LOOKING FORWARD

EMERGIA

Management's Discussion & Analysis
Emergia Inc.

For the nine-month periods ended
September 30, 2021 and 2020

Table of Contents

Interim Management's Discussion and Analysis

The following Interim Management's Discussion and Analysis ("**MD&A**") is provided to enable the reader to assess the results of operations of Emergia Inc. ("**Emergia**" or the "**Corporation**") for the quarter ended September 30, 2021, in comparison with the quarter ended September 30, 2020.

This MD&A dated November 29, 2021 reflects all significant information available as of that date and should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes of Emergia for the periods ended September 30, 2021 and 2020 (the "**Q3 2021 Financial Statements**"), the audited consolidated financial statements and accompanying notes of Emergia for the years ended December 31, 2020 and 2019 (the "**2020 Annual Financial Statements**") and management's discussion and analysis thereon (the "**2020 Annual MD&A**").

Unless otherwise indicated, all amounts are in Canadian dollars and are based on the Q3 2021 Financial Statements prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board.

Additional information on Emergia is available on Emergia's website at www.emergia.com and under Emergia's profile on the Canadian Securities Administrators' ("**CSA**") website at www.sedar.com.

The Board of Directors of the Corporation, under the recommendation of the Audit Committee, has approved the contents of this MD&A on November 29, 2021.

Basis of Presentation

Going Concern

The Q3 2021 Financial Statements and this MD&A have been prepared on a going concern basis, which presumes that the Corporation will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of its operations.

As at September 30, 2021, the Corporation has started to improve the profitability of its operations with a net loss of $774,423 for the nine-months ended September 30, 2021 compared to a net loss of $6,262,212 for the nine-months ended September 30, 2020 and compared to a net loss of $27,148,796 for the year ended December 31, 2020.

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 to realize its assets and discharge its liabilities in the normal course of its operations in order to complete its contemplated business plan and ultimately achieve profitable operations. The significant reduction in the losses during the current year to date along with the extension of the debt related to the Bromont land and reclassification of such debt as long-term debt place the Corporation in a more favorable position financially which should therefore enhance its financing options in the future. The ongoing fund-raising transactions detailed in "Subsequent Events" and other alternative fundings as described below will ensure the Corporation's solvency, with the capital raised, the settlement of debts that are past due, the repayment schedule of any new debts and cash on hand. From July 2020 to September 30, 2021, the Corporation closed private placements of units for an aggregate amount of $10,207,394 (mainly in debt conversion and partly in cash). Since September 30, 2021, the Corporation has undertaken a private placement of $5 million of convertible debentures, $3 million of which has closed as of the date of this MD&A. In addition to ongoing discussions with interested investors, management pursues other financing alternatives to fund the Corporation's operations, including potential agreements with current lenders and creditors for share-based payments and debt conversions. While the Corporation is continuing to execute its plan of improving its financial position, improving its profitability and raising funds, there exists uncertainties that may cast significant doubt regarding the Corporation's ability to continue as a going concern.

The preparation of the unaudited interim condensed consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements. Those estimates, assumptions and judgments also affect the disclosure of contingencies as at the date of the financial statements and the reported amounts of revenues and expenses during the period. The critical accounting estimates and judgments have been set out in Note 2 to Emergia's audited consolidated financial statements for the year ended December 31, 2020. These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the unaudited interim condensed consolidated financial statements of future periods. Actual results may differ from these estimates.

Non-IFRS Financial Measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Corporation's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Corporation's financial information reported under IFRS.

The Corporation believes non-IFRS measures are important supplemental measures of financial performance because they eliminate items that have less bearing on the Corporation's financial performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. Because other companies may calculate these non-IFRS measures differently than the Corporation does, these metrics are not comparable to similarly titled measures reported by other companies.

Emergia measures the success of its strategy using a number of non-IFRS performance indicators:

Net operating income ("NOI"): NOI is a measure presented in the statement of comprehensive income in the Corporation's unaudited interim condensed consolidated financial statements, which is calculated as revenues less property operating expenses such as utilities, repairs and maintenance and realty taxes. NOI does not include charges for interest or other expenses not specific to the day-to-day operation of Emergia's properties. Emergia considers NOI to be a valuable measure for evaluating the operating performance of its properties.

Net Asset Value ("NAV"): NAV is an adjusted asset value reflecting the market values of real estate properties held by Emergia. The "**NAV per Share**" is measured on a per share basis where the aggregated NAV of the portfolio is divided by the Corporation's total number of shares outstanding. The Corporation's properties are valued regularly at least once a year, depending on the Corporation's requirements, and the NAV is measured and reported at the end of the accounting period. Liabilities are valued using the carrying value at the end of the reporting period. The NAV is intended to provide investors with a synthesized view of the Corporation's portfolio value evolution from one reporting period to another. See "Portfolio Composition - Net Asset Value" for the calculation of NAV and NAV per Share.

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.

Effective Gross Revenues ("EGR"): The EGR, or Effective Gross Revenues, refers strictly to rental income generated by revenue generating properties and excludes other revenues such as disposal of land or other properties. Emergia considers EGR to be a valuable measure for evaluating the revenue generating performance of its properties.

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

Message to Shareholders

THIS YEAR has been very significant for Emergia as major achievements have been realized over the last months. As planned and as indicated in our *Management and Discussion & Analysis* dated August 25, 2021, this year was aimed to be the year of completion of Emergia's transformation. We are very proud to say that difficult times are now behind and that we can now look forward and pursue our business plan that include acquisitions, development projects and value creation, as further explained below.

Emergia's current situation is particularly rewarding after now close to three years of hard work from the whole team. I would like to thank all of our people who have worked so diligently through this challenging period and our shareholders and creditors for their continued support. Their perseverance, patience and confidence has allowed us to succeed in this transformation.

WE SUCCEEDED IN:

- Reducing the short-term debt significantly through new equity and debt conversion in shares and convertible debentures with standard terms and conditions and through conversion of short-term debt in long-term debt by current lenders. Since the beginning of 2020 to the date of this MD&A, we managed to reduce the short-term debt from $62.6 million to $16.4 million;

- Closing for $13.2 million in private placement (units and convertible debentures), comprising $8.4 million in debt conversion and $2.9 million in cash, between July 2020 and the date of this MD&A;

- Disposing of assets that did not fit in the Corporation's business model;

- Expending Emergia's operations in Ontario by acquiring a 100-acre land in Alliston, which is expected to generate significant value, and ensuring the Corporation's expansion in Ontario;

- Creating a joint venture to ensure an early development of Emergia's project in Dorval, which is expected to be launched in Q1-2022, subject to final approval by the City of Dorval in Q4-2021.

