TITANSTAR PROPERTIES INC.

FORM 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months period ended September 30, 2016

This Management's Discussion and Analysis ("MD&A") dated November 28, 2016 is in respect of the nie months period ended September 30, 2016, and should be read in conjunction with the condensed consolidated interim financial statements for the nine months period ended September 30, 2016, together with the audited consolidated financial statements and appended notes and MD&A for the period ended December 31, 2015.

FORWARD-LOOKING STATEMENTS

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

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

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

OVERVIEW OF THE COMPANY

TitanStar Properties Inc. (formerly "DPVC Inc.") was incorporated under the *Canada Business Corporations Act* on June 3, 2008 and is a real estate holding company trading on the TSX Venture Exchange (the "Exchange"). The Company issued share capital and commenced operations on June 30, 2008. On September 27, 2010, the Company's shareholders passed a special resolution approving a change in the Company's name from "DPVC Inc." to "TitanStar Properties Inc." As at September 30, 2016, the Company held a 100% beneficial interest in 116th Street Centre located in Indianapolis, Indiana, a 100% beneficial interest in Metro Gateway Shopping Center located in Phoenix, Arizona, a 49% membership interest in Martin Downs NSC LLC, a single purpose entity which holds registered title to Martin Downs Town Center located in Palm City, Florida, a 38.4% interest in Adam's Dairy Landing located in Blue Springs, Missouri, and 50% interest in Deer Springs Crossing located in Las Vegas, Nevada.

The sole business of the Company is the ownership of real property interests, consistent with a well-established investment policy. The Company seeks to create a portfolio of stabilized income producing real estate assets primarily in the United States southwest area with value to be maximized through the acquisition of well-positioned, quality assets where management believes there will be lease rate increases in the future and decreasing capitalization rates which will each contribute to value creation.

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

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

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

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

- 38.4% interest in a Delaware Limited Partnership, Blue Springs Partners LP ("BSP LP")

  BSP LP was formed by the Company and RED development of Phoenix Arizona and completed its acquisition of a commercial retail property located in Blue Springs, Missouri (the "Adam's Dairy Landing"). The Adam's Dairy property is a 279,934 square foot retail shopping center. It is currently 92% leased.

- 49% beneficial interest in a Delaware LLC, Martin Downs NSC LLC

  Prior to the acquisition, the center was owned 90% by Inovalis City Center Retail Fund and 10% owned by Martin Downs GP LC. The Company acquired its interest from Inovalis City Center Retail Fund. Martin Downs Town Center (the "Martin Downs") is a 36,252 square foot neighborhood retail shopping center located in Palm City, Florida. It is currently 96% leased.

- 100% beneficial interest in a Nevada LLC, TSP Metro Gateway, LLC

  TSP Metro Gateway, LLC was formed by the Company and completed its acquisition of a commercial retail property located in Phoenix, Arizona (the "Metro Gateway"). Metro Gateway is a 67,793 square foot retail shopping center. It is currently 94% leased.

- 100% beneficial interest in a Nevada LLC, TSP 116 Street, LLC

  TSP 116th Street, LLC was formed by the Company and completed its acquisition of a commercial retail property located in Indianapolis, Indiana (the "116th Street"). 116th Street is a 44,854 square foot retail shopping center. It is currently 95% leased.

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

REAL ESTATE PORTFOLIO

Overview

As at September 30, 2016, the Company's real estate portfolio consisted of five properties. The details of each property as at the date of this MD&A are as follows:

Property	Date Acquired	%	Purchase Price (USD)[1]	Lot Size (acres)	Gross Leasable Area (sq ft)	Built/ renovated	Major Tenants	Occupancy
Deer Springs Property [2] (Las Vegas, NV)	April 2010	50%	10.50 million	20.7	N/A[3]	-	N/A[3]	N/A[3]
Adam's Dairy Landing [6] (Blue Springs, MO)	September 2013	38.4%	58 million	33.32	279,934	2008	• Gordmans • TJ Maxx • Home Goods • Ross Dress for Less • Michaels	92%
Martin Downs [7] Town Center (Palm City, FL)	September 2015	49%	11.5 million	7.49	36,252	2006	• Panera Bread • BB & T • Sun Trust Bank • Edward Jones	96%
Metro Gateway [8] Shopping Center (Phoenix, AZ)	March 2016	100%	9.1 million	6.46	73,146	1978/1986	• Planet Fitness • Laser Quest • Dart Bar • Dominos Pizza	94%
116th Street Center[9] (Indianapolis, IN)	August 2016	100%	9.825 million	3.97	44,854	2007/2008	• Fred Astaire Dance • Upland Brewing Co. • Meridian Design • Fogata Grills	95%

Notes:

(1) Subject to customary closing adjustments.

