TITANSTAR PROPERTIES INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2014 and 2013

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

	April 30, 2014	April 30, 2013
ASSETS		
Current		
Cash	$ 545,020	$ 39,744
Short-term investments (note 4)	68,526	62,969
Amounts receivable	213,496	57,430
Prepaid expenses and deposits	87,590	387,364
	914,632	547,507
Advances to joint ventures (note 5)	3,026,127	2,232,877
Interests in joint ventures and associates (note 5)	16,168,074	9,068,052
	$ 20,108,833	$ 11,848,436
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 1,378,679	$ 265,169
Due to related parties (note 6)	800,000	500,000
Promissory note payable (note 7)	400,000	-
Current portion of long-term debt (note 8)	6,563,304	1,265,895
Convertible debentures (note 9)	4,147,861	-
	13,289,844	2,031,064
Long-term debt (note 8)	-	1,321,969
	13,289,844	3,353,033
Shareholders' equity		
Share capital (note 10)	8,984,954	8,152,591
Convertible debentures (note 9)	257,096	-
Contributed surplus	1,192,124	1,114,780
Accumulated other comprehensive income	1,515,545	60,871
Deficit	(5,130,730)	(832,839)
	6,818,989	8,495,403
	$ 20,108,833	$ 11,848,436

Approved by the Board:

Board Chair

Chair, Audit Committee

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

	Year ended April 30 2014	2013
EXPENSES		
General and administrative (note 13)	$ 2,726,068	$ 333,008
Finance costs (note 14)	1,638,409	303,786
Share-based compensation	15,823	1,036
OPERATING LOSS	(4,380,300)	(637,830)
OTHER ITEMS		
Share of income of joint ventures and associates (note 5)	124,828	60,974
Interest income	532	-
Foreign exchange loss	(42,951)	(12,355)
	82,409	48,619
NET LOSS	($4,297,891)	($ 589,211)
Basic and diluted loss per common share (note 15)	($ 0.12)	($ 0.02)
NET LOSS	($4,297,891)	($ 589,211)
OTHER COMPREHENSIVE INCOME		
Currency translation adjustment of joint ventures and associates	1,454,674	207,272
COMPREHENSIVE LOSS	($ 2,843,217)	($ 381,939)

TITANSTAR PROPERTIES INC.

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

	Number of Shares	Share Capital	Convertible Debentures	Contributed Surplus	Accumulated Other Comprehensive Income (loss)	Deficit	Total
Balance, April 30, 2012	30,640,806	$ 8,052,591	$ -	$ 1,113,744	($ 146,401)	($ 243,628)	$ 8,776,306
Bonus common 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
Bonus common shares issued	2,661,539	240,000	-	-	-	-	240,000
Conversion of due to related parties	1,666,666	500,000	-	-	-	-	500,000
Convertible debentures issued	-	-	262,603	-	-	-	262,603
Conversion of debentures	1,378,459	92,363	(5,507)	-	-	-	86,856
Share-based compensation	-	-	-	15,823	-	-	15,823
Issuance of agents warrants	-	-	-	61,521	-	-	61,521
Net loss for the period	-	-	-	-	-	(4,297,891)	(4,297,891)
Other comprehensive income	-	-	-	-	1,454,674	-	1,454,674
Balance, April 30, 2014	36,847,470	$ 8,984,954	$ 257,096	$ 1,192,124	$1,515,545	($5,130,730)	$ 6,818,989

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

	Year ended April 30 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	($ 4,297,891)	($ 589,211)
Adjustments to reconcile net loss to net cash provided by operating activities		
Bonus shares included in financing fees	240,000	100,000
Share-based compensation	15,823	1,036
Amortization of transaction costs	515,500	63,392
Accretion of convertible debt	37,579	-
Share of income of joint ventures and associates	(124,828)	(60,974)
Foreign exchange loss	42,951	12,355
Changes in operating assets and liabilities (note 16)	1,257,218	(178,241)
	(2,313,648)	(651,643)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in and contributions to joint ventures and associates	(6,746,933)	(3,810,958)
Distributions from joint ventures and associates	983,231	1,083,031
Advances to joint ventures and associates	(561,134)	-
Purchase of short-term investments	(33)	(62,009)
	(6,324,869)	(2,789,936)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related parties	800,000	500,000
Proceeds from promissory note payable	400,000	-
Proceeds from issuance of convertible debentures	5,360,000	-
Advance of long-term debt	6,760,972	2,938,404
Repayment of long-term debt	(2,938,404)	-
Expenditures on transaction costs	(1,201,366)	(413,932)
	9,181,202	3,024,472
Effect of exchange rate changes on cash	(37,409)	(13,315)
Change in cash for the period	505,276	(430,422)
Cash, beginning of period	39,744	470,166
Cash, end of period	$ 545,020	$ 39,744
Interest paid	$ 846,281	$ 42,586
Income taxes paid	$ -	$ -

