TEMPUS CAPITAL INC.

Condensed Interim Consolidated Financial Statements

September 30, 2014

(Unaudited)

(Expressed in Canadian Dollars)

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

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TEMPUS CAPITAL INC.

(Unaudited)

(Expressed in Canadian Dollars)

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September 30, 2014 and 2013

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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 condensed interim 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 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/ Brian Crawford
Brian Crawford, Chief Financial Officer

/s/ Russell Tanz
Russell Tanz, Chief Executive Officer

Burlington, Ontario
November 26, 2014

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

	September 30, 2014	December 31, 2013
Assets		
Investment property (Note 4)	$ 5,673,212	$ 5,546,236
Sundry receivables	6,527	22,319
Prepaid expenses and deposits (Note 5)	19,819	125,583
Cash	6,120	3,021
Total assets	$ 5,705,678	$ 5,697,159
Liabilities		
Mortgages payable (Note 6)	$ 4,219,675	$ 4,280,000
Promissory notes payable (Note 7)	-	1,154,700
Tenant deposits	24,186	8,910
Due to shareholder (Note 8)	43,475	-
Accounts payable and accrued liabilities	215,288	136,146
Total liabilities	4,502,624	5,579,756
Equity		
Share capital (Note 9)	1,525,762	427,841
Contributed surplus	69,000	-
Deficit	(391,708)	(310,438)
	1,203,054	82,186
Total liabilities and equity	$ 5,705,678	$ 5,697,159

Commitments and contingencies (Note 14)
Subsequent events (Note 15)

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 (Loss)
(Expressed in Canadian dollars)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2014	**September 30, 2013**	**September 30, 2014**	**September 30, 2013**
Rental revenue	$ 121,120	$ -	$ 349,221	$ -
Property operating costs	17,605	-	76,896	-
	103,515	-	272,325	-
Expenses				
General and administrative	8,951	8,324	22,948	17,014
Interest expense	47,372	-	201,996	-
Professional fees	8,985	1,640	38,919	18,950
Share-based compensation	35,000	-	35,000	-
Due diligence, advisory and consulting	-	-	54,732	82,260
	100,308	9,964	353,595	117,864
Net income (loss) and comprehensive income (loss)	$ 3,207	$ (9,964)	$ (81,270)	$ (117,864)
Weighted average number of shares outstanding	13,697,400	5,882,998	10,849,756	4,802,834
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.02)

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)

	Three Months Ended		Nine Months Ended	
	September 30, 2014	**September 30, 2013**	**September 30, 2014**	**September 30, 2013**
CASH FLOWS PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net income (loss) for the period	$ 3,207	$ (9,964)	$ (81,270)	$ (117,864)
Items not affecting cash				
Share-based compensation	35,000	-	35,000	-
Changes in non-cash working capital				
Sundry receivables	(5,604)	12,704	15,792	502
Prepaid expenses and deposits	(384)	(8,053)	105,764	(51,136)
Tenant deposits	15,276	-	15,276	-
Accounts payable and accrued liabilities	17,106	(47,161)	79,142	7,599
	64,601	(52,474)	169,704	(160,899)
FINANCING ACTIVITIES				
Proceeds from issuance of share capital, net of issuance costs	554,565	-	1,041,921	225,341
Repayment of promissory note	(535,000)	-	(1,070,000)	-
Mortgage repayments	(22,810)	-	(60,325)	-
Due to shareholder	43,475	-	43,475	-
	40,230	-	(44,929)	225,341
INVESTING ACTIVITIES				
Additions to investment property	(98,711)	-	(121,676)	-
Deposits	-	50,000	-	(75,000)
	(98,711)	50,000	(121,676)	(75,000)
Increase (decrease) in cash for the period	6,120	(2,474)	3,099	(10,558)
Cash, beginning of period	-	93,018	3,021	101,102
Cash, end of period	$ 6,120	$ 90,544	$ 6,120	$ 90,544
Supplemental consolidated cash flow information:				
Interest paid	$ (54,513)	$ -	$ (223,367)	$ -
Non-cash investing transactions not included in cash-flows:				
Notional adjustment to investment property of discount of promissory note	$ 2,650	$ -	$ 5,300	$ -
Conversion of promissory notes to share capital	$ 90,000	$ -	$ 90,000	$ -

See accompanying notes to the condensed interim consolidated financial statements