(2) The Deer Springs Property is owned directly by Deer Springs Crossing LP, a Nevada limited partnership of which the Company owns a 50% beneficial interest. The remaining 50% beneficial interest is beneficially owned by Juliet Companies, LLC ("Juliet"). The Deer Springs Property is managed by Juliet through Diamond Property Company.

(3) The Deer Springs Property is an approximate 901,692 square feet parcel that is available for, but not currently under, development.

(4) The Swanway Plaza is owned directly by TSP LP I, L.P., a Nevada limited partnership of which the Company owns a 50% beneficial interest. The remaining 50% beneficial interest is owned by Romspen Investment Corporation.

(5) The San Tan Plaza is owned directly by TSP LP II, L.P., a Nevada limited partnership of which the Company owns a 50% beneficial interest. The remaining 50% beneficial interest is owned by Romspen Investment Corporation.

(6) The Adam's Dairy Landing is owned directly by Blue Springs Partners LP, a Delaware limited partnership. The Company owns a 38.4% beneficial interest through its subsidiary, TitanStar US, Inc. The remaining 61.6% is owned by Blue Springs Development Two LLC (GP) and Blue Springs Development Three Inc. (LP).

(7) Martin Downs is owned directly by Martin Downs NSC LLC. The Company owns 49% beneficial interest through its subsidiary Titanstar US Inc. The remaining 51% is owned by Inovalis City Center Retail Fund Inc. and Martin Downs GP LLC.

(8) Metro Gateway is owned directly by TSP Metro Gateway LLC, a Nevada LLC. The Company owns a 100% beneficial interest through its subsidiary, TitanStar US, Inc.

(9) 116th Street is owned directly by TSP 116th Street, LLC, a Nevada LLC. The Company owns a 100% beneficial interest through its subsidiary, TitanStar US, Inc.

Deer Springs Property

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

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

Additionally, the Company owns a beneficial 50% interest in LV Loan Holdings, LP ("LVLH LP"). The remaining 50% interest in LVLH LP is beneficially owned by Juliet. LVLH LP owns a promissory note evidencing debt owing under the Deer Springs LP to it. As at December 31, 2015, the amount of indebtedness owing under the Deer Springs Note is approximately US $9.5 million, with interest accruing at a rate of 0.67% per annum, to be adjusted every three years, and maturing on April 15, 2020. Interest payments are to be made on annual basis. The debt is secured by a deed of trust, assignment of rents, security agreement and fixture filing that encumbers the fee interest in the Deer Springs Property and all buildings and other improvements to the Deer Springs Property. The Company and Juliet have agreed to maintain the debt for income tax purposes.

On April 18, 2016, the Company announced that it is constructing, together with its partner Juliet, a 3,900 square foot building that is 100% leased to Dollar Loan (2,500 square foot) and Subway Restaurants (1,400 square foot). Juliet has begun grading on the site and construction will commence when building permits are issued. Construction is expected to be completed by September 2016.

Swanway Plaza

The Swanway Plaza is a 55,790 square foot retail shopping centre located at the Broadway Boulevard and Swan Road intersection in Tucson, Arizona, covering a total site area of 5.47 acres. As at the date of this MD&A, the shopping centre is 61% leased and has a variety of retail clients, anchored a well-known US national retail chains: Walgreens (for 15,120 square feet). Additional tenants include Guitar Centre, a US national music equipment retail chain, and Catherines, a US national women's clothing retail chain.

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

As of January 1, 2016, Swanway is managed by Progressive pursuant to a management agreement dated December 1, 2015. In consideration of its management services, Progressive receives US$2,000 per month. These charges are operating expenses recoverable from tenants.

San Tan Plaza

The San Tan Plaza is a 29,945 square foot retail shopping centre covering a total site area of 6.76 acres, located directly adjacent to Loop 202 in Chandler, Arizona. The property was built in 2006, and as of the date of this MD&A is 95% leased, shadow anchored by the well-known US retail chain Kohl's Department Store. Other tenants include Bedmart, Desert Hot Tubs and Planet Fitness.

Pursuant to the terms of the acquisition, the vendors received a total of US $3.6 million. Of this amount, US $2 million was borrowed by TSP LP II under the Barclays Loan, with the remaining US $1.65 million funded in cash. The Company funded its portion of such cash payment by drawing an amount of US $825,000 from the Romspen Facility, which was subsequently been repaid from proceeds of the Debenture offering. The vendors were at arm's length to the Company, Juliet and Romspen.

As of January 1, 2016, Swanway is managed by Progressive pursuant to a management agreement dated December 1, 2015. In consideration of its management services, Progressive receives US$2,000 per month. These charges are operating expenses recoverable from tenant.

