TEMPUS CAPITAL INC.

Condensed Interim Consolidated Financial Statements

September 30, 2020

(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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September 30, 2020 and 2019

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
November 27, 2020

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

	Note	September 30, 2020	December 31, 2019
Assets			
Non-current assets			
Investment properties	[3]	$ 12,012,969	$ 11,992,066
Tenant allowances		12,980	8,000
Total non-current assets		12,025,949	12,000,066
Current assets			
Sundry receivables		31,756	13,164
Due from director	[12]	48,482	55,896
Tenant allowances		4,212	5,333
Prepaid expenses and deposits		158,807	106,255
Cash		44,740	160,831
Total current assets		287,997	341,479
Total Assets		$ 12,313,946	$ 12,341,545
Equity and Liabilities			
Share capital	[5]	$ 2,827,687	$ 2,827,687
Contributed surplus	[5]	35,718	35,718
Retained earnings		1,247,693	1,280,760
Total Equity		4,111,098	4,144,165
Non-current liabilities			
Mortgages payable	[4]	7,512,649	7,577,776
Tenant deposits		65,212	61,073
Deferred income taxes		210,837	210,837
Total non-current liabilities		7,788,698	7,849,686
Current liabilities			
Mortgages payable	[4]	147,521	153,484
Accounts payable and accrued liabilities		266,629	194,210
Total current liabilities		414,150	347,694
Total Liabilities		8,202,848	8,197,380
Total Equity and Liabilities		$ 12,313,946	$ 12,341,545

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		Nine Months Ended	
	September 30, 2020	**September 30, 2019**	**September 30, 2020**	**September 30, 2019**
Rental revenue	$ 240,675	$ 245,677	$ 681,054	$ 739,128
Property operating costs	87,212	71,866	256,129	249,732
Net rental revenue	153,463	173,811	424,925	489,396
Expenses				
Interest expense	99,337	108,806	298,079	304,458
General and administrative	40,045	44,038	124,897	130,764
Professional fees	8,500	8,727	35,016	50,837
Share-based compensation	-	-	-	26,211
Listing expense	-	-	-	52,643
Total expenses	147,882	161,571	457,992	564,913
Income (loss) before income taxes	5,581	12,240	(33,067)	(75,717)
Deferred tax recovery	-	-	-	191,000
Net income (loss) and comprehensive income (loss)	$ 5,581	$ 12,240	$ (33,067)	$ 115,483
Basic earnings per share	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Diluted earnings 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)

Nine Months Ended September 30	**2020**	**2019**
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net (loss) income for the period	$ (33,067)	$ 115,483
Items not affecting cash		
Deferred income taxes	-	(191,000)
Financing costs	33,942	44,956
Accretion on discounted promissory note	-	142
Changes in non-cash working capital		
Sundry receivables	(18,592)	47,325
Tenant allowances	(3,859)	11,250
Prepaid expenses and deposits	(52,552)	(14,924)
Tenant deposits	4,139	(7,138)
Accounts payable and accrued liabilities	72,419	(96,183)
Cash flows from operating activities	2,430	(64,238)
FINANCING ACTIVITIES		
Due from director	7,414	-
Repayment of promissory note	-	(12,249)
Mortgage repayments	(105,032)	(3,102,834)
Proceeds of mortgage financing	-	3,625,000
Increase in deferred financing	-	(128,219)
Cash flows from financing activities	(97,618)	381,698
INVESTING ACTIVITIES		
Additions to investment property	(20,903)	(43,460)
Cash flows from investing activities	(20,903)	(43,460)
(Decrease) increase in cash for the period	(116,091)	274,000
Cash, beginning of period	160,831	-
Cash, end of period	$ 44,740	$ 274,000

Supplemental cash flow information (Note 8).

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	Deficit	Total Shareholders' Equity
At December 31, 2018	29,878,993	$2,827,687	$ 37,007	$1,146,799	$ 4,011,493
Share-based compensation			26,211		26,211
Stock options expires			(27,000)	27,000	
Net income for the period		-	-	115,483	115,483
At September 30, 2019	29,878,993	2,827,762	35,718	1,289,782	4,153,187
Net income for the period		-	-	(9,022)	(9,022)
At December 31, 2019	29,878,993	2,827,687	35,718	1,280,760	4,144,165
Net (loss) income for the period		-	-	(33,067)	(33,067)
At September 30, 2020	29,878,993	$2,827,687	$ 35,718	$1,247,693	$ 4,111,098

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 and its shares are listed on the Canadian Securities Exchange under the trading symbol TEMP.