NOW, Q4 2021 shall be the period to prepare the grounds for the 2022 plan of action, oriented to:

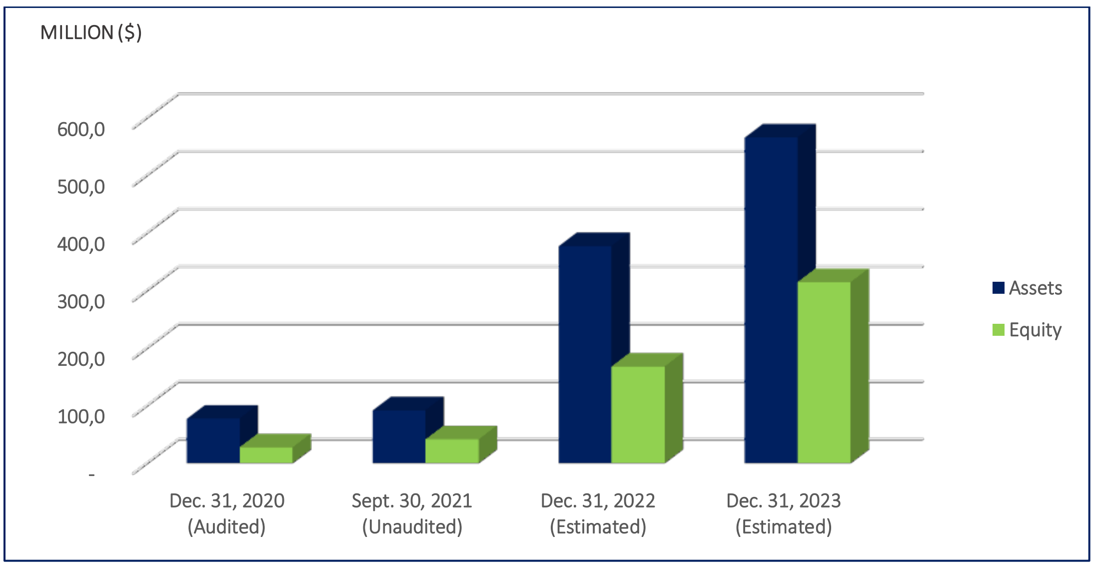
- The launching of development projects in the provinces of Quebec (Bromont and Dorval) and Ontario (Alliston);

- Proceed to the acquisition of revenue generating properties in line with Emergia's business model;

- Further capitalize the Corporation;
- Generate recurring profits.

Subject to local authorities approving Emergia's development projects and to the capacity of Emergia to execute its internal and external growth strategies, including through its expected internal growth and through the completion of acquisitions in its pipeline on anticipated terms, Emergia expects to increase the value of its portfolio of properties and its NAV to approximately $560 million and $315 million respectively by year-end 2023. The following graph illustrates the growth target of the Corporation over the next 2 years based on the foregoing opportunity:

GROWTH TARGET BY YEAR-END 2023



We are very proud of the accomplishments we realized in the past few years and we now look forward to executing the Corporation's plan in the near future.

HENRI PETIT
PRESIDENT & CHIEF EXECUTIVE OFFICER

Subsequent Events

➢ *Private placement offering and reduction of debt*

A private placement offering has been put in place for an amount of up to $5,000,000 in convertible debentures with the following terms and conditions: interests payable semi-annually at an annual rate of 8%; one warrant exercisable at $1.25 until October 31, 2023; one additional warrant exercisable at a price of $1.50 per share; and a forced conversion if the volume weighted trading price of the shares for the last 20 days on the CSE is equal or higher than $1.50. This private placement offering expires on December 22, 2021.

At the date of approval of these unaudited condensed consolidated financial statements, $3,000,000 was invested in this private placement. This amount has been used to further reduce the short-term debt for an equivalent amount ($275,000 reduction in Other current liabilities, and $2,725,000 reduction in Trades and Other payables) as at the date these unaudited condensed consolidated financial statements were approved.

On November 5, 2021, the maturity date of all the outstanding warrants has been extended to October 31,2023.

Caution Regarding Forward-Looking Statements

Certain information included in this MD&A contains forward-looking statements and information (collectively "**forward-looking statements**") within the meaning of applicable securities laws. These statements include, but are not limited to, statements made concerning Emergia's objectives, including, but not limited to, development opportunities, joint venture developments, future acquisitions and dispositions, occupancy rates and increase of portfolio base rent, its strategic plan and strategies to achieve those objectives, the impact of the novel strain coronavirus (COVID-19) pandemic, as well as statements with respect to management's beliefs, plans, estimates, assumptions, intentions, and similar statements concerning anticipated future events, results, circumstances, performance, or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management at the time such statements are made. Management's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. All forward-looking statements in this MD&A are qualified by these cautionary statements.

Forward-looking statements are not guarantees of future events or performance and, by their nature, are based on Emergia's current estimates and assumptions, which are subject to risks and uncertainties, including those described under "Risk and Uncertainties" in the 2020 Annual MD&A, which could cause actual events or results to differ materially from the forward-looking statements contained in this MD&A. Those risks and uncertainties include, but are not limited to, the impact of the COVID-19 health crisis, access to capital and debt financings, risks associated with the ownership of the immovable properties, including climate change, industry competition and interest rate fluctuations, high level of indebtedness, risks associated with future property acquisitions, dispositions or developments, the recruitment and retention of employees and executives, legislative and/or regulatory developments, compliance with environmental laws and regulations, insurances, any failure to comply with covenants in financing and other material agreements, and volatility in the market price of the shares. Other risks and uncertainties not presently known to Emergia could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements may include, but are not limited to, the impact of economic conditions in Canada and globally including as a result of the COVID-19 pandemic, Emergia's future growth potential, prospects and opportunities, relatively stable interest costs, access to equity and debt capital markets to fund (at acceptable costs), the ability of Emergia to refinance debts as they mature, the availability of purchase opportunities for growth in Canada, general industry conditions and trends, changes in laws and regulations including, without limitation, changes in tax laws, mortgage rules and other temporary legislative changes in light of the COVID-19 pandemic, the availability of qualified personnel, and stock market volatility. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, there can be no assurance actual results will be consistent with these forward-looking statements and no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur at all, or if any of them do so, what benefits that Emergia will derive from them. As such, undue reliance should not be placed on forward-looking statements. Certain statements included in this MD&A may be considered “financial outlook” or “FOFI” for purposes of applicable securities laws, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. The actual results of operations of Emergia and the resulting financial results will likely vary from the amounts set forth in this MD&A and such variation may be material. Emergia and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management’s best estimates and judgements. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. FOFI contained in this MD&A was made as of the date of this MD&A and was provided for the purpose of providing further information about Emergia’s anticipated future business operations. Readers are cautioned that the FOFI contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

