

GOING FORWARD

ENERGIA

Quarterly Report Q2-2022

August 29, 2022



TABLE OF CONTENTS

QUARTERLY REPORT	1
Message to Shareholders	3
Be Different	5
Corporate Profile	6
Q2-2022 Highlights	7
Recent Development	8
Our Portfolio	10
MANAGEMENT'S DISCUSSION AND ANALYSIS	18
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	90

Message to Shareholders



"Emergia, being on the midst of obtaining the approvals of three development projects, is at a turning point in the execution of its strategic plan, which comprises value creation, organic growth, and profitability."

HENRI PETIT

Chairman,
President and CEO

Dear Shareholders:

As indicated in our recently filed reports (Annual 2021 and Quarterly Q1-2022), Emergia has made a remarkable turnaround in the recent years by passing the crucial stages in the execution of this strategic plan of action, with the result of improving its balance sheet and continuing to demonstrate its strong commitment to building value for stakeholders.

Emergia is pursuing the execution of its business plan in 2022, with an acquisition of a 30% interest in a 6-plaza retail portfolio of income producing properties with excess land for future development in Ontario. We also managed to close a private placement in the amount of \$4.9 million (composed of \$4.2 million in capital and \$0.7 million in convertible debentures) in the first two quarters. In addition, an amount of \$2.3 million in convertible debentures were converted in capital. As a result, an amount of \$6.6 million in capital and \$0.7 million in convertible debentures, for a total of \$7.3 million, was raised as at the date of this Quarterly Report, and the debt reduced accordingly.

Financial Results

The six-month period ended on June 30, 2022 reflects a net income and comprehensive income of \$2,892,294, compared to \$165,662 for the same period in 2021. The net comprehensive income of \$2,892,294 is mainly driven by the goodwill related to the acquisition of the associates of \$6,000,000, partly offset by the loss on settlement of a long-term debt of \$1,087,573 incurred by the disposal of 25% interest in the joint venture. It is important to note that the Corporation has a buy-back option of the shares in the joint venture until September 2023 and, should Emergia exercise its option, the loss would be

recuperated. Notwithstanding the foregoing, the Q2-2022 financial results from operations for the second quarter register a loss of \$1,112,050 for the Q2-2022, compared to a net income of \$319,073 in Q2-2021. This operating loss is not a surprise, as it was a foreseen consequence of the whole reorganisation plan initiated in past years, which included the disposal of certain income producing properties. In fact, such results are normal for Emergia at this stage since its assets are composed in a larger part by development properties (67.7%). This operating loss situation is expected to be corrected in the near future, as the development projects will be launched in the coming months, and we pursue with our strategic plan that include acquisitions of income producing properties.

The Corporation's total assets reached \$149 million at the end of Q2-2022, compared to \$131.3M at the year-end 2021, representing an increase of 13.5%. The global debt has decreased to \$62.5 million, representing a global debt ratio of 41.9% (compared to \$55.4 million for a debt ratio of 61.4% for the same period in 2021). However, the said amount includes a deferred tax liability of \$5.0 million resulting from the unrealized fair value adjustment in 2021, leaving a net debt of \$57.5 million, representing a global debt ratio of 38.5% without the deferred tax.

We wish to point out that, although the current liabilities have increased significantly in the Q2 financial statements, such debt is the result of the fact that the terms of the larger debts mature on June 30, 2023, being within twelve months from these financial statements. These debts are all under negotiations to be refinanced or extended for another year. In all cases, we are very confident that they will be refinanced before their respective maturity date.

The net asset value¹ reached \$86,539,152 at the end of Q2-2022, representing a net asset value¹ per share of \$1.86, compared to \$1.58 at the end of June 2021, representing an increase of 17.7% over the past 12 months. The net asset value¹ is based on the total assets and liabilities and the basic weighted average number of shares outstanding as at June 30, 2022 being 46,437,631.

Ongoing Action Plan

EMERGIA is in line with its strategic plan in that it pursues its acquisitions activities of income producing properties and its development activities to increase the value of its properties under development and proceed to their development and sell the excess land that are destined to other uses than those of Emergia, such as single-family homes and condominiums. The value-add expected to be created in these development projects, are deemed to generate development income to the benefit of our investors in the near future.

EMERGIA, being on the midst of obtaining the approvals for three development projects, is at a turning point in the execution of its strategic plan, which comprises value creation, organic growth and profitability. In June 2022, we have received the informal approval by the City Council to proceed with the final steps of the urbanistic measures to obtain the final approval in the coming months. In July, Alliston was designated by the provincial authorities as a city to grow under the provincial mandate. This is expected to accelerate the redesignation of our land into residential and to proceed to its development and sale of some land to generate development income. Finally, the Dorval project is in its final stage of approval which is expected to occur in September.

In addition to the above, Management is active as to the acquisition of additional income producing properties to align its portfolio with its business model, which aims at holding 60% of income producing properties and 40% of development and optimization properties. We expect to reach these percentages in 2023.

Conclusion

We have now started the execution of our business plan which is aimed at increasing the revenues, increasing the value and growth by launching our development projects. As part of our plan, we are looking forward to starting distribution of dividends in the next few years.



HENRI PETIT
Chairman, President and CEO

¹ A non-IFRS measure. Please refer to the Management's Discussion & Analysis for the three and six months ended June 30, 2022 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 multifamily, retail, industrial and office asset classes;
- » Allowing to manage portfolio volatility;
- » Allowing to manage resilience to economic downturns.



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 multifamily, 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.

Q2-2022 Highlights

\$149.0M

Total Assets Value

\$62.5M

Total Debt

41.9%

Global Debt Ratio¹

\$86.3M

Net Asset Value¹

46.4M

Number of shares
outstanding (basic)
Q2-2022

\$1.86

Net Asset Value Per
Share (Basic)¹

\$17.7M

Increase of Total Assets
Value since
December 31, 2021²

\$2.2M

Increase of Assets FMV
since
March 31, 2022

13.5%

Year-to-date
increase in
Total Assets Value

¹ A non-IFRS measure. Please refer to the Management's Discussion & Analysis for the three and six months ended June 30, 2022 for definitions, reconciliations and the basis of presentation of Emergia's non-IFRS measures.

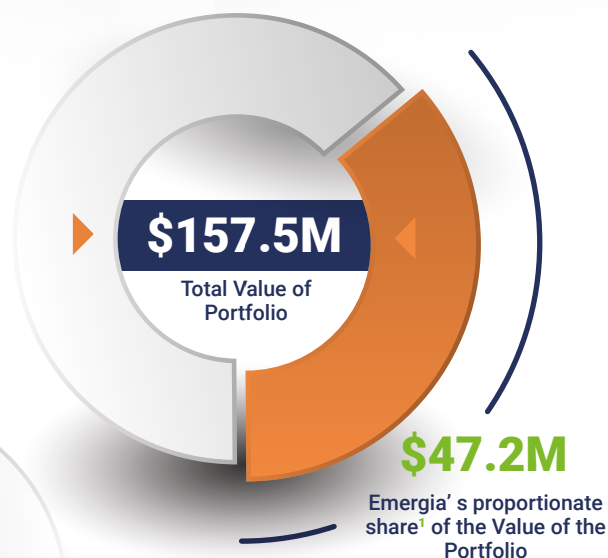
² The \$17.7M represents the net increase in the Assets Value of the Corporation during the 6-month period ended June 30, 2022, including the investment in the associates owning the assets of the portfolio acquired in Ontario.

Recent Development

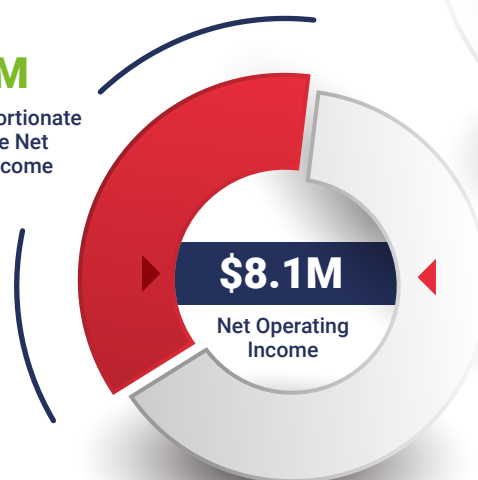
In March 2022, acquisition of a **30%** interest in a 6-Plaza portfolio in Ontario

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.

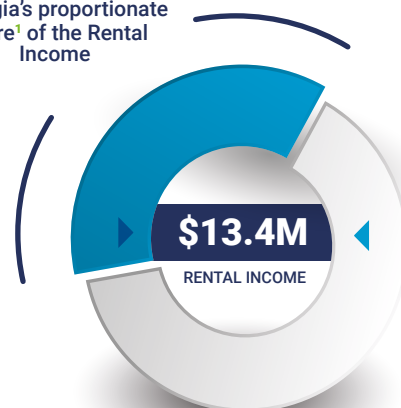
The total purchase price for the acquisition of Emergia's interest is \$41,031,152 which has been paid through the assumption of \$28,968,732 of existing mortgages, the issuance of 9,776,800 Class "A" common shares at \$1.00 per share, and the balance being paid in cash, including the deposits of \$1,635,620.



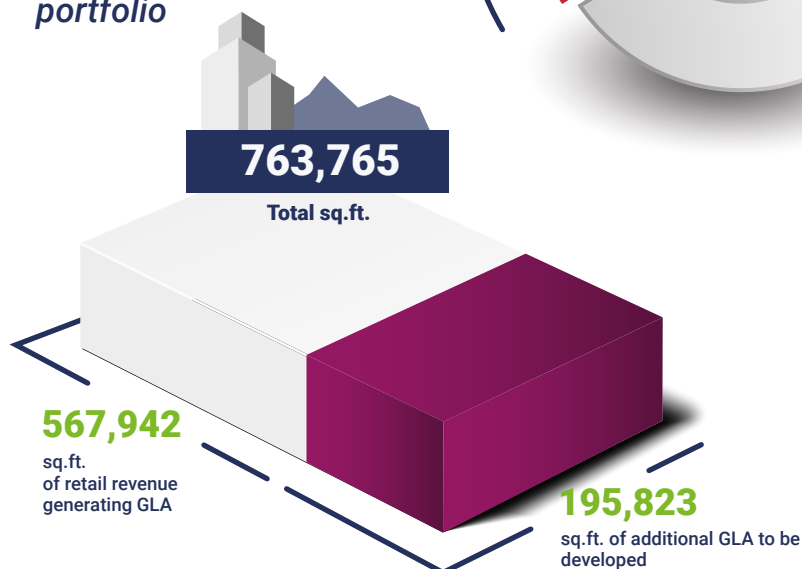
\$2.4M
Emergia's proportionate share¹ of the Net Operating Income



\$4.1M
Emergia's proportionate share¹ of the Rental Income



A glance at the portfolio



¹ A non-IFRS measure. Please refer to the Management's Discussion & Analysis for the three and six months ended June 30, 2022 for definitions, reconciliations and the basis of presentation of Emergia's non-IFRS measures.

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.

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.

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.

Closing on May 25, 2022, of a payment of debts in an amount of \$266,875 by the issuance of 35,294 Class "A" common shares at price of \$0.85 per share and 236,875 Class "A" common shares at a price of \$1.00 per share.

Conversion of Convertible Debentures (Please refer to Section "Subsequent Events" on page 66)

On July 15, 2022, a holder of a series of three convertible debentures, maturing from April to July 2022 converted the total amount of principal and accumulated interests into Emergia's units (comprising one Class "A" common share and one warrant exercisable at a price of \$1.25 until December 31, 2022. This conversion resulted in the reduction of the debt by \$ 1.92 million.

On July 28, 2022, a holder of a convertible debenture, maturing in October 2022 converted another portion of the principal into Emergia's Units (comprising one Class "A" common share and two warrants, one exercisable at a price of \$1.25 until October 31, 2023 and one exercisable at a price of \$1.50 until October 31, 2024), and the related accumulated interests into Emergia's Class "A" Common Share. This conversion resulted in the reduction of the debt by \$0.43 million.

" Investors have, throughout 2021 and again in Q2-2022, demonstrated their confidence in the strength and in the future of EMERGIA. We are very proud to continue to prove them right. "

HENRI PETIT Chairman, President and CEO

PRIVATE PLACEMENTS

\$7.80M

OF TOTAL INVESTMENTS IN EMERGIA
SINCE THE BEGINNING OF 2022

\$5.95M

OF DEBT CONVERSION SINCE THE
BEGINNING OF 2022

\$1.85M

IN CASH INVESTED IN THE CORPORATION SINCE
THE BEGINNING OF 2022

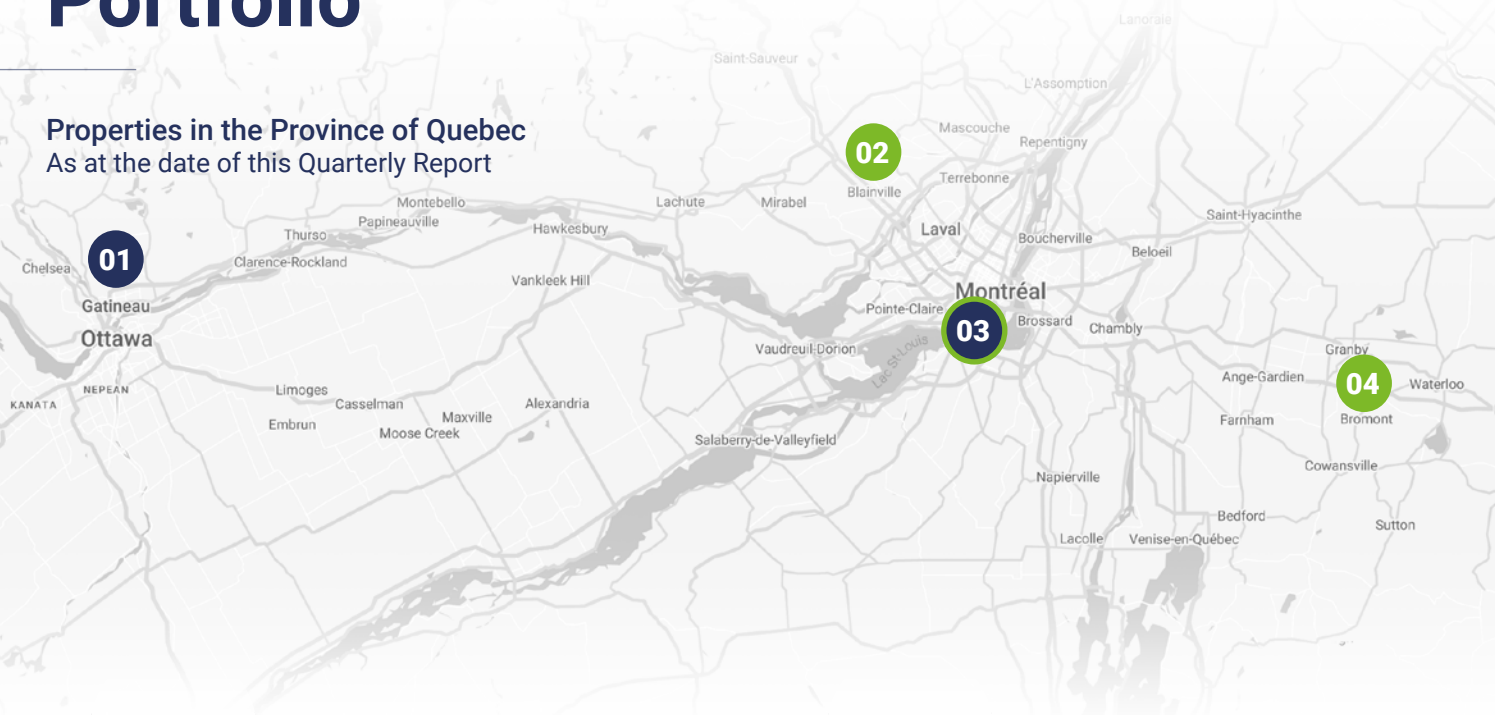
SALE OF ASSET HELD FOR SALE

(Please refer to Section "Subsequent Events" on page 66)

We have accepted an offer to sell the property held for sale at the value indicated in the financial statements of year-end 2021 and Q1-2022, being \$1,800,000. The closing is expected to occur in the coming weeks. The proceeds of such sale will reduce the debt.

Our Portfolio

Properties in the Province of Quebec
As at the date of this Quarterly Report



01

Revenue Generating

Gatineau QC
121 Avenue Lépine
19,810
sq.ft. GLA

FMV:
\$4,600,000

Gatineau QC
117 Avenue Lépine¹
24,950
sq.ft. GLA

Emergia's proportionate
share of FMV²:
\$1,050,000

02

Development

Blainville QC
Curé-Labelle Blvd
231,699
sq.ft. of Land under
Development

FMV:
\$2,017,918

03

Revenue Generating

Dorval QC
185 Avenue Dorval¹
54,118
sq.ft. GLA

Emergia's proportionate
share of FMV²:
\$1,875,000

45,000
sq.ft. of Land under
Development

Emergia's proportionate
share of FMV²:
\$875,000

04

Development

Bromont QC
Exit 78 of Highway 10
17,000,000
sq.ft.

FMV:
\$93,431,969

¹ Property owned in an investment in an associate. Please refer to the "Portfolio Composition" section of the Management's Discussion & Analysis for the three and six months ended June 30, 2022.

² A non-IFRS measure. Please refer to the Management's Discussion & Analysis for the three and six months ended June 30, 2022 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 Quarterly Report

01

Revenue Generating

Owen Sound ON
2125, 16th Street East¹

110,900
sq.ft. GLA

Emergia's proportionate share of FMV²:
\$5,900,000

02

Revenue Generating

Brantford ON
221, Henry Street¹

91,802
sq.ft. GLA

Emergia's proportionate share of FMV²:
\$7,000,000

03

Development

Alliston ON
6485, 14th Line

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

FMV:
\$22,062,805

04

Revenue Generating

Niagara Falls ON
7835, McLeod Road¹

49,852
sq.ft. GLA

Emergia's proportionate share of FMV²:
\$7,400,000

05

Revenue Generating

North Bay ON
850, McKeown Ave¹

135,514
sq.ft. GLA

Emergia's proportionate share of FMV²:
\$8,000,000

06

Revenue Generating

Pembroke ON
15, Robinson Lane¹

64,564
sq.ft. GLA

Emergia's proportionate share of FMV²:
\$6,200,000

07

Revenue Generating

Cornwall ON
501, Tollgate Rd¹

115,910
sq.ft. GLA

Emergia's proportionate share of FMV²:
\$12,600,000

¹ Property being part of the 6-PlazaPortfolio in Ontario for which Emergia acquired in March 2022 a 30% interest. Please refer to the "Acquisitions and Dispositions" section of the Management's Discussion & Analysis for the three and six months ended June 30, 2022.

² A non-IFRS measure. Please refer to the Management's Discussion & Analysis for the three and six months ended June 30, 2022 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.

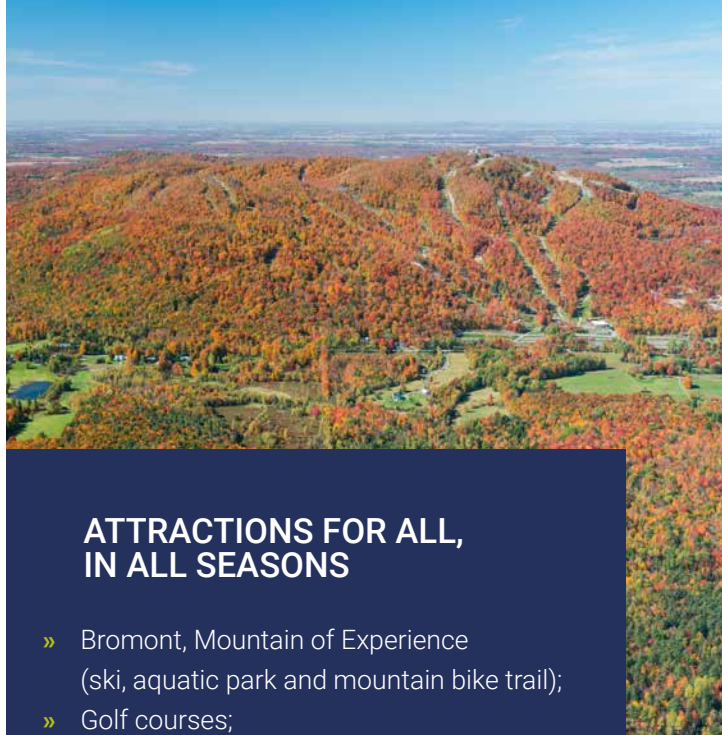
Pure Bromont, the importance of the environment

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).



