TEMPUS CAPITAL INC.

Condensed Interim Consolidated Financial Statements

June 30, 2017

(Unaudited)

(Expressed in Canadian Dollars)

These condensed interim consolidated financial statements have not been reviewed by the Company's auditors

TEMPUS CAPITAL INC.

(Unaudited)

(Expressed in Canadian Dollars)

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June 30, 2017 and 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying condensed interim consolidated financial statements of Tempus Capital Inc. were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim consolidated financial statements and (ii) the condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

/s/ Russell Tanz
Russell Tanz, Chief Executive Officer

/s/ Brian Crawford
Brian Crawford, Chief Financial Officer

Burlington, Ontario
August 23, 2017

TEMPUS CAPITAL INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	Note	June 30, 2017	December 31, 2016
Assets			
Non-current assets			
Investment properties	[3]	$ 10,066,127	$ 10,048,667
Tenant allowances		24,583	32,083
Total non-current assets		10,090,710	10,080,750
Current assets			
Sundry receivables		17,865	17,865
Tenant allowances		15,000	15,000
Prepaid expenses and deposits		44,356	32,532
Cash		12,979	2,174
Total current assets		90,200	67,571
Total Assets		$ 10,180,910	$ 10,148,321
Equity and Liabilities			
Share capital	[6]	$ 2,137,762	$ 2,137,762
Contributed surplus	[6]	27,500	27,500
Retained earnings		965,923	925,701
Total Equity		3,131,185	3,090,963
Non-current liabilities			
Mortgages payable	[4]	6,132,779	5,359,785
Tenant deposits		39,773	39,203
Deferred income taxes		338,837	338,837
Total non-current liabilities		6,511,389	5,737,825
Current liabilities			
Mortgages payable	[4]	187,271	782,026
Promissory notes payable	[5]	220,537	230,391
Accounts payable and accrued liabilities		130,528	307,116
Total current liabilities		538,336	1,319,533
Total Liabilities		7,049,725	7,057,358
Total Equity and Liabilities		$ 10,180,910	$ 10,148,321

Approved on behalf of the Board

"Russell Tanz"
Russell Tanz - Director

"Brian Crawford"
Brian Crawford - Director

See accompanying notes to the consolidated financial statements

TEMPUS CAPITAL INC.
Condensed Interim Consolidated Statements of Operations and Comprehensive Income
(Expressed in Canadian dollars)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Rental revenue	$ 201,583	$ 194,486	$ 412,398	$ 383,623
Property operating costs	62,680	55,243	120,615	91,115
Net rental revenue	138,903	139,243	291,783	292,508
Expenses				
Interest expense	84,563	78,960	164,697	155,549
General and administrative	32,264	33,000	56,231	60,195
Professional fees	23,633	9,390	30,633	15,890
Gain on settlement of debt	-	(8,823)	-	(8,823)
Total expenses	140,460	112,527	251,561	242,811
Income (loss) before income taxes	(1,557)	26,716	40,222	69,697
Deferred tax recovery (expense)	-	-	-	-
Net income (loss) and comprehensive income (loss)	$ (1,557)	$ 26,716	$ 40,222	$ 69,697
Basic and diluted income per share	$ 0.00	$ 0.00	$ 0.00	$ 0.00

See accompanying notes to the consolidated financial statements

TEMPUS CAPITAL INC.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

Six Months Ended June 30	**2017**	**2016**
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income for the period	$ 40,222	$ 69,697
Items not affecting cash		
Financing costs	17,970	13,659
Gain on settlement of debt	-	(8,823)
Non-cash interest on promissory note	2,395	458
Changes in non-cash working capital		
Sundry receivables	-	23,994
Tenant allowances	7,500	7,500
Prepaid expenses and deposits	(11,824)	3,634
Tenant deposits	570	1,967
Accounts payable and accrued liabilities	(176,588)	(24,281)
Cash flows from operating activities	(119,755)	87,805
FINANCING ACTIVITIES		
Proceeds from promissory notes	-	118,495
Repayment of promissory note	(12,249)	(2,042)
Proceeds from mortgage financing	900,000	315,000
Mortgage repayments	(719,706)	(89,763)
Increase in deferred financing	(20,025)	(14,725)
Cash flows from financing activities	148,020	326,965
INVESTING ACTIVITIES		
Additions to investment property	(17,460)	(414,705)
Cash flows from investing activities	(17,460)	(414,705)
Increase in cash for the period	10,805	65
Cash, beginning of period	2,174	1,473
Cash, end of period	$ 12,979	$ 1,538

Supplemental cash flow information (Note 9).