Except as required by applicable law, Emergia undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Summary of Quarterly Results

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

In dollars, except per-share amounts	2021				2020					2019
	Q3 (cum)	Q3	Q2	Q1	Q4	Q3 (cum)	Q3	Q2	Q1	Q4
Revenue	389,092	104,606	48,879	235,607	544,957	2,187,788	797,540	573,118	817,130	766,060
Operating expenses	268,311	62,337	44,512	161,462	238,418	1,270,589	455,596	308,499	506,484	325,243
Net Operating Income[1]	120,781	42,269	4,367	74,145	306,539	917,199	341,944	264,619	310,646	440,817
Administration	1,760,415	336,695	965,133	458,587	689,839	1,697,881	673,684	449,388	574,820	161,745
(Gain) loss on fair value adjustment	(1,200,000)	-	(1,200,000)	-	1,151,655	1,731,346	1,731,346	-	-	67,187
Financing costs	1,716,101	593,037	614,736	508,328	1,131,986	3,750,184	2,005,797	989,479	754,907	871,035
(Gain) loss on sale of property and equipment	(617,919)	305	(618,224)	-	(420,228)	-	-	-	-	-
Share of net (income) loss from joint venture	(839,305)	52,316	54,373	(945,994)	(12,946)	-	-	-	-	-
Impairment of investment, bad debts, depreciation	-	-	-	-	369,968	-	-	-	-	-
(Gain) loss on settlement of current and non-current liabilities	75,912	-	(130,723)	206,635	14,057,822	-	-	-	-	-
(Gain) loss on settlement of long-term debt	-	-	-	-	4,225,027	-	-	-	-	-
Net gain (loss) and comprehensive gain (loss)	(774,423)	(940,084)	319,072	(153,411)	(20,886,584)	(6,262,212)	(4,068,883)	(1,174,248)	(1,019,081)	(1,627,382)
Basic and diluted gain (loss) per share	(0.03)	(0.03)	0.01	(0.01)	(0.87)	(0.36)	(0.18)	(0.08)	(0.07)	(0.11)

(1) See "Non-IFRS Financial Measures".

General Business Overview

Emergia Inc. operates in the development, acquisition, and management of multi-purpose real-estate properties, including retail, multi-residential, office and industrial buildings as well as land for future development.

On March 23, 2018, Emergia became a publicly listed company on the Canadian Securities Exchange ("**CSE**") under the name "The Delma Group Inc." and the symbol "DLMA.CN" through a reverse takeover transaction by Aydon Income Properties Inc. On January 21, 2020, the Corporation changed its name for "Emergia Inc." and its ticker symbol for "EMER". The principal address and records office of the Corporation is located at 402 – 185 Avenue Dorval, Dorval, Quebec, Canada H9S 5J9.

The primary focus of the Corporation is to acquire, develop and manage small to medium size portfolios of real estate properties in Canada, mainly in the provinces of Quebec and Ontario, based on a diversified asset allocation into various segments of activities and asset classes (see "General Business Overview - Our Investment Strategy and Business Model" on page 17 of this MD&A). Emergia aims to create diversified portfolios thereby allowing it to reduce the portfolio volatility and increase resilience to economical downturns. This has been experienced during the COVID-19 pandemic, where the diversification allowed Emergia to mitigate and limit its losses in such exceptional circumstances (see "COVID-19 – Impacts Analysis and Risks" on page 23 of this MD&A).

Emergia is distinctively integrated vertically as it participates in all stages of the real estate value chain.

I- Investment

- Acquisitions
- Sales
- Joint Ventures

II- Development

- Master-planning
- Conception & Feasibility
- Execution
- Integration & Stabilization

III- Management

- Life cycle & Maintenance
- Tenant Services
- Marketing, Leasing & Sales
- Budgeting & Reporting

Brief History

2018

- ✓ On March 23, 2018, Emergia became a publicly listed company on the CSE under the name "The Delma Group Inc." through a reverse takeover transaction.
- ✓ Operations in real estate holdings and development also including hospitality assets development and operations.
- ✓ Acquisitions of assets from Mr. Henri Petit and his group having a total value of approximately $99.3 million paid by the issuance of shares of the Corporation bringing the total value of assets to approximately $108.7 million as at December 31, 2018.
- ✓ Absence of the anticipated concurrent equity financing due to reasons not under the control of Emergia causing a delay in the development of projects which in turn resulted in a high level of short-term debt with high interest rates creating a negative cash-flow position and losses.
- ✓ End of 2018, change in management: Mr. Henri Petit became the CEO of Emergia.

2019

- ✓ Modification of the business plan which included divesture of the hospitality assets and concentration on revenue generation, optimization and development assets.
- ✓ Implementation of various initiatives to improve cost structure, increase revenues and improve operational profitability.
- ✓ Increase in square footage of revenue generating properties by 8,152 sq. ft.
- ✓ Disposal of certain assets held for sale which were not to be part of the new business plan and reduction of short and long term debt through the proceeds from these sales.
- ✓ Increase of EGR by 92.1% from Fiscal 2018.
- ✓ Increase of NOI by 58.8% from Fiscal 2018.

2020

- ✓ Adoption and execution of a plan of action to, by 2021, attain both profitability and the asset allocation model targeted by the Corporation including:
  - Disposal of Assets Held for Sale (Hospitality assets);
  - Disposal of certain other assets to reduce short-term debt;
  - Closing of a private placement in equity exceeding $7 million composed mostly of conversion of debt by existing lenders in equity of the Corporation;
  - Signing of a binding agreement for the acquisition of a 100-acre development land area in Alliston, Ontario (See "Subsequent Events" on page 8).
- ✓ Reduction of total short-term liabilities by $29.29 million as at December 31, 2020.
- ✓ Stable maintenance of Effective Gross Revenues.
- ✓ Increase of Net Operating Income by 6.1% from $1,153,369 in 2019 to $1,223,738 in 2020.
- ✓ Entering into of a 50-50 joint venture to own and develop the property located at 185 Dorval Avenue, Dorval, Quebec (revenue generating property), a 6-storey office building including excess land of 42,000 sq.ft. for development. Transfer of the property located at 117 Lepine Avenue, Gatineau (Optimizing Property), a 2-storey retail and office building, into the same joint venture.