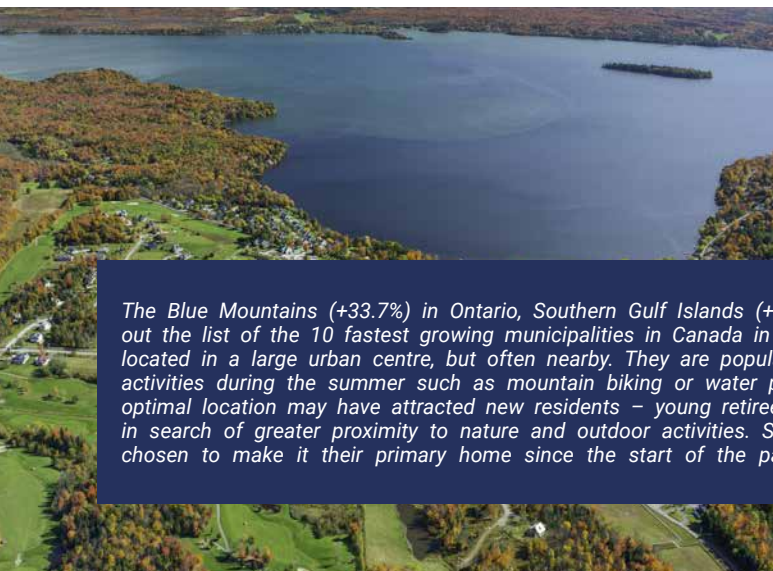
ATTRACTIONS FOR ALL, IN ALL SEASONS

- » 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 m²), 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 A** 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 A will also include other retail stores outside the pedestrian street.
- » **Phase B** which will include a highway services project (restaurants, convenience store, gas station, etc.), and retail stores.
- » **Phases D, F, G, and H** which will include a highway services project (restaurants, convenience store, gas station, etc.) and retail stores.
- » **Phase E** which will comprise general retail and recreotouristical businesses.
- » **Phases A, B, D, F, G, and H** are intended to be developed by Emergia (GLA of approximately 720,000 sq.ft.) which the Corporation expects to hold for the long-term. Emergia may also sell parcels of some land and condo-hotels to operators.

Residential component:

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

Q4 - 2022

- » Approval by the City of the infrastructures (crossing the Highway 10)
- » Development of construction plans for Phases A and B

Q1 - 2023

- » Approval of construction plans for Phases A and B
- » Launching of the construction of the infrastructures

Q2 - 2023

- » Launching of the construction of Phases A and B

EXPECTED
TIMELINE



Alliston

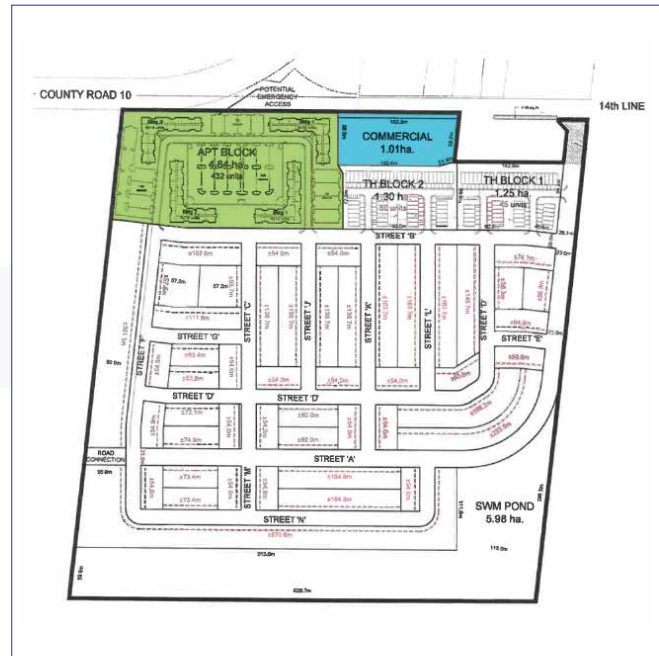
Another Remarkable Value Creation Opportunity

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 2021¹ 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 multifamily) 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 acreage – 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.
- » **Multifamily:** After completion of the zoning change, there would be 12 acres designated as multifamily to build apartment and condo buildings (up to 500 units). The apartment buildings will 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.

JUST MINUTES AWAY FROM HONDA PLANT



Honda to invest \$1.38G in Alliston factory with help from Ottawa and Queen's Park
(Toronto Star -March 15, 2022)

EXPECTED TIMELINE

Q3-2022

- » Zoning change approval.

Q1-2023

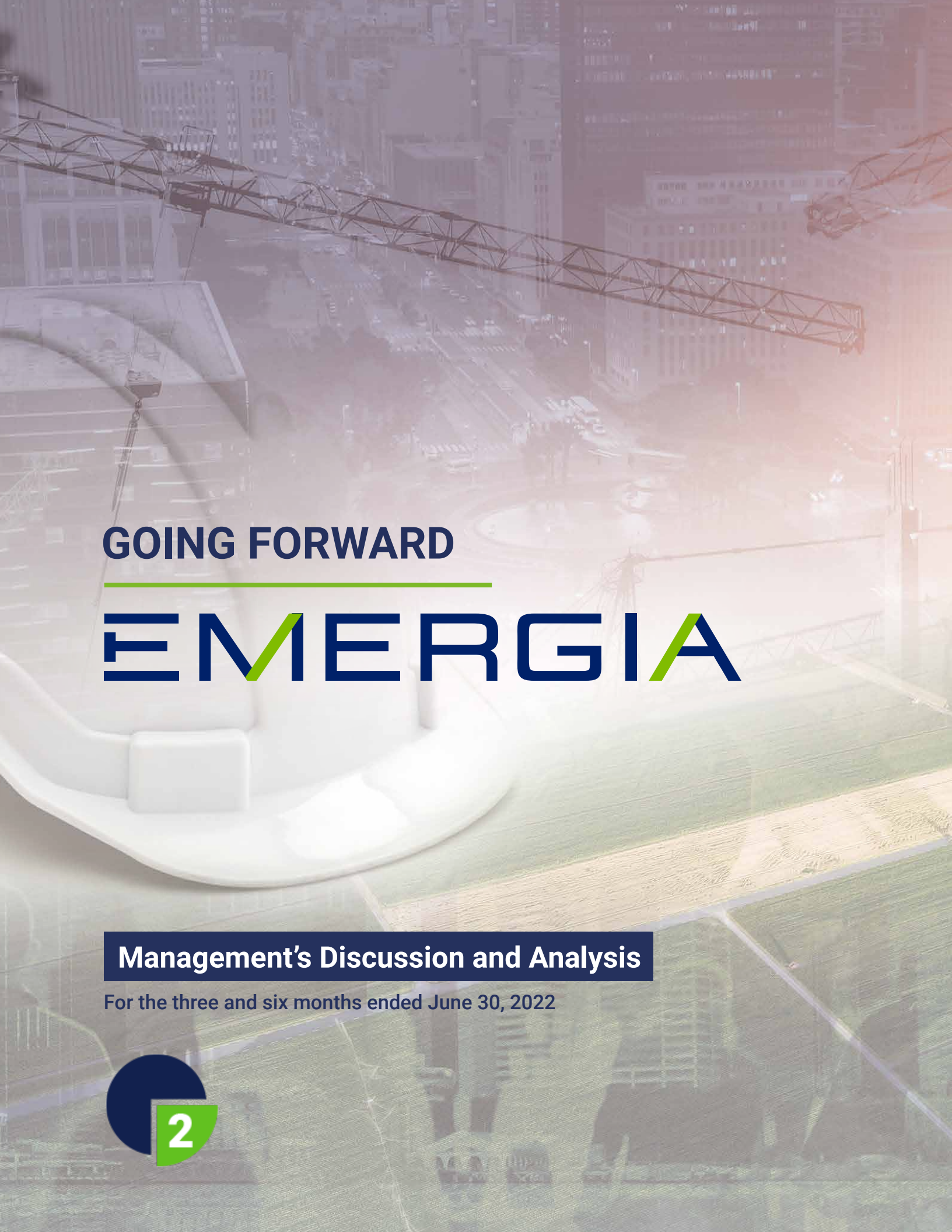
- » Draft plan approval for the development project

Q2-2023

- » Sale of single-family land
- » Draft of construction plans for the development project

Q3-2023 to Q4-2025

- » Development of the multifamily and retail components.



GOING FORWARD

ENERGIA

Management's Discussion and Analysis

For the three and six months ended June 30, 2022



TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS	19
General and forward-looking statement advisory	21
General	21
Forward-Looking Statement Advisory	21
Overview	23
Business Overview	23
Investment Strategy and Business Model	24
Values, Vision and Objectives	27
Covid-19 pandemic	29
Business Environment and Outlook	30
Presentation of Financial Information and Non-IFRS Financial Measures	34
Presentation of Financial Information	34
Non-IFRS Financial Measures	35
Key Performance Indicators and Financial Information	39
Keys Performance Indicators	39
Selected Financial Information	41
Quarterly Financial Information	42
Summary of Quarterly Results	43
Business and operations review	44
Portfolio Composition	44
Acquisitions and Dispositions	64
Subsequent Events	66
Results of operations	67
Net Income (Loss) and Comprehensive Income (Loss)	67
Net Operating Income	69
Net Income Attributable to Shareholders	70
Funds from Operations (FFO)	71
Adjusted Funds from Operations (AFFO)	72
Administrative Expenses	72
Financing Costs	73

TABLE OF CONTENTS

Capital structure and liquidity	74
Cash Flows	74
Liquidity	75
Outstanding Debt and Principal Maturity Profile	76
Commitments and Contingencies	80
Shareholders' Equity	81
Net Asset Value	82
Real Estate Net Asset Value	83
Related Party Transactions	84
Financial Instruments	85
Accounting Estimates and Assumptions	88
Disclosure Controls and Internal Controls	89
Risks and Uncertainties	90

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 six months ended June 30, 2022 ("**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 August 29, 2022, unless otherwise stated, and should be read in conjunction with Emergia's unaudited interim condensed consolidated financial statements for the periods ended June 30, 2022 and June 30, 2021 and accompanying notes (the "**Q2-2022 Financial Statements**") and the audited consolidated financial statements of Emergia for the years ended December 31, 2021 and 2020 and accompanying notes (the "**2021 Annual Financial Statements**") and management's discussion and analysis thereon (the "**2021 Annual MD&A**"), 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 Q2-2022 Financial Statements, the 2021 Annual Financial Statements, the 2021 Annual MD&A 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 July 2022 Monetary Policy Report, the RBC Macroeconomic Outlook – June 2022, the Canada - OECD Economic Outlook Volume 2022 Issue 1, CMHC's February 2022 Rental Market Report, the Colliers' 2022 National Retail Outlook, RE/MAX Commercial Real Estate Report (Canada 2022) 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 the 2021 Annual 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 August 29, 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 multifamily, 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.



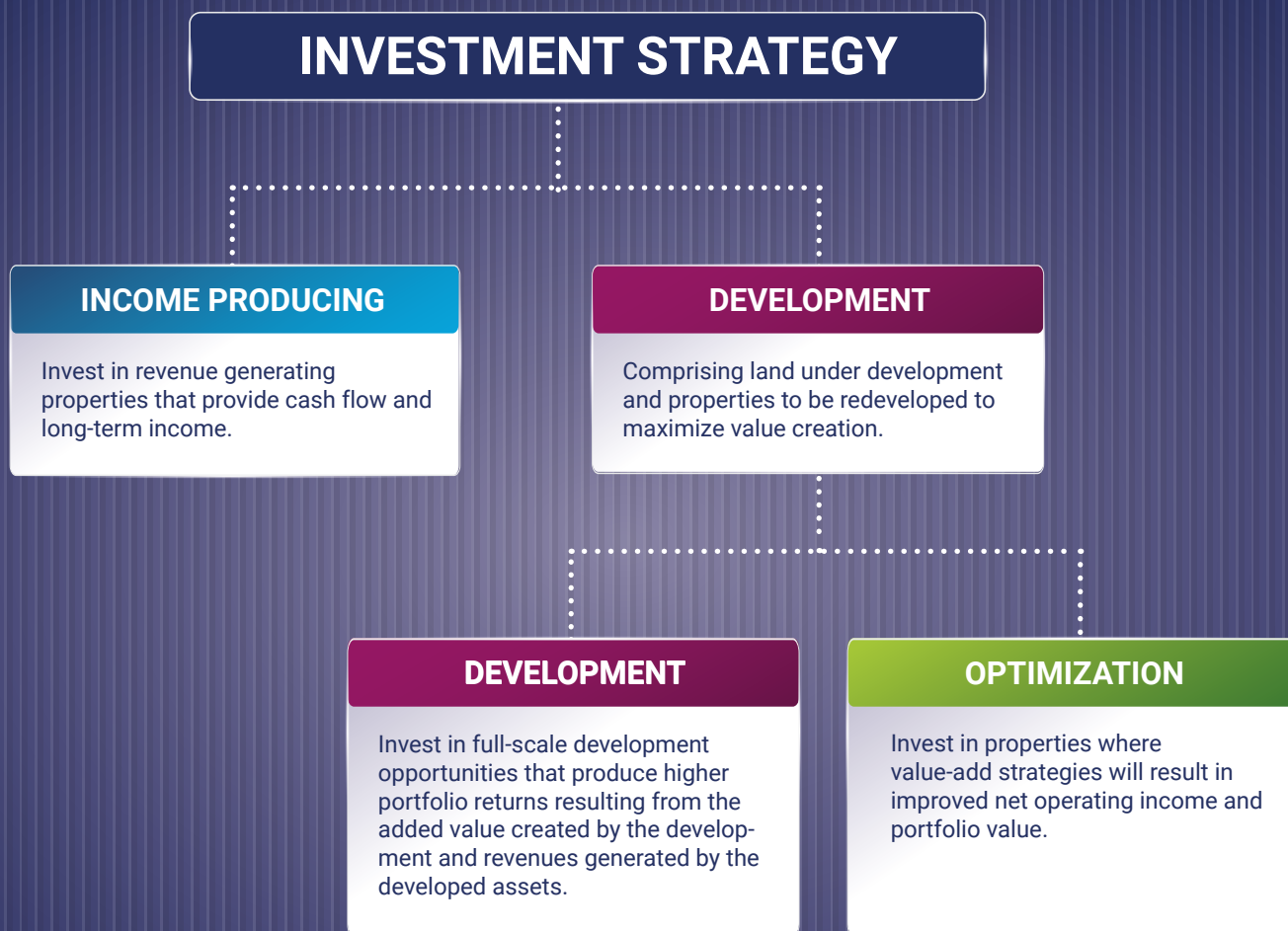
INVESTMENT STRATEGY AND BUSINESS MODEL

The Corporation principally focuses on small to medium-size portfolios based on a diversified asset allocation (multifamily, 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:



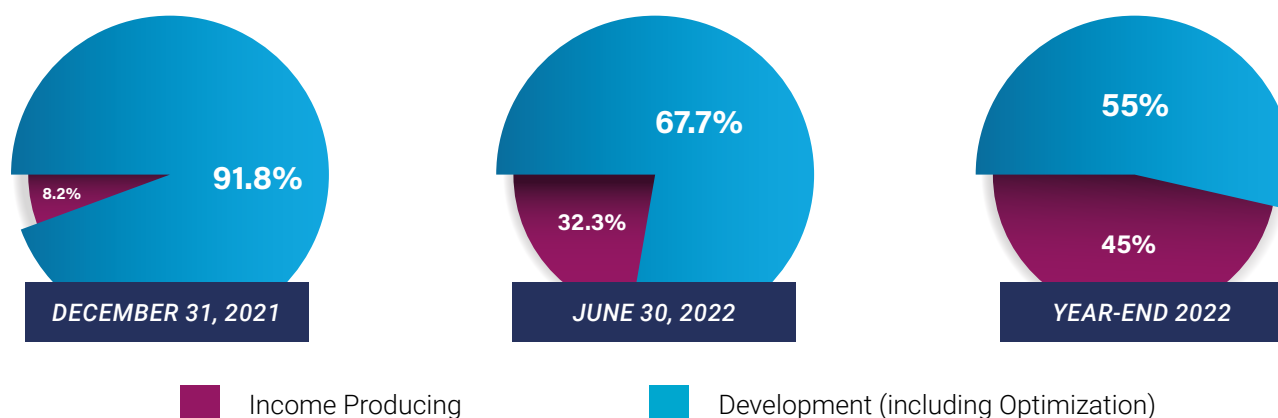
Each acquisition and development project are analysed and planned with specific financial parameters predetermined by Management with the aim of benefitting of value-add as of the acquisition date or the start date of the development project. Emergia will also benefit of capital appreciation of the excess 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 value¹ of the Corporation.

The value of Emergia's portfolio as at June 30, 2022 on a proportionate share basis¹ was \$176,462,692 composed of \$54,625,000 in income producing properties, \$120,037,692 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 June 30, 2022 (please refer to the "Acquisitions and Dispositions" section of this MD&A on page 64), on a proportionate basis¹ and the allocation targeted to be reached at year-end 2022:



The Corporation seeks to reach 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.

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:

» **Multifamily:**

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 35.

» **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 multifamily, 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:**

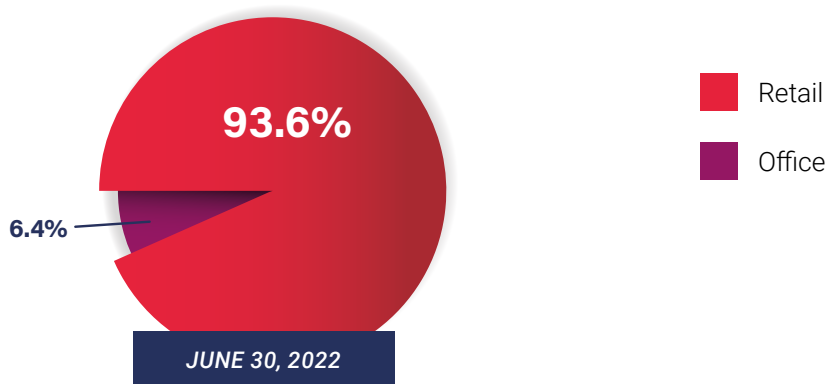
There is an increased need for industrial space in the markets targeted by the Corporation driven by online retail distribution and return centers and other niche areas such as small bays multi-tenant industrial buildings. Rental increases are expected for the next few years. Emergia is targeting specific 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.

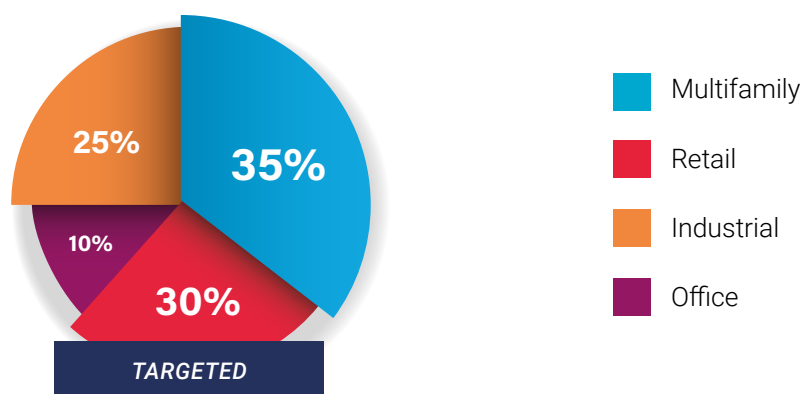
Emergia's portfolio fair value diversification by asset class as at June 30, 2022 on a proportionate basis¹ is as follows

**Portfolio Fair Value
Diversification by
Asset Class as at
June 30, 2022**



The allocation between the asset classes targeted by the Corporation in its business model is 35% for multifamily, 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 35.

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 deleverage 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 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 high 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 June 30, 2022, 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 had 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 the unaudited interim condensed 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 June 30, 2022. 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 July 2022 Monetary Policy Report, the Bank of Canada reviewed its April 2022 growth outlook. It noted, in its July Report, an improvement of the economy in the past year, recovering from the worst effects of the COVID-19 pandemic. The report states that, although the growth has been robust over that period, the economy is now showing signs of slowing as a result of the higher prices and increase of the interest rates. Overall, however, the economic growth is forecast to be strong in 2022 at about 3.5% and to moderate to 1.75% in 2023 and 2.5% in 2024.

The CPI inflation is forecast to average around 8% in the middle quarters of 2022, and projected to ease to approximately 3% by the end of 2023 and return to the 2% target by the end of 2024. The inflation is expected to decline as the impact of the higher energy prices dissipates, supply challenges recede, and monetary policy in Canada and abroad reduces local and foreign demand.

Russia's invasion of Ukraine in February 2022 added to the risks posed by sky-high prices as it provoked supply chains disruptions, already impacted by the pandemic lockdowns in China, reports the RBC in its Macroeconomic Outlook - June 2022 Report. The Report further indicates that the economic growth is now facing challenges due, inter alia but importantly, to a lack of available workers, which is expected to limit the economic growth.

Real Estate Market in Canada

The **multifamily** 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, RE/MAX Canada 2022 Commercial Real Estate Report states that retail is making a comeback in prime neighbourhoods and that the sector is expected to continue to strengthen as markets move past former pandemic constraints and more favourable conditions emerge to support retail growth.

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 is attentive to 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, 2021 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.

In 2021, 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 \$13.7 million at year-end 2021.
- » 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. Said 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 64.
- » 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.

Since the beginning of 2022, we succeeded in:

- » Closing, on January 10, of the previously announced private placement and issuance of an additional 4,812,902 units (excluding 294,118 units reserved for issuance as of December 31, 2021) and 250,000 Class "A" common shares for total amount of \$3,235,069, composed of \$327,002 in cash (excluding \$200,000 received in advance for 294,118 units reserved for issuance as of December 31, 2021) and \$2,908,067 in payment of outstanding debts (\$2,811,568) and consulting fees (\$96,499). 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.

