TITANSTAR PROPERTIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2013 and 2012

Scarrow & Donald LLP

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August 27, 2013

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TitanStar Properties Inc.:

We have audited the accompanying consolidated financial statements of TitanStar Properties Inc., which comprise the consolidated statements of financial position as at April 30, 2013 and 2012 and the consolidated statements of net income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of TitanStar Properties Inc. as at April 30, 2013 and 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss for the period ended April 30, 2013 of $381,939 (2012 – comprehensive income of $731,972) and has a deficit of $832,839 as at April 30, 2013 (2012 - $243,628). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Scarrow & Donald LLP

Chartered Accountants
Winnipeg, Canada

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PKF

TITANSTAR PROPERTIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian Dollars)

	April 30, 2013	April 30, 2012
ASSETS		
Current		
Cash	$ 39,744	$ 470,166
Short-term investments (note 4)	62,969	-
Amounts receivable	57,430	31,097
Prepaid expenses and deposits	387,364	12,950
	547,507	514,213
Advances to joint ventures (note 5)	2,232,877	2,189,439
Interests in joint ventures (note 5)	9,068,052	6,115,317
	$ 11,848,436	$ 8,818,969
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 265,169	$ 42,663
Due to related parties (note 10)	500,000	-
Current portion of long-term debt (note 11)	1,265,895	-
	2,031,064	42,663
Long-term debt (note 11)	1,321,969	-
	$ 3,353,033	$ 42,663
Shareholders' equity		
Share capital (note 7)	8,152,591	8,052,591
Contributed surplus	1,114,780	1,113,744
Accumulated other comprehensive income (loss)	60,871	(146,401)
Deficit	(832,839)	(243,628)
	8,495,403	8,776,306
	$ 11,848,436	$ 8,818,969

Approved by the Board:

"T. Richard Turner" — Board Chair

"D. Neil McDonnell" — Chair, Audit Committee

The accompanying notes are an integral part of these financial statements.

TITANSTAR PROPERTIES INC.
CONSOLIDATED STATEMENTS OF NET INCOME (LOSS)
AND COMPREHENSIVE INCOME (LOSS)
(expressed in Canadian Dollars)

	Year ended April 30 2013	2012
EXPENSES		
General and administrative (note 12)	$ 333,008	$ 160,078
Finance costs (note 13)	303,786	-
Share-based compensation (note 8)	1,036	3,063
OPERATING LOSS	(637,830)	(163,141)
OTHER ITEMS		
Share of income of joint ventures (note 5)	60,974	568,953
Foreign exchange gain (loss)	(12,355)	13,789
	48,619	582,742
NET INCOME (LOSS)	**($ 589,211)**	**$ 419,601**
Basic and diluted income (loss) per common share (note 6)	**($ 0.02)**	**$ 0.01**
NET INCOME (LOSS)	($ 589,211)	$ 419,601
OTHER COMPREHENSIVE INCOME		
Currency translation adjustments of joint ventures	207,272	312,371
COMPREHENSIVE INCOME (LOSS)	($ 381,939)	$ 731,972

TITANSTAR PROPERTIES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, April 30, 2012	30,640,806	$ 8,052,591	$ 1,113,744	($ 146,401)	($ 243,628)	$ 8,776,306
Bonus shares issued	500,000	100,000	-	-	-	100,000
Share-based compensation	-	-	1,036	-	-	1,036
Net loss for the period	-	-	-	-	(589,211)	(589,211)
Other comprehensive income	-	-	-	207,272	-	207,272
Balance, April 30, 2013	31,140,806	$ 8,152,591	$ 1,114,780	$ 60,871	($ 832,839)	$ 8,495,403
Balance, April 30, 2011	30,017,056	$ 7,914,727	$ 1,048,644	($ 458,772)	($ 663,229)	$ 7,841,370
Issuance of shares	623,750	230,788	-	-	-	230,788
Share issuance costs	-	(35,482)	4,595	-	-	(30,887)
Proceeds allocated to warrants	-	(57,442)	57,442	-	-	-
Share-based compensation	-	-	3,063	-	-	3,063
Net income for the period	-	-	-	-	419,601	419,601
Other comprehensive income	-	-	-	312,371	-	312,371
Balance, April 30, 2012	30,640,806	$ 8,052,591	$ 1,113,744	($ 146,401)	($ 243,628)	$ 8,776,306

