AMENDED AND RESTATED ARRANGEMENT AGREEMENT

DATED as of the 10th day of February, 2014

AMONG:

TITANSTAR PROPERTIES INC. ("**TitanStar**"), a corporation formed under the federal laws of Canada, and **TITANSTAR FOCUS RETAIL REAL ESTATE INVESTMENT TRUST** ("**TitanStar REIT**"), a trust established under the laws of British Columbia

WHEREAS:

A. TitanStar and TitanStar REIT entered into an arrangement agreement dated January 20, 2014 (the "**Original Agreement**"), wherein the parties agreed to undertake an arrangement under the *Canada Business Corporations Act* to "convert" TitanStar from a corporate structure to a real estate investment trust structure involving, among other things, the holders of Common Shares (as defined herein) exchanging their Common Shares, through a series of steps, for TitanStar REIT Units (as defined herein);

B. the parties hereto wish to amend and restate the Original Agreement as set out herein;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties to this Agreement), the parties hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

(a) "Arrangement" means the arrangement under Section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with this Agreement or Article 6 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of TitanStar, acting reasonably;

(b) "Arrangement Resolution" means the special resolution approving the Plan of Arrangement to be voted upon by the Shareholders at the Meeting;

(c) "Articles of Arrangement" means the articles of arrangement of TitanStar in respect of the Arrangement, required to be filed pursuant to the CBCA with the Director after the Final Order is made by the Court, which shall be in form and content satisfactory to TitanStar;

(d) "Business Day" means any day, other than a Saturday, a Sunday or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business during normal banking hours;

(e) "CBCA" means the *Canada Business Corporations Act*, including the regulations promulgated thereunder, in either case as amended;

(f) "Circular" means the notice of the Meeting and accompanying management information circular/proxy statement, including all schedules, appendices and exhibits thereto, to be sent to Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time;

(g) "Common Shares" means the common shares in the capital of TitanStar;

(h) "Court" means the Supreme Court of British Columbia;

(i) "Debentures" means the 8.5% convertible redeemable unsecured subordinated debentures, maturing on September 30, 2018 issued by TitanStar under the Debenture Indenture;

(j) "Debenture Indenture" means the trust indenture dated July 31, 2013 between TitanStar and BNY Trust Company of Canada, as amended and as may be supplemented or further amended from time to time, pursuant to which the Debentures were created and issued;

(k) “Deer Springs Holdings” means Deer Springs Holdings Inc., a wholly owned subsidiary of TitanStar to be incorporated prior to the Effective Date;

(l) "Deer Springs Holdings A Options" means an option to acquire a Deer Springs Holdings Share, having an exercise price equal to the ratio of the Deer Springs Holdings Value to the value of TitanStar immediately prior to the transfer contemplated in Subsection 3.2(iii)(c), multiplied by $0.08125;

(m) "Deer Springs Holdings B Options" means an option to acquire a Deer Springs Holdings Share, having an exercise price equal to the ratio of the Deer Springs Holdings Value to the value of TitanStar immediately prior to the transfer contemplated in Subsection 3.2(iii)(c), multiplied by $0.10;

(n) "Deer Springs Holdings C Options" means an option to acquire a Deer Springs Holdings Share, having an exercise price equal to the ratio of the Deer Springs Holdings Value to the value of TitanStar immediately prior to the transfer contemplated in Subsection 3.2(iii)(c), multiplied by $0.35;

(o) "Deer Springs Holdings Share" means a common share in the capital of Deer Springs Holdings;

(p) "Deer Springs Holdings Value" means the proportionate value of TitanStar's beneficial interests in Deer Springs LP, LVLH GP and LVLH LP, as determined by TitanStar, relative to the value of TitanStar immediately prior to the transfer contemplated under Subsection 3.2(c)(iii);

(q) “Deer Springs LP” means Deer Springs Crossing LP, a Nevada limited partnership of which TitanStar, through TSP DSC, is a limited partner;

(r) "Director" has that meaning prescribed under the CBCA;

(s) "Dissent Rights" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement;

(t) "Effective Date" means the date the Arrangement is effective under the CBCA;

(u) "Effective Time" means 5:00 p.m. (Vancouver time) on the Effective Date or such other time on the Effective Date as may be specified in writing by TitanStar;

(v) "Final Order" means the order of the Court made after application therefor, presented to the Court in form and content acceptable to TitanStar, acting reasonably, approving the Arrangement as such order may be amended by the Court (with the consent of TitanStar, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any requested amendment is acceptable to TitanStar, acting reasonably) on appeal;

(w) "Interim Order" means the order of the Court made after application therefor, presented to the Court in form and content acceptable to TitanStar, acting reasonably, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court at the request of TitanStar;

(x) “LVLH GP” means LVLH GP, Inc., a Nevada company through which TitanStar holds a general partner interest in LVLH LP;

(y) “LVLH LP” means LV Loan Holdings, LP, a Nevada limited partnership of which TitanStar is a limited partner;

(z) "Meeting" means the special meeting of Shareholders, including any adjournment or postponement thereof, to be called and held to consider, among other things, the Arrangement Resolution;