- » Acquiring, in March, 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 "Acquisitions and Dispositions" section of this MD&A on page 64.
- » Closing, on April 8, 2022, 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. 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.
- » Closing, on April 14, 2022, of the conversion of an unsecured convertible debenture in the amount of \$425,000 into 500,000 Debentures Units as described above (please refer to the "Subsequent Events" of this MD&A on page 66).
- » Closing, on July 15, 2022, of the conversion of an unsecured convertible debenture in the amount of \$1,920,000 into 3,000,000 Class "A" common shares and 3,000,000 warrants exercisable at a price of \$1.25 until December 31, 2022 (please refer to the "Subsequent Events" of this MD&A on page 66).
- » Closing, on July 28, 2022, of the conversion of unsecured convertible debentures in the amount of \$425,000 into 500,000 Debentures Units as described above (please refer to the "Subsequent Events" of this MD&A on page 66).
- » We also progressed in the development process in the projects in Bromont, Quebec, and Alliston, Ontario, obtaining preliminary informal approvals in both projects.

Going forward, Emergia continues to foresee good opportunities in the multifamily, 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.

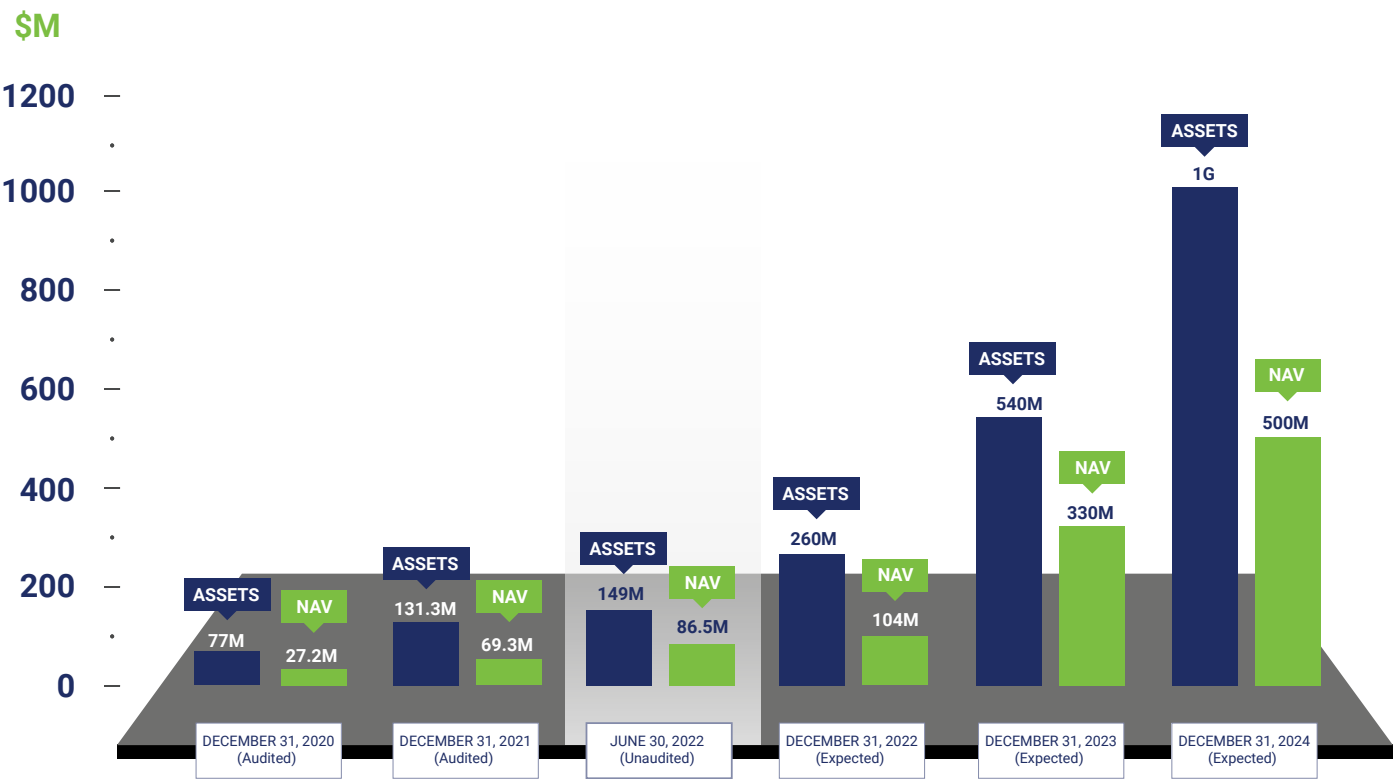
Emergia's 2022 Plan of Action

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, in March 2022, 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 "Acquisitions and Dispositions" section of this MD&A on page 64.

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 NAV¹ 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 35.

Presentation of Financial Information and Non-IFRS Financial Measures

PRESENTATION OF FINANCIAL INFORMATION

Financial results, including related historical comparatives, contained in this MD&A are based on the Corporation's Q2-2022 Financial Statements and the 2021 Annual Financial Statements, unless otherwise specified.

In the preparation of the unaudited interim condensed 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 unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, which presumes that the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of its operations. 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 June 30, 2022, the Corporation has improved its income-producing assets with its achievements in 2021 and the acquisition completed in March 2022, as described further below while most of the long-term debts have become current. The Corporation continues to take actions to strengthen its financial position, with concrete transactions executed as of the date of the consolidated financial statements, including debt and equity financing, debt conversion and acquisition of an interest in a portfolio of income producing properties (please refer to the "Acquisitions and Dispositions" section of this MD&A on page 64). The unaudited interim condensed consolidated statements of comprehensive income (loss) disclosed a net income of \$2,892,294 for the six months ended June 30, 2022, compared to a net income of \$165,662 for the six months ended June 30, 2021 mainly due to fair value adjustment on investment in associates at acquisition, partially offset by the loss on settlement of a long-term debt.

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 "Acquisitions and Dispositions" section of this MD&A on page 64), 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
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
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.	-

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.	

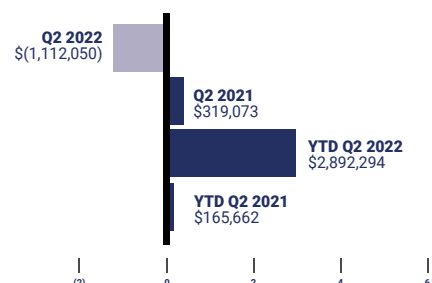
Key Performance Indicators and Financial Information

KEYS PERFORMANCE INDICATORS

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

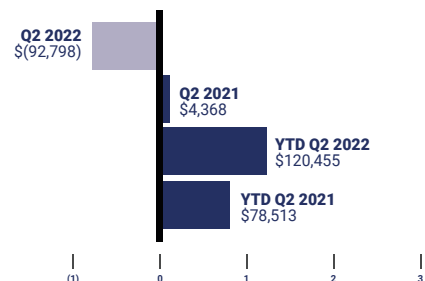
Net Income (Loss) after taxes

The decrease in net income for the three months ended June 30, 2022 was due to administrative and financing costs, fairly stable, not covered by the operating income. The increase in net income for the six months ended June 30, 2022, over the comparable periods in 2021 was primarily due to the increase in fair value of the investment in associates partly offset by a loss on settlement of a long-term debt.



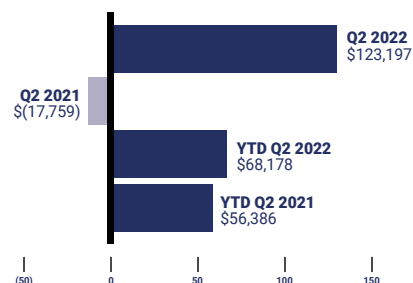
Operating Income

The decrease of operating income for the three months ended June 30, 2022 was due to the reclassification of distributions from associates. The overall increase in operating income for the six months ended June 30, 2022 compared to the same periods in 2021 was primarily due the increasing effectiveness of management in maintaining operational efficiency.



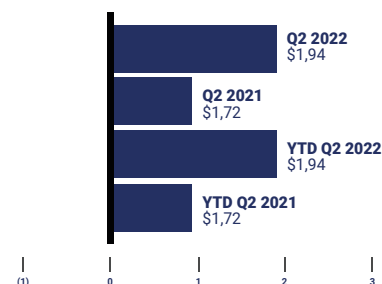
Net Operating Income¹

The increase of the net operating income for the three and six months ended June 30, 2022 compared to the same periods in 2021 is primarily due to Management's efforts in maintaining operational efficiency.



Real Estate Net Asset Value per Share¹

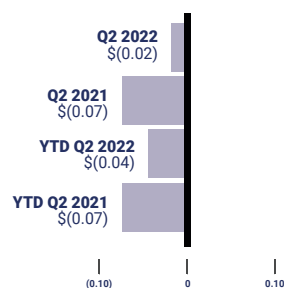
The increase of the Real Estate NAV per Share for the three and six months ended June 30, 2022 compared to the same periods in 2021 is primarily due to the increase in fair value of asset base measured at the fiscal year ended December 31, 2021 and the acquisition of an interest in associates in March, 2022, which is partially offset by the disposal of interests of 25% in the joint venture in February 2022.



¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

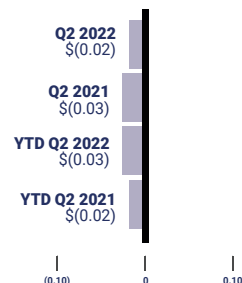
FFO per Share¹

The improvement of FFO per Share for the three and six months ended June 30, 2022 compared to the same periods in 2021, is primarily due to the increase in outstanding shares.



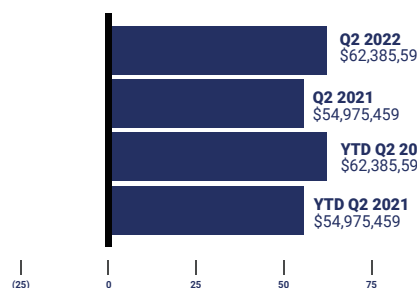
AFFO per Share¹

The decrease in AFFO per Share for the three and six months ended June 30, 2022 compared to the same period in 2021, resulted from the decrease in FFO, partly offset by the decrease in change in working capital, mainly driven by the transfer of refundable deposits into an investment in associates after the closing of the acquisition, and to the debt conversion in January and April 2022.



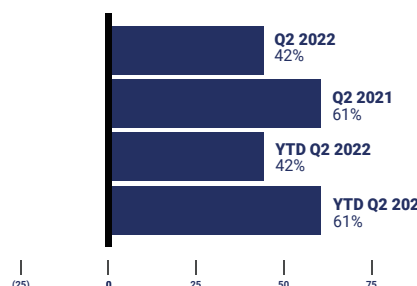
Net Debt¹

The increase of the Net Debt for the three and six months ended June 30, 2022 compared to the same periods in 2021 is 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 as of December 31, 2021, and partially offset by the increase in cash and cash equivalents.



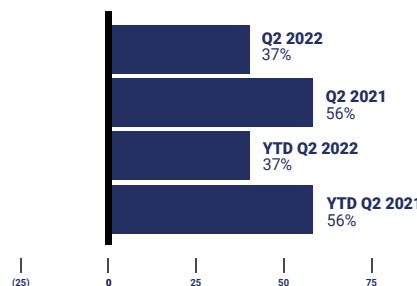
Global Debt Ratio¹

The decrease in the Global Debt Ratio for the three and six months ended June 30, 2022 compared to the same periods in 2021 is primarily due to the larger increase in asset base (mainly driven by the fair value of the investment properties, the equity accounted investments), compared to the increase in the liabilities.



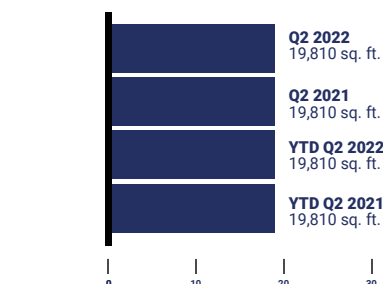
Adjusted Real Estate Debt Ratio¹

The decrease in the Adjusted Real Estate Debt Ratio for the three and six months ended June 30, 2022 compared to the same periods in 2021 is 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 Area¹

The decrease in the Gross Leasable Area for the three and six months ended June 30, 2022 compared to the same periods in 2021 is due to the disposition of income producing properties with the purchaser assuming all the associated mortgage and liabilities (Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 64).



¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

SELECTED FINANCIAL INFORMATION

Emergia has identified key financial and operating performance indicators that were derived from, and should be read in conjunction with, the Q2-2022 Financial Statements. The analysis of the indicators focuses on trends and significant events affecting the financial condition and results of operations of the Corporation.

(IN \$, EXCEPT NUMBER OF SHARES)	Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021
Revenue	(115,635)	48,879	258,889	284,486
Operating income	(92,798)	4,368	120,455	78,513
Net income (loss) and comprehensive income (loss)	(1,112,050)	319,073	2,892,294	165,662
Basic Net income (loss) per share	(0.02)	0.01	0.06	0.01
Diluted Net income (loss) per share	(0.02)	0.01	0.06	0.01
Total shares outstanding	49,015,956	25,037,157	49,015,956	25,037,157
Basic Weighted average number of shares	46,437,631	22,040,787	46,437,631	22,040,787
Diluted Weighted average number of shares	69,409,642	22,040,787	69,409,642	22,040,787
NOI ¹	123,197	(17,759)	68,178	56,386
Basic NOI per share ¹	0.00	(0.00)	0.00	0.00
Dilutive NOI per share ¹	0.00	(0.00)	0.00	0.00
FFO ¹	(1,056,557)	(1,629,874)	(1,914,625)	(1,576,650)
Basic FFO per share ¹	(0.02)	(0.07)	(0.04)	(0.07)
Dilutive FFO per share ¹	(0.02)	(0.07)	(0.03)	(0.07)
AFFO ¹	(1,038,948)	(573,653)	(1,264,646)	(466,428)
Basic AFFO per share	(0.02)	(0.03)	(0.03)	(0.02)
Dilutive AFFO per share	(0.01)	(0.03)	(0.02)	(0.02)
Adjusted Real Estate Assets ¹	143,839,119	86,497,731	143,839,119	86,497,731
Adjusted Real Estate Debt ¹	53,551,807	48,487,223	53,551,807	48,487,223
Real Estate NAV ¹	90,287,312	38,010,508	90,287,312	38,010,508
Basic Real Estate NAV per share ¹	1.94	1.72	1.94	1.72
Dilutive Real Estate NAV per share ¹	1.30	1.72	1.30	1.72
NAV ¹	86,539,152	34,842,355	86,539,152	34,842,355
Basic NAV per share ¹	1.86	1.58	1.86	1.58
Dilutive NAV per share ¹	1.25	1.58	1.25	1.58
Adjusted Real Estate Debt Ratio ¹	37%	56%	37%	56%
Global Debt Ratio ¹	42%	61%	42%	61%
Occupancy Rate ¹	95%	95%	95%	95%

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

QUARTERLY FINANCIAL INFORMATION

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

	2022		2021				2020	
In dollars, except per-share amounts	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	(115,635)	374,524	166,245	104,606	48,879	235,607	797,540	573,118
Operating expenses	(22,837)	161,271	(67,052)	62,337	44,511	161,462	455,596	308,499
Operating Income	(92,798)	213,253	233,297	42,269	4,368	74,145	341,944	264,619
Administration	710,111	538,239	411,364	336,695	965,133	458,587	673,684	449,388
Financing costs	456,630	554,120	1,032,231	593,037	614,736	508,328	2,005,797	989,479
Share of net (income) loss from a joint venture and associates	(186,067)	22,260	197,372	52,316	54,373	(945,994)	-	-
(Gain) loss on fair value adjustment	-		(39,411,845)	305	(1,818,224)	-	1,731,346	-
Increase in fair value of investments in associates	-	(6,000,000)						
(Gain) loss on sale of assets					-	-	-	-
(Gain) loss on settlement of current and non-current liabilities					(130,723)	206,635	-	-
(Gain) loss on settlement of long-term debt		1,087,573	(18,025)		-	-	-	-
Impairment of investment, bad debts, depreciation	14,831	6,717	250,000		-	-	-	-
Current income and deferred income tax expenses	23,747		4,350,627					
Net income (loss) before income tax	(1,088,303)	4,004,344	37,772,200	(940,084)	319,073	(153,411)	(4,068,883)	(1,174,248)
Net income (loss) and comprehensive income (loss)	(1,112,050)	4,004,344	33,421,573	(940,084)	319,073	(153,411)	(4,068,883)	(1,174,248)
Basic Net Income (Loss) per share	(0.02)	0.09	1.12	(0.03)	0.01	(0.01)	(0.18)	(0.08)
Dilutive Net Income (Loss) per share	(0.02)	0.08	0.80	(0.03)	0.01	(0.01)	(0.18)	(0.08)

SUMMARY OF QUARTERLY RESULTS

Operating

- » The Corporation recorded, during the second quarter ended June 30, 2022, a net loss of \$1,112,050 (net income of \$319,072 – same period in 2021). The decrease is primarily due to the \$1.8 million increase in fair value of investment properties recorded in Q2-2021, partially offset by the saving in administrative and financing costs in Q2-2022. However, the results over the six-month period ending June 30, 2022 reflect a net income and comprehensive income of \$2,892,294 compared to \$165,662 for the same period in 2021.
- » Rental Income increased more than twice at \$100,360 during the second quarter ended June 30, 2022 (\$26,752 – same period in 2021) due to adjustments made to disposal properties. The rental income for the six-month ended June 30, 2021 at \$206,612 was slightly lower than that of previous year period (\$262,359). This decrease is due to the disposal of income producing properties in 2021.
- » Operating expenses decreased at \$-22,837 for the second quarter ended June 30, 2022 (\$44,512 – same period in 2021). The negative amount results from credits received from suppliers.
- » Increase of 794% in the Net Operating Income to \$123,197 for the second quarter ended June 30, 2022 (-\$17,760 – same period in 2021) primarily due to Management's efforts in maintaining operational efficiency. The Net Operating Income for the six-month ended June 30, 2022 at \$68,178 was 21% higher than that of previous year period (\$56,385).
- » Real Estate NAV per Share¹ for the quarter was \$1.74, an increase of \$0.22 per share from the prior year comparable period. The increase is primarily due to the increase in fair value of investment properties and the acquisition of investment in associates, partly offset by the increase in share outstanding in 2022 compared to 2021.
- » Occupancy rate¹ for the income producing property remained stable at 95% as at June 30, 2022.

Financing

- » For the three-month period, Emergia issued 1.5 million units and shares, composed of \$0.6 million in cash and \$0.3 million in payment of consulting fees and and \$0.4 million in payment of convertible debenture at conversion. For the six-month period ending June 30, 2022, Emergia issued 6.3 million units and shares, composed of \$0.9 million in cash \$3.1 million in payment of outstanding debts (including the accrued compensation of the directors and management), \$0.4 million in payment of convertible debenture at conversion.

Investing

- » For the three-month period, received distributions from associates in the amount of \$48,851 and made contributions made to associates for an amount of \$395,512. For the six-month period the amounts were \$296,851 of distributions against \$395,512 of contributions. The acquisition of the interest in associates was completed in March 2022, resulting in an issuance of 9,8 million in shares at a price of \$1.00 per share and payment of \$650,000 in cash plus the deposits in the amount of \$1,635,620 for the said acquisition (please refer to "Acquisitions and Dispositions" section of this MD&A on page 67).

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

Business and Operations Review

PORTFOLIO COMPOSITION

The Corporation principally focuses on small to medium-size portfolios based on a diversified asset allocation (multifamily, 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 natural 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.

As at June 30, 2022, 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 June 30, 2022 on a Proportionate Share Basis¹

As at June 30, 2022, as a result of the acquisition of a 30% average interest in an income producing retail portfolio in Ontario in March 2022, composed of six plazas in six cities located in secondary markets in Ontario (please refer to the "Acquisitions and Dispositions" section of this MD&A on page 64), Emergia's portfolio consisted of 14 investment properties (nine income producing properties and five properties under development), including eight properties held as investment in associates, and one property held for sale, with a total fair value, on a proportionate basis¹, of \$176,462,692 composed of \$54,625,000 in income producing properties, \$120,037,692 in properties under development (including properties under optimization), and \$1,800,000 in properties held for sale.

