TITANSTAR PROPERTIES INC.

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended April 30, 2013

This Management's Discussion and Analysis ("MD&A") dated August 27, 2013 is in respect of the year ended April 30, 2013, and should be read in conjunction with the audited consolidated financial statements for the year ended April 30, 2013, together with the audited consolidated financial statements and appended notes and MD&A for the year ended April 30, 2012.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements with respect to TitanStar Properties Inc. (the "**Company**"), including statements that reflect management's expectations regarding the Company's real property assets, the proposed acquisition of the Metro Towne Center shopping mall, management's proposal to alter the Company's share capital to introduce two new classes of non-voting preferred shares, the Company's sources of funding, ongoing occupancy levels with respect to the Company's current real estate assets, the local economies in which the Company's real estate assets are located, ongoing capitalization rates and lease rates in such local economies, and the Deer Springs Property asset. Wherever possible, words such as "anticipates," "will," "in the process of" and "on track to" or similar words or phrases have been used to identify such forward-looking statements. Such forward-looking statements are not historical facts, but instead reflect management's current beliefs, expectations and estimates based on information currently available to management. Such forward-looking statements include statements with respect to the potential value of the Company's assets, the potential benefit of altering the Company's share capital to add two new classes of non-voting preferred shares, the Company's anticipated sources of funding, the general climate and growth of the local economies in which the Company's real estate assets are located, decreasing capitalization rates and increasing lease rates in such local economies, and anticipated plans with respect to the Deer Springs Property.

Forward-looking statements are subject to significant risks, uncertainties and assumptions. Although management of the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that the expectations represented in such forward-looking statements will prove to be correct. Some of the factors and risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include the impact of general economic conditions, industry conditions, interest rate fluctuations, changes in currency exchange rates, tax-related risk factors, governmental regulation, environmental risks competition from other industry participants, and the risk of fluctuation and variation in actual operating results, which variation may be material.

There can be no assurance that forward-looking statements will prove to be accurate, as actual events and future events could differ materially from those anticipated. Accordingly, readers should not place undue reliance on forward-looking statements. The forward looking-statements in this communication are made as of the date indicated above. The Company does not undertake any obligation to update any forward-looking information or statements except as and to the extent required by applicable Canadian securities laws..

OVERVIEW OF THE COMPANY

TitanStar Properties Inc. (formerly "DPVC Inc.") 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 (the "Exchange"). The Company issued share capital and commenced operations on June 30, 2008. On September 27, 2010, the Company's shareholders passed a special resolution approving a change in the Company's name from "DPVC Inc." to "TitanStar Properties Inc." As at April 30, 2013, the Company held a 50% interest in four income properties under co-ownership accounted for on an equity basis; Deer Springs Crossing and Sahara Crossing, both located in Las Vegas, Nevada; Swanway Plaza, located in Tucson, Arizona; and, San Tan Plaza, located in Chandler, Arizona.

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 which with each contribute to value creation.

The initial focus is on necessity-based, nationally-anchored retail/commercial properties, community centers and industrial properties.

In prior reporting periods, the Company made the following investments, either directly or through a subsidiary, in its interests in joint ventures:

- 50% interest in each of two Nevada limited partnerships, Deer Springs Crossing, LP ("DSC LP") and LV Loan Holdings, LP ("LVLH LP").

  DSC LP owns certain lands located in Las Vegas, Nevada (the "Deer Springs Property") and LVLH LP owns a promissory note (with respect to a loan related to the Deer Springs Property) and certain related security documents (the "Deer Springs Note").

- 50% interest in a Nevada limited partnership, Sahara Crossing, LP ("Sahara LP").

  Sahara LP was formed by the Company and Sahara Crossing Development Company, LLC ("SCDC"), a related party of Juliet Companies LLC ("Juliet") and completed its acquisition of a commercial retail property located in Las Vegas, Nevada (the "Sahara Property"). The Venture intends to own and develop the Sahara Property. Net proceeds from Sahara LP will be firstly applied to repay each of the Company and SCDC's respective capital accounts, and lastly distributed to the Company and SCDC equally.

Management has been in regular contact with the Company's shareholders and brokers. Both shareholders and brokers have repeatedly expressed that the Company's shareholders would prefer that the Company transform from one that acquires underperforming assets to one that acquires income-producing assets. As such, during the year ended April 30, 2013, management has embarked on a strategy of acquiring quality, well-located, income-producing real estate assets in US markets where it has relevant knowledge and experience or local partners.

During the current period, the Company made the following investments, directly through two wholly owned subsidiaries, in two additional interests in joint ventures:

- 50% interest in a Nevada limited partnership, TSP LP I LP ("TSP LPI").

  TSP LPI was formed by the Company and Romspen Investment Corporation ("Rompsen") and completed its acquisition of a commercial retail property located in Tucson, Arizona (the "Swanway Plaza"). The Swanway Plaza is a 55,790 square foot retail shopping centre covering a total site area of 5.47 acres. It is currently 97% leased.

- 50% interest in a Nevada limited partnership, TSP LP II LP ("TSP LPII").

  TSP LPII was formed by the Company and Romspen and completed its acquisition of a commercial retail property located in Chandler, Arizona (the "San Tan Plaza"). The San Tan Plaza is a 29,945 square foot retail shopping centre covering a total site area of 6.76 acres. It is currently 100% leased.

A detailed description of each property interest owned by such joint ventures follows below.

Subsequent to the year ended April 30, 2013, the Company completed a public offering of 8.5% convertible redeemable unsecured subordinated debentures (the "**Debentures**"). An aggregate principal amount of $4.5 million of Debentures were issued. See "Financing and Capital Resources" below.

REAL ESTATE PORTFOLIO

Overview

As at April 30, 2013 and as at the date of this MD&A, the Company's real estate portfolio consisted of four properties. The Company owns a 50% beneficial interest in each of the properties. The details of each property as at the date of this MD&A are as follows:

Property	Date Acquired	Purchase Price (USD)(1)	Lot Size (acres)	Gross Leasable Area (sq ft)	Built/ renovated	Major Tenants	Occupancy
Deer Springs Property (2) (Las Vegas, NV)	April 2010	10.50 million	20.7	N/A(3)	-	N/A(3)	N/A(3)
Sahara Property (4) (Las Vegas, NV)	October 2010	5.34 million	6.15	61,125	1996	• Fresh and Easy • Goodwill Industries • Habitat for Humanity Las Vegas, Inc.	100%
Swanway Plaza (5) (Tucson, AZ)	December 2012	10.26 million	6.76	55,790	2001	• Walgreens • Ace Hardware • Guitar Center • Anna's Linens • Catherines	97%
San Tan Plaza (6) (Chandler, AZ)	January 2013	3.65 million	5.47	29,945	2006	• Bedmart • Desert Hot Tubs • Happy Harvesters • Planet Fitness	100%