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

	Share Capital				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2012	2,700,000	$ 202,500	$ -	$ (120,314)	$ 82,186
Common shares issued for cash	3,182,998	238,725	-	-	238,725
Share issue costs	-	(13,384)	-	-	(13,384)
Net loss for the period	-	-	-	(117,864)	(117,864)
Balance, September 30, 2013	5,882,998	427,841	-	(238,178)	189,663
Net loss for the period		-	-	(72,260)	(72,260)
Balance, December 31, 2013	5,882,998	427,841		(310,438)	117,403
Common shares issued for cash	11,775,000	1,006,000	34,000	-	1,040,000
Share issue costs	-	(2,644)	-	-	(2,644)
Common shares issued on conversion of debt	1,182,062	94,565	-	-	94,565
Share-based compensation	-	-	35,000	-	35,000
Net loss for the period	-	-	-	(81,270)	(81,270)
Balance, September 30, 2014	18,840,060	$ 1,525,762	$ 69,000	$ (391,708)	$ 1,203,054

See accompanying notes to the condensed interim consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Tempus Capital Inc. (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.

These consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

2. BASIS OF PRESENTATION AND STATMENT OF COMPLIANCE

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

The policies applied in these consolidated financial statements are based on IFRS issued and effective as of December 31, 2013. The Board of Directors approved the condensed interim consolidated financial statements on November 26, 2014.

Basis of Presentation

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Canadian dollars.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary.

Investment Property

Investment property is held to earn rental income or for capital appreciation, or both. A key characteristic of an investment property is that it generates cash flows largely independently of the other assets held by an entity. Income property is initially measured at cost including transaction costs. Transaction costs include various professional fees, land transfer tax and initial leasing commissions to bring the property up to the condition necessary for it to be capable of operating. Subsequent to initial recognition, income properties are recorded at fair value and related gains or losses arising from changes in fair value are recognized in net earnings in the period of change. The determination of fair value is based upon, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases in light of current conditions, less future cash outflows in respect of tenant installation costs and income property operations.

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 investment property are recognized in the statement of operations and comprehensive loss in the period of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between the net disposal proceeds and the carrying value of the asset in the previous reporting period financial statements.

Business Combinations

At the time of acquisition of property whether through a controlling share investment or directly, the Company considers whether the acquisition represents the acquisition of a business. The Company accounts for this as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired. If no, or only insignificant processes are acquired, the acquisition is treated as an asset acquisition rather than a business combination.

The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition date. The Company recognizes

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

assets or liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination. Subsequent changes in the fair value of contingent consideration arrangements are recognized in net earnings. The difference between the purchase price and the Company's net fair value of the acquired identifiable net assets and liabilities is goodwill. On the date of acquisition, the purchaser records positive goodwill as an asset. Negative goodwill is immediately recognized in the consolidated statement of earnings. Goodwill is not amortized and must be tested for impairment at least annually, or more frequently, if events or changes in circumstances indicate impairment has occurred.

The Company expenses transaction costs associated with business combinations in the period incurred.

Impairment of Assets

At the end of each reporting period, assets, other than those identified in the standards as not being applicable to IAS 36 – Impairment of Assets, such as investment properties recorded at fair value, are assessed for any indication of impairment. Should the indication of impairment exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is defined as the higher of an asset's "fair value less cost to sell" and its "value-in-use". In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds the recoverable amount determined, an impairment loss is recognized in the consolidated statement of operations and comprehensive loss. After the recognition of an impairment loss, the depreciation charge related to that asset is also revised for the adjusted carrying amount on a systematic basis over the remaining useful life of the asset. Should this impairment loss be determined to have reversed in a future period a reversal of the impairment loss is recorded in profit or loss. However, the reversal of an impairment loss will not increase the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement as they arise.

Other leases are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

The Company has assessed all leases in which it is the lessor to be operating leases.

When the acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities, the cost of the acquisition including transaction costs is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill is recognized.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

The Company accounts for leases with its tenants as operating leases as the Company has not transferred substantially all of the benefits and risks of ownership of its investment properties. Rental revenue includes all amounts earned from tenants related to lease agreements including property tax and operating cost recoveries.

The Company reports minimum rental revenue on a straight-line basis, whereby the total amount of cash to be received under a lease is recognized into net earnings in equal periodic amounts over the term of the lease. Contingent rents are recognized as revenue in the period in which they are earned.

