TEMPUS CAPITAL INC.

Condensed Interim Consolidated Financial Statements

June 30, 2021

(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)

Table of Contents
June 30, 2021 and 2020

	Page
Condensed Interim Consolidated Financial Statements	
Condensed Interim Consolidated Statements of Financial Position	2
Condensed Interim Consolidated Statements of Operations and Comprehensive Income	3
Condensed Interim Consolidated Statements of Cash Flows	4
Condensed Interim Consolidated Statement of Changes in Equity	5
Notes to the Condensed Interim Consolidated Financial Statements	6-14

TEMPUS CAPITAL INC.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	Note	June 30, 2021	December 31, 2020
Assets			
Non-current assets			
Investment properties	[3]	$ 13,911,572	$ 12,655,978
Tenant allowances		-	4,212
Investment in associate	[4]	74,955	-
Total non-current assets		13,986,527	12,660,190
Current assets			
Sundry receivables		22,935	22,460
Due from director	[14]	-	24,558
Tenant allowances		-	11,927
Prepaid expenses and deposits		225,099	86,475
Cash		13,190	39,805
Total current assets		261,224	185,225
Total Assets		$ 14,247,751	$ 12,845,415
Equity and Liabilities			
Share capital	[7]	$ 2,904,898	$ 2,827,687
Contributed surplus	[7]	7,606	33,817
Retained earnings		1,800,400	1,824,443
Total Equity		4,712,904	4,685,947
Non-current liabilities			
Mortgages payable	[6]	8,407,943	7,472,576
Tenant deposits		63,878	70,691
Promissory notes payable	[5]	200,276	-
Deferred income taxes		274,837	274,837
Total non-current liabilities		8,946,934	7,818,104
Current liabilities			
Mortgages payable	[6]	153,210	157,687
Accounts payable and accrued liabilities		366,563	183,677
Due to director	[14]	68,140	-
Total current liabilities		587,913	341,364
Total Liabilities		9,534,847	8,159,468
Total Equity and Liabilities		$ 14,247,751	$ 12,845,415

Approved on behalf of the Board

"Russell Tanz"

Russell Tanz - Director

"Brian Crawford"

Brian Crawford - Director

See accompanying notes to the condensed interim 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, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Rental revenue	$ 274,149	$ 195,264	$ 509,536	$ 440,380
Property operating costs	93,446	85,718	183,380	168,917
Net rental revenue	180,703	109,546	326,156	271,463
Expenses				
Interest expense	114,560	92,381	212,878	198,742
General and administrative	57,057	36,086	107,303	84,801
Professional fees	8,500	9,616	30,018	26,516
Total expenses	180,117	138,083	350,199	310,059
Net income (loss) and comprehensive income (loss)	$ 586	$ (27,537)	$ (24,043)	$ (38,596)
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 condensed interim consolidated financial statements

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

Six Months Ended June 30	**2021**	**2020**
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net (loss) income for the period	$ (24,043)	$ (38,596)
Items not affecting cash		
Financing costs	25,344	22,508
Accretion	9,791	-
Changes in non-cash working capital		
Sundry receivables	(475)	(3,876)
Tenant allowances	16,139	(4,912)
Prepaid expenses and deposits	(138,624)	(76,655)
Tenant deposits	(6,813)	(1,032)
Accounts payable and accrued liabilities	182,886	117,334
Cash flows from operating activities	64,206	14,771
FINANCING ACTIVITIES		
Due from director	92,698	13,712
Proceeds of promissory notes payable	201,685	-
Promissory note repayment	(4,500)	-
Mortgage repayments	(101,585)	(81,199)
Proceeds from mortgages	1,016,425	-
Proceeds from exercise of options	51,000	-
Increase in deferred financing costs	(15,994)	-
Cash flows from financing activities	1,239,729	(67,487)
INVESTING ACTIVITIES		
Additions to investment property	(1,255,594)	(12,988)
Increase in investment in associate	(74,955)	-
Cash flows used in investing activities	(1,330,549)	(12,988)
Decrease in cash for the period	(26,615)	(65,704)
Cash, beginning of period	39,805	160,831
Cash, end of period	$ 13,190	$ 95,127

Supplemental cash flow information (Note 8)

See accompanying notes to the condensed interim 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, 2019	29,878,993	$2,827,687	$ 35,718	$1,280,760	$ 4,144,165
Net (loss) income for the period		-	-	(38,596)	(38,596)
At June 30, 2020	29,878,993	2,827,762	35,718	1,242,164	4,105,569
Stock options expired		-	(1,901)	1,901	-
Net income for the period		-	-	580,378	580,378
At December 31, 2020	29,878,993	2,827,687	33,817	1,824,443	4,685,947
Exercise of options	600,000	51,000	-	-	51,000
Transfer from contributed surplus on exercise of options		26,211	(26,211)	-	-
Net loss for the period		-	-	(24,043)	(24,043)
At June 30, 2021	30,478,993	$2,904,898	$ 7,606	$1,800,400	$ 4,712,904

See accompanying notes to the condensed interim 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 Suite 200-3310 South Service Road, Burlington, Ontario L7N 3M6. 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 March 31, 2021, were authorized for issue in accordance with a resolution of the Board of Directors on August 27, 2021.