Notes:

(1) Subject to customary closing adjustments.
(2) The Deer Springs Property is owned directly by Deer Springs Crossing LP, a Nevada limited partnership of which the Company owns a 50% beneficial interest. The remaining 50% beneficial interest is beneficially owned by Juliet Companies, LLC ("**Juliet**"). The Deer Springs Property is managed by Juliet through Diamond Property Company.
(3) The Deer Springs Property is an approximate 901,692 square feet parcel that is available for, but not currently under, development.
(4) The Sahara Property is owned directly by the Sahara Crossing LP, a Nevada limited partnership of which the Company owns a 50% beneficial interest. Juliet benefically owns the remaining 50% interest. Juliet is also the manager of the Sahara Property.
(5) The Swanway Plaza is owned directly by TSP LP I, L.P., a Nevada limited partnership of which the Company owns a 50% beneficial interest. The remaining 50% beneficial interest is owned by Romspen Investment Corporation.
(6) The San Tan Plaza is owned directly by TSP LP II, L.P., a Nevada limited partnership of which the Company owns a 50% beneficial interest. The remaining 50% beneficial interest is owned by Romspen Investment Corporation.

Deer Springs Property

The Deer Springs Property is currently an approximately 20.7 acre (901,692 sq. ft.) parcel of property located in Las Vegas, Nevada, with 2.2 acres of the original property having been sold to third parties as described below. The property is located near the I-215/ North Fifth interchange in North Las Vegas. When initially acquired, the Deer Springs Property was partially improved with concrete curbs, gutters, sidewalks, street lights, asphalt-paved parking areas and other improvements.

The property is commercially zoned, and the site is available for, but not currently under, development for an approximately 325,000 square foot retail centre or such other development that management of the Company believes will create value and benefit to its shareholders.

In June 2010, the Company announced that it had entered into a ground lease with McDonalds USA LLC ("McDonalds") for 38,000 square feet of land on the Deer Springs Property, with an annual ground rental rate of US $135,000. The site work which was required has been completed, and McDonald's began to construct its approximately 5,000 square foot restaurant at its own expense. In November 2011, the Deer Springs Crossing LP (the "**Deer Springs LP**") sold the 38,000 square feet of land under long term lease to McDonald's to a private individual at arm's length to the Company and Deer Springs LP for a purchase price of approximately US $2.36 million. In January 2013, 7-Eleven, Inc. purchased a 52,875 square foot development pad, located on 1.2 acres of land within the Deer Springs Property, on which it intends to build a store and gas bar. In consideration, the Deer Springs LP received US $819,562.50.

Additionally, the Company owns a beneficial 50% interest in LV Loan Holdings, LP ("**LVLH LP**"). The remaining 50% interest in LVLH LP is beneficially owned by Juliet. LVLH LP owns a promissory note evidencing debt owing by Deer Springs LP to it. As at April 30, 2013, the amount of indebtedness owing under the Deer Springs Note is approximately US $16.8 million, with interest accruing at a rate of 0.67% per annum, to be adjusted every three years, and maturing on April 15, 2020. Interest payments are to be made on an annual basis. The debt is secured by a deed of trust, assignment of rents, security agreement and fixture filing that encumbers the fee interest in the Deer Springs Property and all buildings and other improvements to the Deer Springs Property. The Company and Juliet have agreed to maintain the debt for income tax purposes.

As at the date of this MD&A, the Company anticipates that the Deer Springs Property will be further developed as a regional power centre for approximately 300,000 square feet of leasable

space for lease to quality national or regional tenants. Alternatively, individual pads may be sold or leased to third parties. At this time, the Company and Juliet are analyzing all possible options and no development plans are currently underway.

Sahara Property

The Sahara Property consists of one building (approximately 61,125 sq ft) located on 6.15 acres of land, located near the Sahara Avenue and Decatur Boulevard intersection in Las Vegas, Nevada. The concrete tilt-up retail building and related sitework were designed and constructed in 1996. Currently, approximately half of the building is leased on a long term basis to Fresh and Easy, a major grocery anchor tenant. Goodwill Industries has also leased 17,000 square feet of space on a long term basis commencing in October 2012. Habitat for Humanity Las Vegas, Inc. ("Habitat for Humanity") has agreed to lease 13,590 square feet of space for its Southern Nevada headquarters. The lease is for an initial term of six years commencing in January 2014, with an option to renew for three consecutive five-year periods thereafter. Sahara Crossing LP is required to complete certain tenant improvements to the leased space at its own cost, in an amount not to exceed US $77,500. The Company will fund 90% of such cost from its existing working capital, and Juliet will fund the remaining 10%. Habitat for Humanity will pay rent plus its proportionate share of the common area operating costs for the period of the long term lease, including any renewals thereof.

As such, the Sahara Property is now completely leased, which has occurred faster than management had anticipated, as it took only 32 months instead of the previously anticipated 36 to 60 months.

Swanway Plaza

The Swanway Plaza is a 55,790 square foot retail shopping centre located at the Broadway Boulevard and Swan Road intersection in Tucson, Arizona, covering a total site area of 5.47 acres. As at the date of this short form prospectus, the shopping centre is 97% leased and has a variety of retail clients, anchored by two well-known US national retail chains: Walgreens (for 15,120 square feet) and Ace Hardware (for 13,000 square feet). Additional tenants include Guitar Centre, a US national music equipment retail chain, Anna's Linens, a US national home furnishings retail chain, and Catherines, a US national women's clothing retail chain.

Prior to May 1, 2013, the Swanway Plaza was managed by Progressive Property Management, LLC pursuant to an agreement dated December 1, 2012 between the manager and the former owner of the Swanway Plaza. In consideration of its management services, Progressive Property Management, LLC received a management fee equal to the greater of: (a) US $1,320 per month, or (b) 4% of the gross monthly collections of revenue (including any free rent concessions, security deposits and other monies collected) from the Swanway Plaza.

Since May 1, 2013, the Swanway Plaza has been managed by Juliet through Juliet Realty, LLC pursuant to a management agreement dated April 5, 2013. In consideration, Juliet Realty, LLC receives a monthly fee equal to 2.5% of the monthly gross income received from operating the

Swanway Plaza. The management agreement will expire on May 1, 2014, and may be terminated by TSP LP I, L.P. ("**TSP LP I**") or Juliet Realty, LLC on 30 days prior written notice. Juliet Realty, LLC has agreed with Barclays Bank PLC that, in the event that TSP LP I is in default of a loan (the "**Barclays Loan**") made by Barclays Bank PLC to TSP LP I and TSP LP II, L.P. ("**TSP LP II**"), it will not be entitled to receive any management fees for and during the period of such default.