(aa) "person" includes an individual, partnership, association, body corporate, trust, trustee, executor, administrator, legal representative, government (including any governmental entity) or any other entity, whether or not having legal status;

(bb) "Plan of Arrangement" means the plan of arrangement attached hereto as Schedule A, as amended, modified or supplemented from time to time in accordance with the terms thereof;

(cc) "Preferred Shares" means the Class A Preferred shares in the capital of TitanStar;

(dd) "Shareholder" means the holder of a Common Share or a Preferred Share;

(ee) "Tax Act" means the *Income Tax Act* (Canada) and the regulations thereunder, as the same may be amended from time to time;

(ff) "TitanStar REIT Assumed Debentures" means the 8.5% convertible redeemable unsecured subordinated debentures, maturing on September 30, 2018, to be assumed by TitanStar REIT pursuant to the Plan of Arrangement and in accordance with the Debenture Indenture;

(gg) "TitanStar REIT Declaration of Trust" means the declaration of trust forming and governing TitanStar REIT, as amended, supplemented or otherwise modified from time to time;

(hh) "TitanStar REIT A Options" has that meaning ascribed in Subsection 3.1(c) of the Plan of Arrangement;

(ii) "TitanStar REIT B Options" has that meaning ascribed in Subsection 3.1(c) of the Plan of Arrangement;

(jj) "TitanStar REIT C Options" has that meaning ascribed in Subsection 3.1(c) of the Plan of Arrangement;

(kk) "TitanStar REIT Units" means the trust units of TitanStar REIT;

(ll) "TSP DSC" means TitanStar DSC Holdings Inc., a corporation formed pursuant to the laws of Canada; and

(mm) "TSXV" means the TSX Venture Exchange.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof, and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

1.4 Number and Gender

In this Agreement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing the use of either gender shall include both genders and neuter.

1.5 Date for any Action

If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.6 References to Statutes, etc.

In this Agreement, references to a particular statute or law shall be to such statute or law and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated thereunder or amended from time to time. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. Any reference in this Agreement to a person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns of that person.

1.7 Governing Law

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of British Columbia and the federal laws of Canada applicable therein.

1.8 Entire Agreement

This Agreement, together with the schedule attached hereto, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties with respect to the subject matter hereof.

1.9 References to Trust

Where any reference is made herein to an act to be performed by, for or on behalf of, or an obligation of, TitanStar REIT, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, for or on behalf of, or an obligation of, the trustee or trustees of TitanStar REIT, in their capacity as trustees, as the case may be, to the extent necessary to give effect thereto.

1.10 Additional Parties

The parties hereto may agree that additional persons become party to this Agreement from time to time as contemplated herein.

1.11 Schedule

Schedule A annexed to this Agreement is incorporated by reference into this Agreement and forms a part hereof.

ARTICLE 2
THE ARRANGEMENT

2.1 Court Applications

In connection with the Arrangement, TitanStar shall:

(a) file, proceed with and prosecute an application for an Interim Order under Section 192 of the CBCA providing for, among other things, the calling and holding of the Meeting for the purpose of considering and, if thought advisable, approving, among other things, the Arrangement Resolution; and

(b) subject to obtaining all necessary approvals as contemplated in the Interim Order and as may be directed by the Court in the Interim Order or otherwise, including approval of the Arrangement Resolution by the Shareholders, take steps necessary to submit the Arrangement to the Court and apply for the Final Order on or before March 31, 2014 or such other date as the parties hereto may agree.

2.2 Implementation of the Arrangement

Subject to the terms of this Agreement, including satisfaction or waiver of the conditions set forth herein, on March 31, 2014, or such other date as the parties hereto may agree, TitanStar shall send to the Director the Articles of Arrangement and such other documents as may be required to give effect to the Arrangement.

2.3 Effective Time

The Arrangement shall become effective at the Effective Time in the manner provided in the Plan of Arrangement and the transactions comprising the Arrangement shall occur and shall be deemed to have occurred as set out therein without any further act or formality.

ARTICLE 3
COVENANTS

3.1 Covenants of the Parties

Each of the parties hereto covenants and agrees that, subject to the terms of this Agreement, including satisfaction or waiver of the conditions set forth herein, it will:

(a) take all actions reasonably necessary to give effect to the transactions contemplated by this Agreement and the Arrangement;

(b) use all reasonable efforts to obtain all consents, exemptions, approvals, assignments, waivers and amendments to or terminations of any instruments considered necessary or desirable by the parties and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;

(c) use all reasonable efforts to cause each of the conditions precedent set forth in Article 4 which are within its control to be satisfied on or before the Effective Date; and

(d) to the extent applicable to it, carry out the terms of the Final Order and implement the transactions contemplated by this Agreement and the Arrangement.

