TITANSTAR PROPERTIES INC.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2015 and 2014

Scarrow & Donald LLP

SCARROW & DONALD LLP
CHARTERED ACCOUNTANTS
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July 28, 2015

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TitanStar Properties Inc.:

We have audited the accompanying consolidated financial statements of TitanStar Properties Inc., which comprise the consolidated statements of financial position as at April 30, 2015 and 2014 and the consolidated statements of net loss and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of TitanStar Properties Inc. as at April 30, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had comprehensive income for the period ended April 30, 2015 of $211,452 (2014 – comprehensive loss of $2,843,217) and as at April 30, 2015 has a deficit of $6,443,304 (2014 - $5,130,730) and working capital of $84,426 (2014 - working capital deficiency of $12,375,212). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Scarrow & Donald LLP

Chartered Accountants
Winnipeg, Canada

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

	April 30, 2015	April 30, 2014
ASSETS		
Current		
Cash	$ 224,440	$ 545,020
Short-term investments (note 4)	75,489	68,526
Amounts receivable	-	213,496
Taxes recoverable	523,286	-
Prepaid expenses and deposits	51,248	87,590
	874,463	914,632
Advances to joint ventures (note 5)	-	3,026,127
Interests in joint ventures and associates (note 5)	15,474,492	16,168,074
	$ 16,348,955	$ 20,108,833
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 300,138	$ 1,378,679
Due to related parties (note 6)	-	800,000
Promissory note payable (note 7)	400,000	400,000
Embedded derivative liability (note 6)	89,899	-
Current portion of long-term debt (note 9)	-	6,563,304
Convertible debentures (note 9)	-	4,147,861
	790,037	13,289,844
Long-term debt		
Due to related parties (note 6)	2,244,564	-
Convertible debentures (note 9)	4,174,590	-
	7,209,191	13,289,844
Shareholders' equity		
Share capital (note 10)	11,091,632	8,984,954
Convertible debentures	246,368	257,096
Contributed surplus	1,205,544	1,192,124
Accumulated other comprehensive income	3,039,524	1,515,545
Deficit	(6,443,304)	(5,130,730)
	9,139,764	6,818,989
	$ 16,348,955	$ 20,108,833

Approved by the Board:

"T. Richard Turner"
Board Chair

"D. Neil McDonnell"
Chair, Audit Committee

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

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

	Year ended April 30, 2015	2014
EXPENSES		
General and administrative (note 13)	$ 645,316	$ 2,726,068
Finance costs (note 14)	1,315,009	1,638,409
Share-based compensation	13,420	15,823
OPERATING LOSS	(1,973,745)	(4,380,300)
OTHER ITEMS		
Share of income of joint ventures and associates (note 5)	468,263	124,828
Interest income	34	532
Change in fair value of embedded derivative liability	191,090	-
Loss on redemption of convertible debentures	(23,084)	-
Foreign exchange gain (loss)	24,915	(42,951)
	661,218	82,409
NET LOSS	$ (1,312,527)	$ (4,297,891)
Basic and diluted loss per common share (note 15)	$ (0.02)	$ (0.12)
NET LOSS	$ (1,312,527)	$ (4,297,891)
OTHER COMPREHENSIVE INCOME		
Currency translation adjustment of joint ventures and associates	1,523,979	1,454,674
COMPREHENSIVE INCOME (LOSS)	$ 211,452	$ (2,843,217)

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, 2013	31,140,806	$ 8,152,591	$ -	$ 1,114,780	$ 60,871	$ (832,839)	$ 8,495,403
Conversion of debentures	1,378,459	92,363	(5,507)	-	-	-	86,856
Bonus common shares issued	2,661,539	240,000	-	-	-	-	240,000
Conversion of due to related parties	1,666,666	500,000	-	-	-	-	500,000
Share-based compensation	-	-	-	15,823	-	-	15,823
Convertible debentures	-	-	262,603	-	-	-	262,603
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
Balance, April 30, 2014	36,847,470	$ 8,984,954	$ 257,096	$ 1,192,124	$ 1,515,545	$ (5,130,730)	$ 6,818,989
Conversion of debentures	726,148	50,126	(2,890)	-	-	-	47,236
Redemption of debentures	-	-	(7,838)	-	-	(47)	(7,885)
Conversion of due to related parties	9,846,152	800,000	-	-	-	-	800,000
Share issue – private placement	17,230,768	1,400,000	-	-	-	-	1,400,000
Share issue costs	-	(143,448)	-	-	-	-	(143,448)
Share-based compensation	-	-	-	13,420	-	-	13,420
Net loss for the period	-	-	-	-	-	(1,312,527)	(1,312,527)
Other comprehensive income	-	-	-	-	1,523,979	-	1,523,979
Balance, April 30, 2015	64,650,538	$11,091,632	$ 246,368	$ 1,205,544	$ 3,039,524	$ (6,443,304)	$ 9,139,764