Pursuant to the terms of the acquisition, the vendors received a total of approximately US $10.26 million, of which approximately US $5.16 million was funded by way of vendor take back financing accruing interest at 4% per annum. The vendor take back financing was subsequently repaid by TSP LP I using proceeds from the Barclays Loan. The remainder of the acquisition cost was funded in cash, and the Company funded its portion of such cash payment by drawing an amount of US $2.6 million from a revolving credit facility (the "**Romspen Facility**") provided by Romspen Investment Corporation ("**Romspen**"), which was subsequently repaid from proceeds of the Debenture offering completed in August 2013. The cash invested at closing was subsequently effectively reduced by the increased amount of funding available from the Barclays Loan. The vendors were at arm's length to the Company, Juliet and Romspen.

An environmental site assessment report with respect to the Swanway Plaza revealed potential issues relating to a dry cleaning business that was formerly at the Swanway Plaza. The vendors have deposited funds in escrow to pay for the costs of obtaining an additional site assessment, for any recommended remediation and for one-half of the premium of any environmental insurance policies which may be required by TSP LP I's future lenders. The vendors' liability with respect to such environmental issues is limited to US $250,000. While these issues are still under further investigation, the Company does not anticipate that the related costs will be in excess of US $250,000.

San Tan Plaza

The San Tan Plaza is a 29,945 square foot retail shopping centre covering a total site area of 6.76 acres, located directly adjacent to Loop 202 in Chandler, Arizona. The property was built in 2006, and as at the date of this short form prospectus is 100% leased, shadow anchored by the well-known US retail chain Kohl's Department Store. Other tenants include Bedmart, Desert Hot Tubs, Happy Harvesters and Planet Fitness.

The San Tan Plaza is managed by Juliet through Juliet Realty, LLC, pursuant to a management agreement dated January 21, 2013, as amended. In consideration, Juliet Realty, LLC receives a monthly fee equal to 3% of the monthly gross income received from operating the San Tan Plaza. The management agreement expires on February 28, 2014, and may be terminated by TSP LP II or Juliet Realty, LLC on 30 days prior written notice. Juliet Realty, LLC has agreed with Barclays that, in the event that TSP LP II is in default of the Barclays Loan, it will not be entitled to receive any management fees for and during the period of such default.

Pursuant to the terms of the acquisition, the vendors received a total of US $3.6 million. Of this amount, US $2 million was borrowed by TSP LP II under the Barclays Loan, with the remaining

US $1.65 million funded in cash. The Company funded its portion of such cash payment by drawing an amount of US $825,000 from the Romspen Facility, which has subsequently been repaid from proceeds of the Debenture offering. The vendors were at arm's length to the Company, Juliet and Romspen.

SELECTED FINANCIAL INFORMATION

Quarterly Results

A summary of selected financial information for the three and twelve months ended April 30, 2013 and the three and twelve months ended April 30, 2012 is as follows:

	Three months ended April 30, 2013	Three months ended April 30, 2012
Share of income of joint ventures	$ (32,902)	$ 4,200
Net loss	(380,296)	(55,145)
Comprehensive loss	(250,266)	(180,367)
Net income (loss) per share, basic and diluted	0.0	0.00
Total assets	$ 11,848,436	$ 8,818,969

	Twelve months ended April 30, 2013	Twelve months ended April 30, 2012
Share of income of joint ventures	$ 60,974	$ 568,953
Net income (loss)	(589,211)	419,601
Comprehensive income (loss)	(381,939)	731,972
Net income (loss) per share, basic and diluted	(0.02)	0.01
Total assets	$ 11,848,436	$ 8,818,969

The Company experienced a higher net loss in the three months ended April 30, 2013 compared to the three months ended April 30, 2012. This increase in the net loss was a result of a significant increase in filing fees, financing costs and interest on long-term debt incurred during the quarter. The increase is a result of the need to externally finance the Company's acquisition of additional investment properties and interest in joint ventures. The Company experienced a lower comprehensive loss in the three months ended April 30, 2013 than in the comparable period in 2012 as a result of a strengthening of the US dollar throughout the fiscal year.

The Company's operations fell from net income in the prior year into a loss position for the year ended April 30, 2013 due to a few key reasons. First, the Company's share of income from joint ventures fell dramatically from the prior year as 2012 included a large gain as a result of the sale of a portion of land on the Deer Springs Property. Second, professional fees and filing fees increased as the Company spent more on raising funds to acquire new investments and expand. Third, with the debt issue during the year, there were significant interest and transaction costs which did not exist in the prior year. These negative effects on net income were mitigated during

2013 by a strengthening of the US dollar, which decreased the comprehensive loss for the year ended April 30, 2013 as Company's joint ventures reside in the United States.

Expenses incurred by the Company during the three and twelve months ended April 30, 2013 consisted primarily of professional fees, financing costs, and interest expense on long term debt. These expenses increased due to the costs related to the establishment and maintenance of the Romspen credit facility, the acquisition of the Swanway Plaza and San Tan Plaza, and the completion of the Company's public offering of Debentures.

The management and other fees paid to Juliet with respect to the Deer Springs Property and Sahara Property are deducted by Juliet prior to the distribution of any income to the Company. Since its acquisition in April 2010, the following fees were paid to Juliet with respect to the Deer Springs Property: management fees of US $1,375; leasing commissions of US $7,735; land sales commissions in the aggregate of US $63,591; and maintenance fees of US $192.

The management and other fees paid to Juliet with respect to the Sahara Property since its acquisition in October 2010 include the following: a management fee of US $1,279 per month; leasing commissions of US $1,290 per month; maintenance fees of US $727 per month; and contractor fees of US $955 per month.

Management views all fees paid and the rates charged by Juliet to be reasonable relative to industry standards.

Total assets as at April 30, 2013 included $9,068,052 of interests in joint ventures, $2,232,877 of advances to joint ventures, $57,430 of amounts receivable, $39,744 of cash, $62,969 of short-term investments and $387,364 of prepaid expenses and deposits.

