black-Scholes Option Pricing Model ("**Black-Scholes 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.

As of December 31, 2021, there were share-based payments made by the Corporation to pay for the goods and services provided by creditors (non-employees). In accordance with IFRIC 19 – Extinguishing financial liabilities with equity instruments, The Corporation issues equity instruments to a creditor to extinguish all or part of a financial liability and removes a financial liability (or part of a financial liability) from its consolidated statements of financial position at the extinguishment date. The consideration paid is the fair value of the equity instrument issued based on the quote price at issuance date and the associated warrants, valued using the Black-Scholes Model. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished, and the consideration paid, is recognized in profit or loss, and is disclosed as a separate line item in the consolidated statements of comprehensive income (loss).

R. Income (Loss) per Share

The Corporation presents basic and diluted income (loss) per share data for its common shares.

Basic income (loss) per share is calculated by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares outstanding in each respective period. For all years presented, the income (loss) attributable to common shareholders equals the reported income (loss) attributable to owners of the Corporation.

Diluted income (loss) per share is calculated by dividing the earnings attributable to common shareholders by the weighted average number of shares outstanding including the shares that would be issued on conversion for all diltive potential shares into Class "A" common shares. The treasury stock method is used for stock options and warrants. Under the treasury stock method, the number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to repurchase shares of common stock at the average market price during the reporting period.

As of December 31, 2021, the Corporation calculated the dilutive shares using the treasury stock method described above whereas as at December 31, 2020, the comprehensive loss incurred by the Corporation had an anti-dilutive effect.

S. 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, 2021 and 2020, the Corporation has no provisions.

T. Segment Reporting

The Corporation's operating segments are strategic business units that offer unique products and services and are reported with a manner consistent with the internal reporting provided to the chief operating decision maker. They are managed separately as each business unit requires different management skills and marketing strategies. The accounting policies of the segments are the same as those described in the summary of significant account policies.

All operating segments' operating results for which discrete financial information is available are reviewed regularly by the Corporation's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Corporation's headquarters), head office expenses, and income taxes.

U. Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income 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.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgments and estimates in applying Emergia's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes.

Within the context of these consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. management continually evaluates the estimates and judgments it uses. Actual results may differ from these estimates.

The following are the accounting policies subject to judgments and key sources of estimation uncertainty that the Corporation believes could have the most significant impact on the amounts recognized in the consolidated financial statements. Emergia's significant accounting policies are disclosed in Note 2 - Significant Accounting Policies.

Going Concern

As discussed under Note 1 - Information on the Corporation and Going Concern 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 consolidated statements of comprehensive income (loss) and the consolidated statements 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.

Impact of COVID-19

Since March 2020, the outbreak of the novel strain of coronavirus ("**COVID-19**") resulted in governments enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, closure of non-essential businesses, self-imposed quarantine periods and social distancing, have caused an economic slowdown and material disruption to business. Governments have reacted with interventions intended to stabilize economic conditions.

With the increasing percentage of the population being vaccinated, provincial governments have lessened restrictions, which has led to a more positive outlook for future economic growth. Despite the positive impact of vaccination programs throughout Canada, industries, including retail and commercial real estate, continue to be affected to varying degrees by the pandemic. It continues to be difficult to predict the duration and impact of the pandemic, if any, on the Corporation's business and operations, both in the short and long-term. Given the evolving circumstances surrounding the pandemic, the duration and severity of any future waves and/or viral strains, the availability and distribution of vaccines, the severity of its impact on the Corporation's business, operations and financial results cannot be estimated with certainty as the extent of the impact will largely depend on future developments, including actions taken to contain the pandemic. Adverse consequences may include, but are not limited to, business continuity interruptions, disruptions and increased costs of development activities and property operations, unfavorable market conditions, and threats to the health and safety of employees, all of which may impact both the Corporation, the Corporation's tenants and the communities in which the Corporation operates.

As at December 31, 2021, as the majority of its investment properties of the Corporation are under development, the Corporation's results have not been significantly impacted by the spread of COVID-19. COVID-19 has however an impact on the timing of the development projects as the construction on such projects have been delayed from the original plan and on the lease-up period of certain properties that have been completed shortly before the initial COVID-19 emergence. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time and could have a material impact on the Corporation's future financial position and results of operations and cash flows. Emergia cannot predict the extent and severity of the economic disruption flowing from the global pandemic.

In the preparation of these consolidated financial statements, Emergia has incorporated the potential impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of its assets and liabilities and the reported amount of its results using the best available information as at December 31, 2021. Actual results could differ from those estimates. The estimates and assumptions that Emergia considers critical and/or could be impacted by COVID-19 include those underlying the valuation of investment properties and properties held for sale, including discount rates and terminal capitalization rates, operating assumptions and the carrying amount of its investment in an associate and joint venture.

Investment Properties

Judgments Made in Relation to Accounting Policies Applied. Judgment is applied in determining whether certain costs are additions to the carrying value of investment properties, identifying the point at which substantial completion of a development property occurs, and identifying the attributable borrowing costs to be included in the carrying value of the development property. Emergia also applies judgment in determining whether the properties it acquires are considered to be asset acquisitions or business combinations. The Corporation considers all properties acquired in the current year to be asset acquisitions.

Estimates. 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.

Properties Held for Sale

Judgments Made in Relation to Accounting Policies Applied. Judgment is applied in determining whether the assets are available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and whether its sale must be highly probable.

Estimates. Properties held for sale are presented at fair value. Management estimates the fair value using the same valuation techniques as investment properties.

Joint Arrangements

Judgments Made in Relation to Accounting Policies Applied. Judgment is applied in determining whether the Corporation has joint control and whether the arrangements are joint operations or joint ventures. In assessing whether the joint arrangements are joint operations or joint ventures, management applies judgment to determine the Corporation's rights and obligations in the arrangement based on factors such as the structure, legal form and contractual terms of the arrangement.

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.

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 (Refer to Note 8).

Investment in Associate

Judgments Made in Relation to Accounting Policies Applied. Judgment is applied in the assessment of the level of influence that the Corporation has over the investees based on its decision-making authority with regards to the operating, financing, and investing activities as specified in the contractual terms of the arrangement.

LEASES

Judgments Made in Relation to Accounting Policies Applied. Emergia is required to make judgments in determining whether certain leases are operating or finance leases, in particular long-term leases. All tenant leases where the Corporation is the lessor have been determined to be operating leases.

Recognition of Deferred Tax Assets

Judgments Made in Relation to Accounting Policies Applied. Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether itis probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment.

Warrants

Estimates. 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.

Convertible Debentures

Estimates. The valuation of a convertible debenture is a two-step process: the first step is to determine the carrying amount of the liability component (Host Instrument), and the residual value goes to the conversion options (Conversion Option). Management estimates the carrying amount of the host instrument by measuring the fair value of a similar liability (including any embedded non-equity derivative features) that does not have an associated equity component and using an appropriate discount rate. The discount rate reflects the market rate for a similar straight-debenture (without any conversion option) held by an entity sharing the same characteristics and risk-return relationship as the Corporation.

NOTE 4. CHANGES IN ACCOUNTING POLICIES

Future Accounting Policy Changes

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 authorization 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 Standards Board. 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 that are not expected to have a material impact on the Corporation's financial statements, have not been disclosed.

*Amendments to IAS 1, Classification of Liabilities as Current or Non-Current ("**IAS 1**").*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments are to be applied retrospectively. Management is currently assessing the impact of the amendment and does not expect to have a material impact on the Corporation's consolidated financial statements.