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

	Year ended April 30, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,312,527)	$ (4,297,891)
Adjustments to reconcile net loss to net cash provided by operating activities		
Bonus shares included in financing fees	-	240,000
Share-based compensation	13,420	15,823
Amortization of transaction costs	348,974	515,500
Accretion of convertible debenture	51,691	37,579
Accretion of convertible unsecured subordinated debenture	25,553	-
Share of income of joint ventures and associates	(468,263)	(124,828)
Foreign exchange (gain) loss	(24,915)	42,951
Change in fair value of embedded derivative liability	(191,090)	-
Loss on redemption of convertible debentures	23,084	-
Changes in operating assets and liabilities (note 16)	(1,351,989)	1,257,218
	(2,886,062)	(2,313,648)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in and contributions to joint ventures and associates	-	(6,746,933)
Distributions from joint ventures and associates	2,704,150	983,231
Advances to joint ventures and associates	3,007,623	(561,134)
Purchase of short-term investments	(34)	(33)
	5,711,739	(6,324,869)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related parties	2,500,000	800,000
Proceeds from issuance of shares	1,400,000	-
Proceeds from promissory note payable	-	400,000
Proceeds from issuance of convertible debentures	-	5,360,000
Advance of long-term debt	-	6,760,972
Repayment of long-term debt	(6,760,972)	(2,938,404)
Redemption of convertible debentures	(160,000)	-
Share issue costs	(143,448)	(1,201,366)
	(3,164,420)	9,181,202
Effect of exchange rate changes on cash	18,163	(37,409)
Change in cash for the period	(320,580)	505,276
Cash, beginning of period	545,020	39,744
Cash, end of period	$ 224,440	$ 545,020
Interest paid	$ 850,479	$ 846,281
Income taxes paid	$ -	$ -

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

1. Organization

TitanStar Properties Inc. (the "Company") was incorporated under the *Canada Business Corporations Act* on June 3, 2008 and is a real estate holding company trading on the TSX Venture Exchange (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, 2015, the Company had comprehensive income of $211,452 (2014 – loss of $2,843,217) and has a deficit of $6,443,304 (2014 - $5,130,730). As at April 30, 2015, the Company had working capital of $84,426 (2014 – working capital deficiency $12,375,212). 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 July 28, 2015.

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.

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 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., TSP GP Holdings Inc., TSP LP Holdings Inc. and Titanstar US, Inc.

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

e) Joint arrangement 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 arrangement 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 income (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 statements of financial position.

At each reporting period, the Company evaluates if there is objective evidence that its interest in joint venture investment is impaired. The entire carrying amount of the interest in 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 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 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 within 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 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 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 interest in joint ventures and associates any related foreign currency gains or losses are included in net loss.

m) Income taxes

Current income 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 income 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 income tax assets are recognized only to the extent that it is probable that temporary differences will reverse itself 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 income 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 income 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 income tax assets against current income 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 loss. 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 initially 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. Subsequent to initial recognition, changes in the fair values of derivative instruments are recognized in net loss, except for derivatives that are designated as cash flow hedges.

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 Instruments	**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
Embedded derivative liability	Other liabilities	Fair value
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 statement of financial position 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, 2014, the Company adopted IFRIC Interpretation 21. The interpretation addresses the accounting for a liability to pay a levy within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. The adoption of IFRIC Interpretation 21 did not require any change to the recognition or measurement of liabilities of the Company.

q) Future changes to significant accounting policies

The following standards will be effective for subsequent annual periods. The Company is currently evaluating the impact of these standards on its consolidated financial statements.