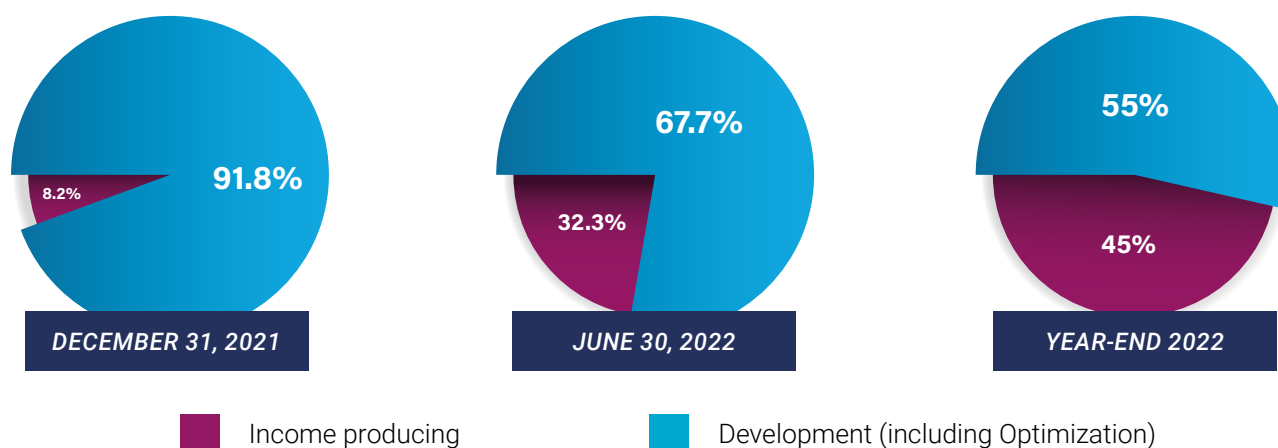
¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

Property Location	Description	Energia's Proportionate Share ¹	Fair Value on a Proportionate Basis ¹ As at June 30, 2022	Fair Value on a Proportionate Basis ¹ As at December 31, 2021
		%	\$	\$
121 Lépine, Gatineau, Quebec, Canada	Income producing	100%	4,600,000	4,600,000
185 Dorval Avenue, Dorval, Quebec, Canada	Income producing	25%	1,875,000	3,750,000
117 Lépine Avenue, Gatineau, Quebec, Canada	Income producing	25%	1,050,000	2,100,000
2125 16th Street East, Owen Sound, Ontario, Canada	Income producing	18.72%	5,900,000	-
221 Henry Street, Brantford, Ontario, Canada	Income producing	25.79%	7,000,000	-
783 McLeod Road, Niagara Falls, Ontario, Canada	Income producing	31.80%	7,400,000	-
850 McKeown Avenue, North Bay, Ontario, Canada	Income producing	21.15%	8,000,000	-
15 Robinson Lane, Pembroke, Ontario, Canada	Income producing	45.90%	6,200,000	-
501 Tollgate Road, Cornwall, Ontario, Canada	Income producing	53.10%	12,600,000	-
185.2 Dorval Avenue, Dorval, Quebec, Canada	Development	25%	875,000	1,750,000
Exit 78 of Hwy 10, Bromont, Quebec, Canada ^(a)	Development	100%	93,431,969	91,325,000
Curé-Labelle Blvd, Blainville, Quebec, Canada	Development	100%	2,017,918	2,000,000
6485 14th Line, Alliston, Ontario, Canada	Development	100%	22,062,805	21,400,000
Panagopoula, Patras, Greece	Development	30%	1,650,000	1,650,000
472 Knowlton Rd, Lac Brome, Quebec, Canada	Held for sale	100%	1,800,000	1,800,000
TOTAL			176,462,692	130,375,000

^(a) The amount for the year 2021 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.

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 June 30, 2022 and the allocation targeted to be reached at year-end 2022, on a proportionate basis¹:



¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

The Corporation intends to reach 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 June 30, 2022, and December 31, 2021. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

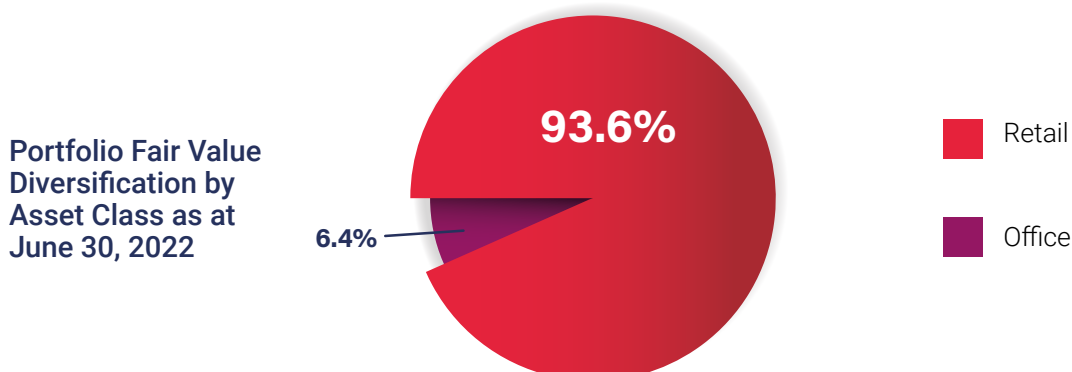
(in Canadian dollars)	June 30, 2022			December 31, 2021		
	IFRS Basis ^(a)	Reconciliation	Proportionate Share Basis [†]	IFRS Basis ^(a)	Reconciliation	Proportionate Share Basis [†]
	\$	\$	\$	\$	\$	\$
Assets						
Cash	92,652	1,215,998	1,308,650	437,936	28,379	466,315
Receivables and Other receivables	2,751,439	10,093,123	12,844,562	2,989,083	358,031	3,347,114
Prepaid and refundable deposits	584,041	95,270	679,311	1,789,125	57,913	1,847,038
Asset held for sale	1,800,000	-	1,800,000	1,800,000	-	1,800,000
Investment properties and Land	122,112,692	45,642,140	167,754,832	119,325,000	9,444,438	128,769,438
Investment in a joint venture	-	-	-	3,306,460	(3,306,460)	-
Investment in associates	21,633,775	(21,633,775)	-	1,650,000	(1,650,000)	-
Investment in a private company	-	-	-	-	-	-
Property and equipment	42,804	12,941	55,745	2,500	-	2,500
Advances						
Total Assets	149,017,403	35,425,697	184,443,100	131,300,104	4,932,301	136,232,405
Investment in a private company	-	-	-	-	-	-
Property and equipment	49,519	-	49,519	2,500	-	2,500
Advances						
Total assets	149,017,403	35,425,697	184,443,100	131,300,104	4,932,301	136,232,405
Liabilities						
Trade and other payables	3,544,339	715,266	4,259,605	5,951,958	141,995	6,093,953
Income tax payable	386,976	80,250	467,226	307,732	160,500	468,232
Convertible debentures	17,674,843	-	17,674,843	16,588,327	-	16,588,327
Bank mortgages	2,960,152	30,132,027	33,092,179	3,005,653	2,373,306	5,378,959
Long-term debt	32,916,812	4,498,154	37,414,966	31,177,135	2,256,500	33,433,635
Deferred income tax liabilities	4,995,129	-	4,995,129	4,995,129	-	4,995,129
Total liabilities	62,478,251	35,425,697	97,903,948	62,025,934	4,932,301	66,958,235
Equity						
Share capital	95,152,230	-	95,152,230	80,848,486	-	80,848,486
Warrants	6,353,619	-	6,353,619	6,327,418	-	6,327,418
Contributed surplus	1,786,900	-	1,786,900	1,744,157	-	1,744,157
Retained earnings (Deficit)	(16,753,597)	-	(16,753,597)	(19,645,891)	-	(19,645,891)
Total shareholders' equity	86,539,152	-	86,539,152	69,274,170	-	69,274,170
Total liabilities and shareholders' equity	149,017,403	35,425,697	184,443,100	131,300,104	4,932,301	136,232,405

^(a) The consolidated statements of financial position have been presented on a non-classified basis for purposes of this reconciliation.

[†] A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

Emergia's portfolio Diversification by Asset Class as at June 30, 2022 on a Proportionate Basis¹

Emergia's portfolio fair value diversification by asset class as at June 30, 2022 on a proportionate basis¹ is as follows:



Fair Market Value by Asset Class			
	June 30, 2022	Acquisitions (Dispositions) ^(a)	December 31, 2021
	\$	\$	\$
Retail ^(b)	52,750,000	46,050,000	6,700,000
Office ^(c)	1,875,000	(1,875,000)	3,750,000
Industrial	-		
TOTAL	54,625,000	44,175,000	10,450,000

^(a) Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 64. Represents an acquisition of 18,062,420\$ in value net of assumed mortgage (\$47,100,000 in gross value) and a disposition of 25% of the Corporation's share in the company 12028735 Canada Inc. (representing a decrease of \$1,050,000 corresponding to the Corporation's proportionate share¹ of the fair market value of its retail asset).

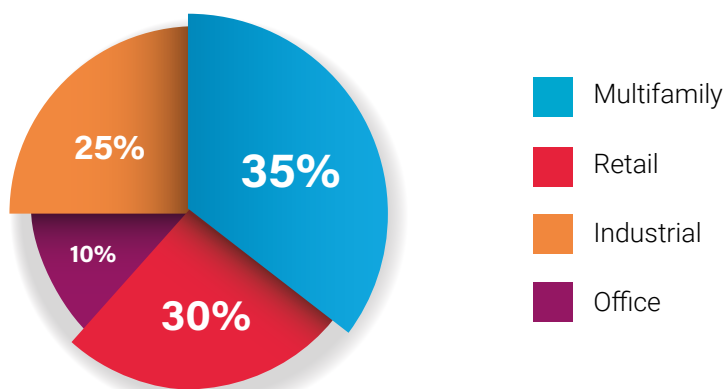
^(b) Composed of the 121 Lépine, Gatineau property and 25% of the property located at 117 Lépine, Gatineau owned through an investment in an associate and 30% of the properties owned through the investments in associates in Ontario.

^(c) The 25% interest in 12028735 Canada Inc.'s owned property located at 185 Dorval Avenue in Dorval.

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

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 valuers 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.

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).

Portfolio Properties: Income Producing Properties

The Corporation principally focuses on small to medium-size portfolios based on a diversified asset allocation (multifamily, retail, industrial, and office) mainly in secondary markets. As at June 30, 2022, Emergia owned 100% of one income producing property valued at \$4,600,000, eight income producing properties held through associates, Emergia's proportionate share¹ being valued at \$50,086,000, for a total of \$54,686,000. The income producing properties portfolio as at June 30, 2022 and December 31, 2021, on a proportionate basis¹, is further described in the following table:

Property Location	Asset Class	Emergia's Proportionate Share	Fair Value on a proportionate basis As at June 30, 2022	Fair Value on a proportionate basis 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	25%	1,875,000	3,750,000
117 Lépine Avenue, Gatineau, QC, Canada ^(a)	Retail and Office	25%	1,050,000	2,100,000
2125 16th Street East, Owen Sound, ON, Canada ^(a)	Retail	18.72%	5,900,000	-
221 Henry Street, Brantford, ON, Canada ^(a)	Retail	25.79%	7,000,000	-
783 McLeod Road, Niagara Falls, ON, Canada ^(a)	Retail	31.8%	7,400,000	-
850 McKeown Avenue, North Bay, ON, Canada ^(a)	Retail	21.15%	8,000,000	-
15 Robinson Lane, Pembroke, ON, Canada ^(a)	Retail	45.9%	6,200,000	-
501 Tollgate Road, Cornwall, ON, Canada ^(a)	Retail	53.1%	12,600,000	-
Total			54,625,000	10,420,000

^(a) Property held through investments in associates. Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 64 and the "Investment in a Joint Venture and Associates" section below.

Investment in a Joint Venture and Associates

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.

On February 4, 2022, the Corporation disposed of half of its 50% interest in the joint venture to its co-shareholder to reimburse the loan with the carrying value of \$560,000, which resulted in a change in ownership interest in the joint venture which became an investment in an associate, with the Corporation continuing to apply the equity method without remeasuring the retained interests.

The Corporation benefits of an option to buy-back all the shares of the partner in the JV at any time during a period of 3 years from the date of closing. The Corporation remains in charge of the management and development of the property in virtue of a management contract.

In 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

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

share, and the balance being paid in cash of \$650,000 and the initial deposits of \$1,635,620. At the acquisition date, the total fair value of the portfolio appraised by a third-party appraiser was \$157,500,000, bringing the Corporation's share of fair value to \$47,191,371. Compared to the purchase price of \$41,031,152, that would result in a plus value of \$6,160,219. \$6 million of fair value adjustment, net of tax, were recorded in the comprehensive income.

The following table shows the changes in the carrying value of Emergia's investment in 12028735 Canada Inc. (joint venture) as at June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
	\$	\$
Beginning balance	3,306,460	2,664,527
Disposal of interest	(1,647,573) ^(a)	-
Transferred to investment in associates	(1,647,573) ^(a)	-
Contributions	-	-
Share of net income	(11,314) ^(a)	641,933
Ending balance	-	3,306,460

^(a) On February 4, 2022, before the disposal, the carrying amount of the investment was \$3,925,146, composed of the beginning balance of \$3,306,406 as of December 31, 2021 plus the equity pick-up of -\$11,314 for January 2022. The disposal of interests, to settle the loan of \$560,000, involved transferring 50% of the Corporation's shares valued at \$1,647,573 to its joint venture partner, reducing the Corporation's interest from 50% to 25% starting February 4, 2022. The difference between the disposal amount (\$1,647,573) and the loan value (\$560,000) is recorded as the loss on settlement of a long-term debt of 1,087,573 in the Statement of Income (loss).

The following table shows the changes in the carrying value of Emergia's investment in associates as at June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
	\$	\$
Beginning balance	1,650,000	1,650,000
Transferred from investment in a joint venture	1,647,573	-
Acquisition of interest	12,062,420	-
Fair value adjustment at acquisition	6,000,000 ^(a)	-
Contributions	395,512	-
Distributions	(296,851)	-
Share of net income	175,121 ^(b)	-
Ending balance	21,633,775	1,650,000

^(a) Difference between the cost of the investment and the Corporation's share of the net fair value of the portfolio's identifiable assets and liabilities according to the fair value appraised by a third-party on acquisition of the investment.

^(b) Including equity pick-up after the acquisition date of the acquired associates.

Summarized financial information of the associates at 100% basis as at June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
	\$	\$
Current assets	9,092,030	888,644
Non-current assets	171,251,372	17,238,877
Current liabilities	2,223,913	604,991
Non-current liabilities	112,034,288	9,259,611
Revenues	3,792,907	900,119
Change in fair value of investment properties ^(a)	15,390,899	2,000,000
Net income (loss) and comprehensive income (loss) for the period	15,982,241	1,283,866

^(a) To adjust for the fair-value done by a third-party appraiser.

Each income producing property as at June 30, 2022 is further described hereinafter.

QUEBEC

121 Lépine Avenue, Gatineau

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 Rate¹

\$346,045
Rental Income in 2021

\$450,260
Expected Rental Income at Maturity

QUEBEC



24,950
sq.ft. GLA

\$4,200,000
Total FMV

\$107,724
Rental Income in 2021

\$1,050,000
Emergia's proportionate share¹ of FMV

\$53,862
Emergia's proportionate share¹ of Rental Income (25%)

20%
In lease-up Occupancy Rate

\$586,498
Expected Rental Income at Maturity

117 Lépine Avenue, Gatineau

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 by the end of 2022.

This property is owned in a joint venture. The Corporation owned 25% of the interest in such joint venture since February 2022. Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 64.

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

185 Dorval Avenue, Dorval

185 Dorval Avenue, Dorval, QC

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 by the end of 2022.

This property is owned in a joint venture. The Corporation owned 25% of the interest in such joint venture since February 2022. Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 64.



¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

ONTARIO



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 "Acquisitions and Dispositions" section of this MD&A on page 64.

110,900

sq.ft. GLA

\$31,800,000

Total FMV

101,319

Additional sq.ft. GLA

\$5,900,000

Emergia's proportionate share¹ of FMV

\$2,387,134

Rental Income in 2021

100%

Occupancy Rate

\$446,818

Emergia's proportionate share¹ of Rental Income (18.72%)

221 Henry Street, Brantford

Strip plaza comprising investment grade tenants, such as Dollar Tree, PetSmart, Michaels, SportChek and Bed Bath & Beyond. 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 "Acquisitions and Dispositions" section of this MD&A on page 64.

ONTARIO



91,802

sq.ft. GLA

\$27,400,00

Total FMV

54,504

Additional sq.ft. GLA

\$7,000,000

Emergia's proportionate share¹ of FMV

\$2,154,025

Rental Income (2021)

100%

Occupancy Rate

\$555,528

Emergia's proportionate share¹ 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 35.

ONTARIO



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 from 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 a lease has been signed in Q2-2022 with a grocery store for a 43,800 sq.ft. of GLA, expected to be built by and occupied in March 2023, thus completing the full development of this plaza.

Since March 2022, Emergia owns an interest of 31.8% of the entity owning this property. Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 64.

49,852

sq.ft. GLA

\$23,400,000

Total FMV

43,800

Additional sq.ft. GLA

\$7,400,000

Emergia's proportionate share¹ of FMV

\$1,668,366

Rental Income (2021)

100%

Occupancy Rate

\$530,544

Emergia's proportionate share¹ of Rental Income (31.8%)

ONTARIO

850 McKeown Avenue, North Bay

Strip plaza comprising investment grade tenants, such as Winners, Michaels, SportChek, 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 "Acquisitions and Dispositions" section of this MD&A on page 64.



135,514

sq.ft. GLA

\$37,800,000

Total FMV

100%

Occupancy Rate

\$8,000,000

Emergia's proportionate share¹ of FMV

\$3,698,626

Rental Income (2021)

\$782,259

Emergia's proportionate share¹ 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 35.

ONTARIO



64,564
sq.ft. GLA

\$13,400,000
Total FMV

100%
Occupancy Rate

\$6,200,000
Emergia's proportionate
share¹ of FMV

\$1,256,136
Rental Income (2021)

\$577,163
Emergia's proportionate
share¹ 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 "Acquisitions and Dispositions" section of this MD&A on page 64.

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 are being concluded and the plaza is expected to be 100% leased in Q4-2022, with occupancy by Q3-2023.

Since March 2022, Emergia owns an interest of 53.1% of the entity owning this property. Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 64.



115,910
sq.ft. GLA

\$23,700,000
Total FMV

70%
Occupancy Rate

\$12,600,000
Emergia's proportionate
share¹ of FMV

\$2,247,049
Rental Income (2021)

\$1,192,708
Emergia's proportionate
share¹ 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 35.

Leasing and Occupancy

Occupancy and Lease Renewals

For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
For the three months ended June 30, 2022, the average occupancy rate for the Corporation's income producing property wholly-owned by Emergia increased by 9% from the same period in 2021, reaching 95% occupancy rate.	For the six months ended June 30, 2022, the average occupancy rate for the Corporation's income producing property wholly-owned by Emergia increased by 9% from the same period in 2021, reaching 95% occupancy rate.
For the three months ended June 30, 2022, there has been no renewal during this period for the property wholly-owned by Emergia.	For the six months ended June 30, 2022, there has been no renewal during this period for the property wholly-owned by Emergia.

User Profile

The following table sets out Emergia's user-mix based of rental revenue percentage, on a proportionate share basis¹, for the six months ended on June 30, 2022:

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 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.

Lease Maturity Profile

As at June 30, 2022, the GLA occupancy rate in Emergia's income producing property is 95% and its weighted average lease term is 5.1 years.

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 and through joint arrangements, including the 25% interest in 12028735 Canada Inc. 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 basis¹, 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, Gatineau, QC, Canada	2,068,775	403,097	424,279	436,125	441,721	363,553
117 Lépine Avenue, Gatineau, QC, Canada ^(a)	146,663	28,589	29,073	30,964	31,830	26,207
185 Dorval Avenue, Dorval, QC, Canada ^(a)	439,844	171,058	123,462	102,132	37,406	5,786
2125 16th Street East, Owen Sound, ON, Canada ^(b)	2,199,961	334,518	461,522	465,179	466,725	472,018
221 Henry Street, Brantford, ON, Canada ^(b)	2,649,731	416,410	556,599	557,583	559,310	559,828
783 McLeod Road, Niagara Falls, ON, Canada ^(b)	3,339,126	397,918	688,360	758,722	760,711	763,416
850 McKeown Avenue, North Bay, ON, Canada ^(b)	3,733,174	585,743	782,124	784,623	788,587	792,097
15 Robinson Lane, Pembroke, ON, Canada ^(b)	2,760,385	432,586	577,189	580,834	584,701	585,074
501 Tollgate Road, Cornwall, ON, Canada ^(b)	4,801,494	746,814	1,010,659	1,011,050	1,013,912	1,019,060
Total	22,139,153	3,516,732	4,623,267	4,727,212	4,684,903	4,587,039

^(a) Property held in an investment in an associate. The numbers represent Emergia's proportionate share of 25% in such associate.

^(b) The amount for 2022 is on a 9-month basis as the acquisition was made in March 2022, being a 30% interest as an investment in an associate.

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

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 "Acquisitions and Dispositions" section of this MD&A on page 64.

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 June 30, 2022, Emergia owned 100% of three properties under development valued at \$117,512,692, one property under development held through an associate (25%) valued at \$875,000 (Emergia's proportionate share¹), and one property under development held through an investment in an associate (30%) valued at \$1,650,000 (Emergia's proportionate share¹), for a total fair value of \$120,037,692. The properties under development, on a proportionate basis¹, are further described in the following table:

Property Location	Asset Class	GLA Development Potential (sq.ft.)	Emergia's Proportionate Share	Fair Value on a proportionate basis As at June 30, 2022	Fair Value on a proportionate basis As at December 31, 2021
				\$	\$
Land in Bromont, QC, Canada	Mixed retail and multifamily	720,000	100%	93,431,969	91,325,000
Land in Alliston, ON, Canada	Mixed retail and multifamily	550,000	100%	22,062,805	21,400,000
Land in Blainville, QC, Canada	Multifamily	170,000	100%	2,017,918	2,000,000
185 Dorval Avenue, Dorval, QC, Canada ^(a)	Mixed retail and multifamily	n/a	25%	875,000	1,750,000
Aigialeia, S.A., Greece ^(b)	Hospitality	n/a	30%	1,650,000	1,650,000
		1,440,000		120,037,692	118,125,000

^(a) This property is in an investment in an associate in which Emergia owned 25% as of June 30, 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 "Acquisitions and Dispositions" section of this MD&A on page 64.

^(b) 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 June 30, 2022 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 35.