On March 9, 2016, the Company received from Romspen a "buy/sell" notice with respect to its respective 50% interest in San Tan and Swanway, at property values of US$9,750,000 for Swanway and US$4,250,000 for San Tan for an aggregate value of us$14,000,000. Pursuant to the limited partnership agreements governing the properties, the Company received proceeds from the sale equal to the net worth of each partnership, for aggregate total proceeds of US$2,515,512. These amounts were calculated independently.

Management of the Company believes that the notice values given and resulting net worth amounts calculated for each property are more than the Company would pay for these properties at the time. For this and other strategic reasons, the Company, with board approval, elected to sell these interests to Romspen pursuant to the partnership agreements governing each.

On August 31, 2016, the Company completed the sale of San Tan and Swanway properties. The Company's cash on cash internal rate of return, expressed in CAD$, on the combined equity investments of both properties over the holding period is approximately 21%.

Adam's Dairy Landing

Adam's Dairy Landing is a 279,934 square foot retail shopping centre and as at the date of this MD&A is 92% leased and has a variety of retail clients, shadow anchored by two US national retail chains: Target (for 131,630 square feet) and Kohl's (for 64,015 square feet). Additional tenants include Gordmans, a US apparel and home fashion retailer; TJ Maxx/Home Goods, a US national home furnishing retail chain; Ross, a US off-price apparel and home fashion retail chain; Michaels, a US arts and crafts retail chain; and ULTA Beauty, a US beauty product and services retailer. Prior to September 27, 2014, the income stream to the Company was guaranteed at 100% of proforma regardless of actual occupancy.

Pursuant to the terms of the acquisition, the vendors, subsidiaries of RED Development, received US $6.0 Million, which was drawn from the Romspen line of credit facility. The Romspen line of credit facility has subsequently been repaid from proceeds of the Sahara Property sale and proceeds from private placements. RED Development is at arm's length from the Company.

The Adam's Dairy Landing is managed by RED Development at market management fees rates. These charges are operating expenses recoverable from tenants.

Martin Downs Town Center

Martin Downs Town Center is a 36,252 square foot neighborhood retail shopping center located in Palm City, Florida, covering a total site area of 7.6 acres. The center was built in 2006 and as of the date of this MD&A is 96% leased, shadow anchored by a Publix supermarket. The center has a variety of retail tenants including Panera Bread, BB & T (Trust Company), Sun Trust Bank, Edward Jones, Dunkin' Donuts, Vine & Barley, and others.

Pursuant to the terms of the acquisition, the vendors received a total of US$2.269 million. Prior to the acquisition the center was owned 90% by an affiliate of Inovalis, Inovalis City Center Retail Fund Inc., and 10% owned by Martin Downs GP LC. The Company acquired its interest from Inovalis City Center Retail Fund Inc. Consideration and closing costs for the acquisition were paid by issuing common shares of the Company. The property was independently appraised at US$12.5 million and the transaction was concluded based on a property value of US$11.5 million.

Martin Downs Town Center is managed by NAI Southcoast at market management fees rates. These charges are operating expenses recoverable from tenants.

Metro Gateway Shopping Center

Metro Gateway is a 64,793 square foot community center located in Phoenix, Arizona on approximately 6.4 acres. As of the date of this MD&A is 94% leased. The well-located, stabilized shopping center is comprised of a complimentary mix of long-term leased tenants including Planet Fitness, Laser Quest and Dart Bar.

The acquisition cost of US$9.1 million was financed, in part, through a first mortgage deed of US$6,080,000. The remainder of the acquisition cost was funded from proceeds of the convertible debenture private placement of an aggregate principal amount of $4,500,000 of 8% convertible unsecured subordinated debentures.

Metro Gateway is managed by Mutual Property Advisors, at market management fees rates. These charges are operating expenses recoverable from tenants.

116th Street Centre

116th Street Centre is a 44,854 square foot retail center located in Indianapolis, Indiana on approximately 3.97 acres. As of the date of this MD&A is 95% leased. The well-located, stabilized shopping center is comprised of a complimentary mix of long-term leased tenants including Fred Astaire Dance Studio, Fogata Grills, Meridian Design Group and Upland Brewing Co.

The acquisition cost of US$9,825,000 was financed in part through a first mortgage of US$6,975,750 with the remainder provided by USD$2,515,512 of proceeds from the sale of the Company's interests in Swanway and San Tan joint ventures, and the bridge loans provided 50% by Titanstar Finance Inc., a Company of which the CEO is a principal, and 50% by a private company owned by a director of the Company.

116th Street Centre is managed by McCrea Property Group, at market management fees rates. These charges are operating expenses recoverable from tenants.