IFRS 9 – Financial Instruments replaces IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets. The standard is effective for years beginning on or after January 1, 2018 with earlier adoption permitted.

IFRS 15 – Revenue from Contracts with Customers replaces IAS 11 – Construction Contracts and IAS 18 – Revenue, as well as various IFRIC and SIC interpretations, specifies the steps and timing for entities to recognize revenue and enhance disclosure requirements effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted.

3. Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that effect 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 joint 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.

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 income (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

(expressed in Canadian dollars)

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

c) Income tax provision (continued)

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 the estimates differ from the final tax return, net loss and comprehensive loss would be affected in 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 obligation 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, 2014 – 0.05% interest per annum) and are due May 2015 (2014 – May 2014).

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, 2015	Year ended April 30, 2014
Interests in joint ventures and associates, beginning of period	$16,168,074	$ 9,068,052
Contributions and investments	-	6,746,933
Distributions	(2,704,150)	(983,231)
Share of net income	468,263	124,828
Currency translation adjustments	1,542,305	1,211,426
Interests in joint ventures and associates, end of period	$15,474,492	$16,168,074

(expressed in Canadian dollars)

5. Interests in joint ventures and associates (continued)

At April 30, 2015, 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 Deer Springs Crossing LP through the Company's 100% wholly owned subsidiary, TitanStar DSC Holdings Inc., and a 50% interest in LVLH GP Inc. (49.5% limited partnership interest in LV Loan Holdings LP and 0.5% interest in LV Loan Holdings LP through a 50% interest in the general partner of LVLH GP Inc.).

Sahara Crossing represents a 50% interest in Sahara Crossing LP through the Company's 100% wholly owned subsidiary, TitanStar DSC Holdings Inc. On September 5, 2014, the Sahara Crossing Property was sold. The buyer was at arm's length to the Company and Juliet Companies LLC, the other partner in Sahara Crossing LP.

Swanway Plaza represents a 50% interest in TSP LP I, L.P., a joint venture in which the Company and Romspen Investment Corporation ("Romspen") each have a 50% indirect interest. The Company's interest is through two wholly-owned subsidiaries, TSP LP Holdings Inc. (49.75% limited partnership interest in TSP LP I, L.P.) and TSP GP Holdings Inc. (0.25% general partnership interest in TSP LP I, L.P. through a 50% interest in the general partner of TSP LP I, L.P., TSP GPCo. I, Inc.).

San Tan Plaza represents a 50% interest in TSP LP II, L.P., a joint venture in which the Company and Romspen each have a 50% indirect interest. The Company's interest is through two wholly-owned subsidiaries, TSP LP Holdings Inc. (49.75% limited partnership interest in TSP LP II, L.P.) and TSP GP Holdings Inc. (0.25% general partnership interest in TSP LP II, L.P. through a 50% interest in the general partner of TSP LP II, L.P., TSP GPCo. II, Inc.).

Adam's Dairy Landing represents a 38.4% interest in a retail shopping center, in Blue Springs, Missouri, Blue Springs Partners, LP. The Company's interest is held through its wholly owned- subsidiary, TitanStar US Inc. (37.5% limited partnership interest in Blue Springs Partners, LP) and Adams Dairy Landing GP, Inc. (0.9% general partnership interest in Blue Springs Partners, LP).

(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, 2015:

	DSC	SC	SWP	STP	ADL	TOTAL
Current assets						
Cash	$ 303,994	$ 3,370	$ 133,217	$ 27,207	$ 227,575	$ 695,363
Amounts receivable	5,914	5,069	10,382	36,118	586,050	643,533
Prepaids and deposits	21,524	-	272,624	109,130	1,212,760	1,616,038
	331,432	8,439	416,223	172,455	2,026,385	2,954,934
Income properties	13,291,467	-	11,916,637	4,351,828	71,171,083	100,731,015
Current liabilities						
Accounts payable and accrued liabilities	(25,335)	(3,219)	(86,327)	(71,052)	(7,556,208)	(7,742,141)
Current portion of long-term debt	-	-	(124,071)	(43,730)	-	(167,801)
	(25,335)	(3,219)	(210,398)	(114,782)	(7,556,208)	(7,909,942)
Long-term debt	-	-	(7,562,350)	(2,722,795)	(51,188,940)	(61,474,085)
Net assets at 100%	$ 13,597,564	$ 5,220	$ 4,560,112	$ 1,686,706	$ 14,452,320	$ 34,301,922
Company share	$ 6,798,782	$ 2,610	$ 2,280,056	$ 843,353	$ 5,549,691	$ 15,474,492