NOTE 5. ACQUISITIONS AND DISPOSITIONS

Acquisitions and Dispositions of Properties in 2021

a) ***Disposition of 9700 St-Laurent Boulevard, Montreal, Canada***
In the second quarter of 2021, the Corporation disposed of the property located at 9700 St-Laurent Boulevard for proceeds of $1,550,000. The purchaser assumed the associated mortgage (as described in Note 14 - Bank Mortgages), payables and liabilities.

b) ***Disposition of 475-489 Le Breton Street and 505-531 Le Breton Street, Longueuil, Canada***
In the second quarter of 2021, the Corporation disposed of the properties located at 475-489 and 505-531 Le Breton Street for total proceeds of $3,665,000. The purchaser assumed the associated mortgage (as described in Note 14 - Bank Mortgages), payables and liabilities.

c) ***Acquisition of Three Lots in Bromont***
In the second quarter of 2021, the Corporation bought three lots from the City of Bromont at the cost of 1$ as these lots were part of a retrocession agreement of the said lots resulting from a former expropriation by the City and the Ministry of Transport of larger lands to build road infrastructures on the Bromont site owned by the Corporation approximately fifteen years ago. They were recorded initially at cost, and with their undetermined use, management deemed that the criteria for the classification as investment properties in accordance with IAS 40 was satisfied and those lands would subsequently be measured using fair value as of December 31, 2021. Refer to Note 5f below with respect to the disposal of one of these three lots.

d) ***Acquisition of Land in Alliston***
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 taxes). 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" common shares of the Corporation (Note 18 – Share Capital). To satisfy a portion of the purchase price, the Corporation entered into a financing of $9,000,000 through two convertible debenture subscription agreements at an interest rate of 6% per year payable at maturity on May 3, 2023 (Note 13 – Convertible Debentures), plus a participation in the profits of the project.

e) ***Disposition of 860 Cite-des-Jeunes Boulevard, St-Lazare, Canada***
In the third quarter of 2021, the Corporation disposed of its property located at 860 Cité-des-Jeunes Boulevard, for proceeds of $1,380,000. The proceeds were used to repay the associated mortgage (as described in Note 14 - Bank Mortgages), payables and liabilities.

f) ***Disposition of One Lot in Bromont, Canada***
Subsequently to the purchase of three lots mentioned in Note 5c above, management changed the intention of use of one lot during negotiations with a lender. The said lot would be used to reimburse part of the loan at an agreed-upon selling price, which gave rise to a fair value adjustment of $1,200,000, using the criteria set out by a third-party appraisal for the same type of transactions. The deal was closed in December 2021 whereby it was agreed to reduce the debt amounting to $1,310,474, to $1,292,449 to be paid as follows: (i) transfer of the land at a price of $1,208,021, and (ii) payment of the balance of $84,428 in ten equal monthly payments starting in January 2022. The settlement resulted in a gain on settlement of long-term debt of $18,025, as separately disclosed in the consolidated statements of comprehensive income (loss).

g) Disposition of a Minority Interest Into a Company

In the fourth quarter of 2021, the Corporation disposed of the investment of its minority interest in a private company, resulting in a $250,000 loss on disposal of an investment.

Dispositions of Properties in 2020

h) 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. (the "**JV**"). 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 the JV and the transfer of the following liabilities of the Corporation to the JV: bank mortgages of $4,777,500, long-term debt of $1,150,000 and accounts payable and accrued liabilities of $420,920. This transaction resulted in a loss of $1,731,346 related to fair value adjustment. 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.

i) Disposition of 117 Lépine Avenue, Gatineau

On October 22, 2020, the Corporation entered into an agreement with lenders for the reimbursement of loans in the aggregate amount of $3,880,000 and related accrued interest of $255,918, for a total of $4,135,918 by transferring the 117 Lépine Avenue property to the lenders for such total amount. The property was subsequently transferred to the JV.

j) Disposition of a 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 to the lender, on December 31, 2020, its mortgaged land in Levis. The lender also assumed payment of other current liabilities of $250,000 and accrued liabilities related to the property in the amount of $509,549. The agreement 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 at arm's length offer by a third-party to the Lender. Such right was terminated at year-end 2021 in accordance with the terms of the agreement.

k) Disposition of 9307-9077 Québec Inc.

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

l) Disposition of 9371-9904 Quebec Inc.

On December 31, 2020, the Corporation entered into an agreement with respect to selling its shares of its subsidiary 9371-9904 Quebec Inc. and related 395-425 Des Erables property for a total counterpart of $7,425,000, paid as follows: (i) assumption of mortgages in the amount of $5,076,357, and other liabilities and (ii) a balance of sale of $2,348,643. A gain on disposal of a subsidiary of $270,980 was realized on this transaction.

The balance of sale is still a receivable as at December 31, 2021 (refer to Note 11 - Receivables).

Financial impacts related to the acquisitions and dispositions of Properties in 2021 and 2020

Refer to the table below for the overall impacts of the non-cash transactions on the financial statements in the respective years and to the reconciliation of those liabilities arising from those transactions in the respective years in Note 16 – Reconciliation of liabilities arising from financing activities.

	As at December 31, 2021	As at December 31, 2020
Balance of sale receivable	**-**	2,679,378
Investment properties	**(6,423,020)**	(41,785,251)
Investment in a joint venture	**-**	2,651,581
Bank mortgages	**(1,614,375)**	(14,757,514)
Other current liabilities	**-**	(4,781,217)
Long-term debt	**(4,494,071)**	(6,129,302)
Trade and other payables	**(332,599)**	(4,689,378)
Net loss (gain) on disposal of subsidiaries	**-**	(442,228)
Loss (gain) on settlement of long-term debt	**(18,025)**	4,225,027
Loss (gain) on settlement of other current liabilities	**-**	2,314,082

NOTE 6. INVESTMENT PROPERTIES

As at December 31, 2021, management performed a thorough assessment of all properties and reassessed the current plans related to its properties. This assessment resulted in reclassification of its assets as explained below to reflect well established market practices and management expectations with respect to such assets.

As at December 31, 2021, management first reclassed an investment property (Panagopoula Resort, Panagopoula, Greece) to an investment in an associate using the equity method to better represent the purchase agreement entered into with respect to the acquisition by the Corporation of a 30% interest of the entity, Aigialeia S.A., owning the property. This correction requires a retrospective adjustment. There is no change in the carrying value of the investment as at December 31, 2021 and December 31, 2020. Refer to Note 8 – Investment in an Associate and a Joint Venture.

As part of its reassessment of its business plans, business strategy and evolving development plans related to its properties, management determined that there was an evidence of a change in use of the portion of the Bromont land previously classified as "Land held for development", and valued at cost, and is now presented as investment properties as "Properties under Development", at fair value as appraised by third-party appraisers.

Management transferred an investment property (472 Knowlton Rd, Lac Brome, Canada) to a property held for sale since its carrying amount will be recovered principally through sale rather than from continuing use, and the criteria set out in IFRS 5 are met. Refer to Note 7 – Properties Held For Sale.