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 (common shares "TSXV: TSP", convertible debentures "TSXV: TSP.DB"). The Company issued share capital and commenced operations on June 30, 2008. The registered office of the Company is 1745 - 1050 West Pender Street, Vancouver, BC, V6E 3S7.

The sole business of the Company is the ownership of real property interests, consistent with a well-established investment policy. The Company seeks to create a portfolio of stabilized income producing real estate assets primarily in the United States southwest area with value to be maximized through the acquisition of well-positioned, quality assets where management believes there will be lease rate increases in the future and decreasing capitalization rates that will each contribute to value creation. The initial focus is on necessity-based, nationally-anchored retail/commercial properties, community centers and industrial properties.

For the year ended April 30, 2014, the Company had a comprehensive loss of $2,843,217 (2013 – $381,939) and has a deficit of $5,130,730 (April 30, 2013 - $832,839). As at April 30, 2014, the Company had a working capital deficiency of $12,375,212 (2013 - $1,483,557). 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 21, 2014.

2. Summary of significant accounting policies

a) Statement of compliance

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting 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.

c) Cash

Cash consists of funds on deposit.

d) Basis of consolidation

The consolidated financial statements include the assets and liabilities and results of operations of the Company and of its subsidiaries. The assets and liabilities and results of operations include the consolidation of its wholly owned subsidiaries Titanstar DSC Holdings Inc., Titanstar GP Holdings Inc., Titanstar LP Holdings Inc. and Blue Springs Development II LLC.

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 and associates

The Company classifies its interest in joint arrangements as either joint operations or joint ventures depending on the Company's rights to assets and obligations for the liabilities of the arrangements. When making this assessment, management considers the structure of the arrangement, the legal form of any separate entities, the contractual terms of the arrangement and other facts and circumstances. The Company has determined that its joint arrangements are joint ventures since the Company has rights to and is liable for the net assets of the arrangements. The Company classifies entities it has significant influence over as associates.

2. Summary of significant accounting policies (continued)

e) Joint arrangements and associates (continued)

The Company reports its interest in joint ventures and associates using the equity method. Under the equity method interests in joint ventures and associates are recorded at initial cost plus the Company's share of post-acquisition income or loss plus contributions less distributions received. Subsequent to the acquisition date, the Company's share of net income is reported in income of joint ventures and associates in the consolidated statements of net loss and comprehensive loss.

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

At each reporting period, the Company evaluates if there is objective evidence that its interest in a joint venture investment is impaired. The entire carrying amount of the interest in a joint venture 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) Convertible debentures

Convertible debentures are separated into debt and equity components based on the respective fair values at the date of issue. The value of the debt component is calculated at the estimated fair value of the future interest and principal payments due under the terms of the convertible debentures. The value assigned to the equity component represents the value of the conversion feature. Transaction costs directly related to the debt component of convertible debentures are recognized in net loss over the term of the borrowings. Transaction costs directly related to the equity component of convertible debentures are recognized in the value of the equity component, net of deferred income tax.

Subsequent to initial recognition, the liability component of convertible debentures is measured at amortized cost using the effective interest rate method. The equity component is not measured subsequent to initial recognition.

2. Summary of significant accounting policies (continued)

h) 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 share 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.

i) 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.

j) 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 dilutive effect of options, warrants and similar instruments. 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.

k) Revenue recognition

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

2. **Summary of significant accounting policies (continued)**

l) Foreign currency translation

The functional currency of the Company's interest in joint ventures and associates is the United States dollar as it is the currency of the primary economic environment in which the joint ventures and associates 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 joint ventures and associates 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 within the Company's interests in joint ventures and associates 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 interests in joint ventures and associates any related foreign currency gains or losses are included in net income (loss).

m) 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.

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 and associates, 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.

2. Summary of significant accounting policies (continued)

m) Income taxes (continued)

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 and associates, 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.

n) 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.