Discussion of Current Market Valuations and Historic Cost

Net Asset Values

	AT COST				AT VALUE				
				@ $1.3117				@ $1.3117	
	Cost in US$	**% Own**	**Cost in US$**	**Cost in CAD$**	**Value in US$**	**% Own**	**Value in US$**	**Value in CAD$**	
Deer Springs	$ 10,500,000	50%	$ 5,250,000	$ 6,886,425	$ 13,569,195	50%	$ 6,784,598	$ 8,899,537	(1)
Adams	58,000,000	38.4%	22,272,000	29,214,182	62,000,000	38.4%	23,808,000	31,228,954	(2)
Martin Downs	11,500,000	49%	5,635,000	7,391,430	12,500,000	49%	6,125,000	8,034,163	(3)
Metro Gateway	9,100,000	100%	9,100,000	11,936,470	9,100,000	100%	9,100,000	11,936,470	(4)
116th Street	9,825,000	100%	9,825,000	12,887,453	10,000,000	100%	10,000,000	13,117,000	(5)
Total Cost & Value	**98,925,000**		**52,082,000**	**68,315,959**	**107,169,195**		**55,817,598**	**73,215,943**	
	Debt in US$	**% Own**	**Debt in US$**	**Debt in CAD$**	**Debt in US$**	**% Own**	**Debt in US$**	**Debt in CAD$**	
Deer Springs	-	50%	-	-	-	50%	-	-	
Adams	42,431,000	38.4%	16,293,504	21,372,189	42,431,000	38.4%	16,293,504	21,372,189	
Martin Downs	6,833,162	49%	3,348,249	4,391,899	6,833,162	49%	3,348,249	4,391,899	
Metro Gateway	6,080,000	100%	6,080,000	7,975,136	6,080,000	100%	6,080,000	7,975,136	
116th Street	6,975,750	100%	6,975,750	9,150,091	6,975,750	100%	6,975,750	9,150,091	
Total Real Estate Debt	**62,319,912**		**32,697,503**	**42,889,315**	**62,319,912**		**32,697,503**	**42,889,315**	
Real Estate Leverage			*62.78%*	*62.78%*			*58.58%*	*58.58%*	
Total Non-Real Estate Debt				13,237,958				13,237,958	
NAV				**12,188,686**				**17,088,669**	
Shares Outstanding				123,431,412				123,431,412	
NAV per share				**0.09875**				**0.13845**	

Market values are based on management estimates unless appraisal values are referenced.

(1) Deer Springs is valued at the average land residual value resulting from entering into leases and plans for development of two pads. Development proformas were prepared for lenders in order to secure construction loans to build the premises for the respective tenants. Market value was derived from using capitalization rates common on similar transactions in the local market and applying those rates to the net operating income in the leases. Deductions from the market value for construction and soft costs resulted in a land residual value per square foot for the land applicable to the two transactions. This land value per square foot was applied to the remaining square footage available for development at the Deer Springs property to calculate its current market value.

(2) The valuation for Adams Dairy Landing was based on an "Argus" real estate software analysis. This program is the industry standard for property valuation. The software takes into account a number of variables and valuation methodologies including:

- Discount Rate (Income approach – discounted cash flow method)
- Capitalization Rate (Income approach – overall capitalization rate method)
- Terminal Rate (Income approach – overall capitalization rete method)

Since the Company acquired the property income has stabilized and the property will be 96% leased by the end of 2016. Since acquisition, all three valuation rates as detailed above have declined resulting in higher valuation for the property.

The value of 100% of the property has increased from an appraised value of $58,000,000 in September of 2013 to an Argus based value of $62,000,000 based on projected 2017 income.

(3) US$12,500,000 per CBRE appraisal dated June 4, 2015.

(4) US$9,100,000 per CBRE appraisal dated January 20, 2010.

(5) US$10,000,000 per Colliers appraisal dated July 29, 2016..

SELECTED FINANCIAL INFORMATION

A summary of selected financial information for the period ended September 30, 2016 and October 31, 2015 is as follows:

	Three months ended		Period ended	
	September 30, 2016	October 31, 2015	September 30, 2016	October 31, 2015
Share of income (loss) of joint ventures and associates	$ (103,086)	$ (361,750)	$ (846,464)	$ (782,597)
Net income (loss)	(745,671)	(567,947)	(2,685,144)	(1,348,014)
Comprehensive income (loss)	1,417,097	(608,581)	(1,701,041)	(96,679)
Net income (loss) per share, basic and diluted	(0.01)	(0.01)	(0.02)	(0.02)
Total assets	40,269,732	19,323,892	40,269,732	19,323,892

The Company experienced a higher comprehensive loss in the nine months period ended September 30, 2016 than in the comparable period in October 31, 2015 as a result of increased general and administrative costs (note 12), finance costs (note 13), and depreciation costs for the newly acquired property at 100% ownership. Although there is a currency translation income of $1,019,940 for the period, it is still lower than the comparable period.