Amounts payable by tenants to terminate their lease prior to their contractual expiry date are included in rental revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset. Tenant incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease.

Share-Based Compensation

The Company uses the fair value method whereby the Company recognizes compensation costs for the granting of all stock options and direct awards of stock based on its fair value over the period of vesting. Any consideration paid by the option holders to purchase shares is credited to share capital.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in earnings except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable (or receivable) on the taxable income (loss) for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets and liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. For the determination of deferred tax assets and liabilities where investment property is measured using the fair value model, the presumption is that the carrying amount of an investment property is recovered through sale, as opposed to presuming that the economic benefits of the investment property will be substantially consumed through use over time.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Loss Per Share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on 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.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

Financial Instruments

Financial Assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category involves financial instruments held for the purpose of selling them in the short term. All of the financial instruments in this category meet the definition of financial assets held for trading. Derivatives are included in this category, unless they are designated as hedges. The instruments classified in this category are classified in current assets and include cash. The financial instruments included in this category are initially recognized at fair value and the transaction costs are expensed to the Consolidated Statement of Operations and Comprehensive Loss. Subsequently, financial assets at fair value through profit or loss are measured at fair value and all gains and losses, realized and unrealized, measured on the basis of market transactions, are recognized directly in the Consolidated Statement of Operations and Comprehensive Loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidated Statement of Operations and Comprehensive Loss. The Company has no held to maturity investments as at September 30, 2014.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the Consolidated Statement of Operations and Comprehensive Loss. The Company has no available-for-sale assets as at September 30, 2014.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

<u>Financial Liabilities</u>

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was assumed. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognized in the Consolidated Statement of Operations and Comprehensive Loss. The company has no derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term.

Other financial liabilities - This category includes promissory notes, amounts due to related parties and trade and other payables, all of which are measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company's financial instruments consist of the following:

Financial assets:	Classification:	Measurement:
Cash	Loans and receivables	Amortized cost
Sundry receivables	Loans and receivables	Amortized cost
Prepaid expenses and deposits	Loans and receivables	Amortized cost

Financial liabilities:	Classification:	Measurement:
Mortgages payable	Other financial liabilities	Amortized cost
Promissory notes payable	Other financial liabilities	Amortized cost
Accounts payable and other liabilities	Other financial liabilities	Amortized cost
Tenant deposits	Other financial liabilities	Amortized cost

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been negatively impacted.

Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of a financial asset is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to income. Changes in the carrying amount of the allowance account are recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the Statement of Operations and Comprehensive Loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the reliability of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2014 and December 31, 2013, none of the Company's financial instruments are recorded at fair value on the statement of financial position.

Provisions

A provision is a liability of uncertain timing or amount. The Company records provisions when it has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Provisions are remeasured at each statement of financial position date using the current discount rate. The increase in the provision due to the passage of time is recognized as interest expense.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to common shares issued in the private placements at their fair value as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as warrants in shareholders' equity. Share issue costs are netted against share proceeds on a pro rata basis.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements, and income and

3. SIGNIFICANT ACCOUNTING POLICIES (continued

expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(i) Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(1) Investment property

The Company's accounting policies relating to investment property are described under "Investment Property". In applying these policies, judgment is applied in determining whether certain costs are additions to the carrying amount of the property.

(2) Leases

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts with tenants as operating leases.

In applying this policy, the Company makes judgments with respect to the point in time at which revenue recognition under the lease commences.

(3) Income taxes

The Company follows the asset/liability method for calculating deferred income taxes. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(1) Valuation of investment property

Estimates and assumptions used in the valuation of investment property are described in Note 4.

(2) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the notes cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of

judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(3) Guarantees

The Company reviews its contingent liabilities relating to guarantees it provides to third parties. The Company's guarantees remain in place for certain debts guaranteed by third parties and will remain until such debts are extinguished or lenders agree to release the third parties' covenants.

(4) Deferred income taxes

The Company exercises judgment in estimating deferred tax assets and liabilities. Income tax laws may be subject to different interpretations and the income tax expense recorded by the Company reflects the Company's interpretation of the relevant tax laws. The Company is also required to estimate the timing of reversals of temporary differences between accounting and taxable income in determining the appropriate rate to apply in calculating deferred taxes.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2014. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 Financial instruments ("IFRS 9") is a partial replacement of IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. INVESTMENT PROPERTY

	September 30, 2014	December 31, 2013
Balance, beginning of period	$ 5,546,236	$ -
Additions	126,976	5,546,236
Balance, end of period	$ 5,673,212	$ 5,546,236

The Company acquired the investment property on December 17, 2013 and determined the fair value of the investment property based on a third party appraisal valuation.