2021

- ✓ Adoption of the 2021 Plan of Action (See "2021 Plan of Action" on page 14 of this MD&A).
- ✓ Completion, on May 3, 2021, of the acquisition of the 100 acres development land in Alliston, Ontario for a purchase price of $14.4 million (excluding closing costs and land transfer tax).
- ✓ Closed over $3 million of units private placement offering launched in 2020 to reach $10.2 million as of the date of this MD&A, reducing the short-term debt accordingly.
- ✓ Disposal of assets to further reduce short-term debt.
- ✓ Reduced the short-term debt by approximately $26 million through conversion into long-term debt after negotiations with the lenders;
- ✓ Launched a convertible debenture private placement offering for an amount of up to $5 million and closed $3 million of this offering as of the date of this MD&A.
- ✓ Continuation of discussions to acquire revenue generating properties to align the assets allocation with the Corporation's business model.
- ✓ Obtention of first level approval of the mixed-use development project in Dorval.

2021 Plan of Action

In 2020, the plan and measures adopted in 2019 have been pursued in order to complete the financial reorganisation of Emergia, which included the strengthening of its balance sheet, the execution of a private placement, the sale of certain assets to reduce short-term debt, the creation of joint ventures, and the conclusion of acquisitions.

The plan of action put in place for 2021 can be summarized as follows:

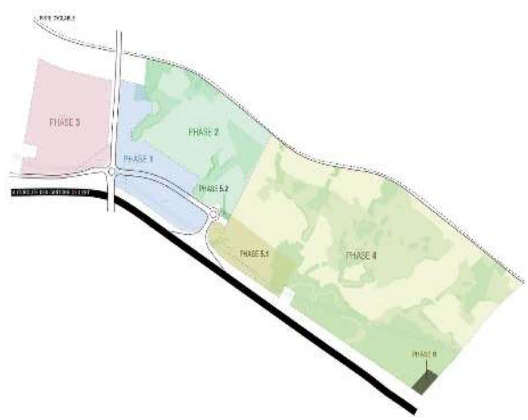
- Launching of development projects that are already owned by the Corporation, to create organic growth.
- Creation of joint ventures for specific development projects that will facilitate the development and financing of such projects.
- Continuation of discussions to acquire revenue generating properties to increase revenues and to align the asset allocation with the Corporation's business model.
- Completion of a private placement to reduce the short-term debt and global debt ratio and increase working capital.
- Refinancing of short-term debt into long-term debt.

Emergia has succeeded in the execution of its 2021 Plan of Action as it:

- ✓ Reduced the short-term debt significantly through new equity and debt conversion in shares and convertible debentures with standard terms and conditions and through conversion of short-term debt in long-term debt by current lenders. Since the beginning of 2020 to the date of this MD&A, we managed to reduce the short-term debt from $62.6 million to $16.4 million;
- ✓ Closed for $13.2 million in private placement (units and convertible debentures), comprising $8.4 million in debt conversion and $2.9 million in cash, between July 2020 and the date of this MD&A;
- ✓ Created a joint venture to own and develop its property located at 185 Dorval Avenue, Dorval (Investment Property) and its property located at 117 Lepine Avenue, Gatineau (Investment Property in its lease up period);
- ✓ Expended its operations in Ontario by the strategic acquisition of a 100-acre land in Alliston, which is expected to generate significant value, and ensuring the Corporation's expansion in Ontario;
- ✓ Pursued and still pursues its discussions to acquire revenue generating properties;
- ✓ Advanced its development projects in the final stage for their launching.

As a result of the actions undertaken in 2019 and 2020, pursued in 2021, Emergia is now strategically positioned to start development projects in the coming months and years, with some of its existing properties and the green field development of owned land. These developments are expected to increase the net asset value of the Corporation's portfolio as well as the Corporation's revenues. The following projects are expected to start in 2022:

Pure Bromont

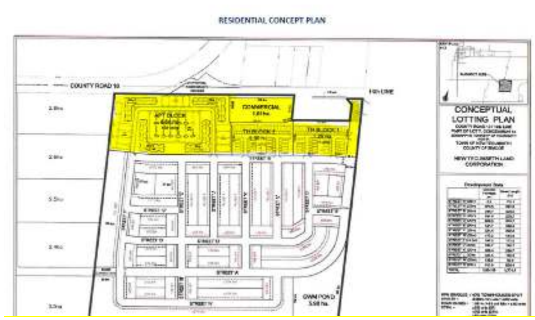


Development land of 17 million sq.ft. located at Exit 78 of Highway 10 in Bromont, in Quebec's Eastern Townships. The project, known as Pure Bromont, is destined to mixed use buildings comprising retail, recreotouristical and residential. The land has been approved by the Environment Department which authorized the development of the land. After compensation for the wet-lands, the project counts approximately 2.5 million sq.ft. of land for retail development and 8 million sq.ft. of land for residential development. The residential part, included in Phases 2 and 4 of the Global Site Plan, is to be sold to local developers and contractors except for a parcel of these two phases which will be developed by the Corporation with multi-residential buildings, the construction of which is expected to start in 2022. The retail part, Phases 1 and 3, will be developed by the Corporation, which development is expected to start in Q2-2022 with the architectural plans. The property was appraised by an external valuator (as at May 2021) at $111.6 million (less the cost of infrastructures). This property is accounted for an amount of $5 million in the Q3-2021 Financial Statements as at September 30, 2021. The value will be adjusted as per the progression of the development of the project.

185 Dorval Avenue, Dorval

54,150 sq.ft. of gross leasable area in a 6-Storey office building and excess land of 45,000 sq.ft. for development of approximately 100 apartment multi-residential building totalling 101,230 sq.ft. with a retail space of approximately 9,000 sq.ft. on the ground floor. This project is to be launched in Q1-2022, subject to the City's final approval and authorization. Phase 2 of the project has an expected value exceeding $30 million after completion. Actually the building is valued at $7.5 million and the land at $3.5 million.