Total assets as at September 30, 2016 included $25,039,975 of investment properties, $13,933,897 of interests in joint ventures and associates, $387,083 of mortgage reserve funds, $824,781 of cash, $32,502 of accounts receivable and $51,494 of prepaid expenses and deposits.

A comparative of the Company's financial condition as at September 30, 2016 and December 31, 2015 is as follows:

	September 30, 2016	December 31, 2015
Total Assets	$ 40,269,732	$ 20,236,716
Working Capital	$ (2,349,455)	$ 154,368

The decrease in working capital from December 31, 2015 to September 30, 2016 is due primarily to:

1) reclassification of Metro Gateway & 116th Street acquisition costs from current assets (prepaids and deposits) to long-term assets;
2) inclusion in corporate accounts payable of payables relating to the Metro Gateway & 116th Street properties;
3) accrual of a large payable to Desjardins for finders fees relating to Inovalis and Hoche. The finders fees are being partly disputed; and
4) new bridge loans provided by directors of the Company for acquisition of new properties.

Results of Operations

A summary of selected financial information for the period ended September 30, 2016 and October 31, 2015 is as follows:

	Three months ended		Period ended	
	September 30, 2016	**October 31 2015**	**September 30, 2016**	**October 31, 2015**
Revenue	**$ 449,638**	**$ -**	**$ 764,854**	**$ -**
Property operating & leasing expenses	(113,616)	-	(194,789)	-
General and administrative expense	(221,165)	(81,474)	(669,359)	(216,439)
Finance costs	(590,595)	(239,425)	(1,334,551)	(465,949)
Depreciation	(141,205)	-	(244,174)	-
Share-based compensation	(3,393)	(6,844)	(14,229)	(9,196)
Total operating income (loss)	**$ (620,336)**	**$ (327,743)**	**$ (1,692,248)**	**$ (691,584)**
Share of income (loss) of joint ventures and associates	(103,086)	(361,750)	(846,464)	(782,597)
Interest income	-	11	11	22
Other income (loss)	(11,118)	(22,187)	(11,118)	67,654
Change in fair value of embedded derivative liability	(20,741)	-	(118,686)	-
Foreign exchange gain (loss)	9,610	143,722	(16,639)	(58,491)
Total other items	**$ (125,335)**	**$ (240,204)**	**$ (992,896)**	**$ (656,430)**
Net income (loss)	**$ (745,671)**	**$ (567,947)**	**$ (2,685,144)**	**$ (1,348,014)**

The Company experienced a higher net loss in the nine months period ended September 30, 2016 than in the comparable period in October 31, 2015 due primarily to:

1) increased financing costs associated with a line of credit provided by the CEO;
2) increased general and administrative expenses; and
3) inclusion of depreciation related to the Company's newly acquired 100% interest in Metro Gateway and 116th Street.

Selected Quarterly Financial Information

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

	Quarter Ended September 30, 2016	Quarter Ended June 30, 2016	Quarter Ended March 31, 2016
Net income (loss)	$ (745,671)	$ (890,940)	$ (1,048,533)
Comprehensive income (loss)	$ 1,417,097	$ (847,077)	$ (2,271,061)
Net income (loss) per share, basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)

	Quarter Ended December 31, 2015	Quarter Ended October 31, 2015	Quarter Ended July 31, 2015
Net income (loss)	$ (866,008)	$ (567,947)	$ (780,067)
Comprehensive income (loss)	$ 213,944	$ (608,581)	$ 511,902
Net income (loss) per share, basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)

	Quarter Ended April 30, 2015	Quarter Ended January 31, 2015
Net income (loss)	$ (898,875)	$ (544,980)
Comprehensive income (loss)	$ (2,139,808)	$ 1,575,342
Net income (loss) per share, basic and diluted	$ (0.01)	$ (0.01)

In the quarter ended October 31, 2014, expenses primarily included professional fees, bad debts, financing fees and interest on long term debts. The income for the period was higher than the corresponding period in the prior year due to the sale of Sahara property.

In the quarter ended January 31, 2015, expenses primarily included professional fees, general office costs and interest on long term debts. The Company experienced a higher comprehensive income in the quarter ended January 31, 2015 as a result of a continued strengthening of the US dollar. The Company experienced a higher net income loss for the quarter as a result of decrease share of income in joint ventures and associates due to the expiration on September 2014 of Adams income guarantee.