TITANSTAR PROPERTIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in Canadian Dollars)

	Year ended April 30 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	($ 589,211)	$ 419,601
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Foreign exchange (gain) loss	12,355	(13,789)
Share-based compensation	1,036	3,063
Share of income of joint ventures	(60,974)	(568,953)
Bonus shares included in finance costs	100,000	-
Amortization of transaction costs	63,392	-
Changes in operating assets and liabilities (note 14)	(178,241)	12,329
	(651,643)	(147,749)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in and contributions to joint ventures	(3,810,958)	(70,966)
Distributions from joint ventures	1,083,031	453,876
Advances to joint ventures	-	(541,611)
Purchase of short-term investments	(62,009)	-
	(2,789,936)	(158,701)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares	-	230,788
Share issuance costs	-	(30,887)
Advances from related parties	500,000	-
Advances of long-term debt	2,938,404	-
Expenditures on transaction costs	(413,932)	-
	3,024,472	199,901
Effect of exchange rate changes on cash	(13,315)	12,416
Change in cash for the period	(430,422)	(94,133)
Cash, beginning of period	470,166	564,299
Cash, end of period	$ 39,744	$ 470,166
Interest paid	$ 42,586	$ -

The accompanying notes are an integral part of these financial statements.

1. Organization

TitanStar Properties Inc. (the "Company") was incorporated under the *Canada Business Corporations Act* on June 3, 2008 and is a real estate holding company trading on the TSX Venture Exchange ("TSXV: TSP"). The Company issued share capital and commenced operations on June 30, 2008. The registered office of the Company is 950-789 West Pender, Vancouver, BC, V6C 1H2.

The sole business of the Company is the ownership of real property interests through its interests in joint ventures, consistent with a well-established investment policy. The Company seeks to create a portfolio of real estate assets in the United States with value to be maximized through the acquisition of well-positioned, undervalued or underperforming assets.

For the year ended April 30, 2013, the Company had a comprehensive loss of $381,939 (2012 – comprehensive income of $731,972) and has a deficit of $832,839 as at April 30, 2013 (2012 - $243,628). In addition to ongoing working capital requirements, the Company may be required to secure sufficient funding for acquisitions, general and administration costs and interest charges. Although management may have been successful in the past in undertaking financings, there can be no assurance that management will be able to do so in the future on terms acceptable to the Company. These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of operations for the foreseeable future. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and consolidated statement of financial position classifications that may be necessary were the going concern assumption inappropriate. These adjustments could be material.

These consolidated financial statements have been approved for issue by the Board of Directors on August 27, 2013.

2. Summary of significant accounting policies

a) Statement of compliance

The accompanying consolidated financial statements are prepared in accordance with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of presentation

The consolidated financial statements are prepared on a going concern basis and have been presented in Canadian dollars. The consolidated financial statements have been prepared on a historical cost basis.

2. Summary of significant accounting policies (continued)

c) Cash

Cash consists of funds on deposit.

d) Basis of consolidation

These consolidated financial statements include the financial assets and liabilities and results of operations of the Company and of its subsidiary. The assets and liabilities and results of operations include the consolidation of its wholly owned subsidiaries Titanstar DSC Holdings Inc., Titanstar GP Holdings Inc. and Titanstar LP Holdings Inc.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All material intercompany balances and transactions are eliminated upon consolidation.

e) Joint Arrangements

A joint venture is a contractual arrangement pursuant to which the Company and other parties undertake an economic activity that is subject to joint control whereby the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control. Joint venture arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities.

The Company reports its interest in jointly controlled entities using the equity method. Under the equity method equity accounted investments are recorded at initial cost plus the Company's share of post acquisition income or loss less distributions received. The Company's share of net income is reported in income of joint ventures in the consolidated statements of net income (loss) and comprehensive income (loss).

The accounting policies of the equity investments are consistent with the accounting policies of the Company. Where the Company transacts with its equity accounted investments, unrealized profits and losses are eliminated to the extent of the Company's interest in the investment. Balances outstanding between the Company and equity accounted investments in which it has an interest are not eliminated in the consolidated balance sheets.