A reconciliation of the investment properties is as follows:

		Income Producing Properties		Properties Under Development		Total	
	NOTES	**2021**	2020	**2021**	2020	**2021**	2020
Balance, beginning of the year		**9,166,775**	42,117,270	**40,322,276**	52,373,275	**49,489,051**	94,490,545
Disposal of 9700 St-Laurent Blvd., Montreal, Canada	5a	**(1,550,000)**	-	**-**	-	**(1,550,000**	-
Disposal of 475-489 Le Breton and 505-531 Le Breton, Longueuil, Canada	5b	**(3,665,000)**	-	**-**	-	**(3,665,000)**	-
Disposal of 860 Cite-des-Jeunes, St-Lazare, Canada	5e	**-**	-	**(1,380,000)**	-	**(1,380,000)**	-
Transfer of assets in a joint venture	5h	**-**	(9,000,000)	**-**	-	**-**	(9,000,000)
Disposal of 9307-9077 Quebec Inc.	5k	**-**	(7,995,892)	**-**	-	**-**	(7,995,892)
Disposal of 9371-9904 Quebec Inc.	5l	**-**	(7,425,000)	**-**	-	**-**	(7,425,000)
Settlement of liabilities	5j, 5i	**-**	(6,450,000)	**(1,208,021)**	(10,914,358)	**(1,208,021)**	(17,364,358)
Acquisition of the Land in Alliston	5d	**-**	-	**15,038,019**[a]	-	**15,038,019**	-
Other acquisitions	5c	**-**	-	**1**[a]	-	**1**	-
(Decrease) Increase in fair value of investment properties	5h	**648,225**	(2,383,001)	**40,581,539**	-	**41,229,764**	(2,383,001)
Borrowing costs[b]		**-**	303,398	**4,552,744**[a]	1,255,176	**4,552,744**	1,558,574
Development costs		**-**	-	**503,279**[a]	74,723	**503,279**	74,723
Reclassified from (to) Land held for development		**-**	-	**18,115,163**	(2,466,540)	**18,115,163**	(2,466,540)
Reclassified to properties held for sale		**-**	-	**(1,800,000)**	-	**(1,800,000)**	-
Balance, end of year		**4,600,000**	9,166,775	**114,725,000**	40,322,276	**119,325,000**	49,489,051

[a] *In the cash flow from investing activities, the additions to investment properties of $10,112,539 resulted from the acquisition of the land in Alliston in an amount of $15,038,019 and other acquisition in an amount of $1, less land deposits made in previous years in the amount of $628,760, plus the development costs of $503,279, and less the consideration paid in share in the amount of $4,800,000 (detailed in Note 5d).*

[b] *The weighted average borrowing rate, excluding convertible debentures, is 14.35% (2020 – 13.17%). For the borrowing rate related to convertible debentures, refer to Note 13 – Convertible Debentures.*

Income Producing Properties

The Income Producing Properties are composed of the following:

	NOTES	2021	2020
		$	$
9700 St-Laurent Blvd, Montreal, Canada	**5a**	**-**	1,400,000
475-489 Le Breton and 505-531 Le Breton Street, Longueuil. Canada	**5b**	**-**	3,196,775
121 Lépine Avenue, Gatineau, Canada		**4,600,000**	4,570,000
		4,600,000	9,166,775

Properties Under Development

The properties under development are composed of the following:

	NOTES	2021	2020
		$	$
Land in Bromont, Canada	**5c, 6**	**91,325,000**	34,330,751
Land in Alliston, Canada	**5d**	**21,400,000**	-
472 Knowlton Rd, Lac Brome, Canada	**6**	**-**	2,968,054
Land in Blainville, Canada		**2,000,000**	1,694,030
860 Cite-des-Jeunes Blvd, St-Lazare, Canada	**5e**	**-**	1,329,441
		114,725,000	40,332,276

Valuation Methodology and Process

Investment properties are remeasured to fair value on a recurring basis, using the following methodologies:

a) Discounted cash flow method - Under this income approach, discount rates are applied to the projected annual operating cash flows, generally over a ten-year period, including a terminal value of the properties based on a capitalization rate applied to the estimated net operating income, a non-IFRS measure, in the terminal year. This method is primarily used to value the rental portfolio.

b) Comparable sales method – This market approach compares a subject property's characteristics with those of comparable properties which have recently sold. The process uses one of several techniques to adjust the price of the comparable transactions according to the presence, absence, or degree of characteristics which influence value. These characteristics include the cost of construction incurred at a property under development. This method is primarily used to value the development portfolio, including ancillary parking facilities and investment properties held for sale.

The application of these valuation methods results in these measurements being classified as Level 3 in the fair value hierarchy.

Significant Inputs

At the end of each quarterly reporting period, management also conducts an internal valuation with significant unobservable inputs in the Level 3 valuation:

» Capitalization rate – based on actual location, size and quality of the property and taking into consideration available market data as at the valuation date;

» Stabilized net operating income – revenue less direct operating expenses adjusted for items such as average lease up costs, vacancies, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items. For properties under development forecasted net operating income is based on location, type and quality of the property, supported by the terms of actual or anticipated future leasing;

» Discount rate – reflecting current market assessments of the uncertainty in the amount and timing of cash flows;

» Terminal capitalization rate – taking into account assumptions regarding vacancy rates and market rents;

» Estimated costs to complete for properties under development – based on expected completion dates considering development and leasing risk specific to each property and the status of approvals and/or permits; and

» Cash flows – based on the physical location, type and quality of the property and supported by the terms of existing leases, other contracts or external evidence such as current market rents for similar properties.

An increase in the cash flow or stabilized net operating income results in an increase in fair value of investment property whereas an increase in the capitalization rate, discount rate or terminal capitalization rate decreases the fair value of the investment property.

In determining the fair value of our investment properties, judgement is required in assessing the "Highest and best use" as required under IFRS 13 - Fair value measurement. We have determined that the current uses of our investment properties are their "highest and best use".

Management is responsible for determining the fair value measurements on a quarterly basis, including verifying all major inputs included in the valuation and reviewing the results. Management, along with the Audit Committee, discuss the valuation process and significant assumptions on a quarterly basis. The valuations are performed in due course by qualified external valuators who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The COVID-19 pandemic has increased the risk and uncertainty surrounding valuation estimates due to limited market activity for comparable transactions, as well as uncertainty regarding the expected length of the pandemic and the resulting impact on the Corporation's cash flows from investment properties. In developing its estimates, management performed an assessment of its tenants and portfolio of investrnent properties, as well as an evaluation of the changes in the overall market conditions for the asset classes in the Corporation's portfolio since the impact of the pandemic began in early March 2020.

Investment properties were valued by management and qualified independent external valuation professionals as at December 31, 2021. The aggregate fair value of $112,725,000 of two properties under development was determined based on qualified independent external valuation professionals prepared during the year which resulted in an adjustment in fair value of $40,361,803 recorded as fair value adjustment on investment properties in the consolidated statements of comprehensive income (loss). This adjustment reflects the impact of the difference in fair value before and after the reclassification of the two properties under development as at December 31, 2021.

The following table summaries the valuation approach, significant assumptions, and the relationship between the assumptions and the fair value:

Assets	Valuation approach	Significant assumptions	Relationship between assumptions and fair value
Income producing properties	Direct capitalization or discounted cash flow	Capitalization rate Discount rate Terminal rate Stabilized Net Operating Income ("**NOI**") Cash Flows	Inverse relationship between capitalization, discount, and terminal rates and fair value (higher rates result in decreased fair value); whereas higher stabilized NOI or cash flows results in increased fair value.
Properties under development	Direct capitalization less cost to complete	Capitalization rate Stabilized NOI Costs to complete	Inverse relationship between capitalization rate and fair value (higher capitalization rate results in lower fair value); whereas higher stabilized NOI results in increased fair value.
Properties under development – Excess land	Comparable sales method	Comparison to market transactions for similar assets	Land value reflects market value.