Alliston, Ontario



- Emergia to develop north parcel (13.94 net acres of land) with apartment buildings comprising 500 units and 50,000 - 60,000 sq.ft. of retail alongside County Road 10 (yellow).
- Emergia will sell south parcel (70.3 acres) for residential (singles and townhouses). Expected sale in Q2 or Q3-2022.
- In May 2020, the Official Plan was approved by the Province, allowing the County and Town to proceed to the zoning change. The Municipality recently initiated the zoning change process from Employment 2 (light industrial) to residential. Emergia has a participant status in the process of zoning change.
- Rezoning expected to be completed in early 2022.
- Appraised by an external valuator (as at March 2021), referring to a comparable sale, at more than $75 million after rezoning. Accounted for an amount of $15.8 million in the Q3-2021 Financial Statements.

Our Vision and Mission

Our Vision: To develop and invest in high-quality projects that create a better lifestyle focussed on the well-being of communities and the reduction of environmental footprints in secondary and primary markets.

Our Mission: To identify, acquire, optimize, develop and manage strategic real estate assets across Canada, mainly in the provinces of Quebec and Ontario, thereby ensuring value creation and maximizing financial returns to our shareholders through:

- ✓ Potential value added resulting from the revenue increases in the short-term of the stabilized properties as of the date of acquisition;

- ✓ Potential value added resulting from the optimization or redevelopment of underperforming assets by densification of sites (expansion of existing or addition of new buildings on such sites);

- ✓ Profits resulting from the development and construction of projects on land acquired by the Corporation, which projects are then held on a long-term basis thus allowing for organic growth; and,

- ✓ Potential profit on sales of excess land.

Our Values

Integrity

- Integrity is the defining quality 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.

Sustainability

- We are determined to create things that will stand the test of time, by concentrating on the performance and the highest standards of quality in each of our projects.

Our Objectives

We strive to:

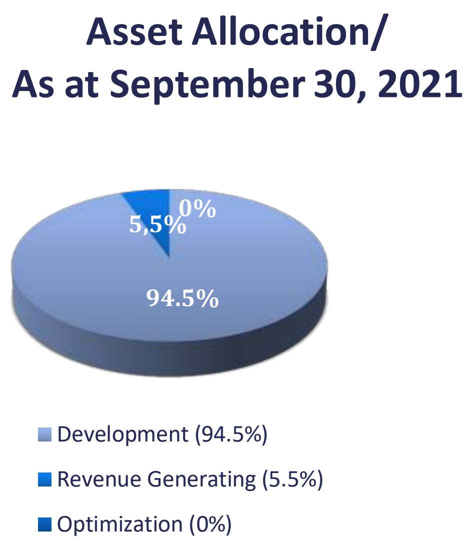
- ✓ Become a leader in mixed-use real estate ownership, development and management;
- ✓ Ensure sustained and solid returns to shareholders;
- ✓ Build a high-yielding portfolio focussed mainly on Canada;
- ✓ Capitalize on established networks to source investment and development opportunities; and,
- ✓ Implement financial structures engineered to ensure long-term profitability and market downturn resilience.

Our Investment Strategy and Business Model

Emergia's real estate investment strategy is focused on 3 core asset segments:

REVENUE GENERATING	OPTIMIZATION	DEVELOPMENT
Invest in revenue generating properties that provide cash flow and long-term income.	Invest in properties where value-added strategies will result in improved net operating income and portfolio value.	Invest in full-scale revenue generating development opportunities that produce higher portfolio returns and value.

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. Stable revenue generating properties ensure liquidity for operations as well as capital to invest in additional properties and to, eventually, allow for the distribution of dividends to shareholders. The optimization and development sectors allow for higher yields and growth in the net asset value of the Corporation. The value of Emergia's portfolio as at September 30, 2021 was $86,426,243, composed of $82,912,088 in investment and development properties and $3,514,155 in a joint venture participation. The allocation between asset segments targeted by the Corporation in its business model is 60% for revenue generating properties, 20% for development properties and 20% for optimization properties. The following tables show the allocation between such asset segments as of September 30, 2021 and the allocation targeted to be reached in 2022:



It is anticipated that the Corporation will achieve its asset allocation model in 2022 as a result of the planned acquisitions of revenue generating properties.

We follow a value-based approach to investing and allocating capital. We believe our disciplined management, global reach and expertise in recapitalizations and operational turnarounds enable us to identify a wide range of potential opportunities. The real estate market in Canada, especially in Ontario and Quebec, offers segment specific opportunities that fit particularly well with Emergia's business model of short-term value creation and long-term revenue generation. Our investment focus with respect to each asset class is as follows:

- **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 that combine retail with higher-density multi-residential, services, green space and experiential attractions. Emergia specifically targets these retail properties with the objective to complete redevelopment within a short time frame to increase asset value and revenue generation potential for long-term holding while focussing on proximity services and retail properties with value-add potential.

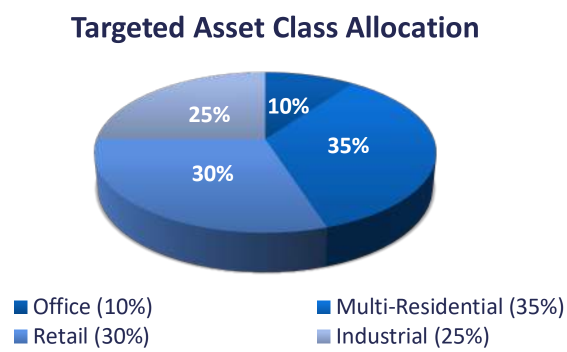
- **Industrial:**
  There is an increased need for industrial space in the market driven by online retail distribution and return centers and other niche areas such as small bay multi-tenant industrial buildings. Rental increases are expected with demand exceeding supply for the next few years. Emergia is targeting specific geographical areas that offer important

logistical advantages to long-term tenants and develop properties in functions of firm long-term leasing arrangements.

- **Office:**
  We maintain a constant monitoring of this asset class market, taking into consideration the tele-homeworking trend as a result of the COVID-19. 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 retain long-term tenants based on addressing their specific needs.

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

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



The Corporation acquires and develops its assets according to well-defined parameters. Its acquisition and development strategy can be summarized as follows:

- ✓ Acquire and develop diversified assets in each of the segments described above;

- ✓ Focus retail activities on proximity services properties and high rated tenants in specific categories of retail, highway service properties, in large centers as well as in secondary markets;

- ✓ Concentrate industrial asset acquisitions mainly in peripheries of larger cities such as Montreal, Ottawa, Toronto, London and Quebec City;

- ✓ Target office assets in secondary markets with high potential in optimization;

- ✓ Develop multi-suite residential as part of the wider mixed-use strategy, where Emergia can increase density in portfolio properties or new acquisitions such as urban malls to be redeveloped; and,

- ✓ Control the development and construction costs by establishing a documented and structured control policy reflected in all construction contracts.

