Condensed Consolidated Interim Financial Statements of

REALIA PROPERTIES INC.

For the nine months period ended September 30, 2021

Responsibility for Financial Statements

The accompanying condensed consolidated interim financial statements for Realia Properties Inc. (the "Company") have been prepared by management in accordance with International Accounting Standard 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

These unaudited consolidated interim financial statements, which are the responsibility of management, have not been reviewed by the Company's auditors.

Management believes these unaudited condensed consolidated interim financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and December 31, 2020, and the results of its operations and its cash flows for the nine months period ended September 30, 2021 and September 30, 2020.

REALIA PROPERTIES INC.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

	September 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash	$ 1,378,354	$ 2,136,740
Restricted cash (note 9)	953,175	-
Amounts receivable	561,886	815,873
Prepaid expenses and deposits	95,544	105,906
	2,988,960	3,058,519
Investment properties (notes 5 and 7)	35,392,905	36,314,480
Mortgage reserve fund	1,312,588	1,097,854
	$ 36,694,453	$ 40,470,853
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 9)	$ 746,378	$ 728,800
Notes payable (note 6)	-	1,272,500
Current portion of mortgages payable (note 7)	372,987	18,897,561
Due to related parties (note 9)	3,663,465	2,685,984
Convertible debentures (note 8)	-	4,542,000
	4,782,830	28,126,845
Notes payable (note 6)	1,268,000	-
Tenants' security deposits	201,696	195,943
Mortgages payable (note 7)	25,871,575	8,223,245
Convertible debentures (note 8)	2,884,056	-
	35,008,157	36,546,033
Shareholders' equity:		
Share capital (note 10)	21,800,437	21,800,437
Equity component of convertible debentures (note 8)	4,879	269,319
Contributed surplus	1,248,058	1,248,058
Accumulated other comprehensive income	729,473	735,400
Deficit	(19,096,551)	(20,196,897)
Equity attributable to the shareholders of Realia Properties Inc.	4,686,296	3,856,317
Non-controlling interest	-	68,503
Total Shareholders' equity	4,686,296	3,924,820
	$ 39,694,453	$ 40,470,853

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Jean-Daniel Cohen"
Director

"Stephane Amine"
Chair, Audit Committee

REALIA PROPERTIES INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For three months ended		For nine months ended	
	Sep. 30, 2021	Sep. 30, 2020	**Sep. 30, 2021**	Sep. 30, 2020
Revenue:				
Rental income	**$ 664,233**	$ 761,253	**$ 3,230,341**	$ 2,432,173
Recoveries of operating expenses income	**242,637**	290,042	**815,787**	975,280
Other income	**7,378**	18,904	**23,229**	79,710
	914,248	1,070,199	**4,069,357**	3,487,163
Property operating expenses				
Operating and leasing expenses	**(339,406)**	(339,264)	**(1,020,721)**	(1,029,197)
Earnings from property operations	**574,842**	730,935	**3,048,636**	2,457,966
Other revenues (expenses):				
General and administrative (note 12)	**(69,751)**	(82,852)	**(226,808)**	(307,946)
Depreciation	**(306,038)**	(373,925)	**(969,133)**	(1,157,006)
Net finance costs (note 13)	**(536,804)**	(631,845)	**(1,341,742)**	(1,937,437)
Gain on debt extinguishment	**-**	-	**269,319**	-
Gain on write-off of financial liabilities (note 10a)	**-**	-		337,236
Foreign exchange gain (loss)	**162,286**	(68,477)	**251,571**	(78,288)
	(750,307)	(1,157,099)	**(2,016,793)**	(3,143,441)
Income (loss) for the period	**$ (175,465)**	$ (426,164)	**$ 1,031,843**	$ (685,475)
Other comprehensive income (loss):				
Foreign currency translation on US operations	**(174,777)**	191,724	**5,927**	(303,250)
Comprehensive income (loss)	**$ (350,242)**	$ (234,440)	**$ 1,037,770**	$ (988,725)
Net income (loss) for the period attributed to:				
Non-controlling interest	**-**	(588)	**-**	(598)
Shareholders of Realia Properties Inc.	**(175,465)**	(425,576)	**1,031,843**	(684,877)
	$ (175,466)	$ (426,164)	**$ 1,031,843**	$ (685,475)
Comprehensive income (loss) for the period attributed to:				
Non-controlling interest	**-**	(588)	**-**	(598)
Shareholders of Realia Properties Inc.	**(350,242)**	(233,852)	**1,037,770**	(988,127)
	$ (350,242)	$ (234,440)	**$ 1,037,770**	$ (988,725)
Weighted average number of units	**255,221,137**	255,221,137	**255,221,137**	255,221,137
Basic and diluted loss per common share	**$ 0.00**	$ 0.00	**$ 0.00**	$ (0.00)

See accompanying notes to consolidated financial statements.