2. Summary of significant accounting policies (continued)

At each reporting period the Company evaluates if there is objective evidence that its interest in an equity accounted investment is impaired. The entire carrying amount of the equity accounted investment is compared to the recoverable amount, which is the higher of value in use or fair value less costs to sell. The recoverable amount of each investment is considered separately.

f) Provisions

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

g) Share options and warrants

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

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

h) Shares

Shares are initially recognized at the fair value of the consideration received by the Company. Transaction costs related to the issuance of the shares are recognized directly in shareholders' equity as a reduction of the proceeds received.

2. Summary of significant accounting policies (continued)

i) Income or loss per share

Basic income or loss per share is calculated by dividing the income or loss by the weighted average number of common shares outstanding during the period. The Company computes 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 the 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.

j) Revenue recognition

Interest revenue is recognized when reasonable assurance exists regarding measurement and collectability on a time proportion basis.

k) Foreign currency translation

The functional currency of the Company's equity accounted investments is the United States dollar as it is the currency of the primary economic environment in which the investees operate. Consideration in determining the functional currency is given to the denomination of the major cash flows of the entity. Assets and liabilities of the investees are translated to Canadian dollars, the presentation currency and functional currency of the Company, at the period end rate of exchange and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in accumulated other comprehensive income (loss) in equity. Translation adjustments from monetary receivables and payables with the Company's equity accounted investments for which settlement is neither planned nor likely to occur in the foreseeable future are included in accumulated other comprehensive income in equity.

For assets, liabilities, revenue and expenses that do not form part of the Company's equity accounted investments any related foreign currency gains or losses are included in net income (loss).

l) Income taxes

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

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

2. Summary of significant accounting policies (continued)

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilized, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in an acquisition that is not a business combination and, at the time of the acquisition, affects neither the accounting profit nor taxable profit or loss and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. To the extent that an asset not previously recognized fulfills the criteria for recognition, a deferred income tax asset is recorded.

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

Current and deferred taxes relating to items recognized directly in equity are recognized in equity and not in the statement of loss.

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

2. Summary of significant accounting policies (continued)

m) Financial instruments

Financial assets and financial liabilities classified at fair value through profit or loss are subsequently measured at fair value with gains and losses recognized in net income. Loans and receivables and financial liabilities measured at amortized cost are subsequently measured at their amortized cost, using the effective interest method.

Derivative instruments are recorded at fair value including those derivatives that are embedded in a financial instrument or other contract but are not closely related to the host financial instrument or contract, respectively. Changes in the fair values of derivative instruments are recognized in net income, except for derivatives that are designated as cash flow hedges. The Company presently does not have any derivative financial instruments.

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

Financial Assets/Liabilities	Classification	Measurement
Cash	Loans and receivables	Amortized cost
Short-term investments	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Advances to joint ventures	Loans and receivables	Amortized cost
Accounts payable	Other liabilities	Amortized cost
Due from related parties	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

Transaction costs are expensed as incurred for financial instruments classified or designated at fair value through profit or loss. For other financial instruments, transaction costs are added to the related financial asset or liability on initial recognition and are measured at amortized cost using the effective interest method. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

The Company assesses impairment of all its financial assets, except those classified at fair value through profit or loss. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Impairment is included in current earnings.

2. Summary of significant accounting policies (continued)

n) Fair values

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

Fair value measurements recognized in the balance sheet are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

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

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

o) Future changes to significant accounting policies

The following new or amended standards have been issued by the IASB:

IFRS 7 – Financial Instruments: Disclosures, is amended to introduce enhanced disclosure requirements for financial instruments which are offset, effective for annual periods beginning on or after January 1, 2015 with earlier application permitted.

IFRS 9 – Financial Instruments replaces IAS 39 – Financial Instruments: Recognition and Measurement and IFRIC 9 – Reassessment of Embedded Derivatives, retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value, effective for annual periods beginning on or after January 1, 2015 with earlier application permitted.