See accompanying notes to the consolidated financial statements

TEMPUS CAPITAL INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)
(Unaudited)

	Share Capital				
	Number of Shares	Amount	Contributed Surplus	Retained Earnings	Total Shareholders' Equity
At December 31, 2015	24,571,878	$2,103,762	$ 61,500	$ 333,997	$ 2,499,259
Warrants expired		34,000	(34,000)	-	-
Net income for the period			-	69,697	69,697
At June 30, 2016	24,571,878	2,137,762	27,500	403,694	2,568,956
Net income for the period		-	-	522,029	522,029
At December 31, 2016	24,571,878	2,137,762	27,500	925,701	3,090,963
Net income for the period				40,222	40,222
At June 30, 2017	24,571,878	$2,137,762	$ 27,500	$ 965,923	$ 3,131,185

See accompanying notes to the consolidated financial statements

1. CORPORATE INFORMATION

Tempus Capital Inc. ("Tempus" or the "Company") was incorporated on February 16, 2011 pursuant to the provisions of the Business Corporations Act (Ontario).

The Company is a reporting issuer in Ontario, Alberta and British Columbia but its shares are not listed on an exchange or trading platform.

The registered and operating office of the Company is 855 Brant Street, Burlington, Ontario L7R 2J6. Tempus is a real estate operating company whose real estate portfolio currently consists of properties in Ontario.

The condensed interim consolidated financial statements of the Company for the period ended June 30, 2017, were authorized for issue in accordance with a resolution of the Board of Directors on August 23, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB, have been omitted or condensed.

Basis of Presentation

The condensed interim consolidated financial statements of the Company include the accounts of its wholly-owned subsidiaries 2335501 Ontario Inc. and 2443578 Ontario Ltd. The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for investment properties that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The condensed interim consolidated financial statements have been prepared on a going concern basis and are presented in Canadian dollars, which is Tempus's functional currency.

The condensed interim consolidated financial statements should be read in conjunction with the most recently annual financial statements of Tempus, which includes information necessary or useful to understanding the Company's financial statement presentation. In particular, the Company's significant accounting policies were presented in Note 2 to the consolidated financial statements for the year ended December 31, 2016, and have been consistently applied in the preparation of these condensed interim consolidated financial statements.

The operating results for the three months ended June 30, 2017, are not necessarily indicative of results that may be expected for the full year ended December 31, 2017, due to seasonal variation in property expenses and other factors.

(Expressed in Canadian Dollars)

3. INVESTMENT PROPERTIES

As at and for the period ended June 30, 2017		
Balance, beginning of period	$	10,048,667
Fair value gain on investment properties		-
Acquisition		-
Capital expenditure on investment properties		17,460
Balance, end of period	$	10,066,127

As at and for the year Ended December 31, 2016		
Balance, beginning of year		8,883,712
Fair value gain on investment properties		750,000
Acquisition		402,500
Capital expenditure on investment properties		12,455
Balance, end of year	$	10,048,667

Investment properties are held by wholly-owned subsidiaries. Both of the wholly-owned subsidiaries hold registered title to respective properties as bare trustees.

Valuation methodology and processes

The fair value of investment properties as of June 30 2017 and December 31, 2016 is determined internally by management using assumptions and market information obtained from industry professionals. Investment properties carried at fair value are categorized by level according to the significance of the inputs used in making the measurements. As the fair value of investment properties is determined with significant unobservable inputs, all of the investment properties are classified as Level 3 assets.

Management's primary internal valuation model is based on a capitalization of forecasted normalized net operating income approach. The Company determines the forecasted normalized net operating income for each property based on current in-place rents and assumptions about occupancy, less cash outflows expected to operate and manage each individual property within the portfolio. Capitalization rates used to estimate fair market value take into account many factors including but not limited to: the location of the property, the quality and strength of tenants, whether lease rates are over or under current market rates, demand for the type and use of the property, the age of the building, any special use characteristics of the building or area, and vacancy rates in the area. Market information related to the external sale of similar buildings within a similar geographic location is also taken into consideration. The Company's management is responsible for determining fair value measurements including verifying all major inputs included in the valuation.