REALIA PROPERTIES INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of shares	Share capital	Equity component of convertible debentures	Contributed surplus	Accumulated other comprehensive income	Deficit	Total attributable to owners of the parent	Non-controlling interest	Total shareholders' equity
		$	$	$	$	$	$	$	$
Balance, December 31, 2019	255,221,137	21,612,003	269,319	1,248,058	866,658	(18,961,745)	5,034,293	69,319	5,103,612
Write-off of liability related to share capital[1]	-	188,434	-	-	-	-	188,434	-	188,434
Net income (loss) for the period	-	-	-	-	-	(684,877)	(684,877)	(598)	(685,475)
Other comprehensive income (loss)	-	-	-	-	303,250	-	303,250	-	303,250
Balance, September 30, 2020	255,221,137	21,800,437	269,319	1,248,058	1,169,908	(19,646,622)	4,841,100	68,721	4,909,821
Balance, December 31, 2020	255,221,137	21,800,437	269,319	1,248,058	735,400	(20,196,897)	3,856,317	68,503	3,924,820
Modification of debentures (note 8)	-	-	(264,440)	-	-	-	(264,440)	-	(264,440)
Acquisition of controlled subsidiary (note 5)	-	-	-	-	-	68,503	68,503	(68,503)	-
Net income (loss) for the period	-	-	-	-	-	1,031,843	1,031,843	-	1,031,843
Other comprehensive income (loss)	-	-	-	-	(5,927)	-	(5,927)	-	(5,927)
Balance, September 30, 2021	255,221,137	21,800,437	4,879	1,248,058	729,473	(19,096,551)	4,686,296	-	4,686,296

See accompanying notes to consolidated financial statements.

[1] writeoff of Desjardins fees on equity raised from 2015 originally applied to offset share capital

REALIA PROPERTIES INC.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars)

	For the nine months ended September 30, 2021	2020
Cash provided by (used in):		
Cash flows from operating activities:		
Net income (loss) for the period	$ 1,031,843	$ (684,877)
Adjustments to reconcile net (income) loss for the period to net cash provided by operating activities:		
Depreciation and amortization	981,124	1,210,539
Accretion of convertible debentures	717	113,018
Gain on writeoff of liabilities	-	337,236
Foreign exchange (gain) loss	(251,571)	78,288
Interest expense	1,297,913	1,747,454
Change in operating assets and liabilities	459,819	(571,863)
	3,519,845	2,229,795
Cash flows from investing activities:		
Additions to investment properties	(51,793)	(197,372)
Cash paid for acquisition of controlled subsidiary	(68,503)	-
Security deposits returned	6,445	27,572
	(113,851)	(169,800)
Cash flows from financing activities:		
Repayment of debt	(20,775,697)	(161,466)
Advances from related parties	979,593	1,984,387
Proceeds from mortgage payable	19,146,800	1,984,387
Mortgage transaction costs	(944,955)	-
Contributions to mortgage reserve fund	(224,295)	(675,109)
Interest paid	(1,224,234)	(1,538,013)
	(3,042,788)	(390,201)
Effect of exchange rate changes on cash	(168,416)	(551,939)
Increase (decrease) in cash	194,790	1,117,855
Cash, beginning of period	2,136,740	803,021
Cash, end of period	$ 2,331,530	$ 1,920,876

See accompanying notes to consolidated financial statements.

1. Organization:

Realia Properties Inc. ("Realia" and collectively with its subsidiaries, the "Company") (formerly TitanStar Properties Inc. before a name change effective October 18, 2019) was incorporated under the Canada Business Corporations Act on June 3, 2008 and is a real estate holding company trading on the TSX Venture Exchange (common shares "TSXV: RLP", convertible debentures "TSXV: RLP.DB"). The Company issued share capital and commenced operations on June 30, 2008. The registered office of the Company is 151 Yonge Street, 11th Floor, Toronto, Ontario M5C 2W7.

The sole business of the Company is the ownership of real property interests, consistent with a well-established investment policy. The Company seeks to create a portfolio of stabilized income producing real estate assets within the United States with value to be maximized through the acquisition of well-positioned quality assets. The focus is on necessity-based, retail / commercial properties and community centers.

These condensed consolidated interim financial statements have been approved and authorized for issue by the Board of Directors on November 29, 2021.

2. Basis of presentation and statement of compliance:

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") using the same presentation and accounting policies in the December 31, 2020 audited consolidated financial statements. They do not include all the information and disclosure normally provided in annual financial statements and should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the year ended December 31, 2020.

3. Significant accounting policies:

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. The accounting policies have been applied consistently by the group entities unless otherwise stated.

(a) Basis of consolidation:

The consolidated financial statements include the assets and liabilities and results of operations of Realia and its subsidiaries. The assets and liabilities and results of operations include the consolidation of its wholly owned subsidiaries Realia Properties US (formerly TitanStar US Inc.), Realia Hospitality Inc., TSP Metro Gateway LLC and TSP 116 Street LLC, as well as Martin Downs NSC LLC (since acquisition of control in October 2018).

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies.

3. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

All material intercompany balances and transactions are eliminated upon consolidation.

Where the Company's interest in a subsidiary is less than 100%, the Company recognizes non-controlling interest. Non-controllin+g interests in the net assets are identified separately from the Company's deficiency. The non-controlling interest consists of the non-controlling interest as at the date of the original acquisition plus the non-controlling interest's share of changes in equity or deficiency since the date of acquisition.

(b) Investment properties:

Investment properties are comprised of properties held to earn rental revenue or for capital appreciation or both. Investment properties are measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

Investment properties include land and buildings and lease related intangible assets which include below and above market rents, value of in-place leases and prepaid lease origination costs. Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of buildings is calculated using the straight-line method with reference to each property's cost, estimated useful life, components, and residual value.

The basis of depreciation and estimated useful lives of buildings, major components and lease related intangibles are as follows:

Asset	Basis	Rate
Buildings	Straight-line	35 - 45 years
Major components	Straight-line	5 - 15 years
Lease related intangibles	Straight-line	Weighted average term of the lease

Depreciation methods, useful lives and residual values are reviewed annually and adjusted as required.

Note 5 discloses the fair value of the investment properties. The following approaches either individually or in combination, are used by management, in their determination of the fair value of investment properties:

— The Income Approach derives market value by estimating the future cash flows that will be generated by the property and then applying an appropriate capitalization rate or discount rate to those cash flows. This approach can utilize the direct capitalization method and/or the discounted cash flow analysis.