A comparative of the Company's financial condition as at April 30, 2013 and 2012 is as follows:

	April 30, 2013	April 30, 2012
Total Assets	$ 11,848,436	$ 8,818,969
Working Capital	$ (1,483,557)	$ 471,550

Results of Operations

A summary of selected financial information for the three and twelve months ended April 30, 2013 and April 30, 2012 is as follows:

	Three months ended April 30, 2013	Three months ended April 30, 2012
Revenue	**$ -**	**$ -**
General and administrative expense	175,486	56,265
Finance costs	156,592	-
Share-based compensation expense	484	-

Total expenses	**$ 332,562**	**$ 56,265**
Share of (income) loss of joint ventures	(32,902)	(4,200)
Foreign exchange gain (loss)	(14,832)	3,080
Total other items	**$ (47,734)**	**$ 1,120**
Net loss	**$ (380,296)**	**$ (55,145)**

	Twelve months ended April 30, 2013	Twelve months ended April 30, 2012
Revenue	**$ -**	**$ -**
General and administrative expense	333,008	160,078
Finance costs	303,786	-
Share-based compensation expense	1,036	3,063
Total expenses	**$ 637,830**	**$ 163,141**
Share of income of joint ventures	60,974	568,953
Foreign exchange gain (loss)	(12,355)	13,789
Total other items	**$ 48,619**	**$ 582,742**
Net income (loss)	**$ (589,211)**	**$ 419,601**

Expenses incurred during the three and twelve months ended April 30, 2013 consisted primarily of professional fees, financing costs, interest on long term debt and filing fees. The expenses for the period were higher than the corresponding period in the prior year as a result of additional professional fees and financing costs incurred during the current period related to the Company's efforts to acquire new investment properties and interests in joint ventures.

As to the effect of share of income (loss) of joint ventures and foreign exchange gain, please refer to discussions under Quarterly Results.

Selected Quarterly Financial Information

A summary of selected quarterly financial information for the most recent eight quarters is as follows:

	Quarter Ended April 30, 2013	**Quarter Ended January 31, 2013**	**Quarter Ended October 31, 2012***

Net income (loss)	$ (380,296)	$ 14,930	$ (201,144)
Comprehensive income (loss)	$ (250,266)	$ (289)	$ (185,746)
Net income (loss) per share, basic and diluted	$ (0.01)	$ 0.00	$ (0.01)

	Quarter Ended July 31, 2012	Quarter Ended April 30, 2012	Quarter Ended January 31, 2012
Net income (loss)	$ (22,701)	$ (55,145)	$ (85,680)
Comprehensive income (loss)	$ 54,362	$ (180,367)	$ (11,582)
Net income (loss) per share, basic and diluted	$ 0.00	$ 0.00	$ 0.00

	Quarter Ended October 31, 2011	Quarter Ended July 31, 2011
Net income (loss)	$ 669,090	$ (108,664)
Comprehensive income (loss)	$ 961,986	$ (38,065)
Net income (loss) per share, basic and diluted	$ 0.02	$ 0.00

*In the prior quarter, the Company incurred significant expenditures that related to the acquisition costs of two new investment properties acquired in the current quarter. These costs should have been incurred by the acquiring limited partnerships. As a result, an adjustment was made to move the costs from the Company to the corresponding limited partnerships of which the Company holds a 50% indirect interest in each.

In the quarter ended July 31, 2011, expenses primarily included professional fees. Currency fluctuations in the quarter ended July 31, 2011 resulted in cumulative translation gains compared to losses in prior quarters, resulting in a decreased comprehensive loss compared to net loss.

In the quarter ended October 31, 2011, the large increase in net income was primarily due to the Company's share of income of joint ventures which resulted from a gain on the sale of a portion of land and the related ground lease on the Deer Springs Property. The significant increase in comprehensive income compared to net income for the quarter was due to the currency translation adjustments of joint ventures, the interests in which are held in US dollars, as a result of the significant strengthening of the US dollar relative to the Canadian dollar during the quarter.

In the quarter ended January 31, 2012, expenses primarily included foreign exchange losses, professional fees, and the Company's share of losses in the joint ventures. There were no significant transactions similar to the previous quarter. As a result, the Company returned to a net loss position similar to quarters prior to the quarter ended October 31, 2011. Currency fluctuations in the quarter ended January 31, 2012 resulted in cumulative translation gains resulting in a decrease from net loss to comprehensive loss.

In the quarter ended April 30, 2012, expenses primarily included foreign exchange losses, professional fees, and the Company's share of losses in the joint ventures. The decrease in net loss was primarily due to the decrease in the Company's share of losses of joint ventures. Currency fluctuations in the quarter ended April 30, 2012 resulted in cumulative translation losses compared to gains in the prior three quarters, resulting in an increased comprehensive loss compared to net loss.

In the quarter ended July 31, 2012, expenses primarily included professional fees. The increase in net income was primarily due to the Company's share of income of joint ventures. Currency fluctuations in the quarter ended July 31, 2012 resulted in cumulative translation gains compared to losses in prior quarters, resulting in a comprehensive income compared to net loss.

In the quarter ended October 31, 2012, expenses primarily included professional fees and financing costs. The increase in net loss was primarily due to the significant increase in professional fees and financing costs incurred during the quarter and the Company's share of losses in joint ventures. Currency fluctuations in the quarter ended October 31, 2012 resulted in cumulative translation gains, resulting in a decreased comprehensive loss compared to net loss.

In the quarter ended January 31, 2013, expenses primarily included professional fees and financing fees. The increase in net income was primarily due to the Company's share of income of joint ventures, which was higher than previous quarters due to the sale of a portion of DSC LP land. Currency fluctuations in the quarter ended January 31, 2013 resulted in cumulative translation loss compared to gains in prior quarters, resulting in a comprehensive loss.

The results for the quarter ended April 30, 2013 are previously described under Quarterly Results.

Financing and Capital Resources

On October 15, 2012, the Company received $500,000 from two directors of the Company 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. These loans were subsequently settled in June 2013. As full repayment of the loans, the Company issued each of the directors 833,333 common shares (for 1,666,666 common shares in the aggregate), representing a settlement rate of one common share for every $0.30 of indebtedness owing.

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.

Subsequent to the year ended April 30, 2013, the Company borrowed an additional $200,000 from a director of the Company, repayable upon demand. In consideration of making the loan, the Company issued 200,000 bonus shares to the director at a deemed price of $0.10 per share.

In August 2013, the Company completed its public offering of Debentures and received gross proceeds of $4.5 million. The Debentures have a maturity date of September 30, 2018, and 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, commencing on September 30, 2013. Each Debenture is convertible into common shares at the option of the holder, at any time prior to the close of business on the earlier of the date that is five days immediately preceding the maturity date, or, if called for redemption, on the business day immediately preceding the date specified by the Company for such redemption. The conversion price of the Debentures is $0.08125 per common share, subject to adjustment in certain events, plus any accrued and unpaid interest in respect of the Debentures. Further description of the Debentures can be found in the Company's short form prospectus dated July 31, 2013.