2. Summary of significant accounting policies (continued)

n) Financial instruments (continued)

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

Financial Assets	**Classification**	**Measurement**
Cash	Loans and receivables	Amortized cost
Short-term investments	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Deposits	Loans and receivables	Amortized cost
Advances to joint ventures	Loans and receivables	Amortized cost
Accounts payable	Other liabilities	Amortized cost
Due to related parties	Other liabilities	Amortized cost
Promissory note payable	Other liabilities	Amortized cost
Convertible debentures	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.

o) 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.

2. Summary of significant accounting policies (continued)

o) Fair values (continued)

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.

p) Current changes to significant accounting policies

Effective May 1, 2013, the Company adopted IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interest in Other Entities and IFRS 13 – Fair Value Measurements. The adoption of IFRS 10 did not result in any change to the consolidation of any of the Company's subsidiaries. The adoption of IFRS 11 did not result in any changes in the accounting methods for the Company's joint ventures. The disclosures required by IFRS 12 are included in the consolidated financial statement for the years ended April 1, 2014 and 2013. The adoption of IFRS 13 did not require any changes to the valuation techniques used by the Company to measure fair value and did not result in changes to fair values as at May 1, 2013.

q) Future changes to significant accounting policies

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

IFRS 9 – Financial Instruments replaces IAS 39 – Financial Instruments: Recognition and Measurement, retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The standard is effective for fiscal years beginning on or after January 1, 2018.IFRIC 21 – Levies, clarifies that the obligating event giving rise to a liability to pay a levy is the activity described in relevant legislation that triggers payment of the levy, effective for years beginning on or after January 1, 2014.

2. Summary of significant accounting policies (continued)

q) Future changes to significant accounting policies (continued)

The IASB and the Financial Accounting Standards Board have completed their joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and US GAAP. As a result of the joint project, the IASB issued IFRS 15 – Revenue from Contracts with Customers. The standard establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The effective date of the standard is January 1, 2017. The Company is currently evaluating the impact of the new standard on its consolidated financial statements.

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 rights to the assets, and obligations for the liabilities, relating to the arrangement or the net assets of the arrangement. The Company makes judgments as to whether its joint arrangements are join operations or joint ventures. The Company has determined that its joint arrangements are joint ventures and therefore has accounted for its investments using the equity method.

b. Fair value and impairment

For certain financial instruments, including cash, amounts receivable and accounts payable and accrued liabilities due to related parties and promissory note payable, 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.

3. Critical accounting adjustments, estimates and assumptions (continued)

b. Fair value and impairment (continued)

The Company assesses the possibility and amount of any impairment loss or write-down as it relates to amounts receivable, advances to joint ventures and investments in joint ventures and associates. Estimations of includes evaluating the recoverability of amounts receivable and future operations. The assessment is based upon existing conditions. To the extent estimates differ from actual results, net loss and comprehensive loss would be affected in a subsequent period.

c. Income tax provision

The Company is subject to taxation in multiple jurisdictions and determines an income tax provision in each of the jurisdictions in which it operates. These income tax provisions include amounts that are based upon the Company's estimates and assumptions regarding values used to record intercompany transactions. Actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements. Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, net loss and comprehensive loss would be affected in a subsequent period.

There are transactions and calculations during the course of business for which the ultimate tax determination is uncertain. Income tax provisions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. It is possible that at some future date, liabilities in excess of the Company's provisions could result from audits by, or litigation with, relevant taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

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 (April 30, 2013 – 0.05% interest per annum) and are due May 2014 (2013 – May 2013).

(expressed in Canadian dollars)

5. Interests in joint ventures and associates

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

	Year ended April 30, 2014	Year ended April 30, 2013
Interests in joint ventures and associates, beginning of period	$ 9,068,052	$ 6,115,317
Contributions and investments	6,746,933	3,810,958
Distributions	(983,231)	(1,083,031)
Share of net income	124,828	60,974
Currency translation adjustments	1,211,426	163,834
Interests in joint ventures and associates, end of period	$16,168,074	$ 9,068,052

Net proceeds from the Sahara Crossing will first be allocated 90% to repay the Company's advance to the joint venture of $3,026,127 (April 30, 2013 – $2,232,877) and 10% to repay advances from the other venturer. Subsequent proceeds will be distributed to the Company and other venturer equally.