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 September 30, 2020, were authorized for issue by the Board of Directors on November 27, 2020.

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., 2443578 Ontario Ltd., 2590197 Ontario Inc., and Tempus Capital LLC. 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, 2019 and have been consistently applied in the preparation of these condensed interim consolidated financial statements except as described herein.

The operating results for the three months ended September 30, 2020, are not necessarily indicative of results that may be expected for the full year ended December 31, 2020, due to seasonal variation in property expenses and other factors.

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Current Change to Significant Accounting Policies

Effective January 1, 2019, the Company has adopted amendments to IAS 1, Presentation of Financial Statements (IAS 1) and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) - Definition of Material- In October 2018, the IASB issued amendments to IAS 1 and IAS 8 to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

Risk Management

Markets have been negatively impacted by COVID-19, which was declared a pandemic by the World Health Organization ("WHO") on March 11, 2020. The continued spread of COVID-19 and the actions being taken by governments, businesses and individuals to limit this pandemic, including business closures and physical distancing, and the effects of resulting layoffs and other job losses on the available income of retail customers may adversely impact our operations including, among others, increasing the credit risk associated with our receivables, limiting our ability to quickly respond to changes in credit risk, and limiting our ability to serve our tenants. This has resulted in significant economic uncertainty, of which the potential impact on our future financial results is difficult to reliably measure.

3. INVESTMENT PROPERTIES

As at and for the period ended September 30, 2020		
Balance, beginning of period	$	11,992,066
Acquisition		-
Capital expenditure on investment properties		20,903
Balance, end of period	$	12,012,969

As at and for the year ended December 31, 2019		
Balance, beginning of year		11,903,708
Acquisition		-
Capital expenditure on investment properties		88,358
Balance, end of year	$	11,992,066

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

Valuation methodology and processes

(Expressed in Canadian Dollars)

3. INVESTMENT PROPERTIES (continued)

The fair value of investment properties as of September 30, 2020 and December 31, 2019 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.

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

		September 30 2020		**December 31 2019**
Range of capitalization rates applied to investment properties		5.25%-6.25%		5.50%-6.25%
Fair values of properties where cap rates were applied	$	12,012,969	$	11,992,066
Weighted average cap rates		6.11%		6.15%
Fair value impact of increasing average cap rate by 1%	$	(20,225)	$	(19,469)
Fair value impact of a 1% decrease in net operating income	$	(120,300)	$	(119,921)

4. MORTGAGES PAYABLE

			2020		**2019**
Current portion	- First mortgage	$	194,486	$	196,895
	- Unamortized deferred financing costs		(46,965)		(45,019)
			147,521		151,876
Non-current portion	- First mortgage		7,639,440		7,790,545
	- Unamortized deferred financing costs		(126,791)		(173,756)
			7,512,649		7,616,789
Total		$	7,660,170	$	7,768,665

(Expressed in Canadian Dollars)

4. MORTGAGES PAYABLE (continued)

425 Caradoc St South, Strathroy, Ontario	605-607 Richmond St, London, Ontario	723 Richmond St, London, Ontario
First Mortgage	First Mortgage	First Mortgage
$4,308,583	$2,277,723	$1,247,620

The first mortgage on the Strathroy property bears interest at 4.52% and is payable in blended monthly payments of $24,679. The first mortgage on the London property at 605-607 Richmond Street bears interest at 3.66% and is payable in blended monthly payments of $12,573. The first mortgage on the London property at 723-727 Richmond Street bears interest at 4.75% and is payable in blended monthly payments of $7,235. All three first mortgages are secured by the respective investment property. The first mortgage on the Strathroy property matures on November 1, 2023. The first mortgage on the London property at 605-607 Richmond Street matures on July 25, 2024 and the first mortgage on the London property at 723-727 Richmond Street matures on September 12, 2024.

Management estimates that the fair value of the mortgages at September 30, 2020 is approximately equal to their reported values.

During the period, by agreement, principal payments on the first mortgage on the Strathroy property were deferred until November 1, 2020.

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 $1,650,810.

The second mortgage on the London property at 605-607 Richmond St. was repaid during fiscal 2019. The interest rate on the second mortgage was 3.75% and was payable in blended monthly payments of $1,953 and is secured by the investment property.