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
Prepaids 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

(expressed in Canadian dollars)

5. Interests in joint ventures and associates (continued)

For the year ended April 30, 2015:

	DSC	SC	SWP	STP	ADL	TOTAL
Revenue, including operating recoveries	$ 31,410	$ 187,431	$ 1,321,348	$ 536,204	$ 6,570,380	$ 8,646,773
Gain on property sale	-	3,159,816	-	-	-	3,159,816
Operating and leasing expenses	(198,894)	(84,252)	(371,885)	(223,114)	(2,523,098)	(3,401,243)
Depreciation	-	(419,601)	(364,536)	(165,494)	(4,289,980)	(5,239,611)
Interest expense	-	(33,624)	(360,885)	(126,282)	(2,297,817)	(2,818,608)
Net income at 100%	(167,484)	2,809,770	224,042	21,314	(2,540,515)	347,127
Company share	(83,742)	1,404,885	112,021	10,657	(975,558)	468,263
Other comprehensive income	627,795	44,408	215,176	80,246	574,680	1,542,305
Total comprehensive income	$ 544,053	$ 1,449,293	$ 327,197	$ 90,903	$ (400,878)	$ 2,010,568

For the 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

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, 2015, the Company paid $12,000 plus GST (2014 - $12,000 plus GST) to the Asset Manager for management fees pursuant to the asset management agreement.

On May 28, 2014, the Company 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 were subject to a four month hold resale restriction.

On September 30, 2014, the Company closed a private placement of an aggregate principal amount of $2.5 million convertible unsecured subordinated debentures. The debentures are held by a private company of which the President and CEO of the Company is a principal, and by a private company of which a director of the Company is a director. The Debentures bear interest at 7.5% per annum and mature on September 30, 2019. The Company may repay all or a portion of the indebtedness owing under the Debentures at any time without penalty.

Each Debenture is convertible into units with each comprised of one common share and one share purchase warrant at a conversion price of $0.09 in the first year, and for each year thereafter at a conversion price equal to the greater of the closing sales price (or the closing bid, if no sales were reported on the date of determination) of the common shares on the TSX Venture Exchange or $0.10. Each warrant will entitle the holder to acquire an additional share at an exercise price equal to the conversion price of the Debentures in effect at the time such warrants are issued, and will expire on September 30, 2019.

The calculated present value of $2,219,011 was calculated using a discount rate of 10%, and the residual amount of $280,989 was allocated to the conversion feature.

(expressed in Canadian dollars)

6. Related party transactions (continued)

The conversion feature is considered an embedded derivative liability as the conversion price varies based on the conversion date and closing sales price of the Company's common shares. The embedded derivative liability is classified as a current liability on the consolidated statement of financial position and is carried at fair value as determined by the Black-Scholes option pricing model, with changes in fair value recorded as gains and losses in the net loss. The assumptions in valuing the embedded derivative liability as at April 30, 2015 include an expected volatility of 50%, a risk free rate interest rate of 0.67% and an expiry of September 30, 2015 (level 2).

Due to related parties include the following:

	April 30, 2015	April 30, 2014
Balance, beginning of year	$ 800,000	$ 500,000
Settlement of debts with issue of common shares	(800,000)	(500,000)
Advances from related parties	-	800,000
Long-term debt component of convertible debt	2,219,011	-
Accretion	25,553	-
Balance, end of year	$ 2,244,564	$ 800,000

For the year ended April 30, 2015, the Company incurred $114,798 (2014 - $25,500) of interest on amounts due to related parties.

For the year ended April 30, 2015, the Company paid $84,000 (2014 - $49,000) of service fees to the CFO.