At April 30, 2014, the Company held the following joint venture interests and associates accounted for on the equity basis:

Property Name	Investment	%	City	State	Date Acquired
Deer Springs Crossing ("DSC")	Joint Venture	50%	Las Vegas	NV	04/16/10
Sahara Crossing ("SC")	Joint Venture	50%	Las Vegas	NV	10/18/10
Swanway Plaza ("SWP")	Joint Venture	50%	Tucson	AZ	12/31/12
San Tan Plaza ("STP")	Joint Venture	50%	Chandler	AZ	01/25/13
Adam's Dairy Landing ("ADL")	Associate	38.4%	Blue Springs	MO	09/27/13

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.

5. Interests in joint ventures and associates (continued)

On December 31, 2012, TSP LP I, a joint venture in which the Company and Romspen Investment Corporation ("Romspen") each have a 50% indirect interest, acquired a retail shopping center known as the 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.).

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 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.).

On September 27, 2013, the Company acquired a 38.4% interest in a retail shopping center known as Adam's Dairy Landing (Adam's Dairy) located in Blue Springs, Missouri. The Company's interest is through two wholly owned subsidiaries, TSP Holdings Inc. (37.5% limited partnership interest in Blue Springs Partners LP) and TSP GP Holdings Inc. (0.9% general partnership interest in Blue Springs Development II LLC).

The Company had an option to acquire an additional 51.6% interest in Adams Dairy for an additional amount of US $8,062,500 on or before February 18, 2014 ("Second Closing Date") with two extensions to March 17, 2014 and April 16, 2014 at a cost of US $150,000 each. The Company elected to execute its right to acquire the additional 51.6% beneficial interest and paid the extension fees on February 18, 2014 and March 17, 2014 respectively. The Second Closing Date was extended to May 2, 2014 at no additional cost. If the event that the Company did not acquire the additional 51.6% by the Second Closing Date, the seller has a buy back right at the original sale value (US $6,000,000) on the 38.4% interest within six months of the Second Closing Date. The Second Closing Date was not achieved by the Company and accordingly, the deposits became non-refundable and the buy-back right is in effect. The Company is currently pursuing a reinstatement of the terms to acquire up to 100% interest in Adams Dairy in conjunction with its strategic partnership with Hoche Partners International and Inovalis S.A as announced in a May 28, 2014 press release.

(expressed in Canadian dollars)

5. Interests in joint ventures and associates (continued)

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

As at April 30, 2014:

	DSC	SC	SWP	STP	ADL	Total
Current assets						
Cash	$ 506,139	$ 489,492	$ 66,956	$ 30,990	$ 828,816	$ 1,922,393
Amounts receivable	-	207,465	6,003	39,608	348,338	601,414
Prepaid expenses and deposits	19,354	14,009	203,937	65,333	6,322	308,955
	525,493	710,966	276,896	135,931	1,183,476	2,832,762
Income properties	12,014,914	5,859,116	11,285,428	4,225,211	67,298,253	100,682,922
Current liabilities						
Accounts payable and accrued liabilities	(5,989)	(44,247)	(78,911)	(57,529)	(5,401,375)	(5,588,051)
Current portion of long-term debt	-	(67,044)	(121,481)	(42,811)	(46,700,561)	(46,931,897)
	(5,989)	(111,291)	(200,392)	(100,340)	(52,101,936)	(52,519,948)
Note payable	-	(3,026,127)	-	-	-	(3,026,127)
Long-term debt	-	(2,363,135)	(6,959,414)	(2,510,802)	-	(11,833,351)
Net assets at 100%	$ 12,534,418	$ 1,069,529	$ 4,402,518	$ 1,750,000	$ 16,379,793	$ 36,136,258
Company share	$ 6,267,209	$ 534,765	$ 2,201,259	$ 875,000	$ 6,289,841	$ 16,168,074

As at April 30, 2013:

	DSC	SC	SWP	STP	Total
Current assets					
Cash	$ 648,651	$ 192,511	$ 71,870	$ 132,612	$ 1,045,644
Amounts receivable	172,998	299,889	115,163	29,540	617,590
Prepaid expenses and deposits	18,627	12,884	34,865	5,974	72,350
	840,276	505,284	221,898	168,126	1,735,584
Income properties	10,806,268	5,706,790	10,747,724	4,015,788	31,276,570
Current liabilities					
Accounts payable and accrued liabilities	(22,408)	(51,979)	(100,276)	(49,989)	(224,652)
Current portion of long-term debt	-	(45,240)	(52,912)	(18,647)	(116,799)
	(22,408)	(97,219)	(153,188)	(68,636)	(341,451)
Note payable	-	(2,232,879)	-	-	(2,232,879)
Long-term debt	-	(3,467,574)	(6,450,718)	(2,383,429)	(12,301,721)
Net assets at 100%	$ 11,624,136	$ 414,402	$ 4,365,716	$ 1,731,849	$ 18,136,103
Company share	$ 5,812,068	$ 207,201	$ 2,182,858	$ 865,925	$ 9,068,052