NOTE 7. PROPERTIES HELD FOR SALE

As of December 31, 2021, Emergia transferred an investment property as held for sale (refer to Note 6 - Investment Properties):

	2021	2020
	$	$
472 Knowlton Rd, Lac Brome, Canada	**1,800,000**	-
Total aggregate value	**1,800,000**	-

NOTE 8. INVESTMENT IN AN ASSOCIATE AND A JOINT VENTURE

As at December 31, 2021, Emergia had interests in one associate (Note 6) and one joint venture (Note 5h):

		Effective ownership	
	NOTES	**2021**	2020
12028735 Canada Inc., Canada	**a**	**50%**	50%
Aigialeia, S.A., Greece	**b**	**30%**	30%

a) The following table shows the changes in the carrying value of Emergia's investment in joint venture for the years ended December 31, 2021 and 2020:

	2021	2020
	$	$
Beginning balance	**2,664,527**	-
Contributions	**-**	2,651,581
Share of net income	**641,933**	12,946
Ending balance	**3,306,460**	2,664,527

Summarized financial information of the joint venture as at December 31, 2021 is as follows:

	2021	2020
	$	$
Current assets	**888,644**	1,249,387
Non-currents assets	**15,588,877**	13,163,000
Current liabilities	**604,991**	148,686
Non-current liabilities	**9,259,611**	8,940,500
Revenues	**900,119**	193,316
Change in fair value of investment properties[a]	**2,000,000**	-
Net income and comprehensive income for the period	**1,283,866**	25,892

[a] *To adjust for the fair-value done by a third-party valuator in March 2021, updated as of December 31, 2021*

b) The investment in an associate is a reclassification from investment properties at carrying value (refer to Note 6 - Investment Properties):

	2021	2020
	$	$
Beginning balance	**1,650,000**	-
Reclassification from investment properties	**-**	1,650,000
Share of net income	**-**	-
Ending balance	**1,650,000**	1,650,000

NOTE 9. REVENUES

The components of revenues are as follows:

	2021	2020
	$	$
Rental income	***-***	***-***
Lease revenues	***321,328***	2,044,625
Operating cost recoveries	***164,204***	638,120
	485,532	2,682,745
Other revenues		
Management fees	***69,805***	50,000
	555,337	2,732,745

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:

	2021	2020
	$	$
Within 1 year	**403,097**	613,931
1 to 5 years	**1,665,778**	1,215,416
After 5 years	**168,587**	241,817
	2,237,462	2,071,164

NOTE 10. PREPAIDS AND REFUNDABLE DEPOSITS

The prepaids and refundable deposits are as follows:

	2021	2020
	$	$
Deposits related to an acquisition of interests in associates (refer to Note 29)	**1,635,620**	411,844
Deposits related to an acquisition of an investment property	**-**	1,270,031
Other deposits and prepaid expenses	**153,505**	231,670
	1,789,125	1,913,545

NOTE 11. RECEIVABLES AND OTHER RECEIVABLES

The receivables are detailed as follows:

	2021	2020
	$	$
Trade receivables	**91,177**	147,611
Government remittances	**407,799**	42,184
Balance of sales and other receivables[a]	**2,490,107**	2,679,378
	2,989,083	2,869,173
Current portion	**2,989,083**	189,795
	-	2,679,378

[a] The balance of sales and other receivables are detailed as follows:

	NOTES	**2021**	2020
		$	$
Other receivables and other current balance of sales	**5k**	**141,464**	330,735
Balance of sale, 5% interest starting January 1, 2022, maturing in December 2022	**5l**	**2,348,643**	2,348,643
		2,490,107	2,679,378

NOTE 12. TRADE AND OTHER PAYABLES

	2021	2020
	$	$
Trade payables and accrued liabilities*	**5,551,612**	6,215,916
Interest payable on other current liabilities and long-term debt	**400,346**	347,243
	5,951,958	6,563,159

** The accrued liabilities are mostly attributable to transactions between related parties as described in Note 21 - Related Party Transactions.*

NOTE 13. CONVERTIBLE DEBENTURES

The principal amount outstanding and the carrying value for the convertible debentures issued by the Corporation are as follows:

	NOTES	Issuance Date	Maturity Date	Coupon Rate	Effective Rate	Outstanding Principal	December 31, 2021 Carrying Value	December 31, 2020 Carrying Value
							$	$
Convertible Debenture	a	2021-03-10	2023-05-02	6.00%	15.00%	**9,000,000**	**8,320,796**	-
Convertible Debenture	b	2020-02-01	2023-06-30	12.00%	15.00%	**3,877,200**	**3,721,828**	4,231,070
Convertible Debenture	c	2021-10-29 2021-11-29	2023-10-29 2023-11-29	8.00%	15.00%	**3,000,000**	**2,298,399**	-
Convertible Debenture	d	2021-04-15 2021-05-14 2021-07-02	2022-04-15 2022-05-14 2022-07-02	20.00% 20.00% 24.00%	15.00%	**500,000** **500,000** **500,000**	**1,717,683**	-
Convertible Debenture	e	2019-07-31	2022-02-28	10.00%	10.00%	**427,545**	**430,941**	778,033
Convertible Debenture	f	2020-06-15	2022-06-14	12.00%	15.00%	**100,000**	**98,680**	100,000
							16,588,327	5,109,103
Current portion							**2,247,304**	778,033
							14,341,023	4,331,070

a) On March 10, 2021, the Corporation issued convertible debentures in the amount of $9,000,000. The convertible debentures, secured by investment properties, have the interests and the principal payable at the maturity, and embedded with a conversion option into Class "A" Common shares at a price of $1.00 per share. They were issued to acquire the land in Alliston, as described in Note 5d.

b) On February 1, 2020, the Corporation issued secured convertible debentures in the amount of $4,420,000. The convertible debentures, secured by investment properties, have the interests and the principal payable at the maturity, and are embedded with a conversion option into Class "A" common shares at a price of $1.00 per share. Any early redemption is without any penalty, provided a 30-day notice is provided to the investor to allow it to exercise its conversion right, should it 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 convertible debenture was partially reimbursed for an amount of $1,250,000 in May 2021, with $707,200 first allocated to the accrued interests payable and $542,800 to the principal. The early redemption generated adjustment to the fair value of the financial liability and conversion component. The Corporation allocated the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the redemption. According to IFRS 9 – Financial Instruments, the Corporation has the choice to record the difference between the carrying amount allocated to the part derecognized and the consideration paid for the part derecognized, either as a gain or loss in the consolidated statements of comprehensive income (loss) or as an element of other comprehensive income through contributed surplus. The Corporation recorded that difference in other comprehensive income, presented in the fair-value adjustment on the conversion options in the reconciliation of the convertible debentures.

In December 2021, the Corporation has been granted an extension of the term, which was initially on January 31, 2022, to June 30, 2023 with no other changes than an added guarantee on the shares held in the joint venture and a mortgage on the 121, Lépine property in Gatineau. Adjustment to the fair value of the financial liability was recorded.

c) On October 29, 2021 and November 29, 2021, the Corporation issued for a total amount of $3,000,000 of unsecured convertible debentures. The unsecured convertible debentures are issued as part of the Corporation's private placement. The interests are payable semi-annually at an annual rate of 8% either in cash or in shares. They are embedded with a conversion option into "Unit" consisting of one Class A common share, one warrant to acquire one Class "A" common share exercisable at $1.25 until October 31, 2023, and one additional warrant to acquire one Class "A" common share exercisable at a price of $1.50 per share until October 31, 2024. The Corporation may force the conversion if the volume weighted trading price of the Class "A" common shares for a consecutive period of 20 days on the CSE is equal or higher than $1.50. The cash in the amount of $240,000 and warrant broker commissions in the amount of 282,352 warrants (valued at $147,594 using Black-Scholes Model), are treated as financing costs and amortized throughout the term of the convertible debentures.

d) On April 15, 2021, May 14, 2021 and July 2, 2021, the Corporation issued $500,000 of convertible debentures on each such date for a total of $1,500,000. The convertible debentures, guaranteed by a director, have the interests and the principal payable at the maturity, and are embedded with a conversion option into Class "A" common shares at a price of $1.00 per share. This specific financing was contracted in view of the acquisition of an income producing portfolio in Ontario (refer to Note 29 - Subsequent Events).

e) On July 31, 2019, the Corporation issued convertible debentures in an amount of $743,382. The convertible debentures, initially secured by all present and future residential properties of the Corporation, are payable along with the promissory notes listed into long-term debt (current portion) by monthly installments of $100,000, initially payable in full by December 31, 2020. On April 21, 2021, the maturity date was amended to December 31, 2021, with accrued interests and principal payable on February 28, 2022. Partial redemption in the amount of $700,000 was done on December 2, 2021. The convertible debenture is still outstanding and payable on demand with all accrued interests as of the approval date of the financial statements.

f) On June 15, 2020, the Corporation issued convertible debentures in the amount of $100,000. The convertible debenture, unsecured and held by an officer, has the interests and the principal payable at the maturity, and are embedded with a conversion option into units comprising one Class "A" common share and one warrant exercisable at a price of $1.25 per Class "A" common share until October 31, 2023. The conversion price is the lesser of $0.75 or the price of the shares issued to investors through a public financing of the Corporation prior to the maturity date. This convertible debenture has been redeemed in January 2022 (refer to Note 29 - Subsequent Events).