For the year ended April 30, 2015, the Company incurred operating expenses of $62,489 (2014 - $nil), included in general and administrative expenses, that were charged by the Asset Manager.

Included in accounts payable and accrued liabilities are amounts owing to the Asset Manager of $38,872 (2014 - $nil) and $55,918 of accrued interest (2014 - $nil) owing to a private company of which a director of the Company is a director.

7. Promissory note payable

On December 16, 2013, the Company received promissory note payable proceeds of $400,000. The promissory note payable is unsecured, accrues interest 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 was expensed in the year ended April 30, 2014 as financing fees in finance costs.

(expressed in Canadian dollars)

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 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.

On September 9, 2014, the Company used the net proceeds from the Sahara Property sale to partially settle the Romspen revolving line of credit.

On September 30, 2014, the Company used the proceeds from the private placement to settle the full balance of the Romspen revolving line of credit.

As at	April 30, 2015	April 30, 2014
Romspen debt excluding transaction costs	$ -	$ 6,760,972
Transaction costs	-	(197,668)
Long-term debt	-	6,563,304
Less: long-term debt - current	-	(6,563,304)
Long-term debt - non-current	$ -	$ -

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 was allocated to equity.

(expressed in Canadian dollars)

9. Convertible debentures (continued)

A reconciliation of the face value of the convertible debentures is as follows:

	Convertible debentures (at face value)
Principal on issuance	$ 5,360,000
Conversion of debentures	(112,000)
Principal on April 30, 2014	5,248,000
Conversion of debentures	(59,000)
Redemption of debentures via sinking fund	(160,000)
Principal on April 30, 2015	$ 5,029,000

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

	April 30, 2015	April 30, 2014
Liability, beginning of year	$ 4,967,866	$ -
Issuance of convertible debentures	-	5,036,618
Accretion	51,691	37,579
Conversion of debentures	(56,004)	(106,331)
Redemption of debentures via sinking fund	(152,114)	-
Liability, end of year	4,811,439	4,967,866
Transaction costs, beginning of year	(820,005)	-
Transaction costs incurred	-	(946,609)
Conversion of debentures	8,768	19,475
Redemption of debentures via sinking fund	23,082	-
Amortization of transaction costs	151,306	107,129
Transaction costs, end of year	(636,849)	(820,005)
Convertible debentures	$ 4,174,590	$ 4,147,861

The Company is required to pay annually on September 30, 2014 through September 30, 2017, 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 September 30, 2013 of $5,255,000). 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.

Included in accounts payable and accrued liabilities is interest on the convertible debentures of $35,622 (2014 - $92,743).

(expressed in Canadian dollars)

10. Share capital

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 private placement.

At April 30, 2015 and 2014, the authorized share capital comprised an unlimited number of common shares and non-voting, perpetual, redeemable preferred shares. No preferred shares have been issued to date.

	April 30, 2015		April 30, 2014	
	Common Shares	Share Capital	Common Shares	Share Capital
Issued and outstanding, beginning of period	36,847,470	$ 8,984,954	31,140,806	$ 8,152,591
Bonus common shares issued	-	-	2,661,539	240,000
Conversion of due to related parties	9,846,152	800,000	1,666,666	500,000
Conversion of debentures	726,148	50,126	1,378,459	92,363
Common shares issued – private placement	17,230,768	1,400,000	-	-
Share issue costs	-	(143,448)	-	-
Issued and outstanding, end of period	64,650,538	$ 11,091,632	36,847,470	$ 8,984,954

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.

(expressed in Canadian dollars)

11. Share options (continued)

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. 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 in respect of loans advanced by two directors. 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 year ended April 30, 2014:

Dividend yield	0%
Risk-free interest rate	1.90%
Expected average option term	5 years
Volatility	48-79%

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

	Year ended April 30, 2015		Year ended April 30, 2014	
	Number of Share Options	Weighted Average Exercise Price	Number of Share Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,580,000	$0.20	650,000	$0.35
Share options expired	(105,000)	-	-	-
Share options granted	-	-	930,000	0.09
Outstanding, end of period	1,475,000	$0.19	1,580,000	$0.20
Share options exercisable	774,999		566,666	
Weighted average remaining life (years)	2.38		3.23	
Weighted average remaining life (years) – vested	1.54		1.23	