(expressed in Canadian dollars)

5. Interests in joint ventures and associates (continued)

Year ended April 30, 2014:

	DSC	SC	SWP	STP	ADL	Total
Revenue, including operating recoveries	$ 13,461	$ 439,319	$ 1,148,986	$ 520,244	$ 4,002,692	$ 6,124,702
Operating and leasing expenses	(169,095)	(319,870)	(453,738)	(176,464)	(1,203,899)	(2,323,066)
Depreciation	-	(535,790)	(336,080)	(154,484)	(2,167,535)	(3,193,889)
Interest expense	-	(102,901)	(319,501)	(120,039)	(1,094,857)	(1,637,298)
Lease termination fee	-	1,171,649	-	-	-	1,171,649
Net income at 100%	(155,634)	652,407	39,667	69,257	(463,599)	142,098
Company share	(77,817)	326,204	19,834	34,629	(178,022)	124,828
Other comprehensive income	501,958	279,069	186,892	72,513	414,242	1,454,674
Total comprehensive income	$ 424,141	$ 605,273	$ 206,726	$ 107,142	$ 236,220	$ 1,579,502

Year ended April 30, 2013:

	DSC	SC	SWP	STP	Total
Revenue, including operating recoveries	$ 16,649	$ 569,825	$ 352,136	$ 104,613	$ 1,043,223
Operating and leasing expenses	(179,982)	(91,670)	(106,352)	(30,055)	(408,059)
Depreciation	-	(292,920)	(80,649)	(37,073)	(410,642)
Interest expense	-	(109,244)	(102,163)	(24,027)	(235,434)
Gain on sale of income properties	132,860	-	-	-	132,860
Net income at 100%	(30,473)	75,991	62,972	13,458	121,948
Company share	(15,237)	37,996	31,486	6,729	60,974
Other comprehensive income	117,044	45,688	41,614	2,926	207,272
Total comprehensive income	$ 101,807	$ 83,684	$ 73,100	$ 9,655	$ 268,246

6. Related party transactions

The Company has 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.

For the year ended April 30, 2014, the Company paid $12,000 plus GST (2013 - $12,000 plus HST) to the Asset Manager for management fees pursuant to the asset management agreement.

(expressed in Canadian dollars)

6. Related party transactions (continued)

Due to related parties included amounts due to directors of the Company. The amounts due to directors are unsecured, due on demand and bear interest at 6% per annum (2013 – 6% per annum).

	April 30, 2014	April 30, 2013
Balance, beginning of year	$ 500,000	$ -
Settlement of $500,000 with 1,666,666 common shares	(500,000)	-
Advances from related parties	800,000	500,000
Balance, end of year	$ 800,000	$ 500,000

During the year ended April 30, 2014, the Company issued 200,000 bonus common shares at $0.20 per share in connection with the advance of $200,000 from directors and 1,476,924 bonus common shares at $0.08125 in connection with the advance of $600,000 from directors. During the year ended April 30, 2013, the Company issued 500,000 bonus common shares at $0.20 per share in connection with the advance of $500,000 from directors. The fair value of the bonus common shares is expensed as financing fees in finance costs.

For the year ended April 30, 2014, the Company paid $25,500 (2013 - $15,000) of interest on amounts due to related parties.

For year ended April 30, 2014 the Company paid $49,000 (2013 - $nil) of service fees to the CFO.

7. Promissory note payable

During the year ended April 30, 2014, the Company received promissory note payable proceeds of $400,000. The promissory note payable is unsecured, accrues interested at a rate of 6% per annum, and is due on demand. In connection with the promissory note payable, the Company issued 984,615 bonus common shares at $0.08125 per share. The fair value of the bonus common shares is expensed as financing fees in finance costs.

8. 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

(expressed in Canadian dollars)

8. Long-term debt (continued)

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.

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, 2014	April 30, 2013
Romspen debt excluding transaction costs	$ 6,760,972	$ 2,938,404
Transaction costs	(197,668)	(350,540)
Long-term debt	6,563,304	2,587,864
Less: long-term debt - current	(6,563,304)	(1,265,895)
Long-term debt - non-current	$ -	$ 1,321,969

9. Convertible debentures

During the year ended April 30, 2014 the Company issued convertible debentures in the amount of $5,360,000. The agents received 6% cash compensation and compensation options (note 12).