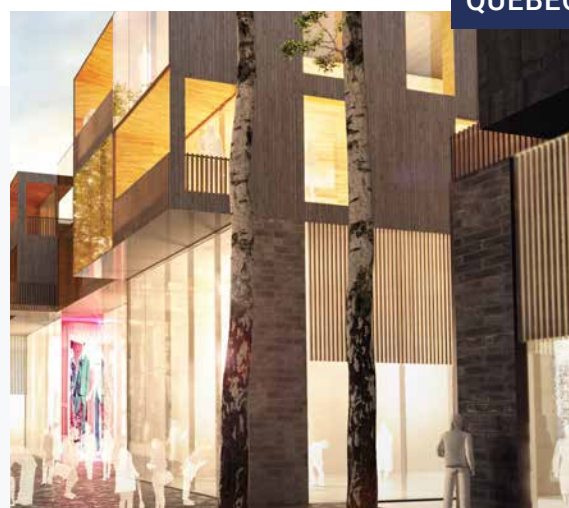
Pure Bromont

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
 ○
\$93,431,969
 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 A** 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 A will also include other retail stores outside the pedestrian street.
- » **Phase B** which will include a highway services project (restaurants, convenience store, gas station, etc.) and retail stores.
- » **Phases D, E, F, G, and H** which will comprise general retail and recreotouristical businesses.
- » **Phases A, B, D, E, F, G, and H** are intended to be developed by Emergia (GLA of approximately 720,000 sq.ft.) which the Corporation expects to hold for the long-term. Emergia may also sell parcels of some land and condo-hotels to operators.

Residential Component:

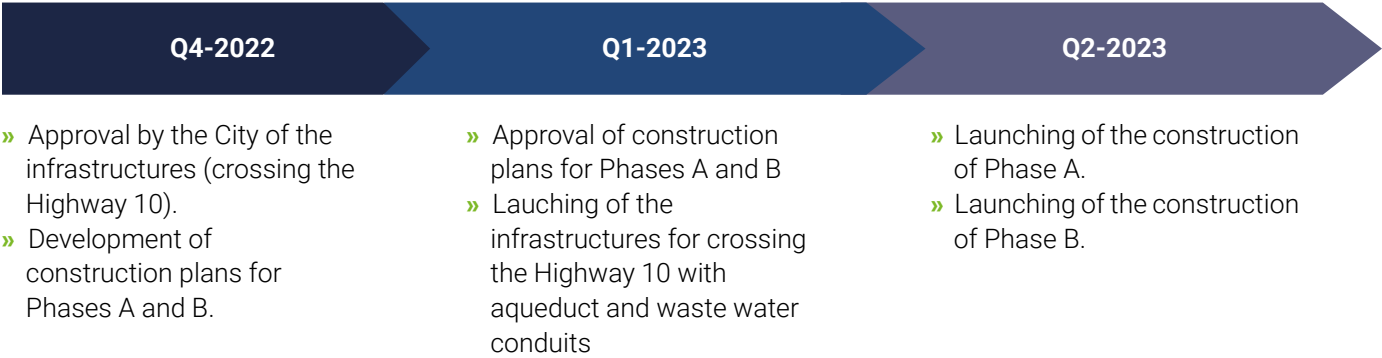
- » **Phase C** is currently zoned for low density (1 house per hectare) and is expected to be rezoned to recreotouristical and medium density in the course of 2022 or early 2023.
- » **Phases I and J** are in a reserve for future development, which development is to be authorized once Phase C has reached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

Development Financing

Globally, out of the 10.6 million sq.ft. of developable land, Emergia expects to develop the major part of it and either partner in joint ventures for the development of the remaining land or, as the case may be, sell excess land, if any, that would not be developed internally by the Corporation or through joint ventures. The balance of the land has already been

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:



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 Hwy 400.

Very well located at proximity of the Honda Canada plant, located at less than 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 multifamily) 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). 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.

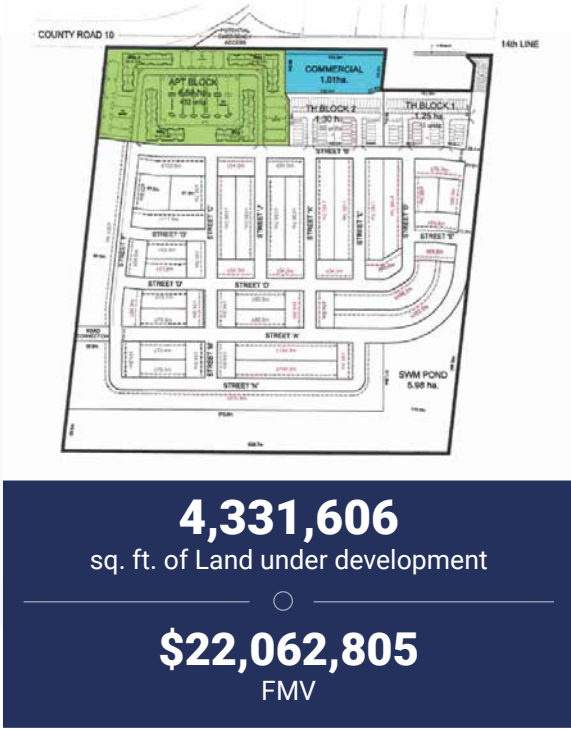
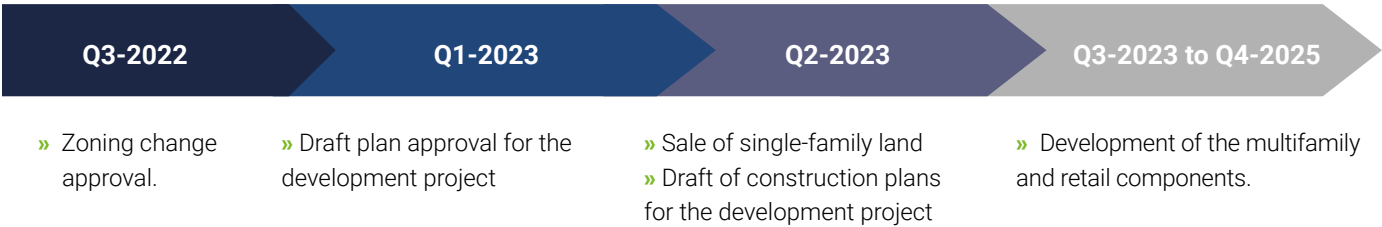
Multifamily: After completion of the zoning change, there would be **12 acres** designated as multifamily to build apartment buildings (up to 500 units). This development would be kept on the long-term by Emergia.

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:



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 multifamily on the 6 additional storeys.

This property is owned in a joint venture. The Corporation owned 25% of the interest in such joint venture since February 2022. Please refer to the "Acquisitions and Dispositions" section of this MD&A on page 64.

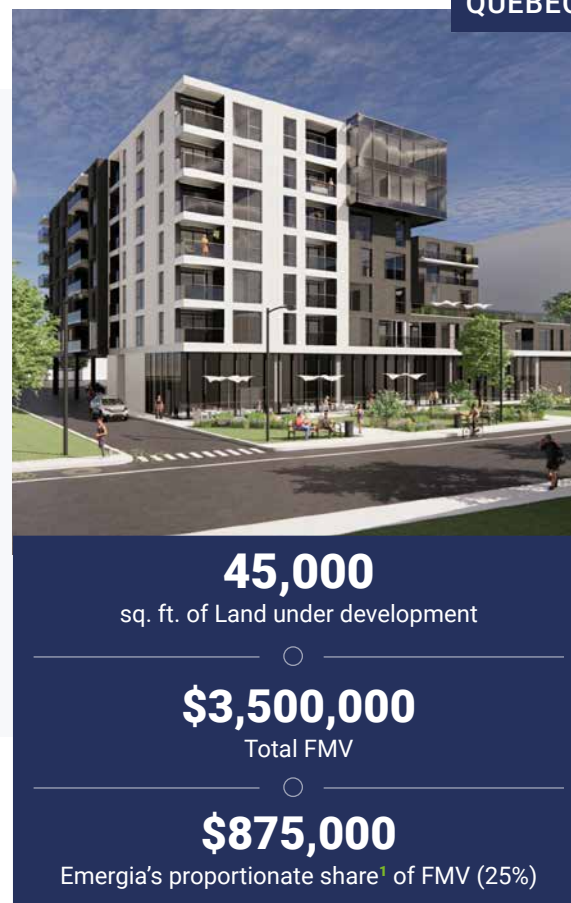
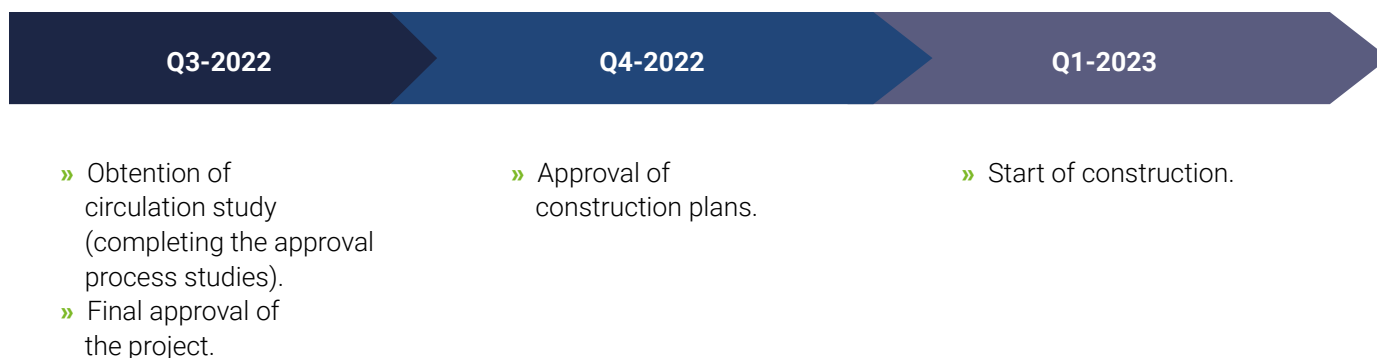
Planned Development

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 multifamily apartment building. The ground floor will consist of approximately 9,000 sq.ft. of retail GLA and the 6 multifamily 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 \$1 million), based on standard loan to value ratio when CMHC is involved in the financing.

EXPECTED TIMELINE:



¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

Curé-Labelle Blvd, Blainville

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 multifamily rental apartments, in a eight-storey building.

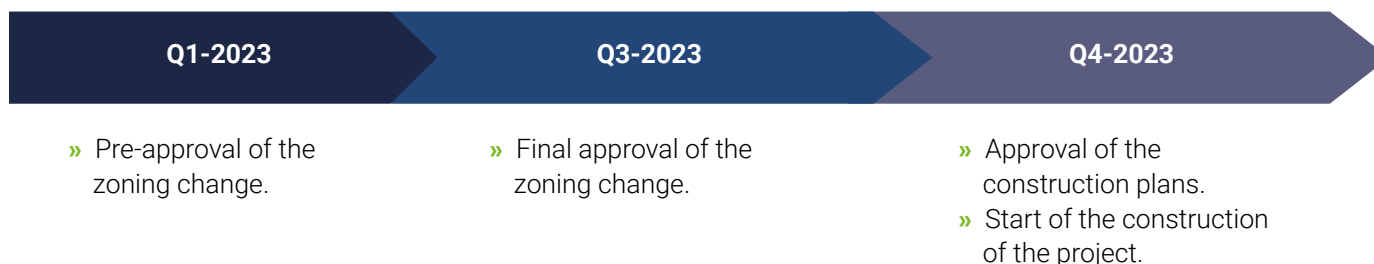
Planned Development

Multifamily 8-Storey Apartment Building: The project to be developed is requested to be in an eight-storey building comprising up to 175 units, totaling approximately 170,000 sq.ft. GLA. The exact number of storeys and units will depend on the approval by the City.

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:



Portfolio Properties: Properties Held for Sale

As of June 30, 2022, Emergia has a property held for sale as described below:

Property Location	June 30, 2022	December 31, 2021
	\$	\$
472, Knowlton Rd, Lac Brome, QC, Canada	1,800,000	1,800,000
TOTAL	1,800,000	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 2022

a) Disposition of 25% interest in the Joint Venture

In February 4, 2022, the Corporation disposed of half of its 50% interest in the joint venture to its co-shareholder to reimburse the loan with the carrying value of \$560,000. The Corporation maintained its option to buy back all the shares of its partner in the said joint venture until September 2023.

b) Acquisition in March 2022 of a 30% interest in a 6-Plaza Portfolio in Ontario, Canada

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 of \$650,000 and the initial deposits of \$1,635,620. At the acquisition date, the total fair value of the portfolio appraised by a third-party appraiser was \$157,500,000, bringing the Corporation's share of fair value to \$47,191,371 compared to the purchase price of \$41,031,152, that would result in a plus value of \$6,160,219. While the Corporation is finalizing the accounting treatment, the Corporation recorded the initial acquisition at cost using the consideration given. No subsequent equity pick has been subsequently taken at the reporting period.

Acquisitions and Dispositions of Properties in 2021

c) Disposition of 9700 St-Laurent Blvd, Montreal, QC, 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.

d) Disposition of 475-489 Le Breton Street and 505-531 Le Breton Street, Longueuil, QC, 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.

e) Acquisition of Three Lots in Bromont, QC, Canada

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 h) below with respect to the disposal of one of these three lots.

f) Acquisition of Land in Alliston, ON, Canada

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.

g) Disposition of 860 Cite-des-Jeunes Boulevard, St-Lazare, QC, 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.

h) Disposition of One Lot in Bromont, QC, 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).

i) 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.

As at June 30, 2022 and December 31, 2021, a reconciliation of the investment properties is as follows:

	Notes	Income Producing Properties		Properties Under Development		Total	
		June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Balance, beginning of the year		4,600,000	9,166,775	114,725,000	40,322,276	119,325,000	49,489,051
Disposal of 9700 St-Laurent Blvd., Montreal, Canada	3c	-	(1,550,000)	-	-	-	(1,550,000)
Disposal of 475-489 Le Breton and 505-531 Le Breton, Longueuil, Quebec, Canada	3d	-	(3,665,000)	-	-	-	(3,665,000)
Disposal of 860 Cite-des-Jeunes, St-Lazare, Quebec, Canada	3g	-	-	-	(1,380,000)	-	(1,380,000)
Settlement of liabilities	3h	-	-	-	(1,208,021)	-	(1,208,021)
Acquisition of the Land in Alliston, Ontario, Canada	3f	-	-	-	15,038,019 ^(a)	-	15,038,019
Other acquisitions	3e	-	-	-	1	-	1
Increase in fair value of investment properties			648,225	-	40,581,539	-	41,229,764
Borrowing costs ^(b)		-	-	2,638,454 ^(b)	4,552,744	2,638,454	4,552,744
Development costs		-	-	149,238 ^(a)	503,279	149,238	503,279
Reclassified from Land held for development		-	-		18,115,163	-	18,115,163
Reclassified to properties held for sale		-	-		(1,800,000)	-	(1,800,000)
Balance, end of year		4,600,000	4,600,000	117,512,692	114,725,000	122,112,692	119,325,000

^(a) In the cash flow from investing activities, the additions to investment properties of \$149,238 resulted from development cost expenditures.

^(b) The weighted average borrowing rate, excluding convertible debentures, is 14.35% (2021 – 14.35%). For the borrowing rate related to convertible debentures, please refer to the "Convertible Debentures" section of this MD&A on page 77.

SUBSEQUENT EVENTS

Conversion of Convertible Debentures

On July 15, 2022, a holder of a series of three convertible debentures, maturing from April to July 2022 converted the total amount of principal and accumulated interests into Emergia's units (comprising one Class "A" common share and one warrant exercisable at a price of \$1.25 until December 31, 2022. This conversion resulted in the reduction of the debt by \$ 1.9M.

On July 28, 2022, a holder of a convertible debenture, maturing in October 2022 converted another portion of the principal into Emergia's Units (comprising one Class "A" common share and two warrants, one exercisable at a price of \$1.25 until October 31, 2023 and one exercisable at a price of \$1.50 until October 31, 2024), and the related accumulated interests into Emergia's Class "A" Common Share. This conversion resulted in the reduction of the debt by \$0.4 million.

Sale of Asset Held for Sale

We have accepted an offer to sell the property held for sale at the value indicated in the financial statements of year-end 2021 and Q1-2022, being \$1,800,000. The closing is expected to occur in the coming weeks. The proceeds of such sale will reduce the debt.

Results of Operations

The following sets out summary information and financial results for the six months ended June 30, 2022, and the comparable period in 2021.

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 and six months ended June 30, 2022 and June 30, 2021. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

(in Canadian dollars)	THREE MONTHS ENDED JUNE 30, 2022			THREE MONTHS ENDED JUNE 30, 2021		
	IFRS Basis	Reconciliation	Proportionate Share Basis ¹	IFRS Basis	Reconciliation	Proportionate Share Basis ¹
	\$					
Revenues	(115,635)	310,102	194,467	48,879	112,823	161,702
Operating expense	(22,837)	97,826	74,989	44,511	104,967	149,478
Operating income	(92,798)	212,276	119,478	4,368	7,856	12,224
Administrative expenses	710,111	18,313	728,424	965,133	1,743	966,876
Bad debt	8,113	-	8,113	-	-	-
Financing costs	456,630	62,319	518,949	614,736	60,119	674,855
Decrease (increase) in fair value of investment properties	-	-	-	(1,818,224)	-	(1,818,224)
Depreciation of property and equipment	6,718	-	6,718	-	-	-
Share of net income from joint venture and associates	(186,067)	-	(186,067)	54,373	-	54,373
Loss on settlement of current and non-current liabilities	-	-	-	(130,723)	-	(130,723)
Income (Loss) before income taxes	(1,088,303)	131,644	(956,659)	319,073	(54,006)	265,067
Income taxes	23,747	-	23,747	-	-	-
Net income (Loss) before income taxes	(1,112,050)	131,644	(980,406)	319,073	(54,006)	265,067
Basic - Weighted average number of Outstanding common shares	46,437,631		46,437,631	22,040,787	-	22,040,787
Dilutive - Weighted average number of Outstanding common shares	46,437,631		46,437,631	22,040,787	-	22,040,787
Basic - Net income (loss) per share	\$(0.02)		\$(0.02)	\$0.01		\$0.01
Dilutive - Net income (loss) per share	\$(0.02)		\$(0.02)	\$0.01		\$0.01

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

For the Three Months Ended June 30, 2022

On an IFRS basis, net loss and comprehensive loss for the three months ended June 30, 2022, was at \$980,406 (income of \$265,067 - comparable period in 2021). The loss is primarily due to the operating income not sufficient to cover the administrative expenses and financing costs, which remain fairly stable, offset by the share of the net income from a joint venture and associates.

SIX MONTHS ENDED JUNE 30, 2022				SIX MONTHS ENDED JUNE 30, 2022		
(in Canadian dollars)	IFRS Basis	Reconciliation	Proportionate Share Basis ¹	IFRS Basis	Reconciliation	Proportionate Share Basis ¹
	\$					
Revenues	258,889	202,331	461,220	284,486	112,823	397,309
Operating expense	138,434	11,209	149,643	205,973	104,967	310,940
Operating income	120,455	191,122	311,577	78,513	7,856	86,369
Administrative expenses	1,248,350	18,363	1,266,713	1,423,720	1,743	1,425,463
Bad debt	8,113	531	8,644	-	-	-
Financing costs	1,010,750	6,208	1,016,958	1,123,064	60,119	1,183,183
Decrease (increase) in fair value of investment properties	-	-	-	(1,818,224)	(1,000,000)	(2,818,224)
Goodwill on acquisition	(6,000,000)	-	(6,000,000)			
Depreciation of property and equipment	13,435	-	13,435	-	-	-
Share of net income from joint venture and associates	(163,807)	-	(163,807)	(891,621)	-	(891,621)
Loss on settlement of current and non-current liabilities	-	-	-	75,912	-	75,912
Loss on settlement of long-term debt	1,087,573	-	1,087,573	-	-	-
Income (Loss) before income taxes	2,916,041	166,020	3,082,061	165,662	945,994	1,111,656
Income taxes	23,747	-	23,747	-	-	-
Net income (Loss) before income taxes	2,892,294	166,020	3,058,314	165,662	945,994	1,111,656
Basic - Weighted average number of Outstanding common shares	46,437,631		46,437,631	22,040,787	-	22,040,787
Dilutive - Weighted average number of Outstanding common shares	69,409,642		69,409,642	22,040,787	-	22,040,787
Basic - Net income (loss) per share	\$0.06		\$0.07	\$0.01		\$0.05
Dilutive - Net income (loss) per share	\$0.08		\$0.06	\$0.01		\$0.05

For the Six Months Ended June 30, 2022

On an IFRS basis, net income and comprehensive income for the six months ended June 30, 2022, increased to \$3,058,314 (\$1,111,656 - comparable period in 2021). The increase is primarily due to the \$6,000,000 increase in fair value of investment in associates, a decrease in administrative expenses and financing cost, partially offset by the \$1,087,573 loss on settlement of a long-term debt involving the disposal of 25% of interest in the joint-venture.

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

NET OPERATING INCOME¹

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, Emergia expects a decrease in net operating income in 2022 vs 2021.

The following table reconciles operating income to net operating income, a non-IFRS measure, as at June 30, 2022 and 2021 (please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35).

	THREE MONTHS ENDED		SIX MONTHS ENDED	
Net Operating Income ("NOI")	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rental income	100,360	26,752	206,612	262,359
Less: Property operating expenses	(22,837)	44,511	138,434	205,973
NOI	123,197	(17,759)	68,178	56,386
Basic - Weighted average number of Outstanding common shares	46,437,631	22,040,787	46,437,631	22,040,787
Dilutive - Weighted average number of Outstanding common shares	69,409,642	22,040,787	69,409,642	22,040,787
Basic - Net income (loss) per share	\$0.00	\$(0.00)	\$0.00	\$0.00
Dilutive - Net income (loss) per share	\$0.00	\$(0.00)	\$0.00	\$0.00

For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
For the three months ended June 30, 2022, the NOI increased by \$140,957 or 794%, compared to the same period of 2021 which was due to credits received from suppliers for an amount of approximately \$49,000, which also explains the negative amount in the operating expenses.	For the six months ended June 30, 2022, the NOI increased by \$11,796 or 21%, compared to the same period of 2021, primarily due to Management's efforts in maintaining operational efficiency.