3.2 Covenants of TitanStar

TitanStar covenants and agrees that it will:

(a) solicit proxies to be voted at the Meeting in favour of the Arrangement Resolution and prepare the Circular and proxy solicitation materials and any amendments, modifications or supplements thereto as required by, and in compliance with, the Interim Order, applicable securities laws and the CBCA, and file and distribute the same to the Shareholders in a timely and expeditious manner in all jurisdictions where the same are required to be filed and distributed;

(b) convene the Meeting as contemplated by the Interim Order and conduct the Meeting in accordance with the Interim Order, the CBCA and as otherwise required by law; and

(c) prior to the Effective Date:

(i) make application to the TSXV for approval of the listing on the TSXV of the TitanStar REIT Units and the TitanStar REIT Assumed Debentures;

(ii) incorporate Deer Springs Holdings;

(iii) transfer its legal and beneficial interest in and to LVLH GP, LVLH and Deer Springs LP, as applicable, to Deer Springs Holdings in consideration for Deer Springs Holdings Shares, Deer Springs Holdings A Options, Deer Springs Holdings B Options, Deer Springs Holdings C Options and the agreement to assume all obligation to issue Deer Springs Holdings Shares for delivery to holders of TitanStar REIT Assumed Debentures upon conversion of such TitanStar REIT Assumed Debentures after the Effective Date in accordance with the Debenture Indenture and to enter into a support agreement with regards to same; and

(iv) cause TSP DSC, a wholly owned subsidiary of TitanStar, to transfer TSP DSC's legal interest in and to Deer Springs LP to Deer Springs Holdings.

3.3 Covenants of TitanStar REIT

TitanStar REIT covenants and agrees that it will:

(a) until the Effective Date, other than as contemplated herein, in the Plan of Arrangement or in the Circular, not carry on any business or enter into any transaction without the prior written consent of TitanStar;

(b) until the Effective Date, other than as contemplated herein, not issue any securities or enter into any agreements to issue securities or grant options, warrants or rights to purchase any of its securities, except to TitanStar or as agreed to by TitanStar;

(c) on or prior to the Effective Date, reserve and authorize for issuance the TitanStar REIT Units issuable pursuant to the Arrangement; and

(d) prior to the Effective Date, cooperate with TitanStar in making the application to the TSXV for approval of the listing on the TSXV of the TitanStar REIT Units and the TitanStar REIT Assumed Debentures.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Mutual Conditions

The respective obligations of the parties to complete the transactions contemplated by this Agreement shall be subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived collectively by them without prejudice to their right to rely on any other condition:

(a) the Interim Order shall have been granted in form and substance satisfactory to the parties hereto, acting reasonably, not later than March 1, 2014 or such later date as the parties hereto may agree and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;

(b) the Arrangement Resolution shall have been approved by the requisite number of votes cast by the Shareholders at the Meeting in accordance with the provisions of the Interim Order and the CBCA;

(c) the Final Order shall have been granted in form and substance satisfactory to the parties hereto, acting reasonably, not later than March 31, 2014 or such later date as the parties hereto may agree and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;

(d) Dissent Rights shall have been exercised by Shareholders with respect to no more than 6% of the outstanding Common Shares and 6% of the outstanding Preferred Shares;

(e) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to the parties hereto, acting reasonably, shall have been accepted for filing by the Director together with the Final Order in accordance with the CBCA;

(f) no material action or proceeding shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency and there shall be no action taken under any applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:

   (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein or in the Plan of Arrangement; or

   (ii) results or could result in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein or in the Plan of Arrangement;

(g) there shall not have occurred any change or proposed change in the income tax laws of Canada or any other jurisdiction or the interpretation or administration thereof, which change would, as a consequence of the completion of the Arrangement, be material and adverse to the parties hereto;

(h) no breach or default or event of default will result under material debt contracts or indentures or other material agreements of the parties hereto directly or indirectly relating to or as a result of the transactions contemplated in this Agreement or in the Plan of Arrangement;

(i) all material regulatory consents, exemptions and approvals considered necessary or desirable by the parties with respect to the transactions contemplated under the Arrangement shall have been completed or obtained;

(j) all material third party consents, exemptions and approvals considered necessary or desirable by the parties with respect to the transactions contemplated under the Arrangement shall have been completed or obtained;

(k) the TSXV shall have conditionally approved the listing or the substitutional listing of the TitanStar REIT Units to be issued pursuant to the Arrangement and the TitanStar REIT Assumed Debentures, subject only to the filing of required documents which cannot be filed prior to the Effective Date and any other conditions acceptable to the parties hereto; and

(l) the number of TitanStar REIT Units to be issued to non-residents of Canada (within the meaning of the Tax Act) and/or partnerships that are not Canadian partnerships (within the meaning of the Tax Act), pursuant to the Arrangement or otherwise, must not exceed 49%.

4.2 Additional Conditions to Obligations of the Parties

In addition to the conditions contained in Section 4.1, the obligation of the Parties to complete the transactions contemplated by this Agreement is subject to the fulfillment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived by them without prejudice to their right to rely on any other condition:

(a) each of the covenants, acts and undertakings of the parties hereto to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed or complied with; and

(b) the respective directors of TitanStar or the trustees of TitanStar REIT shall not have determined, in each case in their sole and absolute discretion, that to proceed with the Arrangement would not be in the best interests of TitanStar or TitanStar REIT, respectively.