During the nine months ended September 30, 2014, the Company capitalized $126,976 of expenditures as part of the property improvements, renovation and development program.

The Company's investment property was valued internally as at September 30, 2014. Management's internal valuation model is based on a capitalization of normalized net operating income ("NOI") using capitalization rates ("Cap-Rates") provided by an external valuator. The Company determines the normalized NOI for the investment property based on current in-place rents and assumptions about occupancy, less cash outflows expected to operate and manage the property.

5. PREPAID EXPENSES AND DEPOSITS

	September 30, 2014	December 31, 2013
Prepaid insurance	$ 8,272	$ 24,168
Prepaid due diligence costs	10,352	51,415
Deposit in trust	-	50,000
Utility deposits	1,195	-
Total	$ 19,819	$ 125,583

6. MORTGAGES PAYABLE

		September 30, 2014	December 31, 2013
First mortgage	- current	$ 93,550	$ 83,364
	- non-current	3,676,125	3,746,636
Second mortgage	- current	450,000	450,000
		$ 4,219,675	$ 4,280,000

The first mortgage bears interest at 4.03% and is payable in blended monthly payments of $20,209. The second mortgage bears interest at 6% and was payable on June 17, 2014 and was extended to October 15, 2014. The second mortgage was repaid from proceeds of the loan payable disclosed in the Subsequent Events note. Both mortgages are secured by the investment property. The first mortgage is guaranteed as to 25% by a director of the Company.

Scheduled annual principal repayments are as follows:

2014	$ 473,039
2015	94,488
2016	98,334
2017	102,337
2018	106,503
Thereafter	3,344,974
	$ 4,219,675

7. PROMISSORY NOTES PAYABLE

		December 31, 2014	September 30, 2013
Promissory note	(i)	$ -	$ 35,000
Promissory note	(i), (iii)	-	35,000
Promissory note	(i), (iii)	-	20,000
Promissory note	(ii), (iv)	-	1,064,700
		$ -	$ 1,154,700

(i) These promissory notes which were unsecured, bearing interest payable at 6% per annum and were originally due May 19, 2014 and were extended on a month to month basis. The promissory notes plus accrued interest were converted to common shares on September 30, 2014.

(ii) This promissory note was unsecured, non-interest bearing and was due January 17, 2014. A payment of $5,000 was made to extend the due date until February 17, 2014. Interest at the rate of 18% per annum accrued on the promissory note commencing February 1, 2014. A discount of $5,300 had been recorded against the liability. The Company repaid $535,000 in February 2014 and the remaining $535,000 in August 2014.

7. PROMISSORY NOTES PAYABLE - continued

(iii) These promissory notes were payable to a related party and were converted to common shares. See Note 9.

(iv) This promissory note was guaranteed by a director of the Company.

8. DUE TO SHAREHOLDER

The amount is non-interest bearing, unsecured and due on demand.

9. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value

Issued

	Number of Shares	Share Capital	Contributed Surplus
Balance December 31, 2012	**2,700,000**	**$ 202,500**	**$ -**
Shares issued for cash	3,182,998	238,725	-
Share issue costs	-	(13,384)	-
Balance September 30, 2013	**5,882,998**	**427,841**	-
Balance December 31, 2013	**5,882,998**	**427,841**	**-**
Shares issued for cash	11,775,000	1,040,000	-
Allocation of fair value of warrants	-	(34,000)	34,000
Shares issued on conversion of debt	1,182,062	94,565	-
Share issue costs	-	(2,644)	-
Share-based compensation	-	-	35,000
Balance September 30, 2014	**18,840,060**	**$ 1,525,762**	**$ 69,000**

On February 20, 2014 the Company issued 4,900,000 units at $0.10 per unit with each unit consisting of one common share and one common share purchase warrant exercisable at $0.12 per common share until February 20, 2015. Cash proceeds of $490,000 were received and share issue costs of $2,644 were incurred.

On August 22, 2014 the Company issued 6,875,000 common shares at $0.08 per common share for cash proceeds of $550,000.