The Corporation operates in three different segments of the real estate industry: (i) ownership of revenue-producing multifamily, 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 June 30, 2022 and 2021, 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 35.

The following summarizes the Corporation's assets as at June 30, 2022 and December 31, 2021:

	Income Producing Properties		Properties Under Development		Associates and Joint-Ventures		Corporation ^(a)		Consolidation	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Total Assets	4,600,000	4,600,000	117,512,692	114,725,000	21,633,775	4,956,460	5,270,936	7,018,644	149,017,403	131,300,104

^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.

The following summarizes the Corporation's operating results for the three months ended June 30, 2022 and 2021:

	Income Producing Properties		Properties Under Development		Associates and Joint-Ventures		Corporation ^(a)		Consolidation	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rental income	100,360	26,752	-	-	-	-	-	-	100,360	26,752
Management Fees, dividends, interests	-	-	-	-	-	-	(215,995) ^(b)	22,127	(215,995)	22,127
Operating income	123,197	(17,759)	-	-	-	-	(215,995) ^(b)	22,127	(92,798)	4,368

^(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.

^(b) Reclassification of distributions from investment in associates.

The following summarizes the Corporation's operating results for the six months ended June 30, 2022 and 2021:

	Income Producing Properties		Properties Under Development		Associates and Joint-Ventures		Corporation ^(a)		Consolidation	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rental income	206,612	262,359	-	-	-	-	-	-	206,612	262,359
Management Fees, dividends, interests	-	-	-	-	-	-	52,277	22,127	52,277	22,127
Operating income	68,178	56,386	-	-	-	-	52,277	22,127	120,455	78,513

^(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.

NET INCOME ATTRIBUTABLE TO SHAREHOLDERS

	THREE MONTHS ENDED		SIX MONTHS ENDED	
Net Income (Loss) per share ("EPS")	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net Income (Loss) after taxes	(1,112,050)	319,073	2,892,294	165,662
Basic - Weighted average number of Outstanding common shares	46,437,631	22,040,787	46,437,631	22,040,787
Dilutive - Weighted average number of Outstanding common shares	69,409,642	22,040,787	69,409,642	22,040,787
Basic - Net income (loss) per share	\$(0.02)	\$0.01	\$0.06	\$0.01
Dilutive - Net income (loss) per share	\$(0.02)	\$0.01	\$0.06	\$0.01

For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Net loss attributable to common shareholders was \$1,112,050 or \$0.02 per share compared to a net income of \$319,073 or \$0.01 per share for the same period in 2021. The higher net income in Q2-2021 was primarily due to the \$1,818,224 fair value adjustment of investment properties in Q2-2021.	Net income attributable to common shareholders was \$2,892,294 or \$0.06 per share compared to \$165,662 or \$0.01 per share for the same period in 2021. The higher net income in Q2-2022 is primarily due to the \$6,000,000 fair value adjustment at acquisition of investment in associates in March 2022, which was partially offset by the \$1,087,573 loss on settlement of a long-term debt involving the disposal of 25% of interest in the joint venture and improved by the decrease in administration expenses of 19% or 264,816\$ and in financing costs of 10% or \$112,314.

FUNDS FROM OPERATIONS (FFO)¹

The reconciliation of FFO for the three months and the six months ended June 30, 2022 and 2021 is as follows:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
Funds From Operations ("FFO")	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net income and comprehensive income	(1,112,050)	319,073	2,892,294	165,662
Adjustment:				
FV (gain) loss in investment properties		(1,818,224)		(1,818,224)
FV (gain) loss in investment in associates		-	(6,000,000)	
Loss on debt settlement		(130,723)	1,087,573	75,912
Add back:				
Depreciation of property and equipment, amort. Impairment	55,493		105,508	
FFO	(1,056,557)	(1,629,874)	(1,914,625)	(1,576,650)
Basic - Weighted average number of Outstanding common shares	46,437,631	22,040,787	46,437,631	22,040,787
Dilutive - Weighted average number of Outstanding common shares	69,409,642	22,040,787	69,409,642	22,040,787
Basic - FFO per share	\$(0.02)	\$(0.07)	\$(0.04)	\$(0.07)
Dilutive - FFO per share	\$(0.02)	\$(0.07)	\$(0.03)	\$(0.07)

For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
On a quarterly basis, FFO increased by \$573,317 primarily due to the increase in share of net income from investment in associates, from our acquisition in March 2022. 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.	For the six months ended June 30, 2022, FFO decreased by \$337,975 primarily due to the lower share of net income from the investment in joint venture and associates Q2-2022 compared to the share of net income in the joint venture in Q2-2021. The decrease in administrative and financing costs which contributed to limit the decrease of the FFO. 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.

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

ADJUSTED FUNDS FROM OPERATIONS (AFFO)¹

The reconciliation of AFFO for the three months and six months ended June 30, 2022 and 2021 is as follows:

Adjusted Funds From Operations ("AFFO")	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Funds From Operations ("FFO")	(1,056,557)	(1,629,874)	(1,914,625)	(1,576,650)
Add (deduct):		-		-
Change in Working Capital ^(a)	17,609	1,056,221	649,979	1,110,222
AFFO	(1,038,948)	(573,653)	(1,264,646)	(466,428)
Basic - Weighted average number of Outstanding common shares	46,437,631	22,040,787	46,437,631	22,040,787
Dilutive - Weighted average number of Outstanding common shares	69,409,642	22,040,787	69,409,642	22,040,787
Basic - AFFO per share	\$(0.02)	\$(0.03)	\$(0.03)	\$(0.02)
Dilutive - AFFO per share	\$(0.01)	\$(0.03)	\$(0.02)	\$(0.02)

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

	For the Six Months Ended	
	June 30, 2022	June 30, 2021
	\$	\$
Receivables	(256,816)	265,349
Prepays and refundable deposits	193,193	858,542
Trade and other payables	556,750	(13,669)
Income tax payable	156,852	
	649,979	1,110,222
Additional cash flow information:		
Interest paid	266,880	781,551

For the Three and Six Months Ended June 30, 2022

The decrease in AFFO is due to the decrease in FFO and the decrease in change in working capital. The decrease in change in working capital is mainly attributable to the refundable deposits used in the acquisition of investment in associates in March 2022, and to the collection of government taxes receivables, partly offset by the increase in income tax payable, and in trade and other payables.

ADMINISTRATIVE EXPENSES

Administrative expenses for the three and six months ended June 30, 2022 and 2021 are as follows:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Consulting and professional fees	440,095	878,201	714,845	1,336,788
Management fees	270,016	86,932	533,505	86,932
	710,111	965,133	1,248,350	1,423,720

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

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.

For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Administrative expenses decreased by \$255,022 or by 26% in Q2-2022. In December 2021, there was a reclass between the consulting, professional and management fees, which explains the spread between the results as at June 30, 2022 compared to June 30, 2021. The reclass allowed to isolate the management fees. There was no change nor increase in the compensation scheme of management in 2022 vs 2021.	Administrative expenses decreased by \$175,370 or by 12% in Q2-2021. In December 2021, there was a reclass between the consulting, professional and management fees, which explains the spread between the results as at June 30, 2022 compared to June 30, 2021. The reclass allowed to isolate the management fees. There was no change nor increase in the compensation scheme of management in 2022 vs 2021.

FINANCING COSTS

Financing costs for the three and six months ended June 30, 2022 and 2021, are as follows:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Interest	506,630	283,264	1,010,750	791,592
Financing and other fees	(50,000) ^(a)	331,472	-	331,472
	456,630	614,736	1,010,750	1,123,064

^(a) This financing fee was paid in march 2022 and is related to an on-going financing project. As of June 30, 2022, it was reclassified as a prepaid-expense. Once the financing project is realised, the related financing fee will be amortised with the same terms and conditions as the financing.

For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
The overall financing costs decreased by \$158,106 or 26%. At the end of 2021, there were some reclass between financing fees and interest expenses. In December 31, 2021, the Corporation has been granted an extension of the loans without any change in the terms or interests. Financing fees, related to a loan, were capitalised into the loans once financing approved. One-time financing fees or financing fees for a non-realised loan were expensed as incurred.	The overall financing costs decreased by \$112,314 or 10%. At the end of 2021, there were some reclass between financing fees and interest expenses. In December 31, 2021, the Corporation has been granted an extension of the loans without any change in the terms or interests. Financing fees, related to a loan, were capitalised into the loans once financing approved. One-time financing fees or financing fees for a non-realised loan were expensed as incurred.

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		SIX MONTHS ENDED	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Cash provided from (used in) operating activities	(702,027)	(519,279)	(1,056,966)	(1,358,049)
Cash provided from (used in) investing activities	(418,475)	(8,753,680)	(951,637)	(8,753,680)
Cash provided from (used in) financing activities	937,342	9,271,318	1,663,319	10,106,992
Net change in cash and cash equivalents	(183,160)	(1,641)	(345,284)	(4,737)

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 June 30, 2022	For the Six Months Ended June 30, 2022
Cash flows used in operating activities during the three months period ended June 30, 2022 were \$702,027 compared to \$519,279 for the same period in 2021 due to lower net operating income, resulting from lower revenues and higher operating expenses in Q2-2022.	Cash flows used in operating activities during the six months period ended June 30, 2022 were \$1,056,966 compared to \$1,358,049 for the same period in 2021 due to the overall decrease in administrative and financing expenses, which offset the lower net operating income in Q2-2022.

Investing Activities

For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Cash flows used in investing activities during the three months period ended June 30, 2022 were \$418,475 compared to \$8,753,680 used for the same period in 2021. In 2021, the Corporation completed the acquisition of the investment properties in Alliston. In 2022, the Corporation contributed to associates and received distributions from associates.	Cash flows used in investing activities during the six months period ended June 30, 2022 were \$951,637 compared to \$8,753,680 used for the same period in 2021. In 2021, the Corporation completed the acquisition of the investment properties in Alliston. In 2022, the Corporation paid the cash portion to complete the acquisition of investment in associates, contributed to associates and received distributions from associates.

Financing Activities

For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Cash inflows provided by financing activities during the three months period ended June 30, 2022 were \$937,342 compared to \$9,271,318 in the same period in 2021. In 2021, the Corporation issued a \$9 million convertible debenture to finance the acquisition of the investment property in Alliston, and raised \$1.2 million of equity. In 2022, the Corporation injected \$0.6 million of equity, issued 0.7 million convertible debentures, and had a net reimbursement of the loans, in an amount of \$330,458.	Cash inflows provided by financing activities during the six months period ended June 30, 2022 were \$1,663,319 compared to \$10,106,992 in the same period in 2021. In 2021, the Corporation issued a \$9 million convertible debenture to finance the acquisition of the investment property in Alliston, and raised \$1.4 million of equity. In 2022, the Corporation injected \$0.9 million of equity, issued 0.7 million convertible debentures, and had a net loan amount of \$68,517.

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. As of June 30, 2022, while the Corporation remained in compliance, with most of the loans becoming current, the Corporation continued on working to obtain accommodations from its creditors with respect to their debt covenants.

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 June 30, 2022 and 2021:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Cash provided from (used in) operating activities	(702,027)	(519,279)	(1,056,966)	(1,358,049)
Cash provided from (used in) investing activities	(418,475)	(8,753,680)	(951,637)	(8,753,680)
Cash provided from (used in) financing activities	937,342	9,271,318	1,663,319	10,106,992
Net change in cash and cash equivalents	(183,160)	(1,641)	(345,284)	(4,737)
Cash (bank overdraft), beginning of year	275,812	78,765	437,936	81,861
Net change in cash and cash equivalents	92,652	77,124	92,652	77,124

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 June 30, 2022, Emergia's Global Debt Ratio¹ stood at 43.5% (62.2% as at June 30, 2021) consisting of the total debts divided by the total assets. Bank mortgages represented approximately 5% of total debt, convertible debentures represented approximately 28%, while long-term debt represented approximately 53% of said total debt ratio. As at June 30, 2022, the weighted average annual contractual rate was 7.93% (9.94% as at June 30, 2021), and the weighted average annual contractual term was 0.8 years (0.6 years as at June 30, 2021).

As at June 30, 2022, 100% of the Corporation's total debt was at fixed rate.

Debt Summary

The following table summarises the debt situation of the Corporation as at June 30, 2022 and 2021.

	As at June 30, 2022 Amount	Weighted average contractual rate	Weighted average contractual term (years)	As at June 30, 2021 Amount	Weighted average contractual rate	Weighted average contractual term (years)
Convertible debentures	17,674,843	9.09%	1.17	4,729,235	3.86%	1.5
Bank mortgages	2,960,152	3.85%	0.3	3,050,294	12%	0
Long-term debt	32,916,812	10.85%	1	40,707,694	13.96%	0.2
Other liabilities	8,926,444	n/a	n/a	6,926,172	n/a	n/a
Total liabilities	62,478,251	7.93%	0.8	55,413,395	9.94%	0.6
Less: Cash and cash equivalents	92,652			437,936		
Total liabilities	62,385,599			54,975,459		

The maturity profile including scheduled amortization of the Corporation's bank mortgages, long-term debts as well as its convertible debentures as at June 30, 2022 is summarized in the table below:

As at June 30, 2022	Convertible debentures	Bank mortgages	Long-term debt	Total	% Due
2022	2,272,312	2,960,152	2,327,743	7,560,207	100%
2023	12,734,496	-	30,589,069	43,323,565	100%
Thereafter	2,668,035	-	-	2,668,035	100%
Total	17,674,843	2,960,152	32,916,812	53,551,807	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.

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

Convertible Debentures

As at June 30, 2022, the carrying value of convertible debentures payable was \$17,674,843, an increase of \$1,086,516 from \$16,588,327 as at December 31, 2021. This increase is explained mainly by a new convertible debenture of \$705,000 issued in Q2-2022 and by the capitalised interests of existing convertible debentures, offset by the reimbursement of a convertible debenture with the face value of \$100,000 in January 2022, and by the conversion of \$425,000 in April 2022. As at June 30, 2022, the weighted average contractual rate was 9.09% 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:

							June 30, 2022	December 31, 2021
	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	8,964,686	8,320,796
Convertible Debenture	b	2020-02-01	2023-06-30	12.00%	15.00%	3,877,200	3,769,810	3,721,828
Convertible Debenture	c	2021-10-29	2023-10-29	8.00%	15.00%	2,575,000	2,078,645	2,298,399
		2021-11-29	2023-11-29					
Convertible Debenture	d	2021-04-15	2022-04-15	20.00%	15.00%	500,000	1,820,000	1,717,683
		2021-05-14	2022-05-14	20.00%		500,000		
		2021-07-02	2022-07-02	24.00%		500,000		
Convertible Debenture	e	2019-07-31	2022-02-28	10.00%	10.00%	778,033	452,312	430,941
Convertible Debenture	f	2022-04-08	2024-04-08	8.00%	15.00%	715,000	589,390	-
Convertible Debenture		2020-06-15	2022-06-14	12.00%	15.00%	-	-	98,680
							17,674,843	16,588,327
Current portion							15,006,808	2,247,304
							2,668,035	14,341,023

- 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.
- 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 unaudited interim condensed 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.

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.

- 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.
- 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 April 8, 2022, the Corporation issued unsecured convertible debentures in the amount of \$705,000. The unsecured 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 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. 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 to or higher than \$1.50 per share.

A reconciliation of the convertible debentures is as follows:

	Host instruments	Conversion Options	Total
	\$	\$	\$
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
Redemption	(933,491)	-	(933,491)
Balance at December 31, 2021	16,588,327	1,739,088	18,327,415
Issuance of new convertible debentures, net of transaction costs	576,642	84,818	661,460
Amortization of transaction costs	92,073	-	92,073
Accretion on convertible debentures	879,356	-	879,356
Capitalized interests	21,370	-	21,370
Conversion	(384,170)	(40,830)	(425,000)
Redemption	(98,755)	(1,245)	(100,000)
Balance at June 30, 2022	17,674,843	1,781,831	19,456,674

Bank Mortgages

As at June 30, 2022, the balance of bank mortgages payable was \$2,960,1521, down of \$45,501 from \$3,005,653 as at December 31, 2021. This decrease corresponds to the reimbursement schedule of the said mortgage loan.

	Interest rate	Maturity	June 30, 2022	December 31, 2021
			\$	\$
Secured fixed rate mortgages	3.85 % (2021 – 3.85%)	November 2022	2,960,152	3,005,653
			2,960,152	3,005,653
Current portion			2,960,152	3,005,653
			-	-

Long-Term Debt

	Notes	Weighted Average Interest rate	Maturity	June 30, 2022	December 31, 2021
				\$	\$
Secured	a	9.38 % (2021 – 9.38 %)	June 2023 ^(a)	7,064,486	6,434,582
Secured, and guaranteed	b	15.96 % (2021 – 17.16 %)	June 2023 ^(a)	23,446,627	22,053,539
Unsecured	c	10.78 % (2021 – 8.54 %)	June 2023 ^(a)	1,742,769	2,268,308
Unsecured, and guaranteed	d	7.26% (2021 – 7.23 %)	June 2023 ^(a)	662,930	420,706
Total				32,916,812	31,177,135
Current portion				32,916,812	2,443,811
				-	28,733,324

^(a) On December 31, 2021, the Corporation was 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 date. There is no other change in the loan agreements at the extension date.

a, b, c, and d please see corresponding Notes in the section Convertible Debentures.

Global Debt Ratio¹

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

	June 30, 2022	June 30, 2021
	\$	\$
Current liabilities	54,815,087	32,038,455
Non-current liabilities	7,663,164	23,374,940
Total liabilities	62,478,251	55,413,395
Current assets	5,228,132	1,192,293
Non-current assets	143,789,271	89,063,457
Total assets	149,017,403	90,255,750
Global Debt ratio¹	43.5%	62.2%

The Corporation reduced its global debt ratio to 43.5% as at June 30, 2022 from 62.2% as at June 30, 2021 due to the increase in asset base, driven by the increase in fair value of investment properties, and the acquisition of investment in associates in Q1-2022.

Adjusted Real Estate Debt Ratio¹

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

	June 30, 2022	June 30, 2021
		\$
Adjusted Real Estate Assets ¹	143,839,119	86,497,731
Adjusted Real Estate Debt ¹	53,551,807	48,487,223
Adjusted Real Estate Debt Ratio¹	37.2%	56.1%

COMMITMENTS AND CONTINGENCIES

Contractual Obligations

The Corporation's contractual maturities of its material financial liabilities and other contractual commitments, as at June 30, 2022 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.

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

SHAREHOLDERS' EQUITY

Shareholders' equity amounted to \$95,152,230 as at June 30, 2022, compared to \$80,848,486 as at December 31, 2021. The increase was primarily due to the increase in share capital, driven by equity injected through the private placement offerings and the debt conversion, and to the net incomprehensive income of \$2,892,294, driven by the increase in fair value of investment in associates.

Share Capital

Shares issued and outstanding as of June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022		December 31, 2021	
	Number	\$	Number	\$
Class "A" common shares	44,505,065	88,998,944	28,393,194	74,695,200
Class "B" common shares	4,510,891	6,153,286	4,510,891	6,153,286
	49,015,956	95,152,230	32,904,085	80,848,486

On January 10, 2022, the Corporation completed the closing of its previously announced private placement and issued an additional 4,812,902 units (excluding 294,118 units reserved for issuance as of December 31, 2021) and 250,000 Class "A" common shares for total amount of \$3,235,069, composed of \$327,002 in cash (excluding \$200,000 received in advance for 294,118 units reserved for issuance as of December 31, 2021) and \$2,908,067 in payment of outstanding debts (\$2,811,568) and consulting fees (\$96,499). 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 included 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 March 15 and March 31, 2022, the Corporation completed the first and second closings of the acquisition of an investment in associates, by issuing 9,494,800 and 282,000 Class "A" common share respectively, at \$1.00 per share.

On April 8, 2022, the Corporation completed another closing of a private placement and issued an additional \$600,000 in units of the Corporation at a price of \$0.80 per unit. Each 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.

On May 25, 2022, the Corporation issued 272,169 Class "A" common share in order to settle \$266,875 of consulting fees with a third-party consultant.

At June 30, 2022 and December 31, 2021, there was no share in escrow.

Warrants

The following is a continuity of the warrants outstanding and exercisable as at June 30, 2022 and December 31, 2021:

		As at June 30, 2022		As at December 31, 2021	
Expiration date		Number	\$	Number	\$
Beginning balance		13,689,930	1.25	9,651,158	1.25
Issuance of warrants	October 31, 2023	5,854,235	1.25	3,744,654 ^(a)	1.25
Issuance of warrants	October 31, 2023	-	-	294,118 ^(b)	1.25
Issuance of warrants	October 31, 2024	500,000	1.50	-	-
		20,044,165		13,689,930	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.