4.3 Notice and Effect of Failure to Comply with Conditions

If any of the conditions set forth in Sections 4.1 or 4.2 hereof shall not be satisfied or waived by the party or parties for whose benefit such conditions are provided on or before the date required for the satisfaction thereof, then a party for whose benefit the condition is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement; provided that, prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the party intending to rely thereon has delivered a written notice to the other party, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the party delivering such notice is asserting as the basis for the non-satisfaction of the applicable conditions and the party in breach shall have failed to cure such breach or non-satisfaction within ten Business Days of receipt of such written notice thereof (except that no cure period shall be provided for a breach which by its nature cannot be cured). More than one such notice may be delivered by a party.

4.4 Satisfaction of Conditions

The conditions set out in this Article 4 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the parties, Articles of Arrangement are filed under the CBCA to give effect to the Arrangement.

ARTICLE 5
AMENDMENT AND TERMINATION

5.1 Amendments

This Agreement may, at any time and from time to time before or after the Meeting, be amended in any respect whatsoever by written agreement of the parties hereto without further notice to or authorization on the part of their respective securityholders; provided that any such amendment that changes the consideration to be received by the holders of Common Shares or Preferred Shares pursuant to the Arrangement shall be brought to the attention of the Court and is subject to such requirements as may be ordered by the Court.

5.2 Termination

This Agreement shall be terminated in each of the following circumstances:

(a) the mutual agreement of the parties hereto;

(b) the Arrangement shall not have become effective on or before March 31, 2014 or such later date as may be agreed to by the parties hereto; and

(c) termination of this Agreement under Article 4 hereof.

ARTICLE 6
GENERAL

6.1 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

6.2 No Assignment

No party may assign its rights or obligations under this Agreement except pursuant to the Plan of Arrangement or as agreed by the other parties.

6.3 Confirmation

For greater certainty, none of the covenants of the parties contained herein shall prevent the trustees of TitanStar REIT or the directors of TitanStar from pursuing or responding to any submission or proposal regarding any acquisition or disposition of assets or any proposal to amalgamate, merge or effect an arrangement or similar transaction or any take-over bid or acquisition proposal generally or making any disclosure to securityholders with respect thereto which in the judgment of the trustees of TitanStar REIT or the directors of TitanStar is necessary or desirable.

6.4 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

(a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and

(b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

6.5 Further Assurances

Each party hereto shall, from time to time and at all times hereafter, at the request of another party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

6.6 Liability of TitanStar REIT

The parties hereto acknowledge that the trustee or trustees of TitanStar REIT are entering into this Agreement solely in their capacity as trustees, on behalf of TitanStar REIT, and each of the parties hereto acknowledges that the obligations of TitanStar REIT hereunder will not be personally binding upon any of trustees of TitanStar REIT, any registered or beneficial holder of TitanStar REIT Units or any beneficiary under a plan of which a holder of TitanStar REIT Units acts as a trustee or carrier, and that resort will not be had to, nor will recourse be sought from, any of the foregoing or the private property of any of the foregoing in respect of any indebtedness, obligation or liability of TitanStar REIT arising hereunder or arising in connection herewith or from the matters to which this Agreement relates, if any, including claims based on negligence or otherwise tortious behaviour, and recourse for such indebtedness, obligations or liabilities of TitanStar REIT will be limited to, and satisfied only out of, the assets held in trust by the trustees of TitanStar REIT pursuant to the TitanStar REIT Declaration of Trust.

6.7 Counterparts

This Agreement may be executed in counterparts, including by additional parties, if any, in original, facsimile or electronic form, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed and delivered by the parties hereto effective as of the date first above written.

TITANSTAR PROPERTIES INC.

"T. Richard Turner"

____

Per T. Richard Turner, CEO

TITANSTAR FOCUS RETAIL REAL ESTATE INVESTMENT TRUST

"T. Richard Turner"

____

Per T. Richard Turner, Trustee

SCHEDULE A

PLAN OF ARRANGEMENT
PURSUANT TO SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, the following terms have the following meanings:

(a) "Affected Subsidiaries" means each body corporate, partnership and other entity, if any, referred to in Section 3.1 that is, immediately preceding the Effective Time, controlled by TitanStar;

(b) "Arrangement" means the arrangement pursuant to Section 192 of the CBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or Article 6 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of TitanStar, acting reasonably;

(c) "Arrangement Agreement" means the amended and restated arrangement agreement dated February 10, 2014 between TitanStar and TitanStar REIT, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

(d) "Arrangement Resolution" means the special resolution approving this Plan of Arrangement to be voted upon by the Shareholders at the Meeting;

(e) "Articles of Arrangement" means the articles of arrangement of TitanStar in respect of the Arrangement, required to be filed pursuant to section 192 of the CBCA with the Director after the Final Order is made by the Court, which shall be in form and content satisfactory to TitanStar;

(f) "CBCA" means the *Canada Business Corporations Act*, including the regulations promulgated thereunder, in either case as amended;

(g) "Business Day" means any day, other than a Saturday, a Sunday or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business during normal banking hours;

(h) "Certificate of Arrangement" means the certificate of arrangement to be issued by the Director in accordance with the CBCA in respect of the Articles of Arrangement;