Portfolio Composition

At the end of September 2021, Emergia's portfolio included retail, office and industrial buildings as well as land for future development. Emergia's corporate structure and business model have been designed to capitalize on the many advantages the mixed-use segment offers, including the creation of synergies between the different real estate asset types, value creation opportunities at all stages of the value chain, and a diversification effect that reduces portfolio volatility and increases resilience to economic downturns.

Real Estate Portfolio Summary by Asset Segment as at September 30, 2021

As at September 30, 2021, Emergia's portfolio included retail, office and industrial buildings as well as land for future development. The value of Emergia's portfolio at the end of September 2021 was $86,426,243 as shown in the table below. However, the Corporation is in the process of bringing the composition of its portfolio in the range of its business model and plan (See "Our Investment Strategy and Business Model" on page 17).

Property Segment	Fair market value
Revenue-Generating	$ 4,570,000
Held for Development	$ 78,342,088
Held for Optimization	-
Investment in a Joint Venture (50%)	$ 3,514,155
Total	**$ 86,426,243**

Investment Properties: Revenue-Generating Properties

Property	Location	Asset Class	Fair market value
121 Lepine	Gatineau, QC	Retail	$ 4,570,000
Total			**$ 4,570,000**

- ***121 Lepine, Gatineau, Quebec***
  The property consists of a 21,539 sq.ft. gross leasable area multi-tenant retail and office building, built in 2016. As of the date of this MD&A, the Effective Gross Revenue on an annual basis for this property is $345,164 (see "**Non-IFRS Financial Measures**"). It is expected to reach approximately $444,771 once leased up. Lease up is expected by Q2-2022 based on a lease that is in the process of being signed and discussions for the remaining premises (approximately 1,000 sq.ft.).

Investment Properties: Properties Held for Development

Property	Location	Asset Class	Fair market value
Bromont - Development land	Bromont, QC	Mixed-used	$ 56,237,582
Alliston (14th Line Road)	Alliston, ON	Retail	$ 15,784,818
Knowlton	Lac Brome, QC	Retail	$ 2,968,054
Curé-Labelle – Development land	Blainville, QC	Retail	$ 1,701,634
Panagopoula	Greece	Hospitality	$ 1,650,000
Total			**$ 78,342,088**

- ***Bromont Land, Bromont, Quebec***
  Development land of 17 million sq.ft. located at Exit 78 of Highway 10 in Bromont, in Quebec's Eastern Townships. The project, known as Pure Bromont, is destined to mixed use buildings comprising retail, recreotouristical and residential. The land has been approved by the ministry of environment which authorized the development of the land. After compensation for the wet-lands, the project counts approximately 2.5 million sq.ft. of land for retail development and 8 million sq.ft. of land for residential development. The residential part, included in Phases 2 and 4 of the Global Site Plan, is to be sold to local developers and contractors except for a parcel of these two phases which will be developed by the Corporation with multi-residential buildings, the construction of which is expected to start in 2022. The retail part, Phases 1 and 3, will be developed by the Corporation, which development is expected to start in Q2-2022 with the architectural plans. The property was appraised by an external valuator (as at May 2021) at $111.6 million (less the cost of infrastructures). This property is accounted for an amount of $5 million in the Q3-2021 Financial Statements as at September 30, 2021. The value will be adjusted as per the progression of the development of the project.

- ***Blainville Land, Blainville, Quebec***
  Development land of 231,699 sq.ft., very well located on the Curé-Labelle Boulevard in the city of Blainville, north of Montreal, is zoned for commercial development. However, considering the high demand for multi-residential units in the area, discussions with the City with regards to a zoning change to multi-residential have been initiated with the municipal authorities in Q2-2021.

- ***Lac Brome Property, Quebec***
  Situated in the Eastern Townships, the property consists of 203,777 sq.ft. of land with an existing 15,900 sq.ft. building to be redeveloped and extended to at least 26,500 sq.ft. The property includes excess land to be sold for residential development.

- ***Alliston Land, Ontario***
  100-acre land in Alliston (New Tecumseth), Ontario. In May 2020, the Official Plan was approved by the Province, allowing the County and Town to proceed to the zoning change. The Municipality initiated the zoning change process from Employment 2 (light industrial) to residential. Emergia has a participant status in the process of zoning change. The zoning redesignation of the land is expected to be completed in early 2022, following which the Corporation intends to sell south parcel (70.3 acres) for residential (singles and townhouses). (Expected sale in Q2 or Q3-2022) to a developer of single-family residences. The remainder (13.94 net acres of land) is intended to be developed with apartment buildings comprising 500 units and 50,000 - 60,000 sq.ft. of retail alongside County Road

10. The property was appraised by an external valuator (as at March 2021), referring to a comparable sale, at more than $75 million after rezoning. This property is accounted for an amount of $15.8 million in the Q3-2021 Financial Statements.

- ***Panagopoula, Greece***

  This asset is in the process of being sold. Emergia, through its subsidiary Delma Hospitality Corporation, owns 30% of AIGIALEIA S.A., the company that owns 100% of a 323,000 sq. ft. waterfront resort project near Patras in Western Greece with 48 Bungalow-type rooms and a hotel, which is about 65% completed.

Investments in Joint Venture

On September 4, 2020, the Corporation entered into a joint venture agreement to own and develop its property located at 185 Dorval Avenue. The transaction included the transfer of this asset at a price of $9,000,000 in exchange of 2,651,581 Class "A" common shares of the joint venture entity, representing 50% plus 1 of the voting shares of the joint venture. Related debts and accrued liabilities of $6,348,420 were also transferred at closing. The partner invested an amount of $2,651,580 to reimburse the long-term debt of $1,150,000 and the trade & other payables of $420,919, leaving a balance of $1,080,661 of cash flow in the joint venture. The Corporation benefits of an option to buy-back all the shares of the partner in the joint venture at any time during a period of 3 years from the date of closing. On October 29, 2020, the same joint venture entered into an agreement with respect to the property located at 117 Lepine, Gatineau, which is in its optimization phase, whereby the said property has been acquired at a price of $4,135,922 into the joint venture. The Corporation remains in charge of the management of the 117 Lépine property and also benefits of the same 3-year option to buy back the shares of the partner in the joint venture. These investments are recorded in "Investments in a joint venture" for $3,514,155 as at September 30, 2021 using the equity method.