The convertible debentures are unsecured, subordinate to senior indebtedness and mature September 30, 2018. Interest at the rate of 8.5% per annum is payable quarterly in arrears commencing September 30, 2013. The convertible debentures are convertible into common shares of the Company at $0.08125 per share at any time prior to the close of business on the earlier of: (i) the date that is five days immediately preceding the maturity date, and (ii) if called for redemption, on the business day immediately preceding the date specified by the Company for the redemption of the convertible debentures.

The calculated present value of $5,036,618 was allocated to debt using a discount rate of 10%, and the residual amount of $323,382, net of transaction costs of $60,779 allocated to equity. The convertible debentures were allocated into their liability and equity components on the date of issuance as follows:

	Convertible debentures (at face value)
Liability	$ 5,036,618
Equity	323,382
Principal on issuance	5,360,000
Conversion of debentures	(112,000)
Principal on April 30, 2014	$ 5,248,000

(expressed in Canadian dollars)

9. Convertible debentures

The accretion of the liability component of the convertible debentures, which increases the liability component from the initial allocation on the date of issuance, is included in finance costs and is as follows:

	April 30, 2014	April 30, 2013
Liability, beginning of year	$ -	$ -
Issuance of convertible debentures	5,036,618	-
Accretion	37,579	-
Conversion of debentures	(106,331)	-
Liability, end of year	4,967,866	-
Transaction costs, beginning of year	-	-
Transaction costs incurred	(946,609)	-
Conversion of debentures	19,475	-
Amortization of transaction costs	107,129	-
Transaction costs, end of year	(820,005)	-
Convertible debentures	$ 4,147,861	$ -

The Company is required to pay, as a sinking fund for the redemption of the convertible debentures, an amount which is equal to 3.0% of the aggregate outstanding principal amount of all convertible debentures outstanding at September 30, 2013 ($5,255,000), on September 30 in any year commencing on September 30, 2014 and ending on September 30, 2017. The maximum aggregate amount of all sinking fund payments made by the Company shall not exceed 20.0% of the aggregate principal amount of all convertible debentures.

As a condition of the convertible debentures, the Company is required to maintain an annual debt service coverage ratio. As of April 30, 2014, the Company was not in compliance with the covenant. As a result of the non-compliance, the convertible debentures holders have the right to demand payment and the convertible debentures are presented as a current liability.

10. Share capital

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

During the year ended April 30, 2014, the shareholders of the Company approved the creation of an unlimited number of non-voting preferred securities. The preferred securities will be undated, perpetual securities having no fixed maturity date or redemption date. The preferred securities will be redeemable at any time at the Company's option, in whole or in part and will bear simple interest at a rate per annum to be determined by the Company. The board of directors of the Company may issue the preferred securities at any time and from time to time in one or more series. At April 30, 2014, the authorized share capital comprised an unlimited number of common shares and non-voting preferred securities.

(expressed in Canadian dollars)

10. Share capital (continued)

	April 30, 2014		April 30, 2013	
	Common shares	Share capital	Common shares	Share capital
Issued and outstanding, beginning of year	31,140,806	$ 8,152,591	30,640,806	$ 8,052,591
Bonus common shares issued	2,661,539	240,000	500,000	100,000
Conversion of due to related parties	1,666,666	500,000	-	-
Conversion of debentures	1,378,459	92,363	-	-
Issued and outstanding, end of year	36,847,470	$ 8,984,954	31,140,806	$ 8,152,591

11. 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.

On September 4, 2013, the Company issued share options under its share option plan to directors, officers and a consultant to advance the interests of the Company and recognize completion of the recently completed convertible debenture offering. The total number of options granted was 630,000 at an exercise price of $0.10. The options vest 1/3rd at the end of each of the first three years and have a term of five years.

On December 14, 2013, the Company issued share options under its share option plan. 300,000 options were granted at an exercise price of $0.08125. The options vest 1/3rd at the end of each of the first three years and have a term of five years.