On September 30, 2014 the Company issued 1,182,062 common shares at a price of $0.08 per common share in exchange for the conversion of promissory notes plus accrued interest in the amount of $94,565.

10. SHARE-BASED COMPENSATION

The Company has established a stock option plan (the "Plan") for the benefit of directors, officers and employees of and consultants to the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

A summary of the status of the stock option plan and changes for the period ended September 30, 2014 are presented below:

Grant date	Expiry date	Exercise price	Granted	Exercisable and Vested
September 11, 2014	September 11, 2019	$0.10	890,000	890,000

The model inputs for options granted during the period ended September 30, 2014 include:

Grant date	Expiry date	Share price at grant date	Exercise price	Risk-free interest rate	Expected life	Volatility factor	Dividend yield
September 11, 2014	September 11, 2019		$0.10	1.20%	5 years	44%	0%

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk free rate of return is the yield on a zero-coupon Canadian Treasury bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

11. WARRANTS

Common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. During the period, the Company issued 4,900,000 common share purchase warrants expiring on February 20, 2015 and exercisable at $0.12 per common share.

The Company applies the fair value method in accounting for its warrants using the Black-Scholes option pricing model.

12. 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.

The Company's leases typically have lease terms between five and twenty years and may include clauses to enable periodic upward revision of the rental rates.

		September 30, 2014
Within 1 year	$	400,579
After 1 year, but not later than 5 years		1,576,656
More than 5 years		907,479
	$	2,884,714

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.

12. RISK MANAGEMENT (continued)

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

	Payments by Period				
	2014	**2015**	**2016**	**Thereafter**	**Total**
Mortgages payable	$ 473,039	$ 94,488	$ 98,334	$ 3,553,814	$ 4,219,675
Total	$ 473,039	$ 94,488	$ 98,334	$ 3,553,814	$ 4,219,675

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

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

13. 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.

13. CAPITAL MANAGEMENT (continued)

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

	September 30, 2014	**December 31, 2013**
Mortgages payable	$ 4,219,675	$ 4,280,000
Promissory notes payable	-	1,154,700
Share capital	1,525,762	427,841
Contributed surplus	69,000	-
	$ 5,814,437	$ 5,862,541

14. COMMITMENTS AND CONTINGENCIES

The Company has agreed to indemnify a director who has personally guaranteed 25% of the first mortgage to a maximum of $942,400.

15. 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).

During the period, the Company paid $9,000 (2013 - $5,000) to a company controlled by the CFO of the Company for office rent, telephone, office supplies, and other overhead items.

During the period, the Company paid $14,823 (2013-$Nil) to a company controlled by the CEO of the Company for property management fees.

During the year ended December 31, 2013 the CEO of the Company advanced $55,000 (2012 - $Nil) by way of promissory notes to the Company. The amount including accrued interest at 6% per annum was converted to common shares at $0.08 per common share resulting in the issue of 721,836 common shares.

During the nine month period ended September 30, 2014 the Company accrued $15,684 (2013 - $Nil) as payment to the CEO for his personal guarantee of a promissory note and of 25% of the first mortgage.

15. RELATED PARTY TRANSACTIONS (continued)

During the nine month period ended September 30, 2014 the CEO of the Company advanced funds to the Company for working capital purposes. The amounts are unsecured, non-interest bearing and due on demand. The balance owing as at September 30, 2014 was $43,475 (2013-$Nil).

Included in accounts payable and accrued liabilities is an amount of $10,457 (2013 - $Nil) with respect to accrued interest on the personal guarantees.

16. SUBSEQUENT EVENTS

On October 1, 2014 the Company incurred a liability for tenant allowance of $50,000 with respect to the Strathroy property.

On October 21, 2014, the Company received proceeds of $550,000 from a loan bearing interest at 11% per annum payable interest only monthly plus a principal payment of $37,500 on April 21, 2015. The loan matures on October 21, 2015.

On October 21, 2014, the Company repaid the second mortgage in the amount of $450,000.

On November 10, 2014, the Company acquired an 85% interest in a revenue producing investment property. The purchase price for the 85% interest in the investment property was $2,163,250 which will be satisfied by a new first mortgage and the issue of 3,981,818 common shares at $0.11 per share. The transaction is expected to close during Q4 2014.

On November 17, 2014, the Company received loan proceeds of $60,000. The loan which is from a related party, is unsecured, bears interest at 6% per annum and is due on December 15, 2014.