Currently, the Company's capital structure consists of only one class of voting common shares. Management of the Company has determined that it would be in the Company's best interest to be able to issue additional classes of non-voting preferred shares, in different series as required, in the capital of the Company, and intend to present a special resolution to create such additional classes of non-voting preferred shares for approval at the Company's upcoming annual and special shareholders meeting. Management anticipates that the creation of additional classes of non-voting preferred shares will allow the Company to issue new equity that is non-voting, which will enable the Company to grow through acquisitions of quality real estate without relying solely on the equity financings of the existing voting common shares and the resulting dilution of same. Management anticipates that this will provide the Company with much needed flexibility with regards to its capital structure to allow for more rapid growth amongst its existing investor pool and with new investors who choose to purchase preferred shares that do not vote but have a coupon or dividend attached. In turn, the Company can rely less on debt financing, which management views as crucial in order to comply with the Company's existing debt service obligations. However, there can be no guarantee or assurance that the Company's shareholders will approve such proposal, nor that the Company would be able to raise additional amounts of capital through equity offerings of a newly-created class of preferred shares.

As at the date of this MD&A, the Company does not have any commitments for capital expenditures.

Liquidity

As at April 30, 2013, the Company had a working capital deficiency of $1,483,557. This decrease in working capital from April 30, 2012 was a result of the Company entering into a revolving bridge loan facility during the quarter of which $1,265,895 is repayable in the short term. The remaining decrease in the working capital is a result of a significant amount of professional fees incurred during the twelve month period ended April 30, 2013.

The Company receives ongoing revenue from its interests in the real estate assets described above (see "Real Estate Portfolio"), and anticipates that it may complete further equity or debt financings for additional capital in the future. In the event that the occupancy rate decreases

substantially at any one of the Company's real estate assets, the Company's revenue will correspondingly decrease. The Company may not be able to complete further equity or debt financings on terms favorable to the Company or at all. In these events, the Company may not receive the cash flow or liquidity necessary to comply with its obligations to lenders or under the Debentures.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

On April 16, 2010, the Company entered into an asset management agreement with TitanStar Capital Corp. (the "Asset Manager"), pursuant to which the Asset Manager will provide management advisory, asset management and administrative 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 an advisory fee of $1,000 per month. 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.

Also on April 16, 2010, the Company granted the Asset Manager options to purchase 100,000 common shares. Each option will allow the Asset Manager to purchase one common share at a price of $0.35 per share from the date of issuance until the fifth anniversary of the issuance of such options.

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, 500,000 bonus common shares at a value of $100,000 were issued to the directors for no additional consideration. These loans were subsequently settled in June 2013. As full repayment of the loans, the Company issued each of the directors 833,333 common shares (for 1,666,666 common shares in the aggregate), representing a settlement rate of one common share for every $0.30 of indebtedness owing.

Subsequent to the year ended April 30, 2013, the Company borrowed an additional $200,000 from a director of the Company, repayable upon demand. In consideration of making the loan, the Company issued 200,000 bonus shares to the director at a deemed price of $0.10 per share.

For the three and twelve months ended April 30, 2013, the Company accrued and paid $3,290 and $13,850, respectively, to the Asset Manager for management fees pursuant to the asset management agreement (three and twelve months ended April 30, 2012 - $3,000 and $12,000, respectively). Management fees expense for the three and twelve months ended April 30, 2013 also includes applicable taxes paid on management fees.

Management of the Company does not receive any other fee than that described above. The Company's CEO and CFO are entitled to receive incentive stock options under the Company's incentive stock option plan. The other directors of the Company also do not receive any cash fee, and are entitled only to participate in the Company's incentive stock option plan. As such, the management and the directors of the Company will generally benefit only as shareholders and incentive stock option holders of the Company, benefitting only as other shareholders will benefit.

Implementation of International Financial Reporting Standards ("IFRS")

The Canadian Institute of Chartered Accountants Accounting Standards Board ("AcSB") has adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards for public companies were required to converge with International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011 with comparative figures presented on the same basis.

The Company completed its transition to the new standards in its consolidated financial statements for the year ended April 30, 2012.

The Company continues to evaluate the impact of new standards being issued under IFRS to its financial statements. This will be an ongoing process as the International Accounting Standards Board and the AcSB issue new standards and recommendations.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, short-term investments, amounts receivable, advances to joint ventures, accounts payable, due from related parties and long-term debt. It is management's opinion that the Company is not exposed to significant liquidity or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows or fair value associated with some financial instruments. The Company is exposed to interest rate risk, through its interests in joint ventures, as Sahara LP has a mortgage payable which is impacted by changes in the prime rate.

For a review of the interest rate risk exposure, please see the section entitled Interest Fluctuations and Financing Risk in the Risk and Uncertainty section below.

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 venture 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 expense. 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.

For a review of the foreign exchange risk exposure on US dollar denominated monetary assets and liabilities of the Company, please see the section entitled Foreign Currency in the Risk and Uncertainty section below.

Proposed Transactions

Pursuant to a purchase agreement dated December 20, 2012, as amended, with ACP Metro Towne Center, LLC (the "Metro Towne Center Purchase Agreement"), and Metro Towne Center, L.P., a Nevada limited partnership in which the Company anticipates it will own a 50% beneficial interest, will acquire the Metro Towne Center, an approximately 14.90 acre property with a retail shopping center that was completely redeveloped in 2003. Metro Towne Center is located in Phoenix, Arizona. As at the date of this short form prospectus, the property is approximately 96.69% leased, with tenants including PetsMart, Ross Stores, Bed Bath & Beyond, Big 5 Sporting Goods, Wendy's, Starbucks, Fat Burger, and Chipotle Mexican Grille, among others.

Built in 2003, Metro Towne Center is located at the southeast corner of Peoria Avenue and 31st Avenue, a heavily trafficked thoroughfare in the Phoenix metropolitan area. City of Phoenix 2005 and Arizona Department of Transportation 2009 reports over 105,000 vehicles per day at this intersection, not including the 382,000 vehicles travelling Interstate 17 on a daily basis, which is less than one mile east of the property. Its immediate neighborhoods include Metro Center Regional Mall, ASU West, Glendale Community College, John C Lincoln Hospital and DeVry University, with over 157,035 residents within a three mile radius and over 411,509 residents living within a five mile radius of the property.

It is anticipated that, if the acquisition of Metro Towne Center is completed as anticipated, the Company will beneficially own a 50% partnership interest in TSP Metro Towne LP through its subsidiaries. It is also anticipated that Romspen will beneficially own the remaining 50% partnership interest in TSP Metro Towne LP. Such formation of TSP Metro Towne LP and any related entities is subject to the mutual agreement of the Company and Romspen or any other applicable third parties, and there is no guarantee or assurance that TSP Metro Towne LP will have the anticipated ownership structure as set out above.