2. Summary of significant accounting policies (continued)

IFRS 10 – Consolidated Financial Statements – replaces IAS 27 – Consolidated and Separate Financial Statements and, SIC-12 – Consolidation – Special Purpose Entities and requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

IFRS 11 – Joint Arrangements – supersedes IAS 31 – Interest in Joint Ventures and SIC-13 – Jointly Controlled Entities – Non-monetary Contributions by Venturers, established principles for the financial reporting by parties to a joint arrangement, effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

IFRS 12 – Disclosure of Interest in Other Entities, combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangement, associates and unconsolidated structured entities, effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

In conjunction with IFRS 10, IFRS 11 and IFRS 12, the IASB also issued amended and retitled IAS 27 – Separate Financial Statements, IAS 28 – Investments in Associates and Joint Ventures, and IAS 31 – Interests in Joint Ventures, effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

IFRS 13 – Fair Value Measurement, defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosure about fair value measurements, effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

IAS 1 – Presentation of Financial Statements, is amended to change the disclosure of items presented in other comprehensive income, including a requirement to separate items presented in other comprehensive income into two groups based on whether or not such items may be brought into net income or loss in the future, effective for annual periods beginning on or after July 1, 2013 with earlier application permitted.

IAS 32 – Financial Instruments: Presentation, is amended to provide specific guidance for when an entity can offset financial assets and liabilities, effective for annual periods beginning on or after January 1, 2014 with earlier application permitted.

The Company is currently evaluating the impact of these standards on its financial statements.

3. Critical accounting adjustments, estimates and assumptions

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

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

a) Classification of joint arrangements

The Company makes judgments as to whether the Company's investments provide it with joint control, significant influence or no influence. The Company has determined that it has joint control in all of its investments and therefore has accounted for its investment using the equity method.

b) Fair value and impairment of financial instruments

For certain financial instruments, including cash, amounts receivable and accounts payable and accrued liabilities, the carrying amounts approximate fair value due to their immediate or short term maturity. The fair value of advances to joint ventures requires estimates and assumptions to be made with respect to future cash flow, interest rates and other market factors.

The Company assesses the possibility and amount of any impairment loss or write-down as it relates to amounts receivable and advances to joint ventures.

Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

4. Short-term investments

Short-term investments consist of term deposits held with a chartered bank bearing interest at 0.05% interest per annum and are due May 2013.

5. Interests in joint ventures

The following summarizes financial information about the Company's interests in joint ventures:

	Year ended April 30, 2013	Year ended April 30, 2012
Interests in joint ventures, beginning of period	$ 6,115,317	$ 5,673,164
Contributions and investments	3,810,958	70,966
Distributions	(1,083,031)	(453,876)
Share of net income	60,974	568,953
Currency translation adjustments	163,834	256,110
Interests in joint ventures, end of period	$ 9,068,052	$ 6,115,317

Net proceeds from the Sahara Crossing will first be allocated 90% to repay the Company's advance to the joint venture of $2,232,877 (2012 – $2,189,439) and 10% to repay advances from the other venturer. Subsequent proceeds will be distributed to the Company and other venturer equally.

Summarized financial information of the Company's share of its interests in joint ventures is as follows:

	Year ended April 30, 2013	Year ended April 30, 2012
Revenue, including operating recoveries	$ 521,612	$ 291,685
Operating expenses, leasing and depreciation	(409,351)	(310,231)
Interest expense	(117,717)	(177,932)
Gain on sale of income properties	66,430	765,431
Net income	60,974	568,953
Currency translation adjustments	163,834	256,110
Comprehensive income	$ 224,808	$ 825,063

	As at April 30, 2013	As at April 30, 2012
Cash	$ 522,822	$ 534,082
Amounts receivable	308,795	146,160
Prepaid expenses	36,175	44,705
Income properties	15,638,285	8,243,115
	$ 16,506,077	$ 8,968,062
Accounts payable and accrued liabilities	$ 86,437	$ 22,298
Deferred revenue	25,889	30,692
Loan payable	1,116,439	1,094,720
Mortgage loan	6,226,035	1,705,035
Equity	9,068,052	6,115,317
	$ 16,506,077	$ 8,968,062

5. Interests in joint ventures (continued)

On December 31, 2012, TSP LP I, a joint venture in which the Company and Romspen Investment Corporation ("Romspen") (collectively, the "Joint Venturers") each have a 50% indirect interest, acquired a retail shopping center known as the Swanway Plaza ("Swanway Plaza") located in Tucson, Arizona. The Company's interest is through two wholly-owned subsidiaries, TSP LP Holdings Inc. (49.75% limited partnership interest in TSP LP I) and TSP GP Holdings Inc. (0.25% general partnership interest in TSP LP I through a 50% interest in the general partner of TSP LP I, TSP GPCo I, Inc.).