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

2021	$	194,486
2022		211,791
2023		220,866
2024		6,082,807
2025		1,123,976
		7,833,926
Unamortized deferred financing costs		(173,756)
	$	7,660,170

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Share Capital

Authorized

Unlimited number of common shares without par value

Issued

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

For the three months ended September 30	**2020**			**2019**		
	Number of Shares		Value	Number of Shares		Value
Balance, beginning of period	29,878,993	$	2,827,687	29,878,993	$	2,827,687
Balance, end of period	29,878,993	$	2,827,687	29,827,687	$	2,827,687

Contributed Surplus

For the three months ended September 30		**2020**		**2019**
Balance, beginning of period	$	35,718	$	37,007
Balance, end of period	$	35,718	$	37,007

6. SHARE-BASED COMPENSATION

Stock options

For the three months ended September 30	**2020**			**2019**		
	Number of Shares		Weighted Average Exercise Price	Number of Shares		Weighted Average Exercise Price
Outstanding, beginning of period	1,100,000	$	0.11	1,390,000	$	0.12
Outstanding, end of period	1,100,000	$	0.11	1,390,000	$	0.12

The weighted average remaining contractual life of options outstanding at September 30, 2020 was 3.13 years (December 31, 2019 - 3.63 years). The options expire as follows, 500,000 on October 17, 2022 and 600,000 on April 26, 2024.

7. PER SHARE INFORMATION

The basic net income per share is calculated based on the following:

	2020	**2019**
Weighted average number of shares	29,878,993	29,878,993

7. PER SHARE INFORMATION (continued)

The diluted net income per share is calculated based on the following:

	2020	2019
Weighted average number of shares	30,978,993	31,268,993

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of share options issued to certain management, directors and consultants.

8. SUPPLEMENTAL CASH FLOW INFORMATION

		2020		2019
Interest paid on mortgages and promissory notes	$	99,337	$	108,106

9. 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 note 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)

9. FINANCIAL RISK MANAGEMENT (continued)

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

Payments by Period

	2021	2022	2023	Thereafter	Total
Gross mortgage payments	$ 194,486	$ 211,791	$ 220,866	$ 7,206,783	$ 7,833,926
Accounts payable and accrued liabilities	266,629	-	-	-	266,629
Total	$ 461,115	$ 211,791	$ 220,866	$ 7,206,783	$ 8,100,555

In addition, the Company has contractual commitments with respect to its outstanding accounts payable and accrued liabilities and investment property. Accounts payable and accrued liabilities are normally due within thirty to sixty days from their incurrence.

The Company manages its liquidity risk by staggering debt maturities and issuing equity when considered appropriate. In the years in which mortgages mature, it is expected that the mortgages will be renewed or refinanced and not that the amount will be paid out in full.

10. 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:

	September 30 2020	December 31 2019
Mortgages payable	$7,833,926	$7,938,759
Share capital	2,837,687	2,837,687
Contributed surplus	35,718	35,718
Retained earnings	1,247,693	1,280,760
	$11,955,024	$12,083,124

(Expressed in Canadian Dollars)

11. COMMITMENTS AND CONTINGENCIES

The Company has agreed to indemnify a director who has personally guaranteed 25% of the first mortgages on the Strathroy property and the London property at 605-607 Richmond St. to a maximum of $1,650,810. The indemnification fee is calculated at 1% of the amounts indemnified for the mortgages and is included in the Statements of Operations and Comprehensive Income.

12. 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).

		2020		2019
Management services (i)	$	15,000	$	15,000
Office rent and supplies (ii)	$	1,500	$	1,500
Property management fees (iii)	$	13,675	$	13,675
Guarantees (iv)	$	4,144	$	4,347
Share-based compensation	$	-	$	26,211

(i) The Company paid or accrued $7,500 (2019-$7,500) to the CEO and $7,500 (2019-$7,500) to the CFO for management services

(ii) The Company paid $1,500 (2019 - $1,500) to a company controlled by the CFO of the Company for office rent, telephone, office supplies, and other overhead items.

(iii) The Company paid $13,675 (2019 - $13,675) to a company controlled by the CEO of the Company for property management services.

(iv) The Company expensed $4,144 (2019 - $4,347) with respect to the indemnification fee for the personal guarantee of the CEO for two mortgages.

Included in accounts payable is an amount of $325 due to Russell Tanz Management Inc. Included in due from director is an amount of $3,801 due from Russell Tanz Management Inc. and $44,681 due from the CEO. The net position due from related parties is $48,157 (2019: Due from related parties $30,134).

13. SUBSEQUENT EVENTS

The Company participated in the Canada Emergency Commercial Rent Assistance (CECRA) program in conjunction with several tenants and received funding in the amount of approximately $17,000. The funds will be allocated to the participating tenants during Q4.

Subsequent to the period end, the Company announced that it had entered into a joint venture agreement to manufacture cannabis edibles. The investment consists of a cash investment of $45,000 for a 20% interest in the joint venture.