Property	Location	Asset Class	Fair market value
185 Dorval Avenue	Dorval, QC	Office plus excess land	11,132,834
117 Lepine Avenue	Gatineau, QC	Retail	4,445,252
Total			**15,578,086**

- ***185 Dorval Avenue, Dorval, Quebec***
  The property consists of 54,150 sq.ft. of gross leasable area in a 6-storey office building. As of the date of this MD&A, the Effective Gross Revenue on an annual basis for this property is $753,769 (see “Non-IFRS Financial Measures”). It is expected to reach approximately $1,351,485 once leased up. Lease up is expected by year-end 2022 based on advanced negotiations for renewal of leases and the leasing of the remaining premises (approximately 20,000 sq.ft.). This property also includes an excess land of 45,000 sq.ft. for development of approximately 100 apartment multi-residential building with a retail space of approximately 9,000 sq.ft. on the ground floor, totaling 101,230 sq.ft. This project is to be launched in Q1-2022, subject to the City's final approval and authorization. Phase 2 of the project has an expected value exceeding $30 million after completion. Actually the building is valued at $7.5 million and the land at $3.5 million (See “2021 Plan of Action” on page 14).

- ***117 Lepine Avenue, Gatineau, Quebec***
  The property consists of a 24,984 sq.ft. gross leasable area retail and office building in the lease up period. As of the date of this MD&A, the Effective Gross Revenue on an annual

basis for this property is $106,188 (see "Non-IFRS Financial Measures"). It is expected to reach approximately $558,667 once leased up. Lease up is expected by year-end 2022 based on discussions and negotiations for the leasing of the remaining premises (approximately 20,000 sq.ft.).

Net Asset Value

The NAV is an adjusted asset value reflecting the market values of real estate properties held by Emergia. The NAV per Share is measured on a per share basis where the aggregated NAV of the portfolio is divided by the Corporation's total number of shares outstanding. The Corporation's properties are valued regularly at least once a year, depending on the Corporation's requirements, and the NAV is measured and reported at the end of the accounting period. Liabilities are valued using the carrying value at the end of the reporting period. See "Non-IFRS Financial Measures".

The NAV and NAV per Share are calculated as follows:

(In $, Except Number of Shares)	As at September 30, 2021	As at December 31, 2020
Aggregated Portfolio Value	86,426,243	71,918,741
Aggregated Portfolio Liabilities	49,092,057	42,814,517
Cash, Receivables, Prepaids, Advances and Property and equipment, less Deferred income tax liabilities	4,913,941	4,699,895
Payables and Income tax payable	6,252,811	6,564,841
NAV[1]	35,995,316	27,239,278
Total Shares Outstanding	32,904,085	24,350,265
NAV per Share[1]	1.09	1.12

(1) See "Non-IFRS Financial Measures".

COVID-19 – Impacts Analysis and Risks

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

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

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

Canada Emergency Commercial Rent Assistance ("CECRA")

CECRA provided relief for small businesses experiencing financial hardship due to COVID-19. Over the course of the program, it allowed property owners to reduce rent by 75 % from April to September 2020 for their small business tenants. CECRA covered 50 % of the rent, with the tenant paying 25 % and the landlord forgiving 25 %. The Quebec government implemented a program that covers the same period and which covered 50% of the landlord's forgiveness of 25%. This allowed the Corporation to recuperate 50% of the losses of revenues indicated above.

Canada Emergency Rent Subsidy ("CERS")

On October 9, 2020, the Federal government announced the launch of a new program, the Canada Emergency Rent Subsidy (CERS) to provide rent support from October 1, 2020 until June 30, 2021 for qualifying organizations affected by COVID-19. This program is the successor to the CECRA program which ended September 2020. CERS is offered directly to qualifying organizations, without going through landlords. Emergia therefore does not isolate proceeds received by qualifying tenants from the Federal government under CERS in its financial reporting. As announced, CERS will fund up to 65% of rent payments for businesses whose revenues have decreased by 70% or more, and those whose revenues have decreased by less than 70% will receive an amount that will vary according to the severity of their losses. In addition, businesses that have been forced to temporarily close their doors due to mandatory prescriptions issued by an eligible public health authority could benefit from a complementary subsidy at the rate of 25%, which would be added to the 65% subsidy for total funding covering up to 90% of eligible expenses. Eligible businesses could apply retroactively for the period from September 27, 2020 and the program will be in effect until May 2022.

Investment properties

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

Results for the Nine-Month Period Ended September 30, 2021

The decrease in rental income, operating costs and net operating income is a direct consequence of Emergia's Plan of Action whereby it proceeded to the disposal of assets, including revenue generating properties, to reduce its short-term debt.

The rental income was reduced to $389,092 as at September 30, 2021 compared to $2,187,788 for the nine-month period in 2020. Operating costs were reduced to $268,311 for the nine-month period ended September 30, 2021, as compared to $1,270,589 during the same period in 2020.

The Corporation recorded a net operating income of $120,781, or 31%, during the first nine months of 2021 as compared to $917,199 or 42% during the same period in 2020. See "Non-IFRS Financial Measures".

Administrative expenses were increased to 1,760,415, or 4% during the nine-month period ended September 30, 2021, compared to $1,697,881 for the same period in 2020. The increase in the administrative expenses is the result of certain 2021 professional fees prepaid in June 2021 through Class A share issuances.

Financing costs were reduced to $1,716,415, or -54% as at September 30, 2021 compared to $3,750,184 during the nine-month period ended on September 30, 2020. This reduction is a direct consequence of the reduction in the short-term debt resulting from the disposal of some properties.

The Corporation recorded a net loss and comprehensive loss of $774,423 or $0.03 per share, for the nine-month period ended September 30, 2021, compared to a net loss and comprehensive loss of $6,262,212 or $0.36 per share, for the nine-month period ended September 30, 2020.

Results for the Three-Month Period Ended September 30, 2021

The Corporation reported a decrease in revenue and net operating income during the three-month period ended September 30, 2021 as a consequence of the sale of some properties earlier in the year. Revenues decreased by $692,934 or -87%, to $104,606 during the period ($797,540 – three-month period ended September 30, 2020). See "Non-IFRS Financial Measures".

Operating costs decreased by $393,259 or -86%, to $62,337 during the three-month period ended September 30, 2021 ($455,596 – three-month period ended September 30, 2020).