(Expressed in Canadian Dollars)

3. INVESTMENT PROPERTIES (continued)

The key level 3 valuation metrics for the investment properties are set out in the following table:

		June 30 2017		December 31 2016
Range of capitalization rates applied to investment properties		6.0%-6.5%		6.0%-6.5%
Fair values of properties where cap rates were applied	$	10,474,767	$	10,474,767
Weighted average cap rates		6.32%		6.32%
Fair value impact of increasing average cap rate by 1%	$	(103,711)	$	(103,711)
Fair value impact of a 1% decrease in net operating income	$	(104,748)	$	(104,748)

4. MORTGAGES PAYABLE

			2017		2016
Current portion	- First mortgage	$	174,687	$	160,950
	- Second mortgage		34,597		13,537
	- Unamortized deferred financing costs		(22,013)		(28,049)
			187,271		146,438
Non-current portion	- First mortgage		5,005,972		5,228,929
	- Second mortgage		1,163,943		622,668
	- Unamortized deferred financing costs		(37,136)		(37,138)
			6,132,779		5,814,459
Total		$	6,320,050	$	5,960,897

The first mortgage on the Strathroy property bears interest at 4.03% and is payable in blended monthly payments of $20,209. The first mortgage on the London property bears interest at 3.53% and is payable in blended monthly payments of $10,991. Both mortgages are secured by the respective investment property. The first mortgage on the Strathroy property matures on January 1, 2019. The first mortgage on the London property matures on December 31, 2019.

Management estimates that the fair value of the mortgages at June 30, 2017 is approximately equal to their reported values.

The first mortgage on the Strathroy property and the first and second mortgages on the London property are guaranteed by a director of the Company as to 25% up to a maximum of $875,789 and $750,000, respectively.

The second mortgage on the Strathroy property bears interest at 8% and is payable in blended monthly payments of $7,633. The second mortgage on the London property bears interest at 3.75% and is payable in blended monthly payments of $1,953. Both mortgages are secured by the respective investment properties.

(Expressed in Canadian Dollars)

4. MORTGAGES PAYABLE (continued)

Estimated future principal repayments required to meet mortgage obligations are as follows:
Principal payments by 12 month periods ended June 30,

	2018	$	209,286
	2019		4,358,669
	2020		1,547,809
	2021		13,866
	2022		14,391
	Thereafter		235,178
			6,379,199
Unamortized deferred financing costs			(59,149)
		$	6,320,050

5. PROMISSORY NOTES PAYABLE

			June 30, 2017		December 31, 2016
Promissory note	(i)	$	50,000	$	50,000
Promissory note	(ii)		50,000		50,000
Promissory note	(iii)		30,000		30,000
Promissory note	(iv)		45,000		45,000
Promissory note	(v)		45,537		55,391
Total		$	220,537	$	230,391

(i) Promissory note, unsecured, bears interest at 6% per annum and is due on June 30, 2018.
(ii) Promissory note, unsecured, bears interest at 6% per annum and is due on June 30, 2018.
(iii) Promissory note, unsecured, bears interest at 6% per annum and is due on June 30, 2018.
(iv) Promissory note, unsecured, bears interest at 6% per annum and is due on June 30, 2018.
(v) Promissory note, unsecured, non-interest bearing and is payable in monthly instalments of $2,042 and matures April 30, 2019.

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Share Capital

Authorized

Unlimited number of common shares without par value

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Issued

The following table summarizes the changes in issued common shares of the Company.

For the six months ended June 30	**2017**			**2016**	
	Number of Shares		Value	Number of Shares	Value
Balance, beginning of period	24,571,878	$	2,137,762	24,571,878	$2,103,762
			-		
Warrants expired	-		-	-	34,000
Balance, end of period	24,571,878	$	2,137,762	24,571,878	$2,137,762

Contributed Surplus

For the three months ended June 30		**2017**		**2016**
Balance, beginning of period	$	27,500	$	61,500
Warrants expired		-		(34,000)
Balance, end of period	$	27,500	$	27,500

If a warrant is not exercised prior to its expiration, the amount previously reflected in contributed surplus is credited to share capital.

7. SHARE-BASED COMPENSATION

Stock options

For the three months ended June 30	**2017**			**2016**		
	Number of Shares		Weighted Average Exercise Price	Number of Shares		Weighted Average Exercise Price
Outstanding, beginning of period	890,000	$	0.10	890,000	$	0.10
Outstanding , end of period	890,000	$	0.10	890,000	$	0.10

The weighted average remaining contractual life of options outstanding at June 30, 2017 was 2.20 years (December 31, 2016 - 2.70 years). The options expire on September 11, 2019.

8. PER SHARE INFORMATION

The basic and diluted net income (loss) per share is calculated based on the following:

	2017	2016
Weighted average number of shares	24,571,878	24,571,878

The effect of the options issued to certain management, directors, and consultants, and the effect of the warrants issued in connection with equity financing are not presented as they would have an anti-dilutive effect on the income per share.