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

Share Options Outstanding	Share Options Vested	Exercise Price	Remaining contractual life (years)
425,000	425,000	0.35	0.08
125,000	41,666	0.35	2.36
625,000	208,333	0.10	3.35
300,000	100,000	0.08	3.62
1,475,000	774,999		

(expressed in Canadian dollars)

12. Warrants

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

	Year ended April 30, 2015		Year ended April 30, 2014	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	4,617,844	$0.08	673,650	$0.45
Warrants issued	-	-	4,617,844	$0.08
Warrants expired	-	-	(673,650)	$0.45
Outstanding, end of period	4,617,844	$0.08	4,617,844	$0.08
Weighted average remaining life (years)	0.27		1.27	

On August 8, 2013, 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 was estimated on the date of the grant using the Black-Scholes option pricing model using the following assumptions:

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, 2015	Year ended April 30, 2014
Insurance	$ 22,903	$ 22,281
Bank charges	2,316	3,150
Bad debts	329,184	-
Filing fees	31,367	107,149
Office costs	63,397	19,951
Management fees	12,600	12,600
Potential project costs	70,094	1,032,773
Professional fees	231,573	230,085
REIT related expenses	(131,063)	691,028
Office administration	43,433	-
Subscription receipts and prospectus	(59,299)	550,611
Travel	28,811	56,440
General and administrative expenses	$ 645,316	$ 2,726,068

(expressed in Canadian dollars)

14. Finance costs

	Year ended April 30, 2015	Year ended April 30, 2014
Interest on long-term debt	$ 851,682	$ 845,330
Financing fees	37,109	240,000
Amortization of transaction costs	348,974	515,500
Accretion of convertible debenture	51,691	37,579
Accretion of convertible unsecured subordinated debenture	25,553	-
Finance costs	$ 1,315,009	$ 1,638,409

15. Loss per share

The weighted average basic and diluted common shares outstanding for the year ended April 30, 2015 are 60,707,728 (2014 – 34,599,404).

The following securities were not included in the diluted net income per unit calculation for the year ended April 30, 2015 as the effect would have been anti-dilutive:

	Number of Common Shares	Weighted Average Exercise Price / Conversion Price
Share options	1,475,000	$0.19
Warrants	4,617,844	$0.08125
Convertible debentures	61,895,385	$0.08125
Total	67,988,229	

16. Changes in operating assets and liabilities

	Year ended April 30, 2015	Year ended April 30, 2014
Amounts receivable	$ 213,496	$ (156,066)
Income taxes receivable	(523,286)	-
Prepaid expenses and deposits	36,342	299,774
Accounts payable and accrued liabilities	(1,078,541)	1,113,510
	$ (1,351,989)	$ 1,257,218

17. Capital management

The Company's objectives when managing capital of $16,048,817 (April 30, 2014 - $18,730,154), which is share capital, contributed surplus, equity component of convertible debentures, accumulated other comprehensive income, deficit, promissory note payable, due to related parties, 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 light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new common shares, or sell assets to reduce debt.

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

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.

18. Risk management and fair values (continued)

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 favorable 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, and promissory note payable which are all currently due. Convertible debentures at face value are due in 2018 and the related party convertible unsecured subordinated debentures are due in 2019.

Interest rate risk:

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

There is interest rate risk associated with the loan payable in the joint 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, 2015, the Company would have higher (or lower) share of income of joint ventures and associates included in net loss of approximately $85,400 (2014 - $15,200).

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.

18. Risk management and fair values (continued)

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, 2015.

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, 2015	April 30, 2014
Cash	$ 218,874	$ 222,021
Short-term investments	75,489	68,526
Amounts receivable	-	213,496
Taxes recoverable	523,286	-
Deposits	20,291	-
Investment in joint ventures	15,474,492	16,168,074
Advances to joint ventures	-	3,026,127
Accounts payable	52,295	278,257

18. Risk management and fair values (continued)

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, 2015 of approximately $39,300 (2014 loss of $11,200) 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, 2015 of approximately $773,500 (2014 loss of $960,000). 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, 2015 of approximately $39,300 (2014 income of $11,200) and additional income from currency translation adjustments of joint ventures and associates included in other comprehensive income or loss for year ended April 30, 2015 of approximately $773,500 (2014 income of $960,000). 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.