A reconciliation of the convertible debentures is as follows:

	Host instruments	Conversion Options	Total
	$	$	$
Balance at December 31, 2019	**1,043,382**	**-**	**1,043,382**
Issuance of new convertible debentures, net of transaction costs	4,260,250	259,750	4,520,000
Amortization of transaction costs	-	-	-
Accretion on convertible debentures	105,471	-	105,471
Fair value adjustment on conversion options	-	-	-
Capitalized interests	-	-	-
Repurchase	(100,000)	-	(100,000)
Conversion	(200,000)	-	(200,000)
Balance at December 31, 2020	**5,109,103**	**259,750**	**5,368,853**
Issuance of new convertible debentures, net of transaction costs	11,196,391	1,916,015	13,112,406
Deferred income tax liability – conversion option	-	(533,368)	(533,368)
Amortization of transaction costs	24,436	-	24,436
Accretion on convertible debentures	1,138,017	-	1,138,017
Fair value adjustment on conversion options	-	96,691	96,691
Capitalized interests	53,871	-	53,871
Repurchase	(933,491)	-	(933,491)
Conversion	-	-	-
Balance at December 31, 2021	**16,588,327**	**1,739,088**	**18,327,415**

A reconciliation of the conversion options and the contributed surplus is as follows:

	Contributed Surplus
	$
Balance as at December 31, 2019	**-**
Issuances of convertible debentures	259,750
Fair value adjustment on conversion options	-
Warrant expiration	5,069
Balance as at December 31, 2020	**264,819**
Issuances of convertible debentures	1,916,015
Fair value adjustment on conversion options	96,691
Deferred income tax liability – conversion option	(533,368)
Balance as at December 31, 2021	**1,744,157**

NOTE 14. BANK MORTGAGES

	NOTES	INTEREST RATE	MATURITY	2021	2020
				$	$
Secured fixed rate mortgages	**a)**	3.85 % (2020 – 3.85%)	November 2022	**3,005,653**	3,094,091
Secured fixed rate mortgages	**b)**	3.88 % (2020 – 3.88%)	April 2022	**-**	1,623,605
				3,005,653	4,717,696
Current portion				**3,005,653**	144,693
				-	4,573,003

a) The mortgage loan, initially in the amount of $3,300,000, is secured by an investment property (121 Lépine Avenue) and a guarantee from a director, bearing a fixed interest rate of 3.85%, capital and interest payable in monthly payments of $17,094, maturing in November 2022.

b) The mortgage loan, initially in the amount of $1,900,000, was secured by two investment properties (475-489 Le Breton Street, 505-531 Le Breton Street), and a guarantee from two third parties, bearing a fixed interest rate of 3.88%, capital and interest payable in monthly payments of $9,815, maturing in April 2022. The mortgage was fully reimbursed at the disposal of the investment properties in the second quarter of 2021, as described in Note 5b).

NOTE 15. LONG-TERM DEBT

	NOTES	WEIGHTED AVERAGE INTEREST RATE	MATURITY	2021	2020
				$	$
Secured	**a)**	9.38 % (2020 – 7.70 %)	June 2023	**6,434,582**	5,883,970
Secured, and guaranteed	**b)**	17.16 % (2020 – 15.77 %)	June 2023*	**22,053,539**	23,823,245
Unsecured	**c)**	8.54 % (2020 – 7.91 %)	June 2023*	**2,268,308**	1,930,154
Unsecured, and guaranteed	**d)**	7.23% (2020 – 7.36 %)	June 2023*	**420,706**	1,350,349
Total				**31,177,135**	32,987,718
Current portion				**2,443,811**	25,853,778
				28,733,324	7,133,940

** The loans with different maturity dates from June 2023 are detailed in their respective paragraph a) to d) below. As of December 31, 2021, the Corporation has been granted an extension of the maturity to June 30, 2023 for the majority of the loans, with the interests and capital being paid at the maturity. The weighted average of interest rates in 2021 is higher than in 2020 because the 2021 interest expenses, for some extended loans, are calculated based on the new principal amount, consisting of the accumulated unpaid interests calculated at the previous maturity dates and the original principal amounts. There is no other change in the loan agreements at the extension date.*

a) Loans are secured by investment properties.

b) Loans are secured by investment properties and personally guaranteed by a director in exchange of the 2% guarantee fee recorded as financing fees and disclosed as financing and other fees in Note 23 - Additional Information – Comprehensive Income (Loss). The current portion of the loans consists of a $225,000 term loan bearing 8% interest, maturing June 2022 with interests being paid monthly, and a $685,114 term loan bearing 13.8% interest with interests and principal payable on demand.

c) Loans are neither secured by any investment property nor guaranteed by a director. The current portion of the loans consists of $712,273 advances from the joint venture bearing no interest rate, $79,321 advances from companies controlled by a director bearing 9%-10% interest with interests and principal payable on demand, and $321,397 promissory note bearing 10% interests with interests and principal payable in February 2022.

d) Loans are not secured by any investment property but are personally guaranteed by a director in exchange of the 2% guarantee fee, recorded as financing fees and disclosed as financing and other fees in Note 23 - Additional Information – Comprehensive Income (Loss) . The current portion of the loans consists of a $420,706 term loan bearing 8% interest with interests and principal payable on demand.

As at December 31, 2021, the Corporation was either in compliance with or had received accommodations from its creditors with respect to their debt covenants.

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:

2021 $

	MORTGAGES	LONG-TERM DEBT	CONVERTIBLE DEBENTURES	TOTAL
Balance, beginning of year	**4,717,696**	**32,987,718**	**5,109,103**	**42,814,517**
Cash				
Repayment	**(97,668)**	**(3,260,331)**	**(933,491)**	**(4,291,490)**
New borrowings, net of transaction costs	**-**	**1,350,000**	**13,260,000**	**14,610,000**
Non-Cash				
Settlement into class "A" common shares	**-**	**(19,500)**	**-**	**(19,500)**
Settlement from asset transactions	**(1,614,375)**	**(4,476,046)**	**-**	**(6,090,421)**
Unpaid interest capitalized	**-**	**4,310,450**	**53,871**	**4,364,321**
Issuance of warrants-broker commission	**-**	**-**	**(147,594)**	**(147,594)**
Amortization of transaction costs	**-**	**-**	**24,436**	**24,436**
Accretion on convertible debentures	**-**	**-**	**1,138,017**	**1,138,017**
Conversion option	**-**	**-**	**(1,916,015)**	**(1,916,015)**
Reclass from trade and other payables	**-**	**284,844**	**-**	**284,844**
Balance, end of year	**3,005,653**	**31,177,135**	**16,588,327**	**50,771,115**