In the quarter ended April 30, 2015, expenses primarily included professional fees, bad debts, general office costs and interest on long term debts. The Company experienced a higher comprehensive income in the quarter ended April 30, 2015 as a result of a continued strengthening of the US dollar. The Company experienced a higher net income loss for the quarter as a result of decrease share of income in joint ventures and associates due to the expiration on September 2014 of Adams income guarantee and lack of income from this property.

In the quarter ended July 31, 2015, expenses primarily included professional fees, general office costs and interest on long term debts. The Company experienced a higher comprehensive income in the quarter ended July 31, 2015 as a result of a continued strengthening of the US dollar. The Company experienced a higher net income loss for the quarter as a result of decrease share of income in joint ventures and associates due to the expiration on September 2014 of Adams income guarantee and lack of income from this property.

In the quarter ended October 31, 2015, expenses primarily included professional fees, general office costs and interest on long term debts. The Company experienced a lower comprehensive income in the quarter ended October 31, 2015 due to the fluctuation of the US dollar in the current period.

In the quarter ended December 31, 2015, expenses primarily included professional fees, general office costs and interest on long term debts. The Company experienced a higher comprehensive income in the quarter ended December 31, 2015 as a result of increased currency translation income of joint ventures and associates.

In the quarter ended March 31, 2016, the Company experienced a higher net loss due primarily to increased financing costs associated with completing arrangements for a line of credit from the Company's CEO, and overall increase in general and administrative costs.

In the quarter ended June 30, 2016, the Company experienced a higher net loss due primarily to increased financing costs associated acquisitions of new properties, and overall increase in general and administrative costs.

The results for the quarter ended September 30 2016 are previously described under Results of Operations.

Financing and Capital Resources

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 are subject to a four month hold resale restriction.

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

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

On September 30, 2014, the Company closed its private placement of an aggregate principal amount of $2.5 million of 9.0% 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 will bear interest of 9.0% per annum and will 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 will be convertible into units with each comprised of one common share and one share purchase warrant at a conversion 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 at the date of determination) of the 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.

On October 22, 2014, the Company negotiated a reduced rate of interest on the indebtedness owing by it under convertible unsecured subordinated debentures issued in September 30, 2014. The Company and the debenture holders agreed to reduce the debenture rate from 9.0% per annum to 7.5% per annum. All other terms of the debentures remain unchanged.

On September 21, 2015, with TSX approval, the Company issued an aggregate total of 50,552,705 common shares to an affiliate of Inovalis and Hoche in consideration of an initial 49% beneficial interest in Martin Downs NSC LLC, a single purpose entity that holds registered title to the Martin Downs Town Center at a price of $0.06 per share for aggregate proceeds of $3,033,162.

On October 2, 2015, the Company announced it has closed its non-brokered private placement of 1,524,804 common shares at a price of $0.06 per share, for gross aggregate proceeds of $91,489.

On December 15, 2015, the Company announced that it has obtained a loan facility for up to $750,000. Under the terms of the loan facility, the Company may draw advances in any amount from time to time from January 1, 2016 to December 31, 2016. Interest on any outstanding drawdowns will accrue at a fixed rate of 8% per annum payable monthly. Outstanding indebtedness is payable on demand. The loan facility is provided by a private company of which the President, CEO and director of the Company is a principal. In consideration of the loan facility, the Company issued 1,846,153 common shares and recognized financing costs of $150,000, representing the fair value of those shares as at that date. All bonus shares are subject to a four month resale restriction period.

On April 5, 2016, with TSX approval, the Company issued an aggregate total of 555,434 common shares at a deemed price of $0.06 per common share to settle a debt related to management fees to Titanstar Capital and Inovalis.

On September 18, 2016, the Company closed a non-brokered private placement of 2,495,920 common shares at a price of $0.06 per share for gross aggregate proceeds of $149,755.

Currently, the Company's capital structure consists of one class of common shares and two classes (A and B) of non-voting preferred shares. No preferred shares have been issued to date.

As at the date of this MD&A, the Company has no commitment for capital expenditure.

Liquidity

As at September 30, 2016, the Company had a working capital deficiency of $2,349,455 (October 31, 2015 – working capital deficiency of $400,101). The decrease in working capital from December 31, 2015 to June 30, 2016 is due primarily to:

1) reclassification of Metro Gateway and 116th Street acquisition costs from current assets (prepaids and deposits) to long-term assets;
2) inclusion in corporate accounts payable of payables relating to the Metro Gateway and 116th Street properties;
3) accrual of a large payable to Desjardins for finders fees relating to Inovalis and Hoche. The finders fees are being partly disputed; and
4) new bridge loans provided by directors of the Company for acquisition of new properties.