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 \$1.07 (2021 – \$0.90), an exercise price of \$1.25 (2021 – \$1.25), a risk-free rate of 2.03% (2021 – 0.72%), volatility of 98.3% (2021 – 122.33%), vesting immediately, and an average life of 2.02 years (2021 – 2.02 years) from the extension approval date, resulting in a fair value of the warrant of \$0.32 (2021 – \$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 VALUE¹

The NAV¹ has increased from \$1.58 to \$1.86 as of June 30, 2022 compared to June 30, 2021. The increase is mainly due to the large increase in asset base, composed of investments properties and investment in associates, which is far more than offset the increase in liabilities.

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

	June 30, 2022	June 30, 2021
Assets	\$	\$
Current assets	5,228,132	1,192,293
Non-current assets	143,789,271	89,063,457
Total Assets	149,017,403	90,255,750
Liabilities		
Current liabilities	54,815,087	32,038,455
Non-current liabilities	7,663,164	23,374,940
Total liabilities	62,478,251	55,413,395
Net Asset Value¹	86,539,152	34,842,355
Basic - Weighted average number of Outstanding common shares	46,437,631	22,040,787
Dilutive - Weighted average number of Outstanding common shares	69,409,642	22,040,787
Basic - NAV per share ¹	\$1.86	\$1.58
Dilutive - NAV per share ^{1, (a)}	\$1.50	\$1.58

^(a) The Dilutive NAV per share is calculated as follows: NAV plus the amount of convertible debentures at conversion (\$17,674,843) which corresponds to the adjusted NAV totalling \$104,213,995, divided by 69,409,642 (Dilutive weighted average number of Outstanding common shares).

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 37.

REAL ESTATE NET ASSET VALUE¹

The Real Estate NAV¹ increased by \$52,276,804 (or 138%) to \$90,287,312 as of June 30, 2022 compared to June 30, 2021. The increase is driven by the large increase in asset base, composed of investments properties and investment in associates, which is far more than offset the increase in liabilities.

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

	June 30, 2022	June 30, 2021
	\$	\$
Adjusted Real Estate Assets		
Investment properties	122,112,692	46,152,621
Land held for development		34,950,714
Plus: Equity accounted investment ^(a)	21,633,775	4,956,460
Plus: Cash and cash equivalents	92,652	437,936
Adjusted Real Estate Assets ¹	143,839,119	86,497,731
Adjusted Real Estate Debts		
Total mortgage principal outstanding	2,960,152	3,050,294
Plus : Total associated convertible debentures	17,674,843	4,729,235
Plus: Total associated long-term debt	32,916,812	40,707,694
Plus: Total lease liabilities attributable to land leases	-	
Plus: Total development facilities	-	
Adjusted Real Estate Debt ¹	53,551,807	48,487,223
Real Estate NAV ¹	90,287,312	38,010,508
Basic - Weighted average number of Outstanding common shares	46,437,631	22,040,787
Dilutive - Weighted average number of Outstanding common shares	69,409,642	22,040,787
Basic - NAV per share ¹	\$1.94	\$1.72
Dilutive - NAV per share ^{1, (b)}	\$1.56	\$1.72

^(a) Emergia's proportionate share of equity accounted investments	June 30, 2022	June 30, 2021
	\$	\$
Investment in a joint venture	-	3,306,460
Investment in an associate	21,633,775	1,650,000
	21,633,775	4,956,460

^(b) The Dilutive Real Estate NAV per share is calculated as follows: Real Estate NAV plus the amount of convertible debentures at conversion (\$17,674,843) which corresponds to the adjusted NAV totalling \$107,962,155, divided by 69,409,642 (Dilutive weighted average number of Outstanding common shares).

¹ A non-IFRS measure. Please refer to the "Non-IFRS Financial Measures" section of this MD&A on page 35.

Related Party Transactions

The remuneration of key management personnel includes the following:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Management fees	270,016	166,950	533,505	367,500

There is no change nor increase in the compensation scheme of management and the Board of Administrators in 2022 vs 2021. The increase in management fees in the three-month and six-month periods in 2022 did not take into account the reclassification performed by Management at the end of 2021.

The administrative expense and financing costs with one company controlled by a director and one company controlled by an officer includes the following:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Consulting and professional fees	47,371	48,253	116,488	144,758
Interests and other financing fees	27,087	90,845	187,183	173,190

The consulting and professional fees remained fairly stable for the three-month and six-months periods. There were no new loans from the director and the company controlled by the officer in 2022 vs 2021. The interests and other financing fees decreased in the three-month period due to adjustments made in Q2-2022. For the six months period, the consulting and professional fees decreased by \$28,270 or 20% while the interests and other financing fees increased by \$13,993 or 8%. There was no change in the term and interests of the related party loans. However, at the extension of the loans, the unpaid accumulated interests were included to the principal according to the loan agreements.

The payables and accrued liabilities for operations with one company controlled by a director and one company controlled by an officer, as well as accrued compensation of key management are as follows:

	June 30, 2022	December 31, 2021
	\$	\$
Companies controlled by directors and officers	360,846	2,225,651
Accrual compensation of directors and officers	539,984	619,982

In the January, 2022, a director converted all of the accrued liabilities from the controlled companies. The payables to the controlled companies as of Q2-2022 consisted of recurring invoices that were unpaid as of June 30, 2022.

The accrual compensation of directors and officers decreased in Q2-2022 because of the conversion in January 2022.

Financial Instruments

As at June 30, 2022 and 2021, 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 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 financial 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 Q2-2022 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 Q2-2022 Financial Statements.

Critical accounting estimates and assumptions are discussed in the Q2-2022 Financial Statements.

Significant Accounting Policies

Accounting policies and any respective changes are discussed in the Q2-2022 Financial Statements.

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 inherent 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. A detailed full set of risks applicable to the business of Emergia are included in the Management's Discussion and Analysis for the year ended December 31, 2021 and 2020 in Emergia's 2021 Annual Report, which are hereby incorporated by reference. The 2021 Annual Report is available online on www.sedar.com. 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.

GOING FORWARD

ENERGIA

**Unaudited Interim Condensed
Consolidated Financial Statements**

For the three and six months ended June 30, 2022



TABLE OF CONTENTS

MANAGEMENT'S REPORT	93
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	94
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)	95
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY	96
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	97
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	98

Management's Report

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

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

The Board of Directors of Emergia (the "**Board**") is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving These unaudited interim condensed consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee (the "**Committee**"). The Committee reviews these unaudited interim condensed consolidated financial statements with management and the independent auditors. The Committee reports its findings to the Board, which approves these unaudited interim condensed consolidated financial statements before they are submitted to the shareholders of Emergia.



HENRI PETIT
Chairman, President and CEO



RATHA SIV, CPA auditor, CMA
Chief financial officer

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at June 30, 2022 and December 31, 2021

(in Canadian dollars)

	Notes	As at June 30, 2022	As at December 31, 2021
Assets		\$	\$
Current assets			
Cash		92,652	437,936
Receivables and other receivables	9	2,751,439	2,989,083
Prepays and deposits	8	584,041	1,789,125
Properties held for sale	5	1,800,000	1,800,000
Total current assets		5,228,132	7,016,144
Non-current assets			
Investment properties	4	122,112,692	119,325,000
Investment in a joint venture	6	-	3,306,460
Investment in associates	6	21,633,775	1,650,000
Property and equipment		42,804	2,500
Total non-current assets		143,789,271	124,283,960
Total assets		149,017,403	131,300,104
Liabilities			
Current liabilities			
Trade and other payables	10	3,544,339	5,951,958
Income tax payable		386,976	307,732
Current portion of convertible debentures	11	15,006,808	2,247,304
Current portion of bank mortgages	12	2,960,152	3,005,653
Current portion of long-term debt	13	32,916,812	2,443,811
Total current liabilities		54,815,087	13,956,458
Non-current liabilities			
Convertible debentures	11	2,668,035	14,341,023
Bank mortgages	12	-	-
Long-term debt	13	-	28,733,324
Deferred income tax liabilities		4,995,129	4,995,129
Total non-current liabilities		7,663,164	48,069,476
Total liabilities		62,478,251	62,025,934
Shareholders' equity			
Share capital	15	95,152,230	80,848,486
Warrants	16	6,353,619	6,327,418
Contributed surplus	11	1,786,900	1,744,157
Deficit		(16,753,597)	(19,645,891)
Total shareholders' equity		86,539,152	69,274,170
Total liabilities and shareholders' equity		149,017,403	131,300,104

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

On behalf of the Board of Directors:

(signed) Joseph Cianci, Director

(signed) François Castonguay, Director

Unaudited Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

For the three and six-month periods ended June 30, 2022 and 2021

(in Canadian dollars except for share amounts)

	Notes	For the Three Months Ended		For the Six Months Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		\$	\$	\$	\$
Revenue	7	(115,635)	48,879	258,889	284,486
Operating expense		(22,837)	44,512	138,434	205,973
Operating income		(92,798)	4,367	120,455	78,513
Administrative expenses	20	710,111	965,133	1,248,350	1,423,720
Financing costs	20	456,630	614,736	1,010,750	1,123,064
Bad debts		8,113	-	8,113	-
Depreciation of property and equipment		6,718	-	13,435	-
Increase in fair value of investment properties		-	(1,818,224)	-	(1,818,224)
Increase in fair value of investment in associates	6	-	-	(6,000,000)	-
Share of net (income) loss from a joint venture and associates	6	(186,067)	54,373	(163,807)	(891,621)
(Gain) Loss on settlement of current and non-current liabilities		-	(130,723)	-	75,912
Loss on settlement of long-term debt	6	-	-	1,087,573	-
Income (Loss) before income taxes		(1,088,303)	319,072	2,916,041	165,662
Income taxes		23,747	-	23,747	-
Net income (loss) and comprehensive income (loss) for the year		(1,112,050)	319,072	2,892,294	165,662
Basic and diluted net income (loss) per outstanding common share	17				
- Basic		(0.02)	0.01	0.06	0.01
- Diluted		(0.02)	0.01	0.06	0.01
Weighted average number of outstanding common shares	17				
- Basic		46,437,631	22,040,787	46,437,631	22,040,787
- Diluted		69,409,642	22,040,787	69,409,642	22,040,787

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

Unaudited Interim Condensed Consolidated Statements of Shareholders' Equity

For the six-month periods ended June 30, 2022 and 2021
(in Canadian dollars except for share amounts)

	Share capital					Total Equity
	Number of shares	Amount	Warrants	Contributed Surplus	Retained Earnings (Deficit)	
	#	\$	\$	\$	\$	\$
Balance at December 31, 2021	32,904,085	80,848,486	6,327,418	1,744,157	(19,645,891)	69,274,170
Settlement of current and non-current liabilities	4,134,659	2,811,568	-	-	-	2,811,568
Issued under a private placement	1,286,332	927,002	19,861	-	-	946,863
Issued for consultation services	414,080	363,374	6,340	-	-	369,714
Issued at conversion of a convertible debenture	500,000	425,000	-	(40,830)	-	384,170
Issued for a convertible debenture	-	-	-	84,818	-	84,818
Issued at reimbursement of a convertible debenture	-	-	-	(1,245)	-	(1,245)
Issued for an acquisition	9,776,800	9,776,800	-	-	-	9,776,800
Net income (loss) and comprehensive income (loss)	-	-	-	-	2,892,294	2,892,294
Balance at June 30, 2022	49,015,956	95,152,230	6,353,619	1,786,900	(16,753,597)	86,539,152
Balance on December 31, 2020	24,350,265	73,153,673	6,113,827	264,819	(52,293,041)	27,239,278
Settlement of current and non-current liabilities	1,209,029	944,585	64,856	-	-	1,009,441
Issued under a private placement	1,766,249	1,377,454	1,141	-	-	1,378,595
Issued for consultation services	373,719	291,501	-	-	-	291,501
Issued for a convertible debenture	-	-	-	(42,122)	-	(42,122)
Issued for an acquisition	4,800,000	4,800,000	-	-	-	4,800,000
Net income (loss) and comprehensive income (loss)	-	-	-	-	165,662	165,662
Balance at June 30, 2021	32,499,262	80,567,213	6,179,824	222,697	(52,127,379)	34,842,355

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

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the three and six-month periods ended June 30, 2022 and 2021
(in Canadian dollars)

	Notes	For the Three Months Ended		For the Six Months Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Operating activities		\$	\$	\$	\$
Net Income (Loss)		(1,112,050)	319,074	2,892,294	165,662
Adjustments for					
Consulting services paid in shares	15	266,875	-	363,374	-
Amortization of transaction costs on convertible debentures	14	48,775	-	92,073	-
Increase in fair value of investment in associates	6	-	-	(6,000,000)	-
Distributions from associates	7	248,000	-	-	-
Increase in fair value of investment properties		-	(1,818,224)	-	(1,818,224)
Depreciation of property and equipment		6,718	-	13,435	-
Bad debt expense		8,113	-	8,113	-
Share of net (income) loss from a joint venture and associates	6	(186,067)	54,373	(163,807)	(891,621)
Loss on settlement of current and non-current liabilities		-	(130,723)	-	75,912
Loss (Gain) on settlement of long-term debt	6	-	-	1,087,573	-
		(719,636)	(1,575,500)	(1,706,945)	(2,468,271)
Changes in working capital items	19	17,609	1,056,221	649,979	1,110,222
Cash flows from operating activities		(702,027)	(519,279)	(1,056,966)	(1,358,049)
Investing activities					
Additions to property plant and equipment		-	-	(53,738)	-
Additions to investment in associates, net of related debt	3b	-	-	(650,000)	-
Contributions to associates		(395,512)	-	(395,512)	-
Distributions from associates	7	48,851	-	296,851	-
Additions to investment properties	4	(71,814)	(8,753,680)	(149,238)	(8,753,680)
Cash flows from investing activities		(418,475)	(8,753,680)	(951,637)	(8,753,680)
Financing activities					
Issuance of units and warrants	15	600,000	1,253,053	927,002	1,377,454
Convertible debentures	14	667,800	-	667,800	-
Repayment of convertible debentures	14	-	(542,800)	(98,755)	(542,800)
Repayment of bank mortgages	14	(22,859)	(8,137)	(45,501)	(43,797)
Long-term debt	14	300,000	9,325,000	850,000	10,150,000
Repayment of long-term debt	14	(607,599)	(755,798)	(637,227)	(833,865)
Cash flows from financing activities		937,342	9,271,318	1,663,319	10,106,992
Net change in cash		(183,160)	(1,641)	(345,284)	(4,737)
Cash (bank overdraft), beginning of period		275,812	78,765	437,936	81,861
Cash, end of period		92,652	77,124	92,652	77,124

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

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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, multifamily, office and industrial buildings as well as land for future development and excess land. As at June 30, 2022, 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 these unaudited interim condensed 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 unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, which presumes that the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of its operations. 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 June 30, 2022, the Corporation has improved its income-producing assets with its achievements in 2021 and the acquisition completed in March 2022, as described further below while most of the long-term debts have become current. 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 3 -Acquisitions and Dispositions). The unaudited interim condensed consolidated statements of comprehensive income (loss) disclosed a net income of 2,892,294 for the six months ended June 30, 2022, compared to a net income of \$165,662 for the six months ended June 30, 2021 mainly due to fair value adjustment on investment in associates at acquisition, partially offset by the loss on settlement of a long-term debt (refer to Note 6 – Investment in a Joint Venture and Associates).

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 3 - Acquisitions and Dispositions and to Note 26 - 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 unaudited interim condensed consolidated financial statements for the six months ended June 30, 2022 have been prepared in accordance with IAS 34, Interim Financial Reporting.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Corporation's annual audited consolidated financial statements for the year ended December 31, 2021 which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

These unaudited interim consolidated financial statements were approved and authorized for issuance by the Corporation's Board of Directors on August 29, 2022.

B. Significant Accounting Estimates, Assumptions and Judgments

There have been no significant changes to the Corporation's critical accounting judgments, estimates and assumptions made since our annual financial reporting for the year ended December 31, 2021.

NOTE 3. ACQUISITIONS AND DISPOSITIONS

Acquisitions and Dispositions of Properties in 2022

a) Disposition of 25% interest in the Joint Venture

On February 4, 2022, the Corporation disposed of half of its 50% interest in the joint venture to its co-shareholder to reimburse the loan with the carrying value of \$560,000. The Corporation maintained its option to buy back all the shares of its partner in the said joint venture until September 2023.

b) Acquisition in March 2022 of a 30% interest in a 6-Plaza Portfolio in Ontario, Canada

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 of \$650,000 and the initial deposits of \$1,635,620. At the acquisition date, the total fair value of the portfolio appraised by a third-party appraiser was \$157,500,000, bringing the Corporation's share of fair value to \$47,191,371 compared to the purchase price of

\$41,031,152, that would result in a plus value of \$6,160,219. \$6,000,000 was recorded as fair value adjustment, net of tax, in the statement of income (loss) at the acquisition date.

Acquisitions and Dispositions of Properties in 2021

c) Disposition of 9700 St-Laurent Blvd, Montreal, QC, 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.

d) Disposition of 475-489 Le Breton Street and 505-531 Le Breton Street, Longueuil, QC, 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.

e) Acquisition of Three Lots in Bromont, QC, Canada

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 3h below with respect to the disposal of one of these three lots.

f) Acquisition of Land in Alliston, ON, Canada

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 15 – 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 11 – Convertible Debentures), plus a participation in the profits of the project.

g) Disposition of 860 Cite-des-Jeunes Boulevard, St-Lazare, QC, 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, payables and liabilities.

h) Disposition of One Lot in Bromont, QC, Canada

Subsequently to the purchase of three lots mentioned in Note 3e 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 unaudited interim condensed consolidated statements of comprehensive income (loss).

i) 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.

NOTE 4. INVESTMENT PROPERTIES

As at June 30, 2022 and December 31, 2021, a reconciliation of the investment properties is as follows:

NOTES	Income Producing Properties		Properties Under Development		Total	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Balance, beginning of the year	4,600,000	9,166,775	114,725,000	40,322,276	119,325,000	49,489,051
Disposal of 9700 St-Laurent Blvd., Montreal, QC, Canada	3c	-	(1,550,000)	-	-	(1,550,000)
Disposal of 475-489 Le Breton and 505-531 Le Breton, Longueuil, QC, Canada	3d	-	(3,665,000)	-	-	(3,665,000)
Disposal of 860 Cite-des-Jeunes, St-Lazare, QC, Canada	3g	-	-	(1,380,000)	-	(1,380,000)
Settlement of liabilities	3h	-	-	(1,208,021)	-	(1,208,021)
Acquisition of the Land in Alliston, ON, Canada	3f	-	-	15,038,019 ^(a)	-	15,038,019
Other acquisitions	3e	-	-	1	-	1
Increase in fair value of investment properties		648,225	-	40,581,539	-	41,229,764
Borrowing costs ^(b)	-	-	2,638,454 ^(b)	4,552,744	2,638,454	4,552,744
Development costs	-	-	149,238 ^(a)	503,279	149,238	503,279
Reclassified from Land held for development	-	-	-	18,115,163	-	18,115,163
Reclassified to properties held for sale	-	-	-	(1,800,000)	-	(1,800,000)
Balance, end of year	4,600,000	4,600,000	117,512,692	114,725,000	122,112,692	119,325,000

^(a) In the cash flow from investing activities, the additions to investment properties of \$149,238 resulted from development cost expenditures.

^(b) The weighted average borrowing rate, excluding convertible debentures, is 14.35% (2021 – 14.35%). For the borrowing rate related to convertible debentures, refer to Note 11 – Convertible Debentures.

Income Producing Properties

The income producing properties are composed of the following:

	June 30, 2022	December 31, 2021
	\$	\$
121 Lépine Avenue, Gatineau, QC, Canada	4,600,000	4,600,000
	4,600,000	4,600,000

Properties Under Development

The properties under development are composed of the following:

	NOTES	June 30, 2022	December 31, 2021
		\$	\$
Land in Bromont, QC, Canada	3e, 4	93,431,969	91,325,000
Land in Alliston, ON, Canada	3f	22,062,805	21,400,000
Land in Blainville, QC, Canada		2,017,918	2,000,000
		117,512,692	114,725,000

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 valuers 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 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.

The following table summarizes 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 5. PROPERTIES HELD FOR SALE

As of June 30, 2022, Emergia has a property held for sale as described below:

	June 30, 2022	December 31, 2021
	\$	\$
472 Knowlton Rd, Lac Brome, QC, Canada	1,800,000	1,800,000
Total aggregate value	1,800,000	1,800,000

NOTE 6. INVESTMENT IN A JOINT VENTURE AND ASSOCIATES

As at June 30, 2022, Emergia had interests in the seven following associates:

	NOTES	Effective Ownership	
		June 30, 2022	December 31, 2021
12028735 Canada Inc.	a, b	25% ^(a)	50%
Villarboit Kingsberg Limited Partnership	b	21.15% ^(b)	n/a
Villarboit (Brantford) Holdings 2012 LP	b	9.05% ^(b)	n/a
Villarboit (Niagara Falls) Holdings LP	b	15.06% ^(b)	n/a
Villarboit (Pembroke) Holdings LP	b	32.20% ^(b)	n/a
Brookdale Square Co-ownership (Brookdale Square Inc.)	b	48.87% ^(b)	n/a
Aigialeia, S.A., Greece		30%	30%

^(a) In February 2022, Emergia had a change in ownership interest in the joint venture (Note 3a) which became an investment in an associate, with the Corporation continuing to apply the equity method without remeasuring the retained interests.

^(b) On March 31, 2022, the Corporation completed the acquisition of interests in a 6-Plaza portfolio (Note 3b).