2020 $

	MORTGAGES & CREDIT LINES	LONG-TERM DEBT	CONVERTIBLE DEBENTURES	TOTAL
Balance, beginning of year	24,126,946	42,431,553	1,043,382	67,601,881
Cash				
Repayment	(4,782,727)	(2,173,650)	(100,000)	(7,056,377)
New borrowings	29,618	3,106,378	4,520,000	7,655,996
Non-Cash				
Settlement into class "A" common shares	-	(3,420,896)	(200,000)	(3,620,896)
Settlement from asset transactions	(14,656,141)	(10,991,892)	-	(25,648,033)
Unpaid interest capitalized	-	4,141,696	-	4,141,696
Conversion option	-	-	(259,750)	(259,750)
Reclassification	-	(105,471)	105,471	-
Balance, ending of year	4,717,696	32,987,718	5,109,103	42,814,517

NOTE 17. DEFERRED INCOME TAX LIABILITIES AND INCOME TAXES

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

	2021	2020
	$	$
Net income (loss) before taxes	**36,997,777**	27,148,796
Current portion	**26.5%**	26.5%
Expected income tax expense (recovery) at the statutory tax rate	**9,804,411**	(7,194,431)
Change in fair value of investment properties	**(5,520,318)**	631,495
Non-deductible expenses (non-taxable income)	**(46,154)**	-
Temporary differences not recognized	**390,174**	1,799,794
Impact from loss on settlement	**-**	3,112,091
Current year losses for which no deferred tax assets are recognized	**1,169,628**	1,555,228
Use of previously unrecognized tax losses	**(1,369,023)**	-
True-up and other	**(78,091)**	139,689
Actual income tax expense	**4,350,627**	43,866

The tax expense comprises:

	2021	2020
	$	$
Origination and reversal of temporary differences	**4,350,690**	(3,986,517)
Change in unrecognized deferrred tax asset	**(263,929)**	3,986,517
Deferred tax expense	**4,086,761**	-
Current tax expense	**263,866**	43,866

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

	2021	2020
	$	$
Non-capital loss carry-forwards	**20,526,051**	18,357,387
Investment properties	**-**	1,989,202
Share issue costs	**38,235**	68,594
	20,564,286	20,415,183

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, 2021, deferred tax assets totaling $5,449,536 have not been recognized (2020 - $5,410,000).

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

	2021	2020
	$	$
2041	**4,168,901**	-
2040	**6,534,882**	6,061,448
2039	**4,375,622**	4,730,452
2038	**4,595,442**	6,004,020
2037	**686,378**	989,571
2028-2036	**164,826**	571,896
	20,526,051	18,357,387

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

	JANNUARY 1, 2021	**RECOGNIZED IN PROFIT OR LOSS**	**RECOGNIZED IN CONTRIBUTED SURPLUS**	**DECEMBER 31, 2021**
	$	**$**	**$**	**$**
Deferred tax liabilities				
Investment properties	**(324,933)**	**(5,875,411)**	**-**	**(6,200,344)**
Investment in a joint venture	**-**	**(85,056)**	**-**	**(85,056)**
Convertible debentures	**(50,067)**	**200,278**	**(533,368)**	**(383,157)**
Tax losses	**-**	**1,673,428**		**1,673,428**
	(375,000)	**(4,086,761)**	**(533,368)**	**(4,995,129)**

	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)

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 convertible 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, 2021 and 2020 are as follows:

	2021		2020	
	NUMBER	**$**	**NUMBER**	**$**
Class "A" common shares	**28,393,194**	**74,695,200**	19,839,374	67,000,387
Class "B" common shares	**4,510,891**	**6,153,286**	4,510,891	6,153,286
	32,904,085	**80,848,486**	24,350,265	73,153,673

During the year ended December 31, 2021, the Corporation issued units at a price of $0.76 and $0.78 per unit (2020 - $0.75 per unit) respectively each unit comprising one Class "A" common share and one warrant entitling the holder to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023 (2020 - $1.25, December 31, 2021).

As at December 31, 2021, 3,459,702 units (2020 – 9,651,158 units) were issued for a total of $2,694,813 (2020 - $12,868,282) consisting of $1,436,726 paid in cash (2020 – $200,000), $925,085 for accounts payable settlement (2020 – $3,417,674), $19,500 for debt settlement (2020 – $3,390,527), $313,502 as payment for consultation services (2020 – $29,850) and none for convertible debenture settlement (2020 – $230,169).

The Corporation also issued 4,800,000 Class "A" common shares at a total price of $4,800,000 as partial payment for the acquisition of the land in Alliston (refer to Note 5d).

In addition to the above, 294,118 units were reserved for issuance (2020 – none), during the year ended December 31, each unit comprising one Class "A" common share and one warrant entitling the holder to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023, at a unit price of $0.68, for the $200,000 received in advance, in view of the private placement offering that closed in January 2022.

The settlement of those current and non-current liabilities resulted in an increase of $944,585 in Class "A" common shares (2020 – $12,668,283), $64,856 in Warrants (2020 – $6,113,817), and $75,912 in loss from the settlement of current and non-current liabilities (2020 – $11,743,740).

At December 31, 2021, there were no Class "A" common shares (2020 – 162,613) nor Class "B" common shares (2020 – 634,884) outstanding that were subject to an escrow agreement. Those 2020 escrewed shares were released on March 23, 2021.

NOTE 19. WARRANTS

The following is a continuity of the warrants outstanding and exercisable as at December 31, 2021:

		As at December 31, 2021 Weighted Average Exercisable Price		As at December 31, 2020 Weighted Average Exercisable Price	
	EXPIRATION DATE	NUMBER	$	NUMBER	$
Beginning balance		**9,651,158**	**1.25**	15,000	2.00
Issuance of warrants	December 31, 2021	-	-	9,651,158	1.25
Issuance of warrants	October 31, 2023	**3,744,654**[a]	**1.25**	-	-
Issuance of warrants	October 31, 2023[b]	**294,118**[b]	**1.25**	-	-
Expiration of warrants		-	-	(15,000)	2.00
		13,689,930	**1.25**	9,651,158	1.25

[a] *Including 284,952 warrants issued as broker warrant commission.*
[b] *Warrants reserved for issuance, along with 294,118 Class "A" common Shares (reserved for issuance), for the $200,000 received in advance of the private placement offering in January 2022.*

On October 13, 2021, the Board of Directors approved the extension of the warrant maturity dates to all warrant holders, except warrant brokers. The extension being granted to all warrant holders, including the extension for the warrants issued as part of debt settlement, but excluding the broker warrants, there was no accounting impact to the Corporation.

With the new grant date, being the extension approval date, and the maturity date extended to October 31, 2023, the weighted average remaining contractual life for the warrants outstanding as of December 31, 2021 was increased to 2.02 years (2020 – 1 year).

The Corporation deems the Black-Scholes Model appropriate to calculate the fair value of these warrants, considered as equity instruments, and uses the following compounded values of a share price at the time of issuance of $0.90 (2020 – $1.36), an exercise price of $1.25 (2020 - $1.25), a risk-free rate of 0.72% (2020 – 0.23%), volatility of 122.33% (2020 – 101%), vesting immediately, and an average life of 2.02 years (2020 – 1.45 years) from the extension approval date, resulting in a fair value of the warrant of $0.46 (2020 – $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.

NOTE 20. NET INCOME (LOSS) PER SHARE

As at December 31, 2021, the Corporation generated a net income of $32,647,150 compared to a net loss of $27,192,662 as at December 31, 2020. The net income is mostly attributable to the reclassification of two properties under development, as described in Note 6 - Investment Properties.