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., 2821679 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, 2020 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 and six months ended June 30, 2021, are not necessarily indicative of results that may be expected for the full year ended December 31, 2021, 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."

3. INVESTMENT PROPERTIES

As at and for the period ended June 30, 2021		
Balance, beginning of period	$	12,655,978
Acquisition		1,224,710
Capital expenditure on investment properties		30,884
Balance, end of period	$	13,911,572

As at and for the year ended December 31, 2020		
Balance, beginning of year		11,992,066
Fair value gain on investment properties		634,000
Capital expenditure on investment properties		29,912
Balance, end of year	$	12,655,978

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

The fair value of investment properties as of June 30, 2021 and December 31, 2020 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

(Expressed in Canadian Dollars)

3. INVESTMENT PROPERTIES (continued)

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:

		June 30 2021		**December 31 2020**
Range of capitalization rates applied to investment properties		5.00%-5.60%		5.50%-6.25%
Fair values of properties where cap rates were applied	$	13,911,572	$	11,992,066
Weighted average cap rates		5.35%		6.15%
Fair value impact of increasing average cap rate by 1%	$	(20,202)	$	(19,469)
Fair value impact of a 1% decrease in net operating income	$	(120,214)	$	(119,921)

4. INVESTMENT IN ASSOCIATE

The investment represents a 20% interest in 2773830 Ontario Inc., a private company operating as Fritz's Cannabis Company. 2773830 Ontario Inc. and the Company have several directors and officers in common. There was no activity in 2773830 Ontario Inc. during Q1 and Q2 fiscal 2021 beyond its initial incorporation and accordingly, it had no significant assets, liabilities, revenues or expenses as at and for the period ended June 30, 2021. Refer also to Note 13.

5. PROMISSORY NOTES PAYABLE

(i) Convertible promissory notes payable to related parties in the amount of $44,375 maturing March 25, 2023, bearing interest at 6% per annum payable quarterly, unsecured, convertible to common shares of the Company at $0.20 at any time during the term of the Notes. Interest expense of $715 was recorded during the period.

(ii) Promissory note payable with a face amount of $200,000, non-interest bearing, unsecured, maturing March 29, 2024, payable at $1,500 per month for thirty-six months with the balance payable at date of maturity. A gain on settlement of debt in the amount of $42,690 was recognized as a reduction in the carrying value of investment property during the period resulting from applying the effective interest method with a discount rate of 10%. Accretion in the amount of $3,091 was recorded during the period.

(Expressed in Canadian Dollars)

6. MORTGAGES PAYABLE

			2021		2020
Current portion	- First mortgage	$	209,524	$	175,741
	- Second mortgage		-		-
	- Unamortized deferred financing costs		(56,314)		(46,471)
			153,210		129,270
Non-current portion	- First mortgage		8,181,355		7,682,018
	Second mortgage		323,125		-
	- Unamortized deferred financing costs		(96,537)		(138,719)
			8,407,943		7,543,299
Total		$	8,561,153	$	7,672,569

425 Caradoc St South, Strathroy, Ontario	605-607 Richmond St, London, Ontario	723 Richmond St, London, Ontario	310 Springbank Drive, London, Ontario	
First Mortgage	First Mortgage	First Mortgage	First Mortgage	Second Mortgage
$4,238,871	$2,225,996	$1,226,012	$700,000	$323,125

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. The first mortgage on the London property at 310 Springbank Drive bears interest at 8% and is payable interest only. All four 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, the first mortgage on the London property at 723-727 Richmond Street matures on September 12, 2024, and the first mortgage on the London property at 310 Springbank Drive matures on March 29, 2023.

The second mortgage on the London property at 310 Springbank Drive matures on March 29, 2023 and is payable interest only at 2% commencing April 29, 2022.

Management estimates that the fair value of the mortgages at June 30, 2021 is approximately equal to their reported values.

The first mortgage on the Strathroy property and the first mortgage on the London property at 605 Richmond Street are guaranteed by a director of the Company as to 25% up to a maximum of $1,559,718.