The vendor of Metro Towne Center, ACP Metro Towne Center, LLC, will receive consideration of US $32 million, of which US $316,900 has already been paid, and approximately US $24.21 million will be provided by way of TSP Metro Towne LP assuming an existing mortgage debt of the vendor owed to the Metro Towne Lender. The remainder of the purchase price will be paid in cash.

This acquisition will be an arm's length transaction as ACP Metro Towne Center, LLC is not an informed person, associate or affiliate of the Company.

The acquisition of Metro Towne Center is conditional, among other things, on the following:

- the Metro Towne Existing Lender approving of the assumption of the existing mortgage by TSP Metro Towne LP pursuant to terms agreeable to TSP Metro Towne LP, and all parties executing all necessary loan assumption documents;

- the Metro Towne Existing Lender agreeing to provide a full release of A & C Tank Sales Company, Inc. with respect to matters arising subsequent to the acquisition under any indemnity and guaranty agreement and a hazardous substances indemnity agreements provided by A & C Tank Sales Company, Inc. with respects to Metro Towne Center;

- ACP Metro Towne Center, LLC delivering executed estoppel certificates from at least 90% of the tenants of the Metro Towne Center, and specifically from Ross Stores, Big 5, PetsMart, Bed, Bath & Beyond, Sleep America, Chipotle Mexican Grille, Starbucks and Mimi's Cafe;

- Fidelity National Title Insurance Agency unconditionally and irrevocably committing to issue to TSP Metro Towne LP its extended ALTA coverage owner's policy of title insurance in the full amount of the purchase price of the acquisition; and

- all parties executing and delivering all closing deliverables as set out in the Metro Towne Center Purchase Agreement.

Unless all of such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the Metro Towne Center acquisition will not be completed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all.

TSP Metro Towne LP may terminate the Metro Towne Center Purchase Agreement if TSP Metro Towne LP determines in good faith that the terms of the loan assumption as required but the Metro Towne Lender are unacceptable. TSP Metro Towne LP has the absolute right to approve any increases in the principal amount or interest rate of the existing loan, any modification of the payment terms, and the provision of any additional collateral or guarantors. TSP Metro Towne LP may also terminate the Metro Towne Center Purchase Agreement if a material part of Metro Towne Center is destroyed or rendered untenantable, taken in condemnation or other similar proceedings, or if a notice of proposed condemnation affecting a material part of Metro Towne Center is received by either TSP Metro Towne LP or ACP Metro Towne Center, LLC prior to closing.

The Company's current intention is to make a material change to the management and personnel responsible for the operation of Metro Towne Center. The current property management company will be replaced with Juliet. As at the date of this short form prospectus, the Company has not entered into a management agreement with Juliet with respect to Metro Towne Center, but anticipates that any management agreement with Juliet with respect to Metro Towne Center will be on market terms. The Company does not intend to make any changes in its own management, personnel or corporate structure as a result of this acquisition.

There can be no guarantee or assurance that the acquisition of the Metro Towne Center will be completed on the terms and conditions described below or at all, nor that the Company will be able to raise the funds necessary to complete the acquisition of the Metro Towne Center.

Additional Disclosure for Venture Issuers without Significant Revenue

As the Company has not had significant revenue from operations in the last two financial years, the following is a breakdown of the material costs incurred:

Material Components	Three months ended April 30, 2013	Three months ended April 30, 2012
General and administrative expenses	$ 175,486	$ 56,265
Consisting of:		
- Insurance	5,202	5,100
- Bank charges	566	6
- Filing fees	15,954	3,618
- Office costs	3,178	-
- Management fees	3,290	3,000
- Professional fees	125,091	41,737
- Marketing and promotion	5,354	363
- Travel	16,851	2,441

Material Components	Twelve months ended April 30, 2013	Twelve months ended April 30, 2012
General and administrative expenses	$ 333,008	$ 160,078
Consisting of:		
- 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
Other material costs not referred to above		
- Share-based compensation	$ 1,036	$ 3,063

Disclosure of Outstanding Share Data

As at April 30, 2013 and the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	As at April 30, 2013	**As at the date of this MD&A**
Voting or equity securities authorized	Unlimited	Unlimited
Securities convertible or exercisable into voting or equity securities – share options	Share options to acquire up to 10% of outstanding common shares	Share options to acquire up to 10% of outstanding common shares
Voting or equity securities issued and outstanding	31,140,806 common shares	33,007,472 common shares
Securities convertible or exercisable into voting or equity securities – asset manager's share options	100,000	100,000
Securities convertible or exercisable into voting or equity securities – directors and officers share options	550,000	550,000
Securities convertible or exercisable into voting or equity securities – unit holder warrants	623,750	-
Securities convertible or exercisable into voting or equity securities – agent's warrants	49,900	-
Total voting or equity securities issuable on conversion or exchange of outstanding securities	1,323,650	650,000

Additional Disclosure for Venture Issuers with Significant Equity Investees

The following table summarizes the assets, liabilities and results of operations of the Company's equity investees, DSC LP, LVLH LP, Sahara LP, TSP LPI and TSP LPII, for which the Company holds a 50% indirect interest in each. All figures are translated to Canadian dollars at the rate of exchange in effect at the quarter end date for net assets and at average rates prevailing during the period for net income.

	April 30, 2013	April 30, 2012
Total assets	$ 33,012,154	$ 17,936,124
Total liabilities	$ 14,876,050	$ 5,705,490
Net assets	$ 18,136,104	$ 12,230,634
Titanstar`s share of net assets	$ 9,068,052	$ 6,115,317

	Twelve months ended April 30, 2013	Twelve months ended April 30, 2012
Revenue and gains	$ 1,176,084	$ 2,114,236
Expenses	$ 1,054,136	$ 976,330
Net income	$ 121,948	$ 1,137,906
Titanstar's share of net income	$ 60,974	$ 568,953

Additional information regarding the Company's proportionate interest in the significant equity investees is disclosed in note 5 in the April 30, 2013 consolidated financial statements.

RISKS AND UNCERTAINTIES

General Business Risks

The Company will be subject to general business risks and to risks inherent in the commercial real estate industry, including the ownership of real property. These risks include general economic and market factors, local real estate conditions, competition, changes in government regulation, interest rates, the availability of equity and debt financing, environmental and tax related matters, availability of specialized trades people and reliance on key personnel. Any one of, or a combination of, these factors may adversely affect the financial position of the Company.

Real Property Ownership

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, the attractiveness of the properties to residents, supply and demand for space, and competition from other available space and various other factors.