3. Significant accounting policies (continued):

(b) Investment properties (continued):

— The Direct Comparison Approach involves comparing or contrasting the recent sale, listing or optioned prices of properties comparable to the subject and adjusting for any significant differences between them.

Management reviews independent appraisals when obtained for properties, to ensure the assumptions used by the appraisers are reasonable. The fair value amount determined by management and disclosed in note 5 reflects those assumptions used in the approaches above.

An investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income (loss) and comprehensive loss in the period of retirement or disposal.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and in the bank and highly-liquid investments having terms of three months or less from the date of acquisition and that are readily convertible to known amounts of cash. Cash and equivalents exclude cash subject to restrictions. As at September 30, 2021 and December 31, 2020, there were no cash equivalents.

(d) Revenue recognition:

The Company accounts for its leases as operating leases give that it has retained substantially all of the risk and benefits of ownership.

The Company earns revenue from tenants from various sources consisting of rent earned under lease agreements, property tax and operating cost recoveries. Revenue from lease components is recognized on a straight-line basis over the lease term and includes the recoveries of specified operating expenses. Revene recognition commences when a tenant has the right to use the premises and is recognized pursuant to the terms of the lease agreement. Lease cancellation fees are recognized as revenue when the tenant foregoes the rights and obligations from the use of the space.

Revenue includes recoveries of specified operating expenses, in accordance with the terms of the lease agreements. Recoveries are recognized in the period in which the related operating expense was incurred.

3. Significant accounting policies (continued):

(e) Finance income (expenses):

Finance income consists of interest income. Finance expense includes interest on long-term debt, financing fees, amortization of deferred financing costs and accretion of convertible debentures.

Finance income is recognized in the period in which it is earned, while finance expenses are recognized in the period in which they are incurred.

(f) Provisions:

Provisions are recognized in other liabilities when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material, such as closure costs.

(g) Convertible debentures:

Convertible debentures are separated into debt and equity components based on the residual method. The value of the debt component is calculated at the estimated fair value of the future interest and principal payments due under the terms of the convertible debentures, with the residual value assigned to the equity component.

Transaction costs directly related to the debt component reduce the carrying value of the convertible debentures and are amortized over the lives of the convertible debentures using the effective interest rate method. Transaction costs related to the equity component of convertible debentures are recognized in the value of the equity component, net of deferred income tax.

Subsequent to initial recognition, the liability component of convertible debentures is measured at amortized cost using the effective interest rate method and is accreted up to its face value. The equity component is not re-measured subsequent to initial recognition.

For convertible debentures in which the conversion feature is determined to be an embedded derivative liability, the embedded derivative liability is valued first, with the residual value assigned to the debt component of the instrument at inception. Transaction costs allocated to the embedded derivative component are recognized in profit or loss. The embedded derivative liability is recognized at fair value with changes in fair value recognized in profit or loss.

(h) Share options and warrants:

The Company has a share option plan available for officers, employees, and consultants. The fair value based method of accounting is applied to all share-based compensation. Compensation expense is recognized when share options are granted over the vesting periods. Awards of share options and warrants related to private placements or public offerings of shares are treated as share issue costs.

3. Significant accounting policies (continued):

(h) Share options and warrants (continued):

The fair value of share options and warrants granted are estimated on the date of grant using the Black-Scholes option pricing model and is recorded as an expense over the applicable vesting period based on the number of awards expected to vest. Each tranche of an award is considered a separate award within its own vesting period and grant date fair value. On the exercise of share options, the consideration received and the grant date fair value of the option is credited to share capital.

(i) Share capital:

For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

Transaction costs related to the issuance of the shares are recognized directly in shareholders' equity as a reduction of the proceeds received.

(j) Income or loss per share:

Basic income or loss per share is calculated by dividing the income or loss by the weighted average number of common shares outstanding during the period. The Company computes dilutive effects of options, warrants and similar instruments. The dilutive effect on income per share is recognized by the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

(k) Foreign currency translation:

Foreign operations

The functional currency of the Company's subsidiaries is the United States dollar as it is the currency of the primary economic environment in which the subsidiaries operate. In determining the functional currency, consideration is given to the denomination of major cash flows of the entity. The functional currency of entities within the group has remained unchanged during the reporting period.

Upon consolidation, assets and liabilities of the subsidiaries are translated to Canadian dollars, the presentation currency of the Company, at the period end rate of exchange and the results of their operations translated at average rates of exchange for the period. The resulting translation adjustments are included in accumulated other comprehensive income in equity. Translation adjustments from monetary receivables and payables within the Company's subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are included in the accumulated other comprehensive income in equity.

3. Significant accounting policies (continued):

(k) Foreign currency translation (continued):

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

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

(l) Income taxes:

Current income tax for each entity is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the consolidated statement of financial position date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred income tax is recognized using the statement of financial position method in respect of all temporary differences between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes, except as indicated below.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither the accounting profit nor taxable profit or loss and in respect of taxable temporary differences associated with investment in subsidiaries, interest in joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realized or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the statement of financial position date.

Current and deferred income taxes relating to items recognized directly in equity are recognized in equity and not in the consolidated statement of income (loss) and comprehensive loss.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entities or in different taxable entities, and, where there is the intent to settle the balance on a net basis.

3. Significant accounting policies (continued):

(m) Financial instruments:

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

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

In the periods presented, the Company does not have any financial assets categorized as FVTPL or FVOCI.

