

TITANSTAR™

NOT FOR DISSEMINATION IN THE UNITED STATES OF AMERICA
OR
DISTRIBUTION TO UNITED STATES OF AMERICA NEWS OR WIRE SERVICES

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

TITANSTAR PROPERTIES INC. ANNOUNCES AN ADDITIONAL CLOSING OF THE DEBENTURE OFFERING

September 4, 2013. TitanStar Properties Inc. (TSX Venture: TSP) ("**TitanStar**" or the "**Company**") is pleased to announce that, pursuant to the final short form prospectus dated July 31, 2013, it has closed an additional amount of \$860,000 of 8.5% convertible, redeemable, unsecured subordinated debentures ("**Debentures**"), at a price of \$1,000 per Debenture, including the partial exercise of the over-allotment option for \$185,000.

The offering (the "**Offering**") was conducted by a syndicate of agents led by Mackie Research Capital Corporation, and including Burgeonvest Bick Securities Limited, MGI Securities Inc. and PI Financial Corporation.

The Debentures bear interest at a rate of 8.5% per annum payable quarterly in arrears, in cash, on March 31, June 30, September 30 and December 31 of each year, with the first payment occurring on September 30, 2013, and have a maturity date of September 30, 2018.

Each Debenture is convertible into common shares of TitanStar (the "**Common Shares**"), at the option of the holder thereof (the "**Debentureholder**"), 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 TitanStar for redemption of the Debentures, at a conversion price (the "**Conversion Price**") of \$0.08125 per share, subject to adjustment in certain events, plus any accrued but unpaid interest in respect of the Debentures.

The Debentures are not redeemable prior to September 30, 2016, except through operation of a sinking fund (as described in further detail below). On or after September 30, 2016 but prior to the Maturity Date, the Company, at its sole option, may call for the redemption of the Debentures in whole or in part, from time to time, by providing notice on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount of the Debentures then outstanding plus accrued and unpaid interest (less any tax required to be deducted or withheld). However, in the event that such notice is provided prior to September 30, 2017, the Company shall not be allowed to redeem the Debentures if the current market price of the Common Shares (except with respect to redemptions through the operation of the sinking fund), based on the date on which notice is given, is less than 125% of the Conversion Price.

The Company shall pay, as a sinking fund for the redemption of the Debentures, that amount which is equal to 3.0% of the aggregate outstanding principal amount of all Debentures outstanding on that date which is 30 days from the Closing Date, on September 30 in any year commencing with September 30, 2014 and ending with September 30, 2017. Redemption of

the Debentures through operation of the sinking fund will occur on September 30 of each year, commencing with September 30, 2014 and ending with September 30, 2017.

The Debentures are listed for trading on the TSX Venture Exchange under the symbol "TSP.DB".

In connection with the additional amount referred to above, as well as the partial exercise of the over-allotment option, the agents received an aggregate commission of \$60,200 and 740,922 Compensation Options. Each Compensation Option allows the holder thereof to purchase one common share of the Company at a price of \$0.08125 per share until August 8, 2015.

Proceeds from the Offering will be used to repay certain indebtedness of the Company, towards the potential acquisition of a real estate interest known as the Metro Towne Center, located in Phoenix, Arizona, and general working capital.

FOR FURTHER INFORMATION PLEASE CONTACT:

T. Richard Turner
President, CEO and Director
TitanStar Properties Inc.
Telephone: (604) 408-3808
Facsimile: (604) 408-3801
email: rick@titanstar.ca

About TitanStar

TitanStar is a real estate company whose investment strategy focuses on building a portfolio of well-positioned, undervalued or underperforming stabilized assets, focusing on the southwestern United States. TitanStar currently holds a 50% limited partnership interest in the Sahara Crossing, LP, a Nevada limited partnership which owns an approximately 61,125 square foot retail building located just east of Decatur Boulevard on Sahara Avenue in Las Vegas, as well as a 50% limited partnership interest in the Deer Springs Crossing Limited Partnership, a Nevada limited partnership which owns the Deer Springs Crossing Shopping Center, a 20.7 acre retail development project also located in Las Vegas. In December 2012, the Company acquired a 50% limited partnership interest in TSP LP I, L.P., a Nevada limited partnership which owns the Swanway Plaza, a 55,790 square foot retail shopping centre in Tucson, Arizona. In January 2013, the Company acquired a 50% limited partnership interest in TSP LP II, L.P., a Nevada limited partnership which owns the Kohl's San Tan Plaza, a 29,945 square foot retail shopping centre in Chandler, Arizona. Additional information regarding TitanStar, its real estate portfolio, investment strategy, and the proposed acquisition of the Metro Towne Center, can be found in the final short form prospectus dated July 31, 2013, available under TitanStar's profile online at www.sedar.com.

Forward-looking statements:

Certain statements in this release are forward-looking statements, which reflect the expectations of management regarding the identification, analysis and potential acquisition of future real estate assets. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No

assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including factors beyond the Company's control. These forward-looking statements are made as of the date of this news release.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.