(i) "Circular" means the notice of the Meeting and accompanying management information circular/proxy statement, including all schedules, appendices and exhibits thereto, sent to the Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time;

(j) "Code" means the United States *Internal Revenue Code of 1986*, as amended;

(k) "Common Shares" means the common shares in the capital of TitanStar;

(l) "Court" means the Supreme Court of British Columbia;

(m) "Debentures" means the 8.5% convertible redeemable unsecured subordinated debentures, maturing on September 30, 2018 issued by TitanStar under the Debenture Indenture;

(n) "Debenture Indenture" means the trust indenture dated July 31, 2013 between TitanStar and BNY Trust Company of Canada, as amended and as may be supplemented or further amended from time to time, pursuant to which the Debentures were created and issued;

(o) “Deer Springs Holdings” means Deer Springs Holdings Inc., a wholly owned subsidiary of TitanStar to be incorporated prior to the Effective Date;

(p) "Deer Springs Holdings A Option" means an option to acquire a Deer Springs Holdings Share, having an exercise price equal to ratio of the Deer Springs Holdings Value to the value of TitanStar immediately prior to the transfer contemplated under Subsection 3.2(iii)(c) of the Arrangement Agreement, multiplied by $0.08125;

(q) "Deer Springs Holdings B Option" means an option to acquire a Deer Springs Holdings Share, having an exercise price equal to ratio of the Deer Springs Holdings Value to the value of TitanStar immediately prior to the transfer contemplated under Subsection 3.2(iii)(c) of the Arrangement Agreement, multiplied by $0.10;

(r) "Deer Springs Holdings C Option" means an option to acquire a Deer Springs Holdings Share, having an exercise price equal to ratio of the Deer Springs Holdings Value to the value of TitanStar immediately prior to the transfer contemplated under Subsection 3.2(iii)(c) of the Arrangement Agreement, multiplied by $0.35;

(s) "Deer Springs Holdings Share" means a common share in the capital of Deer Springs Holdings;

(t) "Deer Springs Holdings Value" means the proportionate value of TitanStar's beneficial interests in Deer Springs LP, LVLH GP and LVLH LP, as determined by TitanStar, relative to the value of TitanStar immediately prior to the transfer contemplated under Subsection 3.2(c)(iii) of the Arrangement Agreement;

(u) “Deer Springs LP” means Deer Springs Crossing LP, a Nevada limited partnership of which TitanStar, through TSP DSC, is a limited partner;

(v) "Depositary" means CST Trust Company, in its capacity as depositary for the Arrangement;

(w) "Director" has that meaning prescribed under the CBCA;

(x) "Dissent Rights" means the rights of a registered Shareholder to demand that TitanStar repurchase all of the Common Shares and Preferred Shares held by such Shareholder, as applicable, in accordance with Section 190 of the CBCA, as modified by the Interim Order and Article 5 hereof;

(y) "Dissenting Shareholder" means a registered Shareholder that validly exercises Dissent Rights in respect of the Arrangement Resolution and has not renounced or been deemed to have renounced such Dissent Rights;

(z) "Effective Date" means the date the Arrangement is effective under the CBCA;

(aa) "Effective Time" means 5:00 p.m. (Vancouver time) on the Effective Date or such other time on the Effective Date as may be specified in writing by TitanStar;

(bb) "Final Order" means the order of the Court made after application therefor, presented to the Court in form and content acceptable to TitanStar, acting reasonably, approving the Arrangement as such order may be amended by the Court (with the consent of TitanStar, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any requested amendment is acceptable to TitanStar, acting reasonably) on appeal;

(cc) "Governmental Entity" means any applicable court or tribunal in any jurisdiction or any federal, provincial, municipal or other governmental body, agency, authority, department, commission, stock exchange, board, instrumentality official or tribunal thereof;

(dd) "Interim Order" means the order of the Court made after application therefor, presented to the Court in form and content acceptable to TitanStar, acting reasonably, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court at the request of TitanStar;

(ee) "Law" or "Laws" means all laws, by-laws, statutes, rules, regulations, principles of law and equity, orders, writs, awards, decrees, rulings, ordinances, judgments, injunctions, determinations or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity or self-regulatory authority (including, where applicable, the TSXV);

(ff) "Letter of Transmittal" means a letter of transmittal delivered or to be delivered by TitanStar to Shareholders in connection with the Arrangement;

(gg) "Liens" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third person interests or encumbrances of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

(hh) "LVLH GP" means LVLH GP, Inc., a Nevada company through which TitanStar holds a general partner interest in LVLH LP;

(ii) "LVLH LP" means LV Loan Holdings, LP, a Nevada limited partnership of which TitanStar is a limited partner;

(jj) "Meeting" means the special meeting of the Shareholders, including any adjournment or postponement thereof, called and held to consider, among other things, the Arrangement Resolution;

(kk) "Outstanding Shareholder" means a holder of Outstanding Shares after giving effect to Section 3.1(a) and before giving effect to Section 3.1(b)(ii) and, for greater certainty, all references to the number of Outstanding Shares of Outstanding Shareholders refer to the number of Outstanding Shares held by them within this time period;