The classification is determined by both:

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

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

3. Significant accounting policies (continued):

(m) Financial instruments (continued):

Subsequent measurement of financial assets

Financial assets at amortized cost

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

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

After initial recognition, these are measured at amortized cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative instruments

Derivative instruments are initially recorded at fair value including those derivatives that are embedded in a financial instrument or other contract but are not closely related to the host financial instrument or contract, respectively. Subsequent to initial recognition, changes in the fair values of derivative instruments are recognized in net loss, except for derivatives that are designated as cash flow hedges.

3. Significant accounting policies (continued):

(m) Financial instruments (continued):

Transaction costs are expensed as incurred for financial instruments classified or designated at fair value through profit or loss.

The following is a summary of the classification adopted by the Company for each significant category of financial instrument.

Financial instruments	Classification	Measurement
Cash	Financial assets at amortized cost	Amortized cost
Amounts receivable	Financial assets at amortized cost	Amortized cost
Mortgage reserve fund	Financial assets at amortized cost	Amortized cost
Accounts payable and accrued liabilities	Financial liabilities at amortized cost	Amortized cost
Due to related parties	Financial liabilities at amortized cost	Amortized cost
Notes payable	Financial liabilities at amortized cost	Amortized cost
Convertible debentures	Financial liabilities at amortized cost	Amortized cost
Mortgages payable	Financial liabilities at amortized cost	Amortized cost
Tenants' security deposits	Financial liabilities at amortized cost	Amortized cost

(n) Impairment of assets:

(*i*) Financial assets:

The Company applies an expected loss model that assesses the risk a financial asset will default rather than whether a loss has been incurred. The Company applied the simplified approach to estimate expected credit losses which requires the loss allowance to be measured for lifetime expected credit losses. While the Company's financial assets are subject to the expected credit loss requirements, the identified loss was not significant.

(*ii*) Non-financial assets:

Investment properties are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of assessing impairment, assets are grouped into cash generating units ("CGU's"), defined as the lowest levels for which there are separately identifiable cash inflows. An impairment loss is recognized within impairment of assets for the amount by which the carrying amount of the individual asset or CGU exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value-in-use. In determining fair value less costs to sell, recent market transactions are taken into account, if available. In absence of such transactions, an appropriate valuation model is

3. Significant accounting policies (continued):

(n) Impairment of assets: (continued)

(*ii*) Non-financial assets (continued):

used. Value-in-use is assessed using the present value of the expected future cash flows of the relevant asset or CGU.

Impairments are reversed to the extent that events or circumstances give rise to changes in the estimate of recoverable amount since the period the impairment was recorded. Impairment reversals are recognized within impairment of assets.

(o) Fair values:

The fair value of a financial instrument is the amount of consideration that could be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no obligation to act. In certain circumstances, however, the initial fair value may be based on other observable current market transactions in the same instrument, without modification or on a valuation technique using market based inputs.

Fair value measurements recognized in the consolidated statement of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobserved inputs) (Level 3).

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

(p) Future changes to significant accounting policies:

Certain standards, amendments and interpretations have been issued but are not yet effective up to the date of the issuance of these consolidated financial statements. Such issued standards and interpretations are not expected to have a material impact on the Company's consolidated financial statements.

4. Critical accounting judgments, estimates and assumptions:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that effect the reported amounts in the consolidated financial statements. Management bases its judgments, estimates and assumptions on factors it believes to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable. The uncertainty of these judgments, assumptions and estimates could results in actual results that differ from the estimates and outcomes that require a material adjustment to the carrying amount of assets and liabilities in the future.

(a) Judgments:

The following are critical accounting judgments that have been made in applying the Company's accounting policies:

(*i*) Investment properties:

The Company's accounting policy relating to investment properties is described in note 3(d). In applying this policy, judgment is applied to determine the significant components of each property, including the useful lives over which the componentized assets are to be amortized.

(*ii*) Going concern:

The assessment of the Company's ability to continue on a going concern basis, to obtain sufficient funds to cover ongoing operating expenses and to meet its obligations for the coming year involves a large part of judgment based on past experience and other factors, including expectations of future events that are considered reasonable in the circumstances.

(b) Estimates:

The significant areas of estimation include the following:

(*i*) Fair value of the investment properties:

The fair value of investment properties disclosed in note 5 is determined by management.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (i.e., tenant profiles, future revenue streams and overall repair and condition of the property), discount rates applicable to those assets' cash flows and capitalization rates. These estimates are based on market conditions existing at the reporting date.

(*ii*) Convertible debentures:

For convertible debentures containing an equity component, the Company assesses the value of the debt component which is calculated at the estimated fair value of the future interest and principal payments due under the terms of the convertible debentures, using an estimated discount rate based on Management's estimated cost of capital.

4. Critical accounting judgments, estimates and assumptions: (continued)

(b) Estimates: (continued)

(*ii*) Convertible debentures: (continued)

For convertible debentures which do not contain an equity component, the Company is required to estimate the fair value of the embedded derivative liability which is calculated based on using a model which considers inputs requiring significant judgement.

5. Investment properties:

	September 30, 2021	December 31, 2020
Balance, beginning of period	$ 36,314,480	$ 38,343,769
Capital additions	120,296	450,625
Insurance recovery	-	(306,043)
Depreciation	(969,133)	(1,546,230)
Foreign currency translation	(72,738)	(627,641)
Balance, end of period	$ 35,392,905	$ 36,314,480

(a) On March 30, 2016, the Company completed the purchase of a 100% interest in Metro Gateway Shopping Center, a retail real estate property located in Phoenix, Arizona.