In addition, on January 25, 2013, TSP LP II, a joint venture in which the Company and Romspen each have a 50% indirect interest, acquired a second retail shopping center known as Kohl's San Tan Plaza ("San Tan Plaza") located in Chandler, Arizona. The Company's interest is through two wholly-owned subsidiaries, TSP LP Holdings Inc. (49.75% limited partnership interest in TSP LP II) and TSP GP Holdings Inc. (0.25% general partnership interest in TSP LP II through a 50% interest in the general partner of TSP LP II, TSP GPCo II, Inc.).

At April 30, 2013, the Company held the following joint venture interests under co-ownership accounted for on the equity basis:

Property Name	%	City	State	Date Acquired
Deer Springs Crossing	50%	Las Vegas	NV	04/16/10
Sahara Crossing	50%	Las Vegas	NV	10/18/10
Swanway Plaza	50%	Tucson	AZ	12/31/12
San Tan Plaza	50%	Chandler	AZ	01/25/13

Deer Springs Crossing represents a 50% interest in DSC LP through the Company's 100% wholly owned subsidiary, Titanstar DSC Holdings Inc., and a 50% interest in LVLH LP (49.5% limited partnership interest in LVLH LP and 0.5% interest in LVLH LP through a 50% interest in the general partner of LVLH LP, LV Loan Holdings GP). Sahara Crossing represents a 50% interest in SC LP through the Company's 100% wholly owned subsidiary, Titanstar DSC Holdings Inc.

6. Income or loss per share

The weighted average basic and diluted common shares outstanding for the year ended April 30, 2013 are 30,912,039 (2012 – 30,540,256).

The following securities were not included in the diluted net income per unit calculation for the year ended April 30, 2013 as the effect would have been anti-dilutive:

	Number of Common Shares	Weighted Average Exercise Price
Share options	650,000	$0.35
Warrants	673,650	$0.45
Outstanding, end of period	1,323,650	

7. Share capital

At April 30, 2013, the authorized share capital comprised an unlimited number of common shares.

On October 15, 2012, the Company received a total of $500,000 from two directors of the Company (note 10) and, in exchange, the Company issued a $500,000 promissory note payable to those directors. In addition, as consideration for those directors granting the loans to the Company, the Company issued 500,000 bonus shares to those directors and recognized financing costs of $100,000, representing the fair value of those shares as at that date.

On June 29, 2011, the Company issued 623,750 common shares and 623,750 non-transferable share purchase warrants for gross proceeds of $230,788. The warrants were valued at $57,442 and are exercisable for a period of 24 months from June 29, 2011. The exercise price of the warrants is $0.40 per share for the first year of issuance, and $0.45 per share from the first anniversary of issuance to expiry. Issue costs of $35,482 were incurred in connection with the offering, which included the value of 49,900 non-transferable share purchase warrants issued to the agent. The agent warrants were valued at $4,595 and are exercisable for a period of 24 months from June 29, 2011. The exercise price of the agent's warrants is $0.40 per share for the first year of issuance, and $0.45 per share from the first anniversary of issuance to expiry.

8. Share options

The Company's share option plan was approved by the shareholders at the annual general meeting on December 2, 2009. The share option plan provides that the aggregate number of common shares reserved for issuance under the share option plan, together with any share options outstanding, will not exceed 10% of the Company's issued and outstanding common shares at any time. The exercise price of an option will be determined by the board of directors but will, in any event, not be less than the discounted market price of the Company's common shares at the time of the grant of the option.

8. Share options (continued)

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

	Year ended April 30, 2013		Year ended April 30, 2012	
	Number of Share Options	Weighted Average Exercise Price	Number of Share Options	Weighted Average Exercise Price
Outstanding, beginning of period	700,000	$0.35	845,000	$0.35
Share options forfeited	(175,000)	$0.35	(145,000)	$0.35
Share options granted	125,000	$0.35	-	-
Outstanding, end of period	650,000	$0.35	700,000	$0.35
Share options exercisable	525,000		700,000	
Weighted average remaining life (years)	2.41		3.07	
Weighted average remaining life (years) – vested	2.06		3.07	

For the year ended April 30, 2013, the Company recognized $1,036 in share-based compensation relating to share options granted (2012 - $3,063).