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 issued during the years ended April 30, 2014 and 2013:

Dividend yield	0% (2013 – 0%)
Risk-free interest rate	1.90% (2013 – 1.31%)
Expected average option term	5 years (2013 – 5 years)
Volatility	48-79% (2013 – 97%)

(expressed in Canadian dollars)

11. Share options (continued)

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

	Year ended April 30, 2014		Year ended April 30, 2013	
	Number of Share Options	Weighted Average Exercise Price	Number of Share Options	Weighted Average Exercise Price
Outstanding, beginning of period	650,000	$0.35	700,000	$0.35
Share options forfeited	-	-	(175,000)	0.35
Share options granted	930,000	0.09	125,000	0.35
Outstanding, end of period	1,580,000	$0.20	650,000	$0.35
Share options exercisable	566,666		525,000	
Weighted average remaining life (years)	3.23		2.41	
Weighted average remaining life (years) – vested	1.23		2.06	

Share options vested and share options outstanding are summarized as follows:

Share Options Outstanding	Share Options Vested	Exercise Price	Remaining contractual life (years)
100,000	100,000	$0.35	0.96
425,000	425,000	0.35	1.08
125,000	41,666	0.35	3.36
630,000	-	0.10	4.29
300,000	-	0.08	4.63
1,580,000	566,666		

12. Warrants

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

	Year ended April 30, 2014		Year ended April 30, 2013	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	673,650	$0.45	8,283,949	$0.45
Warrants issued	4,617,844	$0.08	-	-
Warrants expired	(673,650)	$0.45	(7,610,299)	-
Outstanding, end of period	4,617,844	$0.08	673,650	$0.45
Weighted average remaining life (years)	1.27		0.16	

(expressed in Canadian dollars)

12. Warrants (continued)

During the year ended April 30, 2014, the Company granted 3,958,152 non-transferable compensation options to the agents involved in the issuance of the convertible debentures (note 9). Each compensation option entitles the holder thereof to purchase one additional share at $0.08125 per share up to August 8, 2015. An additional 659,692 non-transferable compensation options with the same terms noted above were issued to the lead agent.

The fair value of each warrant is estimated on the date of the grant using the Black-Scholes option pricing model. The following assumptions were used for options issued during the year ended April 30, 2014:

Dividend yield	0%
Risk-free interest rate	1.23%
Expected average option term	2 years
Volatility	49%

13. General and administrative expenses

	Year ended April 30, 2014	Year ended April 30, 2013
Insurance	$ 22,281	$ 20,621
Bank charges	3,150	1,505
Filing fees	107,149	40,357
Office costs	19,951	4,609
Management fees	12,600	13,850
Potential project costs	1,032,773	67,171
Marketing & promotion	-	7,298
Professional fees	230,085	154,043
REIT related expenses	691,028	-
Subscription receipts and prospectus expenses	550,611	-
Travel	56,440	23,554
General and administrative expenses	$ 2,726,068	$ 333,008

14. Finance costs

	Year ended April 30, 2014	Year ended April 30, 2013
Interest on long-term debt and convertible debentures	$ 845,330	$ 140,394
Financing fees	240,000	100,000
Amortization of transaction costs	515,500	63,392
Accretion of convertible debt	37,579	-
Finance costs	$ 1,638,409	$ 303,786

(expressed in Canadian dollars)

15. Loss per share

The weighted average basic and diluted common shares outstanding for the year ended April 30, 2014 are 34,599,404 (2013 – 30,912,039).

The following securities were not included in the diluted net income per unit calculation for the year ended April 30, 2014 as the effect would have been anti-dilutive:

	Number of Common Shares	Weighted Average Exercise Price / Conversion Price
Share options	1,580,000	$0.20
Warrants	4,617,844	$0.08125
Convertible debentures	64,590,769	$0.08125
Total	70,788,613	

16. Changes in operating assets and liabilities

	Year ended April 30, 2014	Year ended April 30, 2013
Amounts receivable	($ 156,066)	($ 26,333)
Prepaid expenses and deposits	299,774	(374,414)
Accounts payable and accrued liabilities	1,113,510	222,506
	$ 1,257,218	($ 178,241)

17. Capital management

The Company's objectives when managing capital of $17,930,154 (April 30, 2013 - $11,083,267), which is share capital, contributed surplus, equity component of convertible debentures, accumulated other comprehensive income, deficit, promissory note payable, convertible debentures 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.

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.

17. Capital management (continued)

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.

18. 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.

The Company’s financial liabilities include accounts payable, due to related parties, promissory note payable, convertible debentures at face value and long-term debt which are all currently due.

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.

18. Risk management and fair values (continued)

There is interest rate risk associated with the loan payable in the joint ventures and associates 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, 2014, the Company would have higher (or lower) share of income of joint ventures and associates included in net loss of approximately $15,200 (2013 - $17,300).