The acquisition cost of $11,803,610 (US$9,100,000) before standard closing costs and adjustments was financed with a $7,886,368 (US$6,080,000) mortgage with the remainder financed with part of the proceeds from a $4,500,000 issuance of convertible unsecured subordinated debentures to a related party. The seller was at arm's length to the Company.

(b) On August 31, 2016, the Company completed the purchase of a 100% interest in 116th Street Centre, a retail real estate property located in Carmel, Indiana.

The acquisition cost of $12,894,330 (US$9,825,000) before standard closing costs and adjustments was financed in part through a first mortgage of $9,154,974 (US$6,975,750) with the remainder provided by $3,301,358 (US$2,515,512) of proceeds from the sale of the Company's interests in Swanway and San Tan joint ventures, and the bridging loans provided – 50% by Titanstar Finance Inc., a Company of which the Chairman of the Board of Directors is a principal, and 50% by a private company owned by a director of the Company. The seller was at arm's length to the Company. The bridge loans were settled in January 2018.

(c) On September 15, 2015, the Company acquired a 49% interest in Martin Downs NSC, LLC, which holds Martin Downs Town Center ("MTDC"), a retail real shopping center located in Palm Springs, Florida for total consideration, including transaction costs, of $3,146,172 (US$2,369,075), paid by issuance of common shares. The Company's interest is held through its wholly-owned subsidiary, Realia US, Inc. Martin Downs NSC, LLC being jointly controlled by the partners, the Company accounted for its interest under the equity method.

5. Investment properties (continued):

On August 31, 2018, the Company acquired an additional 9% ownership interest for $1,304,750 (US$1,000,000), for a note payable still outstanding as at September 30, 2021 (note 6).

On October 17, 2018, the Company acquired an additional 41% interest. The acquisition was a result of the Company exercising an option from the original 2015 Purchase and Sales agreement. In consideration for the acquisition cost of $3,710,875, the Company issued 38,459,269 common shares as at February 22, 2019. As of October 17, 2018, the Company holds 99% in Martin Downs NSC, LLC and therefore, is deemed to have acquired control and therefore, begin to consolidate Martin Downs NSC, LLC at the time of the acquisition of the additional 41% interest.

It was determined, using the optimal concentration test permitted in the amendments of IFRS 3 *Business Combination* that the Company early adopted as at January 1, 2018, that the transaction was not a business acquisition. Therefore, the transaction was accounted for at cost, as an asset acquisition, without remeasurement of the previously held equity interest in Martin Downs NSC, LLC.

On March 19, 2021, the Company acquired the remaining 1% interest for a total consideration of US$37,500 ($47,108).

Management's estimated fair value of the Company's investment properties at September 30, 2021 was $41,831,320 (US$32,990,000) and at December 31, 2020 was $41,979,775 (US$32,990,000).

6. Notes payable:

	September 30, 2021	December 31, 2020
Martin Downs GP, LLC	$ 1,268,000	$ 1,272,500
Total notes payable	$ 1,268,000	$ 1,272,500

On August 31, 2018, concurring with the refinancing of the mortgage loan related to Martin Downs Town Center, the Company acquired an additional 9% interest in Martin Downs NSC, LLC from the Martin Downs GP, LLC, a private entity in which one of the Company's officers is a partner for an amount of $1,304,750 (US$1,000,000).

Correspondingly, the US$1,000,000 note payable to Martin Downs GP, LLC to finance the 9% ownership interest acquisition bears interest at a rate of 10% and secured by interest in Martin Downs NSC, LLC. The note matured on August 30, 2019 and was extended to February 2020 in exchange for an extension fee of $21,053 (US$15,000), extended to August 31, 2020 in exchange for an extension fee of $20,124 (US$15,000) and further extended to February 28, 2021 in exchange for an extension fee of $39,957 (US$30,000). On February 28, 2021, the note was extended to

February 28, 2026 and the interest rate was reduced to 8.0%. There was no extension fee. The Company may, from time to time, repay all or any part of the note without penalty.

7. Mortgages payable:

	September 30 2021	December 31, 2020
Mortgage payable bears a fixed interest rate of 4.78% maturing September 2026. The loan is being amortized over 30 years and is payable in monthly payments of US$36,515, capital and interest	$ 8,287,251	$ 8,418,237
Mortgage payable bears a fixed interest rate of 5.553% maturing April 2021. The loan is being amortized over 30 years and is payable in monthly payments of US$34,724, capital and interest (a)	-	7,294,883
Mortgage payable bears an interest rate of 7.075%. Prior to the discontinuation of LIBOR in September 2020, the rate was the greater of 1-month LIBOR plus 4.95% or 7.075%, maturing on May 31, 2021 (a)	-	11,452,500
Mortgage payable bears a fixed interest rate of 4.42% maturing June 6, 2031. The loan is being amortized over 30 years and is payable in monthly payments of US$75,793.39, capital and interest (a)	$19,074,473	-
	27,361,724	27,165,620
Less: deferred financing costs	(1,117,162)	(44,814)
Less: current portion	(372,987)	(18,897,561)
	$ 25,871,575	$ 8,223,245

(a) On May 28, 2021, the Company refinanced the mortgages on Metro Gateway and Martin Downs Town Center. As part of the refinance, the Company obtained a cross-collateralized 10-year mortgage secured by the ownership interest in Martin Downs Town Center and Metro Gateway.

The mortgages payable are recorded at amortized cost and bear a weighted average effective interest rate of 4.66% as at September 30, 2021 (December 31, 2020 – 6.13%). The mortgages payable are secured by the Company’s investment properties.