Administrative expenses decreased by $336,989 or -50% to $336,695 during the three-month period ended September 30, 2021 ($673,684 – three-month period ended September 30, 2020).

Financing costs were $593,037 during the three-month period ended September 30, 2021, a decrease of $1,412,760 or -70% ($2,005,797 – three-month period ended September 30, 2020). The decrease is the result of the reduction of the long-term debt.

The Corporation recorded a net loss and comprehensive loss of $940,084 or $0.03 per share for the three-month period ended September 30, 2021 (loss of $4,068,883 or $0.18 per share – three-month period ended September 30, 2020).

Liquidity and Capital Resources

As of September 30, 2021, the Corporation had a cash position of $36,027 compared to a cash position of $34,203 as at September 30, 2020.

The Corporation used $2,569,596 from its operating activities during the three-month period ended September 30, 2021, as compared to $5,297,372 being used for the same period from last year.

Cash flows generated from the investing activities during the three-month period ended September 30, 2021, were $1,747,208 compared to $6,448,419 being generated during the same period last year.

The financing activities include the capitalization of the Corporation in an amount of $59,272 through the private placement offering for the third quarter 2021. The Corporation also had a net cash inflow from its long-term liabilities of $722,019, which brings the total cash inflow from financing activities to $781,291.

Information on Shares Outstanding

The Corporation’s authorized share capital consists of an unlimited number of Class A common shares (the "**Class A Shares**") and an unlimited number of Class B common shares (the "**Multiple Voting Shares**"), an unlimited number of Class C preferred shares issuable in one or more series and an unlimited number of class D preferred shares issuable in one or more series (the "**Preferred Shares**").

As at September 30, 2021, there were 28,393,194 Class A Shares, which includes the 4,500,000 Class A Shares reserved for issuance according to the Alliston land purchase agreement and the 294,118 Class A Shares reserved for issuance as a payment for a consultation service, 4,510,891 Multiple Voting Shares issued and outstanding, and no Preferred Shares were issued and outstanding, for a total of 32,904,085 shares. As at September 30, 2021, 4,500,000 Class A Shares were reserved for issuance to the vendors of the Alliston land purchased by the Corporation on May 3, 2021, and 294,118 Class A Shares were reserved for issuance as a payment of a consultation service. As at the date of this MD&A, such 4,500,000 Class A Shares have been issued while the 294,118 Class A Shares are still reserved for issuance. As at the date of this MD&A, there were 28,099,076 Class A Shares issued and outstanding, 294,118 Class A Shares reserved for issuance, 4,510,891 Multiple Voting Shares issued and outstanding, and no Preferred Shares, for a total of 32,904,085 shares outstanding.

Under the Corporation’s articles, each Class A Share carries the right to one vote and each Multiple Voting Share carries the right to one hundred (100) votes. Pursuant to a voting agreement entered into on March 13, 2018 between Gestion H. Petit Inc. and 9334-1063 Quebec Inc. on one hand, and Granada Canada Inc. and HKS Family Trust, on the other hand, as well as with the other holders of Multiple Voting Shares, the holders of Multiple Voting Shares shall unanimously agree on the manner to vote their Multiple Voting Shares failing which each such shareholder shall abstain from voting. The Voting Agreement also provides for a right of first refusal to both parties in case one or the other decided to sell part or all of its shares.

As at September 30, 2021, 13,113,460 warrants were issued, and 294,118 warrants were reserved for issuance as a payment for a consultation service. At the date of this MD&A, there were a total of 13,407,578 warrants outstanding.

The Corporation also had $14,445,088 of convertible debentures at face value as at September 30, 2021, as compared to $5,109,103 as at September 30, 2020. At of the date of this MD&A, there were $14,445,088 of convertible debentures at face value outstanding. The conversion prices vary from $0.75 to $2.32, for an average weighted price of $1.18**.**

The Corporation has an incentive stock option plan, which provides that the Board of Directors of the Corporation may, from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and technical consultant to the Corporation, non-transferable stock options to purchase common stock. There were no stock options outstanding as at September 30, 2021 and as at the date of this MD&A there have been no options granted.

Financial Instruments

Classification and measurement

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

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

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

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

The Corporation’s financial instruments consist of cash, receivables, assets held for sale, debenture receivable, refundable deposits, advances to companies under common control, trade and other payables, other current liabilities, conversion features of the convertible debentures and long-term debt.

Risks and Uncertainties

Emergia’s focus is on small to medium size portfolios of multi-purpose properties in Canada, mainly in the provinces of Quebec and Ontario, which diversified portfolio is more resilient to changing markets and macro-economic conditions. However, there are certain risks inherent in an investment in the shares of the Corporation and the activities of Emergia. For a detailed description of such risks, refer to the “Risks and Uncertainties” section of the Corporation’s annual MD&A for the year ended December 31, 2020. The Corporation is not aware of any significant changes to the Corporation’s risk factors from those disclosed at that time.

Off-Balance Sheet Arrangements

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

Related Party Transactions

During the three-month period ended September 30, 2021, the Corporation entered into transactions with related parties, which include the Corporation’s key personnel and entities that are controlled by officers or directors of the Corporation. Key management includes directors and senior executives. All transactions with related parties occurred in the normal course of operations and are measured at their fair value as determined by management and the Board of Directors.

During the three-month period ended September 30, 2021, the Corporation incurred $312,100 in management fees as compared to $199,808 during the same period in 2020.

Furthermore, during the three-month period ended September 30, 2021, the Corporation incurred $102,506 in consulting fee with a company controlled by a director and officer of the Corporation and a company controlled by a director of the Corporation compared to $47,331 as of September 30, 2020.

Also, during the three-month period ended September 30, 2021, the Corporation accrued a fee of 2% ($96,660) for the personal guarantees given by a director on the Corporation’s secured liabilities. The expense related to this fee is presented within financing costs as compared to $193,331 during the same period from the previous year.

Amounts owed to companies controlled by directors and officers were $3,707,655 as at September 30, 2021 as compared to $3,369,252 as at December 31, 2020 composed of multiple advances and long-term loans made to the Corporation since 2018 by Henri Petit, Director, President and Chief Executive Officer of Emergia. Amounts payable owed to directors and officers also decreased from $592,608 as at December 31, 2020 to $360,496 as at September 30, 2021.

Additional Information

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Corporation. This MD&A should be read in conjunction with other disclosure documents provided by the Corporation, which can be accessed under the Corporation’s profile at www.sedar.com.