9. SUPPLEMENTAL CASH FLOW INFORMATION

		2017		2016
Interest paid on mortgages and promissory notes	$	84,563	$	76,590

10. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Company is exposed to a variety of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

Credit risk

Credit risk arises from the possibility that tenants and/or debtors may experience financial difficulty and be unable or unwilling to fulfill their lease commitments or other obligations. The Company mitigates the risk of credit loss by investing in well-located properties in urban markets that attract quality tenants, ensuring that its tenant mix is well diversified, and by limiting its exposure to any one tenant. A tenant's success over the term of its lease and its ability to fulfill its lease obligations is subject to many factors. There can be no assurance that a tenant will be able to fulfill all of its existing commitments and leases up to the expiry date. The Company's exposure to credit risk is limited to the carrying amounts of its financial assets.

Interest rate risk

The Company attempts to structure its financings so as to stagger the maturities of its debt, thereby mitigating its exposure to interest rate and other credit market fluctuations. Interest represents a significant cost in financing the ownership of real property. Currently all of the Company's mortgages and promissory notes are fixed rate instruments. The Company's cash held in its bank account earns interest income at variable rates and is exposed to movements in interest rates.

Liquidity risk

Real estate investments are relatively illiquid. This will tend to limit the Company's ability to sell components of its portfolio promptly in response to changing economic or investment conditions. If the Company was required to quickly liquidate its assets, there is a risk that it would realize sale proceeds of less than the current value of its investment property.

(Expressed in Canadian Dollars)

10. FINANCIAL RISK MANAGEMENT (continued)

An analysis of the Company's contractual maturities of its material financial liabilities is set out below:

	Payments by Period				
	2018	**2019**	**2020**	**Thereafter**	**Total**
Mortgages payable (Note 4)	$ 209,286	$ 4,358,669	$ 1,547,809	$ 263,435	$ 6,379,199
Promissory note payable (Note 5)	220,537	-	-		220,537
Total	$ 429,823	$ 4,358,669	$ 1,547,809	$ 263,435	$ 6,599,736

In addition, the Company has contractual commitments with respect to its outstanding accounts payable and accrued liabilities and investment property.

The Company manages its liquidity risk by staggering debt maturities, holding cash reserves and issuing equity when considered appropriate.

11. CAPITAL MANAGEMENT

The Company manages its capital, taking into account the long-term business objectives of the Company, to provide stability and reduce risk while generating an acceptable return on investment over the long term to shareholders. The Company's capital structure currently includes share capital, mortgages and other term financings, which together provide the Company with financing flexibility to meet its capital needs. Primary uses of capital include acquisitions, capital improvements, leasing costs, and debt principal repayments. The actual level and type of future financings to fund these capital requirements will be determined based on prevailing interest rates, various costs of debt and/or equity capital, capital market conditions and management's general view of the required leverage in the business.

The Company periodically re-evaluates its overall financing and execution strategy to ensure the best access to available capital at the lowest possible cost.

The Company is not subject to externally imposed capital requirements.

The components of the Company's capital are set out in the following table:

	June 30 2017	**December 31 2016**
Mortgages payable	$6,320,050	$6,141,811
Promissory note payable	220,537	230,391
Share capital	2,137,762	2,137,762
Contributed surplus	27,500	27,500
Retained earnings	965,923	925,701
	$9,671,772	$9,463,165

(Expressed in Canadian Dollars)

12. COMMITMENTS AND CONTINGENCIES

The Company has agreed to indemnify a director who has personally guaranteed 25% of the first mortgage on the Strathroy property to a maximum of $875,789, and the first and second mortgages on the London property to a maximum of $750,000. The annual indemnification fee is calculated at 1% of the amounts indemnified for the mortgages.

13. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

	2017	2016
Management services (i)	$ 15,000	$ 15,000
Office rent and supplies (ii)	$ 1,500	$ 3,000
Property management fees (iii)	$ 9,713	$ 9,866
Guarantees (iv)	$ 4,032	$ 3,912

(i) The Company paid or accrued $7,500 (2016-$7,500) to the CEO and $7,500 (2016-$7,500) to the CFO for management services

(i) The Company paid $1,500 (2016 - $3,000) to a company controlled by the CFO of the Company for office rent, telephone, office supplies, and other overhead items.

(ii) The Company paid $9,864 (2016 - $9,866) to a company controlled by the CEO of the Company for property management services.

(iii) The Company expensed $4,061 (2016 - $3,912) with respect to the indemnification fee for the personal guarantee of the CEO for the mortgages.

Included in accounts payable and accrued liabilities is an amount of $(15,704) (2016 - $11,185) with respect to accrued interest on the promissory notes and personal guarantees.

14. SUBSEQUENT EVENTS

On August 1, 2017, the Company issued an unsecured promissory note in the amount of $120,000 bearing interest at 6% per annum and due on July 31, 2018.

On August 4, 2017, the Company agreed to acquire a commercial/residential revenue producing investment property. The purchase price of the investment property was $1,585,000 which will be satisfied by a new first mortgage and cash. The transaction is expected to close during Q3 2017.