7. Mortgages payable (continued):

Principal repayments, as of September 30, 2021, based on scheduled repayments to be made on the mortgages payable over the next five years and thereafter are as follows:

2021	$ 116,956
2022	480,262
2023	502,637
2024	524,971
2025	550,515
Thereafter	25,186,383
	$ 27,361,724

For the period ended September 30, 2021, the Company incurred $1,141,057 (2020 - $1,312,283) of interest on the mortgages payable, which is included in finance costs (note 13).

8. Convertible debentures:

	September 30, 2021	December 31 2020
Liability, beginning of period	$ 4,542,000	$ 4,428,983
Repayment	(1,589,700)	-
Accretion	717	113,017
Impact of convertible debenture modification	(5,008)	-
Liability, end of period	2,948,009	4,542,000
Transaction costs, beginning of period	-	(53,533)
Amortization of transaction costs	11,991	53,533
Debt modification transaction costs	(75,944)	-
Transaction costs, end of period	(63,953)	-
Convertible debentures	$ 2,884,056	$ 4,542,000

The Company entered into a trust indenture on July 31, 2013 with BNY Trust Company of Canada under which the Company could issue convertible debentures to a maximum principal amount of $11,500,000.

The convertible debentures are redeemable, unsecured, subordinated to senior indebtedness and were set to mature on September 30, 2018.

On September 28, 2018, the Debenture holders approved an Extraordinary Resolution authorizing (i) the maturity extension of the Debentures from September 30, 2018 to September 30, 2020; (ii) a reduction in the conversion price at which the Debenture may be converted into common shares of the Corporation from $0.08125 to $0.06 per common share; and (iii) an increase of the interest rate payable on the Debentures from 8.5% per annum to 9.5% per annum, which took effect as of October 1, 2018.

8. Convertible debentures: (continued)

In June 2020, the Company began negotiations with the Debentureholders on a modification and extension. On September 30, 2020, the convertible debentures matured and negotiations with the Debentureholders remained ongoing. On February 19, 2021, the Company entered into a second amendment to the Convertible Debentures. The debenture was amended as follows:

- Extended through September 30, 2025;
- Repayment of $1,589,700 of outstanding principal balance;
- Decreasing the interest rate payable on the Debentures from 9.5% per annum to 4.75% per annum, retroactive to October 1, 2020;
- Allowing the Corporation to repay 50% of the principal amount outstanding at maturity in cash, and the remaining 50% of the principal amount outstanding at maturity by way of common shares at a price of $0.10 per share.

A reconciliation of the face value of the convertible debentures is as follows:

	September 30, 2021	December 31, 2020
Principal, beginning of period	$ 4,542,000	$ 4,542,000
Repayment of debt	1,589,700	4,542,000
Principal, end of period	$ 2,952,300	$ 4,542,000

For the period ended September 30, 2021, the Company incurred $51,239 (2020 - $323,618) of interest on the convertible debentures, which is included in finance costs (note 13).

As a condition of the convertible debentures, the Company is required to maintain a debt service coverage ratio. At the end of September 30, 2021 and as of year end 2020, the Company was in compliance with the covenant.

9. Related party balances and transactions:

Other related party transactions and balances, not already disclosed in the consolidated financial statements include:

	September 30, 2021	December 31, 2020
Due to Hoche Private Equity Investors SARL (b) (c) (e)	$ 562,820	$ 564,463
Due to Inovalis S.A. (f) (g) (h)	2,015,386	1,988,968
Due to Inovalis USA LLC (d)	132,084	132,553
Due to RLP Hospitality East Winds Inc. (i)	953,175	-
	$ 3,663,466	$ 2,685,984

Included in accounts payable and accrued liabilities is $73,679 of accrued interest charges (December 31, 2020 - $12,540) owing to private companies related through common directors.

(a) Key management personnel compensation

	Nine months ended September 30, 2021	2020
CFO:		
Consulting fees	$ 56,324	$ 60,798
Corporate Secretary:		
Consulting fees	29,997	33,762
	$ 86,321	$ 94,560

Key management personnel include the members of the Board of Directors and executive officers of the Company.

(b) Loan facility:

On April 4, 2018, the Company obtained a loan facility for up to $100,000. Under the terms of the loan facility, the Company may draw from time to time from April 4, 2018 to December 31, 2018, for the purpose of funding working capital requirements. Interest on any outstanding drawdowns will accrue at a fixed rate of 10% per annum, and is payable monthly. Outstanding indebtedness is payable on demand, subject to the terms and conditions of the loan facility, but will be subordinated by the Company’s senior indebtedness to secured lenders. The loan facility is provided by a private company of which the Chairman of the Board of the Company is a principal. In consideration of providing the loan facility, the loan facility provider will receive $3,000.

The Company drew $100,000 in 2018 under this loan facility. The loan remains outstanding at September 30, 2021.

9. Related party balances and transactions (continued):

(c) Down payment:

On July 6, 2018, a private company of which the Chairman of the Board of the Company is a principal provided a $52,336 (US$40,000) down payment for the refinancing of the Martin Downs mortgage. The down payment is repayable upon demand.

(d) Asset Management and Disposition Fees – Martin Downs:

On July 22, 2013, Martin Downs NSC, LLC entered into a management agreement with Inovalis USA LLC, pursuant to which Inovalis USA LLC provided management services to Martin Downs NSC, LLC with respect to the investment properties it holds. As payment for its services, Inovalis USA LLC was entitled, until October 31, 2018, to 1% of gross revenues collected, as asset management fees. Inovalis USA LLC was also entitled to a 1% disposition fee associated with the sale of its ownership interest in Martin Downs to the Company. On September 30, 2019, the Company formally terminated the management agreement with Inovalis USA LLC and the associated fees became due (management fee – $84,700 (US$63,975) and disposition fee – $47,853 (US$40,192). The amounts are still outstanding as at September 30, 2021.