The calculation of basic net income (loss) per Class "A" common share as at December 31, 2021 was based on the income (loss) attributable to common shareholders which corresponds to the income for the year of $32,647,150 (December 31, 2020 – loss of $27,192,662) and a weighted average number of common shares of 29,714,699 (December 31, 2020 – 18,981,561).

The calculation of diluted net income (loss) per share on December 31, 2021 was based on the income (loss) (after adjusting for interest on the convertible debentures) attributable to net potential common shareholders upon their conversion into Class "A" common shares. As a result, the dilutive net income as at December 31, 2021 was $34,020,949 (December 31, 2020 – loss of $27,192,662), and a weighted average number of dilutive common shares of 42,689,680 (December 31, 2020 – 18,981,561). All warrants (Note 19 – Warrants) have not been included in the diluted net income due to their anti-dilutive effect. As at December 31, 2020, the dilutive shares were equal to the basic shares due to the anti-dilutive effect of deficit accumulated by the Corporation.

The calculation of the diluted earning per share of Class "A" common shares is as follows:

	2021	2020
	$	$
Net income (loss)	**32,647,150**	(27,192,662)
Effect of interest on convertible debentures on net income (loss)	**1,373,799**	-
Net income (loss) adjusted for the effect of dilution	**34,020,949**	(27,192,662)
Weighted average number of Class "A" common shares	**29,714,699**	18,981,561
Dilutive effect of convertible debentures on weighted average number of common shares	**12,974,981**	-
	42,689,680	18,981,561
Diluted earnings per share	**0.80**	1.43

NOTE 21. RELATED PARTY TRANSACTIONS

Related parties include the Corporation's key management personnel. The compensation to key management is ether settled in cash or in Class "A" common shares or other instruments as initially agreed upon by key management and the Corporation.

The remuneration of key management personnel includes the following:

	2021	2020
	$	$
Management fees	**901,876**	1,059,824

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

	2021	2020
	$	$
Consulting fees and professional fees	**554,312**	264,620
Financing fees	**1,207,718**	938,819

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

	2021	2020
	$	$
Companies controlled by directors and officers	**2,225,651**	1,787,624
Accrual compensation of directors and officers	**619,982**	892,821

The Corporation has additional loans and advances with related parties disclosed in Note 13 - Convertible Debentures - and Note 15 - Long-Term Debt. The Corporation accrues a fee of 2% for the personal guarantees given by a director on the Corporation's secured and unsecured liabilities. This 2% fee is recorded as Financing Cost and presented within Financing Fees. In January 2022, the director waived and renounced to the payment of such fee, accrued over the periods ending in December 2021 and 2020 , thus reducing the associated accrued liability accordingly (refer to Note 29 - Subsequent Events).

During the year ended December 31, 2021, the CEO subscribed to 1,602,564 units at a price of $0.78 per unit, which were issued by the Corporation for a total amount of $1,250,000; each unit comprising one Class "A" common share and one warrant entitling the holder to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023. During the year ended December 31, 2021, other key management personnel has also converted part of their remuneration and subscribed to 198,719 units at a price of $0.78 per unit, for an amount of $155,000; each unit comprising one Class "A" common share and one warrant entitling the holder to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023.

NOTE 22. ADDITONAL INFORMATION – CASH FLOW

The changes in working capital items are detailed as follows:

	2021	2020
	$	$
Receivables and other receivables	**(119,910)**	299,912
Prepaids and deposits	**(504,340)**	(648,207)
Advances	**-**	32,381
Trade and other payables	**847,706**	5,100,179
Income tax payable	**263,866**	43,866
	487,322	4,828,131
Additional cash flow information:		
Interest paid	**1,041,841**	1,294,033

NOTE 23. ADDITIONAL INFORMATION – COMPREHENSIVE INCOME (LOSS)

Administrative expenses are composed of the following:

	2021	2020
	$	$
Consulting and professional fees	1,269,903	1,327,896
Management fees	901,876	1,059,824
	2,171,779	2,387,720

Financing costs are composed of the following:

	2021	2020
	$	$
Interest	1,626,190	3,468,941
Financing and other fees	1,122,142	1,413,229
	2,748,332	4,882,170

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, 2021		December 31, 2020	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial assets	$	$	$	$
Financial assets at amortized cost				
Cash	437,936	437,936	81,861	81,861
Receivables and other receivables	2,581,284	2,581,284	2,826,989	2,826,989
Refundable deposits	1,635,620	1,635,620	1,540,604	1,540,604
	4,654,840	4,654,840	4,449,454	4,449,454
Financial assets at FVTPL				
Investment in a private company	-	-	250,000	250,000
Total financial assets	4,654,840	4,654,840	4,699,454	4,699,454
Financial liabilities				
Financial liabilities at amortized cost				
Trade and other payables	5,951,958	5,951,958	6,563,159	6,563,159
Convertible debentures	16,588,327	16,588,327	5,109,105	5,109,105
Bank mortgages	3,005,653	3,005,653	4,717,696	4,717,696
Long-term debt	31,177,135	31,177,135	32,988,018	32,988,018
Total financial liabilities	56,723,073	56,723,073	49,377,978	49,377,978

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

» **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities

- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

- **Level 3:** unobservable inputs for the asset or liability.

The net carrying amounts of cash, receivables and other receivables, refundable deposits, and trade and accrued 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, long-term debts, and convertible debentures 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, long-term debts and convertible debentures 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 interest rate risk, credit risk, liquidity and availability of capital risk and liquidity of real estate risk. The following analysis enables users to evaluate the nature and extent of the risks at the end of the reporting period.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. Emergia monitors its interest rate exposure on an ongoing basis. The Corporation requires financial resources to complete the implementation of its strategy which includes refinancing of short-term debt, acquisition of income producing properties and development of currently owned projects. The successful implementation of Emergia's strategy will require cost effective access to additional funding. There is a risk that interest rates may increase which could impact long-term borrowing costs and negatively impact financial performance. As at December 31, 2021 and December 31, 2020, bank mortgages, convertible debentures, long-term debts are at fixed interest rates, and the refinancing of any short-term debt underway is expected to reduce the current interest rates, therefore mitigating the Corporation's risk to interest rates.

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk is the full carrying value of the financial instrument. Exposure to credit risk relates to cash, receivables and other receivables. Emergia is exposed to credit risk resulting from the possibility that counterparties could default on their financial obligations to the Corporation. Emergia mitigates the risk of credit loss through careful selection of tenants and look to obtain national tenants or tenants in businesses with a long-standing history or perform financial background checks including business plan reviews for smaller tenants. We manage our concentration risk by renting to an expansive tenant base, with no dependency on rents from any one specific tenant. The maximum exposure as at December 31, 2021 and December 31, 2020 is the carrying amount of these instruments, the credit risk is not significant.

Liquidity and Capital Availability Risk

Liquidity risk is the risk that Emergia cannot meet a demand for cash or fund 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 debts as well as the issuance of shares and other equity instruments, and convertible debentures.

The Corporation's financial liabilities have contractual maturities as summarized below:

2021	WITHIN 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	LATER THAN 5 YEARS
Trade and other payables	**5,951,958**	**-**	**-**	**-**
Convertible debentures	**1,736,533**	**620,000**	**18,007,500**	**-**
Bank mortgages	**46,547**	**2,959,106**	**-**	**-**
Long term debt	**2,443,811**	**-**	**33,561,798**	**-**
Total	**10,178,849**	**3,579,106**	**51,569,298**	**-**

2020	WITHIN 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	LATER THAN 5 YEARS
Trade and other payables	6,563,159	-	-	-
Convertible debentures	-	778,033	5,669,888	-
Bank mortgages	162,441	162,441	4,605,159	-
Long term debt	25,114,111	865,634	7,133,970	-
Total	31,839,711	1,806,108	17,409,017	-

As at December 31, 2021, the Corporation was either in compliance with or had received accommodations from its creditors with respect to their debt covenants.