(Expressed in Canadian Dollars)

6. MORTGAGES PAYABLE (continued)

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

	2022	$	209,524
	2023		1,241,941
	2024		4,126,016
	2025		3,136,523
			8,714,004
Unamortized deferred financing costs			(152,851)
		$	8,561,153

7. 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 June 30	**2021**			**2020**		
	Number of Shares		Value	Number of Shares		Value
Balance, beginning of period	29,878,993	$	2,827,687	29,878,993	$	2,827,687
Options exercised	600,000		51,000	-		-
Transfer from contributed surplus on exercise of options	-		26,211	-		-
Balance, end of period	30,478,993	$	2,904,898	29,827,687	$	2,827,687

Contributed Surplus

For the three months ended June 30		**2021**		**2020**
Balance, beginning of period	$	33,817	$	35,718
Transfer on exercise of options		(26,211)		-
Balance, end of period	$	7,606	$	35,718

(Expressed in Canadian Dollars)

8. SHARE-BASED COMPENSATION

Stock options

For the three months ended June 30	2021		2020	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of period	1,000,000	$ 0.11	1,100,000	$ 0.11
Exercised	(600,000)	0.085		
Outstanding, end of period	400,000	$ 0.15	1,100,000	$ 0.11

The weighted average remaining contractual life of options outstanding at June 30, 2021 was 1.30 years (December 31, 2020 - 2.71 years). The options expire on October 17, 2022.

9. PER SHARE INFORMATION

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

	2021	2020
Weighted average number of shares	30,478,993	29,878,993

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

	2021	2020
Weighted average number of shares	30,878,993	30,978,993

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.

10. SUPPLEMENTAL CASH FLOW INFORMATION

	2021	2020
Interest paid on mortgages and promissory notes	$ 212,878	$ 198,742

11. 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

(Expressed in Canadian Dollars)

11. FINANCIAL RISK MANAGEMENT (continued)

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.

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

Payments by Period

	2022	2023	2024	Thereafter	Total
Gross mortgage payments	$ 209,524	$ 1,241,941	$ 4,126,016	$ 3,136,523	$ 8,714,004
Promissory notes payable		44,375	155,901		200,276
Accounts payable and accrued liabilities	366,563	-	-	-	366,563
Total	$ 576,087	$ 1,286,316	$ 4,281,917	$ 3,136,523	$ 9,280,843

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 (2023, 2024 and 2025), it is expected that the mortgages will be renewed or refinanced and not that the amount will be paid out in full.

12. 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

(Expressed in Canadian Dollars)

12. CAPITAL MANAGEMENT (continued)

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.

There were no changes in the Company's approach to managing capital during the periods ended June 30, 2021 and December 31, 2020.

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 2020	**December 31 2020**
Mortgages payable	$8,714,004	$7,792,464
Promissory notes payable	200,276	-
Share capital	2,904,898	2,837,687
Contributed surplus	7,606	33,817
Retained earnings	1,800,400	1,824,443
	$13,627,184	$12,478,411

13. 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 $1,559,718. 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.

Pursuant to a shareholder agreement in connection with the investment in 2773830 Ontario Inc., the Company has agreed to provide 32% of the capital requirements of 2773830 Ontario Inc. and to date has advanced $74,955.

Covid 19

The Company's business could be adversely affected by the effects of health epidemics, including the global COVID-19 pandemic. In December 2019, a novel strain of COVID-19 was reported in China. Since then, the COVID-19 has spread globally. The spread of COVID-19 from China to other countries has resulted in the World Health Organization (WHO) declaring the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease, on March 11, 2020. Many countries around the world, including Canada, have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus, and have closed non-essential businesses. The spread of COVID-19, which has caused a broad impact globally, may materially affect the Company economically. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing the Company's ability to access capital, which could in the future negatively affect the Company's liquidity. In addition, a recession or market correction resulting from the spread of COVID- 19 could materially affect the Company's business

(Expressed in Canadian Dollars)

13. COMMITMENTS AND CONTINGENCIES (continued)

and the value of the Company's common shares The global outbreak of COVID-19 continues to rapidly evolve. The extent to which COVID-19 may impact the Company's business, operations and clinical trials will depend on future developments, including the duration of the outbreak, travel restrictions and social distancing in Canada and other countries, the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease and whether Canada and other countries are required to move to complete lock-down status. The ultimate long-term impact of COVID-19 is highly uncertain and cannot be predicted with confidence.

14. 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).

		2021		2020
Management services (i)	$	15,000	$	15,000
Office rent and supplies (ii)	$	1,500	$	1,500
Property management fees (iii)	$	15,175	$	13,675
Guarantees (iv)	$	4,043	$	4,133
Renewal fees (v)	$	-	$	3,402

(i) The Company paid or accrued $7,500 (2020-$7,500) to the CEO and $7,500 (2020-$7,500) to the CFO for management services

(ii) The Company paid $1,500 (2020 - $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 $15,175 (2020 - $13,675) to a company controlled by the CEO of the Company for property management services.

(iv) The Company expensed $4,043 (2020 - $4,112) with respect to the indemnification fee for the personal guarantee of the CEO for two mortgages.

(v) The Company expensed $167 (2020-$4,112) for leasing renewal fees paid to a company controlled by the CEO.

Included in accounts payable and accrued liabilities is an amount of $419 due to the CFO, and $325 due to Russell Tanz Management Inc. A director has advanced $68,140 to the Company. (2020: Due from related parties $65,535). As set out in Note 5, promissory notes were issued to several directors in exchange for cash proceeds of $44,375.