- a. The following table shows the changes in the carrying value of Emergia's investment in 12028735 Canada Inc. (joint venture) as at June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
	\$	\$
Beginning balance	3,306,460	2,664,527
Disposal of interest	(1,647,573) ^(a)	-
Transferred to investment in associates	(1,647,573) ^(a)	-
Contributions	-	-
Share of net income	(11,314) ^(a)	641,933
Ending balance	-	3,306,460

^(a) On February 4, 2022, before the disposal, the carrying amount of the investment was \$3,925,146, composed of the beginning balance of \$3,306,406 as of December 31, 2021 plus the equity pick-up of -\$11,314 for January 2022. The disposal of interests, to settle the loan of \$560,000, involved transferring 50% of the Corporation's shares valued at \$1,647,573 to its joint venture partner, reducing the Corporation's interest from 50% to 25% starting February 4, 2022. The difference between the disposal amount (\$1,647,573) and the loan value (\$560,000) is recorded as the loss on settlement of a long-term debt of 1,087,573 in the Statement of Income (loss).

- b. The following table shows the changes in the carrying value of Emergia's investment in associates as at June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
	\$	\$
Beginning balance	1,650,000	1,650,000
Transferred from investment in a joint venture	1,647,573	-
Acquisition of interest	12,062,420	-
Fair value adjustment at acquisition	6,000,000 ^(a)	-
Contributions	395,512	-
Distributions	(296,851) ^(b)	-
Share of net income	175,121 ^(c)	-
Ending balance	21,633,775	1,650,000

^(a) Difference between the cost of the investment and the Corporation's share of the net fair value of the portfolio's identifiable assets and liabilities according to the fair value appraised by a third-party on acquisition of the investment.

^(b) In March 2022 management received \$248,000 distributions from associates which were recorded as dividend income, included in the acquisition of the said associates (interest in the Ontario 6-plaza portfolio). Subsequent to this acquisition, management, in Q2-2022, performed the equity pick-up and reclassified the distributions from dividend income to investment in associates (See Note 7).

^(c) Including equity pick-up after the acquisition date of the acquired associates.

Summarized financial information of the associates at 100% basis as at June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022	December 31, 2021
	\$	\$
Current assets	9,092,030	888,644
Non-currents assets	171,251,372	17,238,877
Current liabilities	2,223,913	604,991
Non-current liabilities	112,034,288	9,259,611
Revenues	3,792,907	900,119
Change in fair value of investment properties ^(a)	15,390,899	2,000,000
Net income (loss) and comprehensive income (loss) for the period	15,982,241	1,283,866

^(a) To adjust for the fair-value done by a third-party appraiser.

NOTE 7. REVENUES

The components of revenues are as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$		
Rental income				
Lease revenues	74,266	44,145	133,170	185,509
Operating cost recoveries	26,094	(17,393)	73,442	76,850
	100,360	26,752	206,612	262,359
Other revenues				
Management fees		20,004	-	20,024
Dividend and interest income ^(a)	(215,995)	2,103	52,277	2,103
	(115,635)	48,879	258,889	284,486

^(a) In March 2022 management received \$248,000 distributions from associates which were recorded as dividend income, included in the acquisition of the said associates (interest in the Ontario 6-plaza portfolio). Subsequent to this acquisition, management, in Q2-2022, performed the equity pick-up and reclassified the distributions from dividend income to investment in associates (See Note 6 b.).

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:

	June 30, 2022	December 31, 2021
	\$	\$
Within 1 year	274,289	403,097
1 to 5 years	1,007,690	1,665,778
After 5 years	298,338	168,587
	1,580,317	2,237,462

NOTE 8. PREPAIDS AND REFUNDABLE DEPOSITS

The prepaids and refundable deposits are as follows:

	June 30, 2022	December 31, 2021
	\$	\$
Deposits related to an acquisition of interests in associates ^(a)	100,000	1,635,620
Other deposits and prepaid expenses	484,041	153,505
	584,041	1,789,125

^(a) In May 2022, the Corporation made a deposit to acquire interests in an associate.

NOTE 9. RECEIVABLES AND OTHER RECEIVABLES

The receivables are detailed as follows:

	June 30, 2022	December 31, 2021
	\$	\$
Trade receivables	216,992	91,177
Government remittances	-	407,799
Balance of sales and other receivables ^(a)	2,534,447	2,490,107
	2,751,439	2,989,083
Current portion	2,751,439	2,989,083
	-	-

^(a) The balance of sales and other receivables are detailed as follows:

	June 30, 2022	December 31, 2021
	\$	\$
Other receivables and other current balance of sales	166,275	141,464
Balance of sale, 5% interest starting January 1, 2022, maturing in December 2022 ^(a)	2,368,172	2,348,643
	2,534,447	2,490,107

^(a) Related to a disposition of 9371-9904 Quebec inc in December 31, 2020. 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.

NOTE 10. TRADE AND OTHER PAYABLES

	June 30, 2022	December 31, 2021
	\$	\$
Trade payables and accrued liabilities	2,958,494	5,551,612
Interest payable on other current liabilities and long-term debt	585,845	400,346
	3,544,339	5,951,958

NOTE 11. CONVERTIBLE DEBENTURES

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

							June 30, 2022	December 31, 2021
	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	8,964,686	8,320,796
Convertible Debenture	b	2020-02-01	2023-06-30	12.00%	15.00%	3,877,200	3,769,810	3,721,828
Convertible Debenture	c	2021-10-29 2021-11-29	2023-10-29 2023-11-29	8.00%	15.00%	2,575,000	2,078,645	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	1,820,000	1,717,683
Convertible Debenture	e	2019-07-31	2022-02-28	10.00%	10.00%	778,033	452,312	430,941
Convertible Debenture	f	2022-04-08	2024-04-08	8.00%	15.00%	705,000	589,390	-
Convertible Debenture		2020-06-15	2022-06-14	12.00%	15.00%	-	-	98,680
							17,674,843	16,588,327
Current portion							15,006,808	2,247,304
							2,668,035	14,341,023

- 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 3d.
- 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 unaudited interim condensed 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.

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.

- 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 (Note 3b).
- 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 April 8, 2022, the Corporation issued unsecured convertible debentures in the amount of \$705,000. The unsecured 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 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. 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 to or higher than \$1.50 per share.

A reconciliation of the convertible debentures is as follows:

	Host instruments	Conversion Options	Total
	\$	\$	\$
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
Redemption	(933,491)	-	(933,491)
Balance at December 31, 2021	16,588,327	1,739,088	18,327,415
Issuance of new convertible debentures, net of transaction costs	576,642	84,818	661,460
Amortization of transaction costs	92,073	-	92,073
Accretion on convertible debentures	879,356	-	879,356
Capitalized interests	21,370	-	21,370
Conversion	(384,170)	(40,830)	(425,000)
Redemption	(98,755)	(1,245)	(100,000)
Balance at June 30, 2022	17,674,843	1,781,831	19,456,674

A reconciliation of the conversion options and the Contributed Surplus is as follows:

	Contributed Surplus
	\$
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
Issuances of convertible debentures	84,818
Issued at conversion of a convertible debenture	(40,830)
Redemption of a convertible debenture	(1,245)
Balance as at June 30, 2022	1,786,900

NOTE 12. BANK MORTGAGES

	NOTES	INTEREST RATE	MATURITY	June 30, 2022	December 31, 2021
				\$	\$
Secured fixed rate mortgages	a.	3.85 % (2021 – 3.85%)	November 2022	2,960,152	3,005,653
				2,960,152	3,005,653
Current portion				2,960,152	3,005,653
				-	-

- 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.

NOTE 13. LONG-TERM DEBT

	NOTES	WEIGHTED AVERAGE INTEREST RATE	MATURITY	June 30, 2022	December 31, 2021
				\$	\$
Secured	a	9.38 % (2021 – 9.38 %)	June 2023 ^(a)	7,064,486	6,434,582
Secured, and guaranteed	b	15.96 % (2021 – 17.16 %)	June 2023 ^(a)	23,446,627	22,053,539
Unsecured	c	10.78 % (2021 – 8.54 %)	June 2023 ^(a)	1,742,769	2,268,308
Unsecured, and guaranteed	d	7.26 % (2021 – 7.23 %)	June 2023 ^(a)	662,930	420,706
Total				32,916,812	31,177,135
Current portion				32,916,812	2,443,811
				-	28,733,324

^(a) On December 31, 2021, the Corporation was 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. There is no other change in the loan agreements at the extension date.

- a. Loans are secured by investment properties. All loans are current as of June 30, 2022
- 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 20 - Additional Information – Comprehensive Income (Loss). All loans are current as of June 30, 2022.
- c. Loans are neither secured by any investment property nor guaranteed by a director. All loans are current as of June 30, 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 20 - Additional Information – Comprehensive Income (Loss). All loans are current as of June 30, 2022.

As of June 30, 2022, while the Corporation remained in compliance, with most of the loans becoming current, the Corporation continued on working to obtain accommodations from its creditors with respect to their debt covenants.

NOTE 14. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

June 30, 2022				\$
	MORTGAGES	LONG-TERM DEBT	CONVERTIBLE DEBENTURES	TOTAL
Balance, beginning of year	3,005,653	31,177,135	16,588,327	50,771,115
Cash				
Repayment	(45,501)	(637,227)	(98,755)	(781,483)
New borrowings, net of transaction costs	-	850,000	667,800	1,517,800
Non-Cash				
Settlement into class "A" common shares	-	-	(384,170)	(384,170)
Settlement from asset transactions	-	(560,000)	-	(560,000)
Unpaid interest capitalized	-	2,004,597	21,370	2,025,967
Issuance of warrants-broker commission	-	-	(6,340)	(6,340)
Amortization of transaction costs	-	-	92,073	92,073
Accretion on convertible debentures	-	-	879,356	879,356
Conversion option	-	-	(84,818)	(84,818)
Reclass from trade and other payables	-	82,307	-	82,307
Balance, at June 30, 2022	2,960,152	32,916,812	17,674,843	53,551,807

December 31, 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, at December 31, 2021	3,005,653	31,177,135	16,588,327	50,771,115

NOTE 15. SHARE CAPITAL

The Corporation's authorized share capital is as follows:

Unlimited number of common shares as follows:

- » Class "A" common shares, conferring 1 vote per share; and
- » Class "B" common shares, conferring 100 votes per share, automatically 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 June 30, 2022 and December 31, 2021 are as follows:

	June 30, 2022		December 31, 2021	
	NUMBER	\$	NUMBER	\$
Class "A" common shares	44,505,065	88,998,944	28,393,194	74,695,200
Class "B" common shares	4,510,891	6,153,286	4,510,891	6,153,286
	49,015,956	95,152,230	32,904,085	80,848,486

On January 10, 2022, the Corporation completed the closing of its previously announced private placement and issued an additional 4,812,902 units (excluding 294,118 units reserved for issuance as of December 31, 2021) and 250,000 Class "A" common shares for total amount of \$3,235,069, composed of \$327,002 in cash (excluding \$200,000 received in advance for 294,118 units reserved for issuance as of December 31, 2021) and \$2,908,067 in payment of outstanding debts (\$2,811,568) and consulting fees (\$96,499). 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 included 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 March 15 and March 31, 2022, the Corporation completed the first and second closings of the acquisition of an investment in associates, by issuing 9,494,800 and 282,000 Class "A" common share respectively, at \$1.00 per share.

On April 8, 2022, the Corporation completed another closing of a private placement and issued an additional \$600,000 in units of the Corporation at a price of \$0.80 per unit. Each 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.

On May 25, 2022, the Corporation issued 272,169 Class "A" common share in order to settle \$266,875 of consulting fees with a third-party consultant.

At June 30, 2022 and December 31, 2021, there was no share in escrow.

NOTE 16. WARRANTS

The following is a continuity of the warrants outstanding and exercisable:

	EXPIRATION DATE	As at June 30, 2022		As at December 31, 2021	
		Weighted Average Exercisable Price		Weighted Average Exercisable Price	
		NUMBER	\$	NUMBER	\$
Beginning balance		13,689,930	1.25	9,651,158	1.25
Issuance of warrants	October 31, 2023	5,854,235	1.25	3,744,654 ^(a)	1.25
Issuance of warrants	October 31, 2023	-	-	294,118 ^(b)	1.25
Issuance of warrants	October 31, 2024	500,000	1.50	-	-
		20,044,165		13,689,930	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.

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 \$1.07 (2021 – \$0.90), an exercise price of \$1.25 (2021 – \$1.25), a risk-free rate of 2.03% (2021 – 0.72%), volatility of 98.3% (2021 – 122.33%), vesting immediately, and an average life of 2.02 years (2021 – 2.02 years) from the extension approval date, resulting in a fair value of the warrant of \$0.32 (2021 – \$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.

NOTE 17. NET INCOME (LOSS) PER SHARE

As at June 30, 2022, the Corporation generated a net income of \$2,892,294 (June 30, 2021 – net loss of \$165,662). The net income is mainly due to fair value adjustment on investment in associates at acquisition, partially offset by the loss on settlement of a long-term debt (refer to Note 6).

The calculation of basic net income (loss) per Class "A" common share as at June 30, 2022 was based on the income (loss) attributable to common shareholders which corresponds to the income for the six-month period ended June 30, 2022 of \$2,892,294 (June 30, 2021 – loss of \$165,662) and a weighted average number of common shares of 46,437,631 (June 30, 2021 – 22,040,787).

The calculation of diluted net income (loss) per share on June 30, 2022 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 June 30, 2022 was \$3,897,268 (June 30, 2021 – net gain of \$165,661), and a weighted average number of dilutive common shares of 69,409,642 (June 30, 2021 – 22,040,787). All warrants (Note 16 – Warrants) have not been included in the diluted net income due to their anti-dilutive effect. As at June 30, 2021, 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:

	June 30, 2022	June 30, 2021
	\$	\$
Net income (loss)	2,892,294	165,662
Effect of interest on convertible debentures on net income (loss)	1,004,974	-
Net income (loss) adjusted for the effect of dilution	3,897,268	165,662
Weighted average number of Class "A" common shares	46,437,631	22,040,787
Dilutive effect of convertible debentures on weighted average number of common shares	22,972,012	-
	69,409,642	22,040,787
Diluted earnings per share	0.06	0.01

NOTE 18. RELATED PARTY TRANSACTIONS

Related parties include the Corporation's key management personnel. The compensation to key management is either 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:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$		
Management fees	270,016	166,950	533,505	367,500

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

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$		
Consulting fees and professional fees	47,371	48,253	116,488	144,758
Interests and other financing fees	27,087	90,845	187,183	173,190

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

	June 30, 2022	December 31, 2021
	\$	\$
Companies controlled by directors and officers	360,846	2,225,651
Accrual compensation of directors and officers	539,984	619,982

The Corporation has additional loans and advances with related parties disclosed in Note 13 - Long-Term Debt. As at December 31, 2021, the Corporation accrued a fee of 2% for the personal guarantees given by a director on the Corporation's secured and unsecured liabilities. This 2% fee was 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.

NOTE 19. ADDITIONAL INFORMATION – CASH FLOW

The changes in working capital items are detailed as follows:

	For the Six Months Ended	
	June 30, 2022	June 30, 2021
	\$	\$
Receivables and other receivables	(256,816)	265,349
Prepays and deposits	193,193	858,542
Trade and other payables	556,750	(13,669)
Income tax payable	156,852	-
	649,979	1,110,222
Additional cash flow information:		
Interest paid	266,880	781,551

NOTE 20. ADDITIONAL INFORMATION – COMPREHENSIVE INCOME (LOSS)

Administrative expenses are composed of the following:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$		
Consulting fees and professional fees	440,095	878,201	714,845	1,336,788
Management fees	270,016	86,932	533,505	86,932
	710,111	965,133	1,248,350	1,423,720

Financing costs are composed of the following:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$		
Interest	506,630	283,264	1,010,750	791,592
Financing and other fees	(50,000) ^(a)	331,472	-	331,472
	456,630	614,736	1,010,750	1,123,064

^(a) This financing fee was paid in March 2022 and is related to an on-going financing project. As of June 30, 2022, it was reclassified as a prepaid expense. Once the financing project realised, the related financing fee will be amortised with the same terms and conditions as the financing.

NOTE 21. FINANCIAL ASSETS AND LIABILITIES

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

	June 30, 2022		December 31, 2021	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial assets	\$	\$	\$	\$
Financial assets at amortized cost				
Cash	92,652	92,652	437,936	437,936
Receivables and other receivables	2,751,439	2,751,439	2,581,284	2,581,284
Refundable deposits	100,000	100,000	1,635,620	1,635,620
Total financial assets	2,944,091	2,944,091	4,654,840	4,654,840
Financial liabilities				
Financial liabilities at amortized cost				
Trade and other payables	3,544,339	3,544,339	5,951,958	5,951,958
Convertible debentures	17,674,843	17,674,843	16,588,327	16,588,327
Bank mortgages	2,960,152	2,960,152	3,005,653	3,005,653
Long-term debt	32,916,812	32,916,812	31,177,135	31,177,135
Total financial liabilities	57,096,146	57,096,146	56,723,073	56,723,073

Financial assets and financial liabilities measured at fair value in the unaudited interim condensed 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 22. 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 June 30, 2022 and December 31, 2021, 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 June 30, 2022, and December 31, 2021 is the carrying amount of these instruments, the credit risk is not significant.

Liquidity and Capital Availability Risk

Liquidity risk is the risk that the Corporation 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:

June 30, 2022	WITHIN 6 MONTHS	6 TO 12 MONTHS	1 TO 5 YEARS	LATER THAN 5 YEARS
Trade and other payables	3,544,339	-	-	-
Convertible debentures	2,272,312	12,734,496	2,668,035	-
Bank mortgages	2,960,152	-	-	-
Long term debt	2,327,743	30,589,069	-	-
Total	11,104,546	43,323,565	2,668,035	-

December 31, 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	-

As of June 30, 2022, while the Corporation remained in compliance, with most of the loans becoming current, the Corporation continued on working to obtain 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. The private placement offering in January 2022 and April 2022 settled a large amount of liabilities and injected a convertible long-term financing. The Corporation has been in on-going negotiations with some lenders to either re-extend the loans or convert into shares, and with some potential investors in order to inject more equity and / or

secure more long-term financings, as it did in July 2022, converting convertible debentures in the amount of \$2,345,000 into units (refer to Note 26 - Subsequent Events), thus reducing its debts accordingly. 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 mid-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 23. 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:

	June 30, 2022	December 31, 2021
	\$	\$
Liabilities		
Convertible debentures	17,674,843	16,588,327
Bank mortgages	2,960,152	3,005,653
Long-term debt	32,916,812	31,177,135
Shareholders' equity		
Share capital	95,152,230	80,848,486
Total Capital	148,704,037	131,619,601
Capital Structure (Total Liabilities to Equity)	56%	63 %

NOTE 24. SEGMENT INFORMATION

The Corporation operates in three different segments of the real estate industry: (i) ownership of revenue-producing multifamily, 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 June 30, 2022 and 2021, the Corporation does not have Development Income.

The following summarizes the Corporation's assets as at June 30, 2022 and December 31, 2021:

	Income Producing Properties		Properties Under Development		Associate and Joint Venture		Corporation ^(a)		Consolidation	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Total Assets	4,600,000	4,600,000	117,512,692	114,725,000	21,633,775	4,956,460	5,270,936	7,018,644	149,017,403	131,300,104

^(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.

The following summarizes the Corporation's operating results for the three months ended June 30, 2022 and 2021:

	Income Producing Properties		Properties Under Development		Associate and Joint Venture		Corporation ^(a)		Consolidation	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rental income	100,360	26,752	-	-	-	-	-	-	100,360	26,752
Management Fees, Interests, Other Income	-	-	-	-	-	-	(215,995) ^(b)	22,127	(215,995)	22,127
Operating income	123,197	(17,759)	-	-	-	-	(215,995) ^(b)	22,127	(92,798)	4,368

^(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.

^(a) Reclassification of distributions from investment in Associates.

The following summarizes the Corporation's operating results for the six month periods ended June 30, 2022 and 2021:

	Income Producing Properties		Properties Under Development		Associate and Joint Venture		Corporation ^(a)		Consolidation	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Rental income	206,612	262,359	-	-	-	-	-	-	206,612	262,359
Management Fees, Interests, Other Income	-	-	-	-	-	-	52,277	22,127	52,277	22,127
Operating income	(68,178)	56,386	-	-	-	-	52,277	22,127	120,455	78,513

^(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 25. 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 26. SUBSEQUENT EVENTS

Conversion of Convertible Debentures

On July 15, 2022, a holder of a series of three convertible debentures, maturing from April to July 2022 converted the total amount of principal and accumulated interests into Emergia's units (comprising one Class "A" common share and one warrant exercisable at a price of \$1.25 until December 31, 2022. This conversion resulted in the reduction of the debt by \$1.92 million.

On July 28, 2022, a holder of a convertible debenture, maturing in October 2022 converted another portion of the principal into Emergia's Units (comprising one Class "A" common share and two warrants, one exercisable at a price of \$1.25 until October 31, 2023 and one exercisable at a price of \$1.50 until October 31, 2024), and the related accumulated interests into Emergia's Class "A" Common Share. This conversion resulted in the reduction of the debt by \$0.43 million.

Sale of Asset Held for Sale

We have accepted an offer to sell the property held for sale at the value indicated in the financial statements of year-end 2021 and Q1-2022, being \$1,800,000. The closing is expected to occur in the coming weeks. The proceeds of such sale will reduce the debt.

EMERGIA



EMERGIA INC.

402-185 Avenue Dorval
Dorval QC
Canada H9S 5J9

1 888 520-1414

investors@emergia.com

CSE :EMER

EMERGIA.COM