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 or tenants 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 (tenants), which may include the analysis of the financial position of the debtor or tenant and review of credit limits. The Company also may review credit history before establishing credit and review credit performance. In the case of a tenant, management carefully watches and monitors rent payments which are due each month. 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.

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 and associates 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, 2014.

18. Risk management and fair values (continued)

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, 2014	April 30, 2013
Cash	$ 222,021	$ 19,291
Short-term investments	68,526	62,969
Amounts receivable	213,496	57,430
Advances to joint ventures	3,026,127	2,232,877
Accounts payable	278,257	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 loss for the year ended April 30, 2014 of approximately $11,200 (2013 loss of $1,000) and additional loss from currency translation adjustments of joint ventures and associates included in other comprehensive income or loss for the year ended April 30, 2014 of approximately $960,000 (2013 loss of $565,500). 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 loss for the year ended April 30, 2014 of approximately $11,200 (2013 income of $1,000) and additional income from currency translation adjustments of joint ventures and associates included in other comprehensive income or loss for the year ended April 30, 2014 of approximately $960,000 (2013 income of $565,500). 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 and associates, 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.

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.

(expressed in Canadian dollars)

18. Risk management and fair values (continued)

Fair values:

The fair value of cash, short-term investments, amounts receivable, advances to joint ventures, accounts payable, promissory note 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 and convertible debentures approximates fair value. The fair value of the Company's long-term debt and convertible debentures has been estimated based on current market rates for long-term debt and convertible debentures 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.

19. Income taxes

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

	2014	2013
Net loss before income taxes	($4,297,891)	($ 589,211)
Basic statutory tax rate	26.00%	26.00%
Expected income taxes (recovery)	(1,117,500)	(153,200)
Adjustments resulting from:		
Items non-deductible for income tax purposes	214,400	30,900
Differences on investment in joint ventures and associates	54,000	-
Differences on financing costs	-	(68,300)
Increase in valuation allowance	861,200	188,600
Other	(12,100)	2,000
Provision for income taxes	$ -	$ -

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

	2014	2013
Advances to joint ventures	($ 29,800)	$ 1,800
Interests in joint ventures and associates	(203,000)	(116,000)
Cumulative eligible capital	424,000	12,400
Non-capital loss carry forward	941,300	541,700
Transaction costs	362,300	193,700
	1,494,800	633,600
Valuation allowance	(1,494,800)	(633,600)
Deferred income tax asset	$ -	$ -

20. Events after the reporting period

Subsequent to April 30, 2014, 529,227 common shares of the Company were issued, resulting from the conversion of convertible debentures with a face value of $43,000.

On May 28, 2014, the Company announced that it had formed a strategic alliance with Hoche Partners International (“Hoche Partners”) and Inovalis S.A. (France) (“Inovalis S.A.”) with respect to the Company’s ongoing identification, and if considered desirable, acquisition of commercial retail properties in select markets in the United States. The parties plan to cooperate towards a common goal of acquiring institutional quality retail properties, principally leased to strong regional, national and credit tenants. Each of the Company, Hoche Partners and Inovalis S.A. are at arm’s length to each other.

On June 30 2014, with TSXV approval, each of Hoche Partners and Inovalis S.A. acquired 8,615,384 common shares (for aggregate total of 17,230,768 common shares) in a non-brokered private placement offering, at a price of $0.08125 per share for aggregate proceeds of $1.4 million. Desjardins Capital Markets (“Desjardins”) acted as exclusive financial advisor to the Company with respect to the non-brokered private placement. The Company paid Desjardins a fee of 6.0% in connection with the completion of the private placement.

In addition to the above, the Company has decided not to further pursue the previously announced public offering of subscription receipts, and has withdrawn its amended and restated preliminary prospectus dated March 4, 2014, in order to re-focus its efforts to identify and acquire new assets within the new strategic alliance, and to re-position the Company over the next 12 – 18 months. As such, the Company has decided to postpone its previously announced plans to re-organize its corporate structure into a REIT structure.

On May 28, 2014, the Company announced that it had entered into debt settlement agreements, pursuant to which it would issue an aggregate total of 9,846,152 common shares in lieu of cash for the repayment of a total of $800,000 amounts due to related parties. The debt settlements were subject to the Company receiving all necessary prior approvals from TSXV. On June 5, 2014, with TSXV approval, the Company issued 9,846,152 common shares for the debt settlement agreements mentioned above, at a price of $0.08125 per share. The common shares issued are subject to a four month hold resale restriction.