The Company receives ongoing revenue from its interests in the real estate assets described above (see "Real Estate Portfolio"), and anticipates that it may complete further equity or debt financings for additional capital in the future. In the event that the occupancy rate decreases substantially at any one of the Company's real estate assets, the Company's revenue will correspondingly decrease. The Company may not be able to complete further equity or debt financings on terms favorable to the Company or at all. In these events, the Company may not receive the cash flow or liquidity necessary to comply with its obligations to lenders or under the Debentures.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

<u>Asset management agreement</u>

On April 16, 2010, the Company has entered into an asset management agreement with TitanStar Capital Corp. ("Titanstar Capital") (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 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.

For the nine months period ended September 30, 2016, the Company paid $4,000 plus GST (October 31, 2015 - $6,000 plus GST) to the Asset Manager for management fees pursuant to the asset management agreement. On May 2015, this agreement was terminated and replaced with the non-binding term sheet as outlined below.

Debt settlement 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 8, 2016, the Company issued 1,756,628 common shares at a deemed price of $0.10 per share to settle a total of $175,662.89 of debt with a private company of which a principal is a director of the Company. The shares are subject to a four-month resale restriction that expires on December 31, 2016.

Convertible unsecured subordinate debentures

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.

On October 30, 2015, the Company closed a non-brokered private placement of an aggregate principal amount of $450,000 convertible unsecured subordinated debentures. The Debentures are held by a private company of which a director of the Company is the Chairman and CEO. The Debentures bear interest at 8% per annum, commencing on March 30, 2016, and mature on October 30, 2020. The Company may repay all or a portion of the indebtedness owing under the Debentures at any time without penalty. The Debentures were wrapped in to the total $4,500,000 private placement described below in the last paragraph after a second advance of $4,050,000 on March 30, 2016.

Each Debenture is convertible into common shares at a conversion price of $0.06825 per share in the first year, and for each year thereafter at a conversion price equal to the greater of the market price of the Company's common shares at the time of conversion or $0.10.

On March 30, 2016, the Company closed an aggregate principal amount of $4,500,000 of 8.0% convertible unsecured subordinated debentures. The debentures are held by a private company of which a director of the Company is the Chairman and CEO. The Debentures bear interest at 8% per annum and mature on March 30, 2021. 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 common shares at a conversion price of $0.05381 per share in the first year, and for each year thereafter at a conversion price equal to the greater of the market price of the Company's common shares at the time of conversion or $0.10.

<u>Non-binding term sheet</u>

On May 2015, the Company entered into a non-binding term sheet with Titanstar Capital, Inovalis S.A ("Inovalis") and Hoche Partners International ("Hoche"). Inovalis and Hoche exert significant influence over the Company. Under the agreement, Titanstar Capital and Inovalis will each receive various fees in the form of shares of the Company. The dollar amount of fees by Titanstar Capital and Inovalis are calculated as follows:

a) 0.75% to Titanstar Capital of the net asset value of the Company calculated quarterly in arrears
b) 0.75% to Inovalis of the equity raised or arranged by Inovalis
c) 0.375% to Inovalis and 0.375% to Titanstar Capital on the equity raised on the Canadian capital market

The number of shares to be issued in exchange for the dollar amount of fees of the Company will be calculated using the one week average share price prior to payment of the asset management fees, with a minimum price of $0.06 per share.

<u>Martin Downs Town Center</u>

On September 18, 2015, the Company acquired a 49% interest in Martin Downs Town Center for total consideration, including closing costs, of $3,146,172 ($2,369,075 USD). Consideration and closing costs for the acquisition were paid by the issuance of common shares and cash. The Company acquired its interest from a company jointly owned and controlled by Inovalis and Hoche.

<u>Loan facility</u>

On December 15, 2015, the Company announced that it has obtained a loan facility for up to $750,000. Under the terms of the loan facility, the Company may draw advances in any amount from time to time from January 1, 2016 to December 31, 2016. Interest on any outstanding drawdowns will accrue at a fixed rate of 8% per annum, and is payable monthly. Outstanding indebtedness is payable on demand. The loan facility is provided by a private company of which the President, CEO and director of the Company is a principal.

Metro Gateway Shopping Center

On March 30, 2016 the Company completed the purchase of Metro Gateway with proceeds of the previously described $4,500,000 debenture offering issued March 30, 2016 and issued to a private company of which a director of the Company is Chairman and CEO.

116th Street Centre

The acquisition cost of US$9,825,000 was financed in part through a first mortgage of US$6,975,750 with the remainder provided by USD$2,515,512 of proceeds from the sale of the Company's interests in Swanway and San Tan joint ventures, and the bridge loans provided 50% by Titanstar Finance Inc., a Company of which the CEO is a principal, and 50% by a private company owned by a director of the Company.