(e) Interest reserve:

On April 29, 2020, a private company of which the Chairman of the Board of the Company is a principal provided a US$325,000 (CAD $439,429) payment for an up-front 6-month interest reserve associated with the extension of the Martin Downs mortgage. The note payable bears interest at a fixed rate of 7.5% per annum and ending until all indebtedness owing is repaid. The note is repayable upon demand. The Company may, from time to time, repay all or any part of the note payable without penalty.

(f) Working capital:

On September 27, 2020, Inovalis S.A., a private company of which one of the Director's is a principal, provided a $400,000 loan to fund ongoing working capital requirements of the Company. The note payable bears interest at a fixed rate of 7.5% per annum and matures on September 27, 2021. The Company may, from time to time, repay all or any part of the note payable without penalty.

(g) Working capital:

On December 31, 2020, Inovalis S.A. provided a $1,589,000 loan to fund ongoing working capital requirements of the Company. The note payable bears interest at a fixed rate of 7.5% per annum and matures on December, 2021. The Company may, from time to time, repay all or any part of the note payable without penalty.

(h) Working capital:

On March 8, 2021, Inovalis S.A. provided a $26,417 loan to fund ongoing working capital requirements of the Company. The note payable bears interest at a fixed rate of 7.5% per annum and matures on December 31, 2021. The Company may, from time to time, repay all or any part of the note payable without penalty.

9. Related party balances and transactions (continued):

(i) Nominee:

On May 7, 2021. Realia Hospitality Inc., a wholly owned subsidiary of Realia Properties Inc., entered into a Nominee Ownership and Agency Agreement with Inovalis S.A. and Mirabeau Overseas Inc. to act on their behalf in the acquisition of a Canadian partnership owning a hotel resort in St. Lucia. As part of the Nominee Agreement, Realia Hospitality Inc. is providing asset management services in consideration for a quarterly fee.

10. Share capital:

At September 30, 2021 and December 31, 2020, the authorized share capital comprised an unlimited number of common shares and non-voting, perpetual, redeemable preferred shares. No preferred shares have been issued to date.

	September 30, 2021		December 31, 2020	
	Common shares	Amount	Common Shares	Amount
Issued and outstanding, beginning of period	255,221,137	$ 21,800,437	255,221,137	$ 21,612,003
Share issue – debt settlement (a)	-	-	-	188,434
Issued and outstanding, end of period	255,221,137	$ 21,800,437	255,221,137	$ 21,800,437

During the period ended September 30, 2021 and year ended December 31, 2020, the following share transactions occurred:

In 2015, the Company offset $467,995 of share capital with regards to Desjardins 6% finders fees on equity raised and recorded a liability to Desjardins. In fiscal year 2016, $279,561 of share capital was reclassed to share issue costs. On June 30, 2020, the total liability was written off and the remaining balance to share capital of $188,434 was reversed. The share issue costs has been fully amortized, the remaining balance to reverse the liability was recorded in profit or loss.

11. Share options:

The Company's 2008 stock option plan was approved by the shareholders at the annual general meeting on December 2, 2009. The share option plan provides that the aggregate number of common shares reserved for issuance under the share option plan, together with any share options outstanding, will not exceed 10% of the Company's issued and outstanding common shares at any time. On July 12, 2019, the board of directors of the Company adopted a modification to the plan to adopt a 2% fixed stock option plan of up to a maximum of 5,104,422 options available for issuance. The exercise price of an option will be determined by the board of directors but will, in any event, not be less than the discounted market price of the Company's common shares at the time of the grant of the option.

11. Share options: (continued)

Share option transactions and the number of share options outstanding are summarized as follows:

	September 30, 2021		December 31, 2020	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding, beginning of period	360,000	$ 0.06	360,000	$ 0.06
Outstanding, end of period	360,000	$ 0.06	360,000	$ 0.06
Share options exercisable	360,000		360,000	
Weighted average remaining life (years)	3.83		4.58	
Weighted average remaining life (years) - vested	3.83		4.58	

Total share-based compensation expense recognized for the period was $Nil (2020 - $Nil).

12. General and administrative expenses and (revenue):

	For the nine months period ended September 30, 2021	2020
Insurance	$ 11,000	$ 15,375
Bank charges	3,276	3,443
Filing fees	20,903	21,642
Office costs	13,210	17,856
Professional fees (note 9)	178,419	247,963
Travel	-	1,667
	$ 226,808	$ 307,946

13. Finance costs:

	For the nine months period ended September 30, 2021	2020
Interest on mortgages, notes payable and convertible debenture	$ 1,297,913	$ 1,747,454
Financing fees	31,121	23,432
Amortization of transaction costs	11,991	53,533
Accretion of convertible debenture – non-related parties	717	113,018
	$ 1,341,742	$ 1,937,437

14. Capital management:

The Company's objectives when managing capital of $37,478,379 (2020 - $41,524,518), which is share capital, contributed surplus, equity component of convertible debentures, accumulated other comprehensive income, deficit, notes payable, mortgages payable, due to related parties, convertible debentures and long-term debt, are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new common shares, or sell assets to reduce debt.

The Company monitors capital from time-to-time using a variety of measures. Monitoring procedures are typically performed as a part of the overall management of the Company's operations. The Company's strategy during the period, which was unchanged from the prior period, was to maintain its ability to secure access to financing at a reasonable cost. The requirements and terms of sources of capital cannot be predicted and change in ways the Company cannot predict. There have been no changes to the Company's approach to capital management during the period ended September 30, 2021 and year ended December 31, 2020. The Company is not subject to externally imposed capital requirements. As at September 30, 2021, the Company is in compliance with its financial covenant.