(ll) "Outstanding Common Shares" has the meaning ascribed thereto in Section 3.1(b)(ii);

(mm) "Outstanding Preferred Shares" has the meaning ascribed thereto in Section 3.1(b)(ii);

(nn) "Outstanding Shares" has the meaning ascribed thereto in Section 3.1(b)(ii);

(oo) "person" shall be broadly interpreted and includes an individual, partnership, association, body corporate, trust, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

(pp) "Plan of Arrangement" means this Plan of Arrangement and any amendments or variations thereto made in accordance with the Arrangement Agreement or Article 6 hereof or made at the direction of the Court in the Final Order with the consent of TitanStar;

(qq) "Preferred Shares" means the Class A Preferred shares in the capital of TitanStar;

(rr) "Shareholders" means the holders of the Common Shares and Preferred Shares;

(ss) "subsidiary" (or "wholly-owned subsidiary") in respect of any person includes an indirect subsidiary (or wholly-owned subsidiary) of such person, and includes (including for the purposes of this definition) a subsidiary limited partnership of that person;

(tt) "Tax Act" means the *Income Tax Act* (Canada) and the regulations thereunder, as the same may be amended from time to time;

(uu) "TitanStar" means TitanStar Properties Inc., a corporation formed under the CBCA;

(vv) "TitanStar A Option" means an outstanding option to acquire a Common Share at an exercise price of $0.08125 per share;

(ww) "TitanStar B Option" means an outstanding option to acquire a Common Share at an exercise price of $0.10 per share;

(xx) "TitanStar C Option" means an outstanding option to acquire a Common Share at an exercise price of $0.35 per share;

(yy) "TitanStar REIT" means TitanStar Focus Retail Real Estate Investment Trust, a trust formed pursuant to the laws of British Columbia;

(zz) "TitanStar REIT A Option" has that meaning ascribed in Subsection 3.1(c) of this Plan of Arrangement;

(aaa) "TitanStar REIT B Option" has that meaning ascribed in Subsection 3.1(c) of this Plan of Arrangement;

(bbb) "TitanStar REIT C Option" has that meaning ascribed in Subsection 3.1(c) of this Plan of Arrangement;

(ccc) "TitanStar REIT Units" means the trust units of TitanStar REIT;

(ddd) "TSP DSC" means TitanStar DSC Holdings Inc., a corporation formed pursuant to the laws of Canada; and

(eee) "TSXV" means the TSX Venture Exchange.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into articles, sections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement," "hereof," "herein," "hereto," "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

1.3 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing the use of either gender shall include both genders and neuter.

1.4 Date for any Action

If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 References to Statutes, etc.

In this Plan of Arrangement, references to a particular statute or Law shall be to such statute or Law and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated thereunder or amended from time to time. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. Any reference in this Plan of Arrangement to a person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns of that person.

1.6 Governing Law and Time

This Plan of Arrangement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the laws of Canada applicable therein.

ARTICLE 2
PLAN OF ARRANGEMENT AND EFFECT OF ARRANGEMENT

2.1 Plan of Arrangement

This Plan of Arrangement constitutes an arrangement as referred to in Section 192 of the CBCA and is made pursuant to, and is subject to the provisions of, the Arrangement Agreement.

2.2 Certificate and Articles of Arrangement

(a) The Articles of Arrangement and Certificate of Arrangement shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.

(b) Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any party or person until the Effective Time. Furthermore, each of the events listed in Article 3 shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in said Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

2.3 Effectiveness of the Arrangement

This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate of Arrangement, shall become effective on, and be binding on and after, the Effective Time on: (i) all registered and beneficial holders of Common Shares; (ii) all registered and beneficial holders of Preferred Shares, (iii) TitanStar, (iv) TitanStar REIT, and (v) the Affected Subsidiaries.

ARTICLE 3
ARRANGEMENT

3.1 Arrangement

Commencing at the Effective Time, and ending immediately prior to 5:59 p.m. (Vancouver time) on the Effective Date, each of the events set out below shall occur and shall be deemed to occur in the following order on the Effective Date, without any further act or formality except as otherwise provided herein:

(a) Dissenting Shareholders: the Common Shares and the Preferred Shares held by Dissenting Shareholders who have validly exercised Dissent Rights shall be deemed to have been transferred to and repurchased by TitanStar and cancelled and shall cease to be outstanding and such Dissenting Shareholders shall cease to have any rights as Shareholders other than the right to be paid the fair value of their Common Shares and the Preferred Shares;

(b) Transfer of Assets and Liabilities by TitanStar to TitanStar REIT:

(i) TitanStar shall transfer all of its assets to TitanStar REIT, excepting as and to the extent determined otherwise by TitanStar in a written notice given to the other parties to the Arrangement Agreement prior to the Effective Time and, for greater clarity, excluding Deer Springs Holdings Shares which it may hold;