The Corporation is mitigating the liquidity risk by negotiating new equity and debt financing, and may also sell certain investment properties. Already, in 2022, an important amount of the short-term debt has been reimbursed (refer to Note 29 - Subsequent Events). There is no guarantee that the Corporation will succeed in the selling of such properties or obtaining additional debt or equity financing or be able to alter the future cash flow forecast. However, with the Corporation's success in 2020 and in 2021 and again in early 2022, to obtain equity financing and to dispose of assets, to significantly reduce its short-term debt, and to renegotiate the terms and conditions of its senior debts, Emergia has proven its ability to meet its obligations as they become due. Based on its performance to date and the support of its lenders and creditors, management believes that the liquidity risk described above is not significant and that there are limited material uncertainties related to the Corporation's capacity to meet its obligations when they become due.

Liquidity of Real Property

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit Emergia's ability to adjust its portfolio promptly in response to changing economic or investment conditions or in the event it seeks to sell real estate assets as a source of liquidity. In recessionary times, it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession Emergia may be faced with ongoing expenditures with a declining prospect of incoming revenue. In such circumstances, it may be necessary for Emergia to dispose of properties at lower prices to generate sufficient cash for operations. Considering Emergia's diversified portfolio, management considers this risk as being not significant.

NOTE 26. CAPITAL MANAGEMENT

The Corporation's primary objective when managing capital is to provide financial capacity and flexibility to meet its strategic objectives.

The Corporation's liquidity needs are for development costs, potential property acquisitions, scheduled debt maturities and non-recurring capital expenditures. The Corporation's strategy is to meet these needs with one or more of the following: cash flow from operations, credit facilities, and refinancing opportunities as well as issuances of shares or units.

The following schedule details the components of the Corporation's capital:

	2021	2020
	$	$
Liabilities		
Convertible debentures	**16,588,327**	5,109,103
Bank mortgages	**3,005,653**	4,717,696
Long-term debt	**31,177,135**	32,987,718
Shareholders' equity		
Share capital	**80,848,486**	73,153,673
Total Capital	**131,619,601**	115,968,190
Capital Structure (Total Liabilities to Equity)	**63 %**	59 %

NOTE 27. SEGMENT INFORMATION

The Corporation operates in three different segments of the real estate industry: (i) ownership of revenue-producing multi-residential, commercial, industrial and office properties ("**Rental Income**"), (ii) development and sale of investment properties ("**Development Income**"), (iii) management of investment properties from associates and joint ventures ("**Management Fees**"). Operating performance of the Corporation is evaluated primarily based on the development of the properties and their change in fair value as well as operating income of these three segments. Centrally managed expenses such as interest, amortization, and general administrative costs are not included or allocated to operating segment results. As at December 31, 2021 and 2020, the Corporation does not have Development Income.

	Income Producing Properties		**Properties Under Development**		**Associate and Joint Venture**		**Corporation[a]**		**Consolidation**	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Total Assets	**4,600,000**	9,166,775	**114,725,000**	58,437,439	**4,956,460**	4,314,527	**7,018,644**	5,117,079	**131,300,104**	77,035,820
Rental income	**485,532**	2,682,745	**-**	-	**-**	-	**-**	-	**485,532**	2,682,745
Management Fees	**-**	-	**-**	-	**-**	-	**69,805**	50,000	**69,805**	50,000
Operating income	**284,273**	1,173,738	**-**	-	**-**	-	**69,805**	50,000	**354,078**	1,223,738

[a] *Represents the assets and revenues not included in the income producing properties, properties under development and associates and joint ventures, but includes assets such as properties held for sale, the investment in companies, the receivables and other cash or cash equivalent assets.*

NOTE 28. COMMITMENTS AND CONTINGENCIES

Emergia is involved in litigation and claims which arise from time to time in the normal course of business. None of these contingencies, individually or in aggregate, would result in a liability that would have a significant adverse effect on the financial position of the Corporation.

NOTE 29. SUBSEQUENT EVENTS

Acquisition in March 2022 of a 30% Interest in a 6-Plaza portfolio in Ontario

In March 2022, Emergia purchased an interest of approximately 30% of the total value of a portfolio comprised of six retail plazas in six cities in Ontario. The portfolio includes approximately 568,000 sq. ft. of gross leasable are ("**GLA**") that is almost fully leased, with an additional development potential of approximately 196,000 sq. ft. of GLA, part of which are under negotiations for 2022.

The total purchase price for the acquisition of Emergia's interest is $41,031,152, which has been paid through the assumption of $28,968,732 of existing mortgages, the issuance of 9,776,800 Class "A" common shares at $1.00 per share, and the balance being paid in cash, including the deposits of $1,635,620.

Private Placements

On January 10, 2022, Emergia completed the closing of its previously announced private placement and issued an additional 4,857,020 units and 250,000 Class "A" common shares for total amount of $3,454,930, composed of $546,862 in cash and $2,908,067 in payment of outstanding debts. Each unit, issued at $0.68 per unit, was 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 Class "A" common share at a price of $1.25 per share until October 31, 2023. This closing includes the conversion of an important portion of the directors' and the Management's accrued compensation for an amount of $990,239 (representing 1,456,234 units) and the conversion of debts by creditors for an amount of $1,935,671 (representing 2,872,816 units) and $546,862 (representing 804,210 units) in cash.

On April 8, 2022, the Corporation completed another closing of a private placement for a total amount of $1,305,000 in cash, composed of $705,000 of unsecured convertible debentures and $600,000 in units of the Corporation at a price of $0.80 per unit. The Debentures bear interest at the rate of 8% per year, accruing in arrears, payable semi-annually in cash or in Class "A" common shares of the Corporation. The debentures are convertible at the holder's option into one unit (the "**Debentures Units**") of the Corporation at a conversion price of $0.90. Each Debenture Unit is composed of one Class "A" common share in the capital of the Corporation and two (2) warrants of the Corporation: (i) a warrant of the Corporation entitling the holder thereof to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023 and (ii) a warrant of the Corporation entitling the holder thereof to purchase one Class "A" common share at a price of $1.50 per share until October 31, 2024. In the event that, during the term of the debentures, the volume weighted trading price of the Class "A" common shares for the last 20 days on the CSE is equal to, or greater than $1.50 per share, the Corporation may then force the conversion of the debentures into Debenture Units. Each unit, issued at $0.80 per unit, is 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 Class "A" common share at a price of $1.25 per share until October 31, 2023.

On April 14, 2022, an holder of unsecured convertible debentures converted an amount of $425,000 of its debentures into units of the Corporation at $0.85 per unit, each unit being composed of one Class "A" common share in the capital of the Corporation and two (2) warrants of the Corporation: (i) a warrant of the Corporation entitling the holder thereof to purchase one Class "A" common share at a price of $1.25 per share until October 31, 2023 and (ii) a warrant of the Corporation entitling the holder thereof to purchase one Class "A" common share at a price of $1.50 per share until October 31, 2024.

The Corporation is currently finalizing the accounting implications of the various private placements.

Related Party

In January 2022, a director waived and renounced to the payment of the 2% personal guarantee fee, accrued over the periods ending in December 2020 and 2021, and for the part of Q1-2022 for an amount totalling $1,360,000. The associated accrued liability is reduced accordingly.

Disposition

In February 2022, the Corporation disposed of half of its 50% interest in the joint venture to its co-shareholder for a price of $560,000 in reduction of a debt in the same amount. The Corporation maintained its option to buy back all the shares of its partner in the said joint venture until September 2023.

EMERGIA

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