Share Options Outstanding	Share Options Vested	Exercise Price	Remaining contractual life (years)
100,000	100,000	$0.35	1.96
425,000	425,000	$0.35	2.08
125,000	-	$0.35	3.88

The fair value of each share option is estimated on the date of the grant using the Black-Scholes option pricing model. The following assumptions were used for options granted during the year ended April 30, 2013:

Dividend yield	0%
Risk-free interest rate	1.31%
Expected average option term	5 years
Volatility	97%

9. Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Year ended April 30, 2013		Year ended April 30, 2012	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	8,283,949	$0.45	7,610,299	$0.43
Warrants issued	-	-	673,650	$0.43
Warrants expired	(7,610,299)	$0.45	-	-
Outstanding, end of period	673,650	$0.45	8,283,949	$0.45
Weighted average remaining life (years)	0.16		0.78	

For the year ended April 30, 2013, the Company recognized $nil in contributed surplus relating to warrants as no warrants were granted (2012 - $100,335). The fair value of each warrant grant is estimated on the date of issue using the Black-Scholes option pricing model. The following assumptions were used for options issued during the year ended April 30, 2012:

Dividend yield	0%
Risk-free interest rate	1.56%
Expected average option term	2 years
Volatility	118%

10. Related party transactions

During 2010, the Company entered into an asset management agreement with TitanStar Capital Corp. (the “Asset Manager”), pursuant to which the Asset Manager will provide asset management, administrative and other services to the Company and its subsidiaries. TitanStar Capital Corp. is a corporation owned by TitanStar Investment Group Inc., which is owned by T. Richard Turner, Chief Executive Officer of the Company. The Company has the right to terminate the asset management agreement at any time upon 60 days notice. The Asset Manager is entitled to a monthly advisory fee. On the date on which the Company attains an asset base with a gross book value of $200 million the Asset Manager is entitled to an annual advisory fee of 0.3% of the gross book value of the assets, payable monthly.

10. Related party transactions (continued)

On October 15, 2012, the Company received $500,000 in loan proceeds from two of its directors, each at $250,000. Each loan is payable on demand, with interest accruing at 6% per annum. In addition, the Company issued 500,000 bonus common shares to these same directors (note 7). As the loans are due on demand, they are short term in nature and have been reflected as such on the statement of financial position.

For the year ended April 30, 2013, the Company paid $13,850 ($12,000 plus HST/GST) to the Asset Manager for management fees pursuant to the asset management agreement (2012 - $12,000). Accounts payable and accrued liabilities include $16,657 (2012 - $nil) owed to directors.

11. Long-term debt

On January 1, 2013, the Company entered into a $25 million revolving equity bridge loan facility with Romspen. Pursuant to a loan facility agreement, the Company may, from time to time, draw down on the loan facility for the purposes of acquiring new real estate assets, subject to the terms and conditions thereto. Any indebtedness under the loan facility will incur interest at 10% per annum, and will be secured against the Company's interest in such new real estate assets, a second-ranking general assignment of all present and future rents with respect to leases in such real estates, a first-ranking all-assets general security agreement, and a specific assignment of the Company's interest in material agreements pertaining to such real estate assets. Additionally, the Company has pledged its interest in any holding subsidiary or limited partnership through which its existing or any future real estate assets are held. The credit facility has a term of two years, expiring on January 1, 2015, and the Company must, within the first year of such term, repay 50% of any amounts drawn down within that year. Romspen will receive a fee equal to 3% of any advance drawn from the loan facility, and will be reimbursed for its reasonable expenses in connection therewith.