(ii) In consideration, TitanStar REIT shall assume all liabilities of TitanStar, including but not limited to the Debentures, except as may otherwise be agreed by TitanStar and TitanStar REIT, and shall issue to TitanStar the number of TitanStar REIT Units equal to the number of Common Shares ("**Outstanding Common Shares**") and Preferred Shares ("**Outstanding Preferred Shares**"; together with the Outstanding Common Shares, the "**Outstanding Shares**") then held by the Shareholders after cancellation of all Common Shares and the Preferred Shares formerly held by Dissenting Shareholders under Section 3.1(a) above (or such other number of TitanStar REIT Units that TitanStar, in its sole discretion, determines is equal to the fair value of all assets less liabilities of TitanStar);

(iii) As part of the assumption of liabilities by TitanStar REIT under Section 3.1(b)(ii) above, TitanStar REIT will agree to assume all of TitanStar's covenants and obligations under the Debenture Indenture, and the Debentures will be valid and binding obligations of TitanStar REIT entitling the holders thereof, as against TitanStar REIT, to all the rights of the Debentureholders under the Debenture Indenture;

(c) Exchange of Options: each:

(i) outstanding TitanStar A Option shall be exchanged for a Deer Springs Holdings A Option and a TitanStar REIT A Option;

(ii) outstanding TitanStar B Option shall be exchanged for a Deer Springs Holdings B Option and a TitanStar REIT B Option; and

(iii) outstanding TitanStar C Option shall be exchanged for a Deer Springs Holdings C Option and a TitanStar REIT C Option;

where "**TitanStar REIT A Option**" means a new option to acquire a TitanStar REIT Unit, with the exercise price under each new TitanStar REIT A Option equal to one minus the ratio of the Deer Springs Holdings Value to the value of TitanStar immediately prior to the transfer contemplated under Subsection 3.2(iii)(c) of the Arrangement Agreement, multiplied by $0.08125; "**TitanStar REIT B Option**" means a new option to acquire a TitanStar REIT Unit, with the exercise price under each new TitanStar REIT B Option equal to one minus the ratio of the Deer Springs Holdings Value to the value of TitanStar immediately prior to the transfer contemplated under Subsection 3.2(iii)(c) of the Arrangement Agreement, multiplied by $0.10; and "**TitanStar REIT C Option**" means a new option to acquire a TitanStar REIT Unit, with the exercise price under each new TitanStar REIT C Option equal to one minus the ratio of the Deer Springs Holdings Value to the value of TitanStar immediately prior to the transfer contemplated under Subsection 3.2(iii)(c) of the Arrangement Agreement, multiplied by $0.35;

(d) Exchange of Shares: all of the Outstanding Shares shall be purchased by TitanStar from the Outstanding Shareholders. In consideration, TitanStar shall distribute to each of the Outstanding Shareholders, the following:

(i) one TitanStar REIT Unit (or such other number of TitanStar REIT Units that TitanStar, in its sole discretion, determines is equal to the fair value of an Outstanding Share) per each Outstanding Share; and

(ii) one Deer Springs Holdings Share per each Outstanding Common Share.

Simultaneously with the cancellation of the Outstanding Shares, TitanStar REIT shall subscribe for and purchase, and TitanStar shall issue to TitanStar REIT, one Common Share in exchange for nominal consideration as agreed between TitanStar and TitanStar REIT;

(e) Consolidation of TitanStar REIT Units: the TitanStar REIT Units shall be consolidated on a basis of one "new" TitanStar REIT Unit, for the lesser of that number of "old" TitanStar REIT Units that is: (i) allowable under TSXV policies; and (ii) determined by the following formula:

$4 divided by the "market price" of the Common Shares

where the "market price" of the Common Shares shall be determined in accordance with Section 1.11(1) of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*.

Concurrently, the exercise price of the outstanding TitanStar REIT A Options, TitanStar REIT B Options and TitanStar REIT C Options shall be adjusted accordingly.

3.2 Transfers Free of Liens

Any transfer of any securities pursuant to the Arrangement shall be free and clear of any Liens.

3.3 Issuance of TitanStar REIT Units

Upon the purchase of Common Shares and Preferred Shares for cancellation under Section 3.1(d), each former registered holder of Common Shares and Preferred Shares (other than Dissenting Shareholders, if any, that have properly exercised their Dissent Rights and who are ultimately entitled to be paid fair value for their Common Shares and Preferred Shares) shall, without any further act or formality, cease to be the holder of the Common Shares and the Preferred Shares so purchased, the name of each such former registered holder of Common Shares and Preferred Shares shall be removed from the register of shareholders, and such holders shall become the sole holders of the TitanStar REIT Units so issued and shall be added to the register of TitanStar REIT Units.