The performance of the economy in the area in which the Deer Springs Property, Sahara Property, Swanway Plaza and San Tan Plaza (collectively called the "Properties") are located affects occupancy, market rental rates and expenses. These factors consequently can have an impact on the future share of income/(loss) attributable to the Company from the Properties, and the value of the underlying investments in the joint ventures.

Other factors may further adversely affect the future share of income/(loss) from joint ventures and value of the Properties. These factors include local conditions in the areas in which the Properties are located, such as an oversupply of commercial real estate properties or a reduction in the demand for commercial real estate properties, the attractiveness of the Properties to tenants, competition from other properties and the Company's ability to provide adequate facilities, maintenance, services and amenities. Operating costs, including real estate taxes, insurance and maintenance costs, and mortgage payments, if any, do not, in general, decline when circumstances cause a reduction in income from a property. The Company could sustain a loss as a result of foreclosure on the Properties if they are mortgaged to secure payment of indebtedness and the Company or its wholly-owned subsidiaries, as applicable, were unable to meet their mortgage payments. In addition, applicable laws, including tax laws, interest rate levels and the availability of financing also affect revenues from properties and real estate values generally.

Asset and Development Strategy

It is intended that the Company's business strategy will involve expansion through acquisitions and further development projects that are in addition to the Properties. These activities require the Company to identify acquisition or development candidates or investment opportunities that meet its criteria and are compatible with its growth strategy. The Company may not be successful in identifying commercial real estate properties that meet its acquisition or development criteria or in completing acquisitions, developments, or investments on satisfactory terms. Failure to identify or complete acquisitions or developments will slow the Company's growth. The Company could also face significant competition for acquisitions and development opportunities. Some of the Company's competitors have greater financial resources than the Company and, accordingly, have a greater ability to borrow funds to acquire and develop properties. These competitors may also be willing and/or able to accept more risk than the Company can prudently manage, including risks with respect to the geographic concentration of investments and the payment of higher prices. This competition for investments may reduce the number of suitable investment opportunities available to the Company and may increase acquisition costs in certain areas where the Company's facilities are located or in areas targeted for growth and, as a result, may adversely affect the Company's operating results.

Even if the Company were successful in identifying suitable acquisitions or development projects, newly acquired properties may fail to perform as expected and management of the Company may underestimate the costs associated with the integration of the acquired properties. In addition, any expansions the Company undertakes in the future are subject to a number of risks, including, but not limited to, construction delays or cost overruns that may increase project costs, financing risks, the failure to meet anticipated occupancy or rent levels, failure to receive required zoning, land use and other governmental permits and authorizations and changes in applicable zoning and land use laws. If any of these problems occur, expansion costs for a project will increase, and there may be significant costs incurred for projects that are not completed. In deciding whether to acquire or expand a particular property, the Company will make certain assumptions regarding the expected future performance of that property. If the Company's acquisition or expansion of properties fails to perform as expected or incurs significant increases in projected costs, the joint ventures' net income could be lower than expected, resulting in the Company recognizing a lower than expected share of income from joint ventures, or potentially a share of loss from joint ventures.

It is intended that the Company will invest in new developments which carry a certain risk that projected financial returns may not be achieved and that cost overruns, or start-up losses may require further equity injections. The Company manages this risk through detailed evaluation of each development separately and ensuring certain criteria have been met, including an extensive supply and demand analysis and establishing capital participants.

Dependence on and Relationship with Asset Manager

The financial performance of the Company will depend in part on the performance of the Asset Manager. The success of the Company is dependent on the services of certain management personnel, including T. Richard Turner, the Chief Executive Officer of the Company. The loss of the services of such personnel could have an adverse effect on the Company.

Joint Venture Investments

The Company has a 50% interest in LV Loan Holdings GP Inc. and LVLH LP and, through its wholly-owned subsidiary, TitanStar DSC Holding Inc., has a 50% interest in each of the Deer Springs Property (through DSC LP) and the Sahara Crossing Property (through Sahara LP). The Company also has a 50% interest in each of the Swanway Plaza (through TSP LPI) and the San Tan Plaza (through TSP LPII). The Company may also enter into further joint ventures with respect to other properties in the future. In any such joint venture, the Company may not be in a position to exercise sole decision-making authority regarding the properties owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with the Company's business interests or goals and may be in a position to take actions contrary to the Company's policies or objectives. Such investments also have the potential risk of impasse on strategic decisions, such as a sale, because neither the Company nor the joint venture partner would have full control over the joint venture. Any disputes that may arise between the Company and its joint venture partners could result in litigation or arbitration that could increase the Company's expenses and distract its officers and/or directors from focusing their time and effort on the Company's business. In addition, the Company might in certain circumstances be liable for the actions of its joint venture partners.

Investment Concentration

The Company will be susceptible to adverse developments in Las Vegas, Nevada, Tucson, Arizona and Chandler, Arizona, the three markets in which it is operating, such as new developments, changing demographics and other factors. Presently, the Company's interests in the Deer Springs Property and Sahara Property, located in Nevada, account for 53% of the Company's total real property assets, and the Company's interests in the Swanway Plaza and San Tan Plaza, located in Arizona, account for 47% of the Company's total real property assets. As a result of this concentration of assets, the Company will be particularly susceptible to adverse market conditions in these regions. Any adverse economic or real estate developments in the areas in which the Properties are located, or in the future in any of the other markets in which the Company operates, or any decrease in demand for commercial real estate resulting from the local economy or demographics could adversely affect the rental revenues of the joint ventures. This effect could impair the ability of the joint ventures to service their debt obligations and generate stable positive cash flow from operations to generate a return for the Company.

Illiquidity

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity in the joint ventures may tend to limit the Company's ability to vary its portfolio promptly in response to changing economic or investment conditions.

Uninsured Losses

DSC LP, Sahara LP, TSP LPI and TSP LPII will carry comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for properties similar to the Properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from the Properties.

Environmental Risk

As an indirect owner of real property in the United States, the Company is subject to various federal, state and municipal laws relating to environmental matters. Such laws provide that the Company could be liable for the costs of removal of certain hazardous substances and repair of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect the Company's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the Company.

Management is not aware of any material non-compliance with environmental laws with respect to the Properties. The Company is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with the Properties. However, The Company cannot guarantee that any material environmental conditions do not or will not otherwise exist with respect to the Properties.

Public Market Risk

It is not possible to predict the price at which the Shares will trade and there can be no assurance that an active trading market for the Shares will be sustained. The Shares will not necessarily trade at values determined solely by reference to the value of the underlying business of the Company or its assets. Accordingly, the Shares may trade at a premium or a discount to the value implied by the value of the Company's assets. The market price for the Shares may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the Company.