As at	April 30, 2013	April 30, 2012
Long-term debt excluding financing costs	$2,938,404	-
Deferred financing costs	(350,540)	-
Long-term debt	2,587,864	-
Less: long-term debt – current	(1,265,895)	-
Long-term debt – non-current	$1,321,969	-

12. General and administrative expenses

	Year ended April 30, 2013	Year ended April 30, 2012
Insurance	$ 20,621	$ 16,550
Bank charges	1,505	333
Filing fees	40,357	25,970
Office costs	4,609	710
Management fees	13,850	12,000
Professional fees	221,214	86,279
Marketing and promotion	7,298	4,202
Travel	23,554	14,034
General and administrative expenses	$ 333,008	$ 160,078

13. Finance costs

	Year ended April 30, 2013	Year ended April 30, 2012
Interest on long-term debt	$ 140,394	$ -
Financing fees	100,000	-
Amortization of transaction costs	63,392	-
Finance costs	$ 303,786	$ -

14. Changes in operating assets and liabilities

	Year ended April 30, 2013	Year ended April 30, 2012
Amounts receivable	($ 26,333)	$ 1,364
Prepaid expenses and deposits	(374,414)	(3,583)
Accounts payable and accrued liabilities	222,506	14,548
	($ 178,241)	$ 12,329

15. Capital management

The Company's objectives when managing capital of $11,083,267 (2012 - $8,776,306), which is share capital, contributed surplus, Accumulated other comprehensive income (loss), deficit and long-term debt, are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

15. Capital management (continued)

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

The Company monitors capital from time-to-time using a variety of measures. Monitoring procedures are typically performed as a part of the overall management of the Company's operations. The Company's strategy during the period, which was unchanged from the prior period, was to maintain its ability to secure access to financing at a reasonable cost. The requirements and terms of sources of capital cannot be predicted and change in ways the Company cannot predict.

16. Risk management and fair values

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

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

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

Liquidity risk:

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company’s source of liquidity is its equity. The risk with issuing new capital is that the capital markets may not be receptive to an equity issue with financial terms favourable to the Company. The funds are primarily used to finance working capital and are adequate to meet the Company’s financial obligations associated with financial liabilities.

16. Risk management and fair values (continued)

The Company's financial liabilities include accounts payable and accrued liabilities and due to related parties due within a year. Long-term debt of $1,469,202 is due within one year and $1,469,202 is due within two years. Pursuant to the Sahara Crossing, LP limited partnership agreement, as amended; the Company is required to provide additional contributions of US$874,295 to the partnership on or before December 31, 2013.

Interest rate risk:

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. The Company invests in short-term investments that may be cashed prior to maturity.

There is interest rate risk associated with the loan payable in the joint venture as the interest is impacted by changes in the prime rate. If interest rates would have been 1% higher (or lower) for the year ended April 30, 2013, the Company would have higher (or lower) share of income (loss) of joint ventures included in net income or loss of approximately $17,300 (for the year ended April 30, 2012 - $17,500)

The sensitivity analysis does not take into consideration that the Company's assets and liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs or be mitigated by management actions to reduce exposure to risks.

Other limitations in the sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Credit risk:

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Company has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Company also may review credit history before establishing credit and review credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information.

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

16. Risk management and fair values (continued)

Foreign exchange risk:

Foreign exchange risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company is exposed to foreign exchange risk as its joint ventures investments undertake their economic activities in U.S. currency. Changes in the applicable exchange rate may result in a decrease or increase in foreign exchange income or loss. The Company may enter into forward exchange contracts to manage part of the foreign exchange risk exposures denominated in U.S. currency, but has no forward contracts as at April 30, 2013. The Canadian dollar equivalent of monetary assets and liabilities held by the Company that are denominated in U.S. dollars are as follows:

	April 30, 2013	April 30, 2012
Cash	$ 19,291	$ 204,190
Short-term investments	62,969	-
Amounts receivable	57,430	-
Advances to joint venture	2,232,877	2,189,439
Accounts payable	115,727	-

If the Canadian dollar had strengthened 5 percent against the U.S. dollar with all other variables held constant, the Company would have additional loss from foreign exchange included in net income or loss for the year ended April 30, 2013 of approximately $1,000 (for the year ended April 30, 2012 - $10,200) and additional loss from currency translation adjustments of joint ventures included in other comprehensive income or loss for the year ended April 30, 2013 of approximately $565,500 (for the year ended April 30, 2012 - $415,300). If the Canadian dollar had weakened 5 percent against the U.S. dollar with all other variables held constant, the Company would have additional income from foreign exchange included in net income or loss for the year ended April 30, 2013 of approximately $1,000 (for the year ended April 30, 2012 - $10,200) and additional income from currency translation adjustments of joint ventures included in other comprehensive income or loss for the year ended April 30, 2013 of approximately $565,500 (for the year ended April 30, 2012 - $415,300). The foreign currency exchange rate sensitivity in comprehensive income or loss is attributable to a change in the translation of monetary assets and liabilities, and interest in joint ventures, denominated in U.S. dollars.