Fair values:

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

(expressed in Canadian dollars)

19. Income taxes

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

	2015	2014
Net loss before income taxes	($1,312,527)	($4,297,891)
Basic statutory tax rate	26.00%	26.00%
Expected income taxes (recovery)	(341,300)	(1,117,500)
Adjustments resulting from:		
Items non-deductible for income tax purposes	(500)	214,400
Differences on investment in joint ventures and associates	381,900	259,400
Change in valuation allowance	(421,700)	788,400
Other	381,600	(144,700)
Provision for income taxes	$ -	$ -

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

	2015	2014
Advances to joint ventures	$ -	($ 29,800)
Interests in joint ventures and associates	(219,700)	(203,000)
Convertible unsecured subordinated debentures	(43,000)	-
Convertible debentures	(56,600)	(72,800)
Cumulative eligible capital	290,400	424,000
Non-capital loss carry forward	962,700	941,300
Transaction costs	66,500	362,300
	1,000,300	1,422,000
Valuation allowance	(1,000,300)	(1,422,000)
Deferred income tax asset	$ -	$ -

20. Commitments

The Company has entered into a premises lease plus operating costs expiring on July 31, 2019. The minimum payments over the next five years are as follows:

2016	$ 37,875
2017	39,011
2018	39,390
2019	40,526
2020	10,226

Lease payments for the year ended April 30, 2015 were $49,504 (2014 - $nil) of which $22,232 (2014 - $nil) was recovered from the Asset Manager.

21. Subsequent events

Subsequent to April 30, 2015, 49,230 common shares of the Company were issued, resulting from the conversion of convertible debentures with a face value of $4,000.

On July 15 and 21, 2015, the Company announced it has entered into a formal purchase agreement with respect to the Martin Downs Town Center, a real estate asset located in Palm City, Florida. Pursuant to the Agreement, the Company, through its wholly-owned US subsidiary, will acquire up to a 90% membership interest in the single purpose entity which holds registered title to Martin Downs Town Center. The acquisition will be completed in two stages. The Company will initially acquire a 49% interest, with an option to acquire the remaining 41% interest within three years.

The purchase price payable at each closing will be based on the asset value of the property, valued at US $11.5 million, less the then outstanding mortgage indebtedness, currently approximately US $6.9 million, plus a reimbursement of closing costs up to a maximum of US $165,000. The purchase price will be payable by the Company in common shares, to a maximum of 92,851,908 common shares, with any remainder or adjustment amount to be paid in cash. For the initial transaction, the Company anticipates that it will issue 50,552,705 common shares.

The vendor of Martin Downs Town Center is an affiliate of Inovalis S.A., a shareholder of the Company. Additionally, a director of the Company and an executive of the Company are executives of Inovalis S.A. Half of the common shares issuable to the vendor under the acquisition will be issued to Hoche Partners, a shareholder of the Company.

As part of the acquisition, Inovalis S.A. and Hoche Partners will each enter into a voting trust agreement with the Company, pursuant to which the common shares held by them will be voted as directed by the Company, and the Company will agree not to proceed with specified material changes without the prior consent of Inovalis S.A. and Hoche Partners, subject to applicable laws and TSXV policies. The Company will also agree to fix its board of directors at five members, and will allow each of Inovalis S.A. and Hoche Parnters to nominate one person for election to the board of directors. Inovalis S.A. and Hoche Partners also will continue to support the Company's growth objectives going forward.

The acquisition of Martin Downs Town Center is subject to satisfaction of closing conditions, including the Company's receipt of all necessary prior approvals from its shareholders and the TSXV. In addition, approval must be obtained from the existing mortgage lender prior to the Company completing the acquisition of the remaining 41% interest. There can be no guarantee or assurance that any closing conditions will be satisfied or waived, that it will be approved by the existing mortgage lender, that it will receive all necessary prior approvals of its shareholders or the TSXV, nor that the acquisition will be completed at all.