3.4 Withholding Rights

TitanStar, TitanStar REIT and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any former holder of Common Shares and Preferred Shares such amounts as TitanStar and the Depositary may be required to deduct and withhold therefrom under any provision of the Tax Act or any other applicable Laws in respect of taxes. To the extent that such amounts are so deducted and withheld, such amounts shall be treated for all purposes hereof as having been paid to the person to whom such amounts would otherwise have been paid. TitanStar or the Depositary, as applicable, may sell or otherwise dispose of such portion of the consideration otherwise payable or deliverable to such holder as is necessary to provide sufficient funds to enable TitanStar or the Depositary, as applicable, to comply with such deduction and/or withholding requirements and TitanStar and the Depositary, as applicable, shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

3.5 Sale of Units

If, in the opinion of counsel of TitanStar, that it would be contrary to applicable Law to issue Common Shares and Preferred Shares, TitanStar REIT Units or any other securities pursuant to the Arrangement to a person that is not a resident of Canada (as determined within the meaning of the Tax Act) or the United States (as determined within the meaning of the Code), the TitanStar REIT Units or other securities that otherwise would be issued to that person may be issued to the Depositary for sale by the Depositary on behalf of that person. The TitanStar REIT Units or other securities so issued to the Depositary will be pooled and sold as soon as practicable after the Effective Date, on such dates and at such prices as the Depositary determines in its sole discretion. The Depositary shall not be obligated to seek or obtain a minimum price for any of the TitanStar REIT Units or other securities sold by it. Each such person will receive a pro rata share of the cash proceeds from the sale of the TitanStar REIT Units or other securities sold by the Depositary (less commissions, other reasonable expenses incurred in connection with the sale of the TitanStar REIT Units or other securities and any amount withheld in respect of taxes) in lieu of the TitanStar REIT Units or other securities themselves. None of TitanStar, TitanStar REIT, the Affected Subsidiaries or the Depositary will be liable for any loss arising out of any such sales.

ARTICLE 4
CERTIFICATES

4.1 Exchange of Certificates

Until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented Common Shares or Preferred Shares shall be deemed after the Effective Time to represent only the right to receive, upon such surrender, the consideration to which the holder thereof is entitled in lieu of such certificate as contemplated by Section 3.1 and this Section 4.1, less any amounts withheld pursuant to Section 3.4. Subject to surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Common Shares or Preferred Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, following the Effective Time the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, the consideration to which such holder is entitled under this Plan of Arrangement, less any amounts withheld pursuant to Section 3.4, and any certificate so surrendered shall forthwith be cancelled.

4.2 Lost Certificates

If any certificate which immediately prior to the Effective Time represented an interest in Common Shares or Preferred Shares that were transferred pursuant to Section 3.1 hereof has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the former registered holder thereof shall, as a condition precedent to the receipt of any TitanStar REIT Units, as applicable, to be issued to such person, provide to TitanStar REIT and any relevant transfer agent or registrar a bond, in form and substance satisfactory to TitanStar REIT, or otherwise indemnify TitanStar REIT and any relevant transfer agent or registrar to their satisfaction, in their sole and absolute discretion, against any claim that may be made against them with respect to the certificate alleged to have been lost, stolen or destroyed.

ARTICLE 5
DISSENT RIGHTS

5.1 Dissent Rights

(a) Each registered holder of Common Shares and Preferred Shares shall be entitled to exercise Dissent Rights in respect of the Arrangement in the manner set out in Section 190 of the CBCA, as modified by the Interim Order and this Article 5. Such modifications include that the written notice of intent to exercise the right to demand the repurchase of Common Shares and Preferred Shares as contemplated by Section 190 of the CBCA must be sent to the registered office of TitanStar no later than 5:00 pm (Vancouver time) on the date that is two (2) Business Days before the Meeting.

(b) In no case shall TitanStar or any other person be required to recognize any holder of Common Shares and Preferred Shares who exercises Dissent Rights as a holder of Common Shares and Preferred Shares after the Effective Time.

(c) Registered holders of Common Shares and Preferred Shares who renounce, or are deemed to renounce, their right to demand the repurchase of their Common Shares and Preferred Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, and shall be entitled to receive the consideration to which holders of Common Shares and Preferred Shares who have not exercised Dissent Rights are entitled under Section 3.1 hereof (less any amounts withheld pursuant to Section 3.4).

(d) For greater certainty, in addition to any other restrictions under Section 190 of the CBCA, no Shareholder who has failed to exercise all the voting rights carried by the Common Shares and the Preferred Shares held by such Shareholder against the Arrangement Resolution shall be entitled to exercise Dissent Rights with respect to the Arrangement.

ARTICLE 6
AMENDMENTS

6.1 Amendments by the Parties

The parties to the Arrangement Agreement may amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) approved by the parties to the Arrangement Agreement; and (iii) filed with the Court.

6.2 Amendments Without Approval of the Court or Shareholders

Any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time by TitanStar, or following the Effective Time by TitanStar REIT, without the approval of the Court or Shareholders, provided that it concerns a matter which, in the reasonable opinion of TitanStar (or, following the Effective Time, TitanStar REIT), is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of Shareholders.

6.3 Proposed Amendments Prior to the Meeting

Subject to Section 6.2, any amendment to this Plan of Arrangement may be proposed by TitanStar at any time prior to or at the Meeting (provided that the other parties to the Arrangement Agreement shall have consented thereto) with or without any prior notice or communication to Shareholders, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

6.4 Amendments After the Meeting

Subject to Section 6.2, TitanStar may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court and, if and as required by the Court, after communication to the Shareholders.

ARTICLE 7
GENERAL

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

7.2 Invalidity

If, prior to the Effective Date, any term or provision of this Plan of Arrangement is held by the Court to be invalid, void or unenforceable, the Court, at the request of any parties, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan of Arrangement shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.