The sensitivity analyses do not take into consideration that the Company's assets and liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs or be mitigated by management actions to reduce exposure to risks.

16. Risk management and fair values (continued)

Other limitations in the above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Fair values:

The fair value of cash, short-term investments, amounts receivable and accounts payable and due to related parties approximates their recorded value. Fair value is an estimate of the amount at which items might be exchanged in an arm’s length transaction between knowledgeable willing parties who are under no compulsion to act. The carrying value of the Company’s long-term debt approximates fair value. The fair value of the Company’s long-term debt has been estimated based on current market rates for long-term debt with similar terms and conditions. Fair value should not be interpreted as an amount that could be realized in immediate settlement of the instruments. The estimate of fair value at year-end may not represent fair values at any other date. The determination of fair value is also affected by the use of judgment and by uncertainty.

17. Income taxes

A reconciliation between the statutory Canadian income tax rate and the actual effective rate is as follows:

	2013	2012
Net income (loss) before income taxes	($ 589,211)	$ 419,601
Basic statutory tax rate	26.00%	26.00%
Expected income taxes (recovery)	(153,200)	109,100
Adjustments resulting from:		
Items non-deductible for income tax purposes	30,900	900
Differences on financing costs	(68,300)	(63,300)
Increase (decrease) in valuation allowance	188,600	(55,800)
Other	2,000	9,100
Provision for income taxes	$ -	$ -

The significant components of the Company's deferred income tax assets (liabilities) are as follows:

	2013	2012
Advances to joint ventures	$ 1,800	$ 7,000
Interests in joint ventures	(116,000)	(91,000)
Cumulative eligible capital	12,400	
Non-capital loss carry forward	541,700	364,400
Transaction costs	193,700	164,400
	633,600	445,000
Valuation allowance	(633,600)	(445,000)
Deferred income tax asset	$ -	$ -

18. Commitments

On February 13, 2013, the Company, together with Romspen, completed due diligence for the potential acquisition of the Metro Towne Center located in Phoenix, Arizona. As such, the Company and Romspen advanced a refundable deposit of US$317,000 to the vendor of the Metro Towne Center. If the acquisition is completed, such deposit will be credited towards the total purchase price of US$32,000,000.

18. Commitments (continued)

On April 16, 2013, the Company announced that it has entered into a non-binding letter of intent with respect to a potential target real estate asset located in Blue Springs, Missouri, known as the "Adam's Dairy Landing" retail shopping center. Pursuant to the non-binding letter of intent, the Company may acquire a 90% interest in Adam's Dairy Landing, with a proposed purchase price of US $58,300,000. A portion of the purchase price will be paid by way of the Company assuming an existing mortgage loan, subject to the prior approval of the existing mortgage lender. Completion of any acquisition of Adam's Dairy Landing will be subject to the Company completing a satisfactory due diligence. On completion of a due diligence review to its satisfaction, the Company will provide a non-refundable cash deposit of US $500,000.

19. Events after the reporting period

On May 27, 2013, the Company received $200,000 in loan proceeds from one of its directors. The loan is payable on demand, with interest accruing at 6% per annum. In addition, the Company issued 200,000 bonus common shares to the same director.

On June 11, 2013, the President, CEO and director of the Company as well as a second director of the Company, received shares of the Company in lieu of cash for the repayment of a previous loan owed to them in the amounts of $500,000. Each individual received 833,333 common shares of the Company as payment of the debt.

On August 8, 2013, the Company closed a short form prospectus with respect to an offering of $4,500,000 of 8.5% convertible, redeemable, unsecured subordinated debentures ("Debentures"), at a price of $1,000 per Debenture. Proceeds of the Debentures were used to repay long-term debt. The Debentures will bear interest at a rate of 8.5% per annum payable quarterly in arrears, in cash, on March 31, June 30, September 30 and December 31 of each year, with the first payment occurring on September 30, 2013, and will have a maturity date of September 30, 2018.