15. Risk management and fair values:

The main risks that arise from the Company's financial statements are liquidity risk, interest rate risk, credit risk and foreign exchange risk. The Company's approach to managing these risks is summarized below.

Management's risk management policies are typically performed as a part of the overall management of the Company's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Company is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Company has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Company, management considers the avoidance of undue concentrations of risk.

These risks and the actions taken to manage them include the following:

15. Risk management and fair values (continued):

(a) Liquidity risk:

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full.

The Company's financial liabilities include accounts payable and accrued liabilities, convertible debentures, mortgages payable, due to related parties, and notes payable.

The following table provides the future non-discounted scheduled payments of financial liabilities, including estimated interest payments:

Year ended	2021	2022	2023	2024	2025 and thereafter
Mortgages payable	$ 427,221	$ 1,708,885	$ 1,708,885	$ 1,708,885	$ 30,895,298
Convertible debentures payable	35,059	140,234	140,234	140,234	3,057,476
Notes payable	25,360	101,440	101,440	101,440	1,386,347
Accounts payable and accrued liabilities	746,379	-		-	-
Due to related parties	3,663,466	-	-	-	-
Tenants' security deposit	7,934	8,033	28,181	22,418	135,129
Total	$ 4,905,419	$ 1,958,593	$ 1,978,741	$ 1,972,978	$ 35,474,249

In order to meet the 2021 obligations, the Company is pursuing a sale of a portion of its interest in its properties to raise equity. The Company intends to retain 25% interest in each property and receive asset management fees for managing the portfolio.

(b) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk on cash, and accounts receivable. Credit risk arises from the possibility that debtors or tenants may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Company has credit policies to address credit risk on accounts receivable (tenants), which may include the analysis of the financial position of the debtor or tenant and review of credit limits. The Company also may review credit history before establishing credit and review credit performance. In the case of a tenant, management carefully watches and monitors rent payments which are due each month. An allowance for expected credit losses or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information.

A financial asset is past due when a debtor has failed to make a payment when contractually due. The Company has no financial assets that are past due and does not have an allowance for expected credit losses.

15. Risk management and fair values (continued):

(c) Foreign exchange risk:

Foreign exchange risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company is exposed to foreign exchange risk on transactions denominated in currencies other than the functional currency of each of the group's entities. Changes in the applicable exchange rates may result in a decrease or increase in foreign exchange income or loss. The Company may enter into forward exchange contracts to manage part of the foreign exchange risk exposures, but no forward contracts exist as at September 30, 2021 and December 31, 2020.

As at September 30, 2021 and December 31, 2020, the Company is exposed to currency risk for its US dollar equivalent of financial assets and liabilities dominated in currencies other than Canadian dollars as follows:

	September 30, 2021	December 31, 2020
Cash	$ 990,871	$ 24,415
Notes payable	1,268,000	1,272,500
Accounts payable	56,665	56,866
Total	$ 2,315,536	$ 1,353,781

If the Canadian dollar had strengthened or weakened 5% against the U.S. dollar with all other variables held constant, the Company would have additional income or loss from foreign exchange included in net income and equity for the period ended September 30, 2021 of approximately $16,690 (2020 – $69,615).

15. Risk management and fair values (continued):

(e) Fair values:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Assets and liabilities measured at fair value in the consolidated statement of financial position or for which fair value disclosure is required in the notes to the consolidated financial statements are classified based on a three-level hierarchy as detailed in note 3(q).

For assets and liabilities that are recognized at fair value in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

	September 30, 2021		December 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Investment properties	$35,392,905	$41,831,320	$36,314,480	$44,165,930
Mortgages payable	$27,361,724	$30,879,259	$27,120,806	$27,242,591
Convertible debt	$2,884,056	$2,952,300	$4,542,000	$4,542,000

The valuation techniques and inputs for the Company's financial instruments are as follows:

(*i*) Short term assets and liabilities

The carrying values of financial assets and financial liabilities not measured at fair value, such as cash, accounts receivable, accounts payable and accrued liabilities, notes payable and due to related parties approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

(*ii*) Mortgages payable and convertible debentures

The fair values of the mortgages payable and convertible debentures have been calculated based on discounted future cash flows using discount rates that reflect current market conditions for instruments having similar terms and conditions and therefore are classified as Level 2 in the fair value hierarchy.

(*iii*) Investment properties

The fair value of the investment properties is determined by management, using recognized valuation techniques supported, in certain instances, by independent real estate valuation experts. Investment properties are classified as level 3 investments.

There were no transfers between Level 1, Level 2 and Level 3 during the period ended September 30, 2021.

16. COVID-19:

Since January 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. These events have caused significant changes to the cash flows at the beginning of the year. As the Company owns retail strip centers, several of the tenants had been deemed non-essential and had been required to close. Tenants reopened in June 2020.

As of November 29, 2021, 116th Street Centre, located in Carmel, IN, reported that there are currently no COVID restrictions in place that impact the tenants. The mortgage payable remained current during COVID.

As of November 29, 2021, Metro Gateway, located in Phoenix, Arizona, reported that there are currently no restrictions in place that impact the tenants. Due to previous COVID related tenant closures, the Company entered into negotiations with the mortgage loan's special servicer regarding a mortgage payment plan. However, prior to an agreement being reached, the tenants were permitted to reopen and the loan was brough current.

As of November 29, 2021, Martin Downs Town Center, located in Palm City, FL, reported that there are no COVID restrictions in place that impact the tenants. The notes payable and mortgage payable remained current during COVID.

17. Subsequent events:

None.