Debt Financing

The Company and joint ventures have incurred and may incur indebtedness in the future in connection with the acquisition or expansion of facilities and its business. The joint ventures may incur unsecured debt or mortgage debt by obtaining loans secured by some or all of their real estate properties or assets. The Company's and/or joint ventures' debt may harm the Company's business and operating results by:

- requiring the joint ventures to use a substantial portion of their cash flow from operations to pay principal and interest, which will reduce the amount of cash available for generating a return to the Company, and thus, other purposes;

- limiting the Company's ability to borrow more money for operating or capital needs or to finance acquisitions in the future; and

- making the Company more vulnerable to economic and industry downturns and reducing its flexibility in responding to changing business and economic conditions.

In addition to the risks discussed above and those normally associated with debt financing, including the risk that the Company's or the joint ventures' cash flow will be insufficient to meet required payments of principal and interest, the Company will also be subject to the risk that the joint ventures will not be able to refinance potential future indebtedness on their properties and that the terms of any refinancing they could obtain would not be as favourable as the terms of their existing indebtedness. If the joint ventures are not successful in refinancing debt when it becomes due, the Company may be forced to dispose of its interest in the joint ventures on disadvantageous terms, which might adversely affect its ability to service other debt and to meet its other obligations. In addition, the financing arrangements of the Company may contain covenants that will restrict its ability to operate its business in certain ways. If the Company fails to comply with the restrictions in its financing arrangements, its lenders may be able to accelerate related debt as well as any other debt to which a cross-default or cross-acceleration provision applies. A default could also allow creditors to foreclose, sell or realize on the property securing such debt or exercise other remedies against the Company. Credit facilities also typically require repayment of funds or cash flow sweeps when certain coverage ratios are not met. In connection with its financing arrangements, the Company expects that it will grant security interests over substantially all of its assets. If the Company is not able to meet its debt service obligations, it risks the loss of some or all of its assets to foreclosure or sale.

Interest Fluctuations and Financing Risk

The Company may finance future acquisitions in part with debt borrowings, which could bear interest at fixed or variable rates. The interest expense on any variable rate indebtedness of the Company will increase when interest rates increase. Interest rates are currently low relative to historical levels and may increase significantly in the future. A significant increase in interest expense could adversely affect the Company's results of operations.

The Company has interest rate risk through its share of its interests in joint ventures as Sahara LP holds a US$3,477,380 mortgage payable which 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).

Failure to Obtain Additional Financing

The Company may require additional financing in order to grow and expand its operations. It is possible that such financing will not be available or, if it is available, will not be available on favourable terms. Future financing may take many forms, including debt or equity financing, which could alter the debt-to-equity ratio of the Company or which could be dilutive to Shareholders.

Dilution

The number of Shares that the Company is authorized to issue is unlimited. The directors of the Company will have the discretion to issue additional Shares in order to raise additional capital or in connection with future acquisitions, which may have a dilutive effect on Shareholders.

Potential Volatility of Share Price

It is not possible to predict the price at which the Shares will trade and there can be no assurance that an active trading market for the Shares will be sustained. The market price of the Shares may be volatile and could be subject to wide fluctuations due to a number of factors, including but not limited to: (i) actual or anticipated fluctuations in the Company's results of operations; (ii) changes in estimates of the Company's future results of operations by management or securities analysts; and (iii) general industry changes. In addition, the financial markets have in the past experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many venture and real estate issuers and that sometimes have been unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally and in the real estate industry specifically, may adversely affect the market price of the Shares.

Limited Prior Public Market

The Shares have a limited record of trading publicly on the Exchange. The Company cannot predict at what price the Shares will trade and there can be no assurance that an active trading market will be maintained. A publicly traded real estate company will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Shares may trade at a premium or a discount to values implied by valuations.

Proposed Acquisitions

There can be no assurance that the Company will complete further acquisitions of real property interests, including the proposed acquisition of Metro Towne Center. Acquisitions of properties by the Company are subject to normal commercial risks and satisfaction of closing conditions that may include, among other things, lender approval, receipt of estoppel certificates and obtaining title insurance. Such acquisitions may not be completed or, if completed, may not be on the terms that are exactly the same as initially negotiated. In the event that the Company does not complete an acquisition, it may have an adverse effect on the operations and results of the Company in the future. There can also be no assurance that the Company will be able to identify and acquire additional real property interests on competitive terms or at all.

Potential Conflicts of Interest

Situations may arise where the interests of directors and officers may conflict with the interests of the Company. Conflicts, if any, will be subject to the procedures and remedies provided by the *Canadian Business Corporations Act*.

In connection with real estate acquisitions, the Company has engaged, and may in the future engage, third parties to provide due diligence and valuation services in relation to the subject properties and the Company has paid, and may in the future pay, such advisers a success fee in connection with the completion of such acquisitions. In particular, the Company has paid such a success fee to Juliet in connection with the Company's acquisition of each of the Swanway Plaza and the San Tan Plaza. As at the date of this short form prospectus, it is proposed that CBRE will receive a success fee of 1% of the purchase price payable for the Metro Towne Center with respect to that acquisition. There is a risk that the payment of a success fee could result in such advisers recommending that the Company complete real estate acquisitions that such advisers would not recommend completing in the absence of a success fee.

Juliet is the manager of certain properties of the Company (including the Deer Springs Property, the Sahara Crossing Property, the San Tan Plaza and Swanway Plaza), is proposed to become the manager of Metro Towne Center, and may in the future manage further properties acquired by the Company. There is a risk that the expectation of being engaged as the manager of a property could result in an adviser recommending that the Company complete real estate acquisitions that such adviser would not recommend completing in the absence of such an expectation.

Foreign Currency

The results of operations of the Company are reported in Canadian dollars. The Company's operations are anticipated to be conducted almost exclusively in the United States. Any fluctuations in the value of the US dollar relative to the Canadian dollar may result in variations in the share of income/loss from joint ventures and the net income of the Company. The Company does not plan on undertaking any hedging in order to mitigate its foreign currency risks.

At April 30, 2013, the Canadian dollar equivalent of monetary assets and liabilities 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.

Foreign Political Risk

The Properties are located in the United States and, as such, a substantial portion of the Company's business will be exposed to various degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of governmental orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on foreign ownership, inability to obtain or delays in obtaining necessary permits, opposition to property development from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

Inability to Resell Shares

There can be no assurance that an active and liquid market for the Shares will be developed and, if developed, will be maintained; and a holder of Shares may find it difficult to resell those Shares.

Critical Accounting Estimates

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in preparation of the financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

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.

- 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.

Other MD&A Requirements

Additional information relating to the Company is available on SEDAR at www.sedar.com.