Included in accounts payable and accrued liabilities are $206,575 of accrued interest (December 31, 2015 - $123,336) owing to private companies of which a director of the Company is a principal.

For the nine months period ended September 30, 2016, the Company incurred $609,930 (October 31, 2015- $97,719) of interest on amounts due to related parties.

For the nine months period ended September 30, 2016, the Company paid $63,000 (October 31, 2015- $42,000) of service fees to the CFO.

For the nine months period ended September 30, 2016, the Company incurred operating expenses of $48,538 (October 31, 2015 - $28,428), included in general and administrative expenses, that were charged by the Asset Manager.

For the nine months period ended September 30, 2016, the Company recorded $113,000 (October 31, 2015 - $nil) to Titanstar Capital and $39,189 to Inovalis (October 31, 2015 - $nil) for management fees pursuant to the non-binding term sheet.

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

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, amounts receivable, deposits, accounts payable, due to related parties, promissory note payable, embedded derivative liability, convertible debentures and long-term debt.

Derivatives, including separated embedded derivatives, are financial liabilities and are recorded initially at fair value. Fair value changes on derivatives are recognized in net loss, unless they are designated as effective hedging instruments.

It is management's opinion that the Company is not exposed to significant liquidity or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows or fair value associated with some financial instruments. The Company is exposed to interest rate risk, through its interests in joint ventures and associates.

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

Foreign exchange risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. The Company is exposed to foreign exchange risk as its joint venture 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 expense. The Company may enter into forward exchange contracts to manage part of the foreign exchange risk exposures denominated in U.S. currency, but has no forward contracts as at September 30, 2016.

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

Additional Disclosure for Venture Issuers without Significant Revenue

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

Material Components	Three months ended		For the period ended	
	September 30, 2016	October 31, 2015	September 30, 2016	October 31, 2015
General and administrative expenses	$ 221,165	$ 81,474	$ 669,359	$ 216,440
Consisting of:				
- Insurance	5,937	5,977	17,912	11,954
- Bank charges	540	487	1,813	1,069
- Filing fees	6,276	4,434	50,210	13,836
- Office costs	25,550	11,795	61,438	23,792
- Management fees	31,761	3,150	156,188	6,300
- Potential project costs	-	-	3,539	-
- Professional fees	125,445	38,917	309,168	128,613
- Office administration	22,671	12,048	52,516	24,074
- Travel	2,985	4,666	16,575	6,802

General and administrative expenses are higher due to:

- Increased filing fees for common shares and debenture issuances.
- Increased professional fees relating to the sale of San Tan and Swanway, tax planning and compliance for MNP and two audit fees relating to the change in fiscal year end.

- Increased office costs and administration now that company cost previously absorbed by Rick Turner are being funded by the company.
- Increased management fees earned by Rick Turner and Inovalis under the non-binding term sheet and funded by share issuance.

Disclosure of Outstanding Share Data

As at September 30, 2016 and the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	As at September 30, 2016	**As at the date of this MD&A**
Voting or equity securities authorized	Unlimited	Unlimited
Securities convertible or exercisable into voting or equity securities – share options	Share options to acquire up to 10% of outstanding common shares	Share options to acquire up to 10% of outstanding common shares
Voting or equity securities issued and outstanding	123,431,412 common shares	123,431,412 common shares
Securities convertible or exercisable into voting or equity securities – directors and officers share options	2,295,000	2,295,000
Securities convertible or exercisable into voting or equity securities – agent's warrants	-	-
Total voting or equity securities issuable on conversion or exchange of outstanding securities	2,295,000	2,295,000

Additional Disclosure for Venture Issuers with Significant Equity Investees

The following table summarizes the assets, liabilities and results of operations of the Company's equity investees, DSC LP, LVLH LP, for which the Company holds a 50% indirect interest in each, Adam's Dairy Landing for which the Company holds a 38.4% interest, and Martin Downs Town Center for which the Company holds a 49% interest. All figures are translated to Canadian dollars at the rate of exchange in effect at the quarter end date for net assets and at average rates prevailing during the period for net income.

	September 30, 2016	December 31, 2015
Total assets	$ 105,754,240	$ 132,509,683
Total liabilities	$ 75,530,385	$ 90,544,392
Net assets	$ 30,223,855	$ 41,965,291
TitanStar's share of net assets	$ 13,933,894	$ 19,334,118

	Period ended September 30, 2016	Period ended October 31, 2015
Revenue and gains	$ 6,795,242	$ 4,598,049
Expenses	$ 3,781,090	$ 6,626,908
Net income (loss)	$ (3,014,152)	$ (2,028,859)
TitanStar's share of net income (loss)	$ (846,464)	$ (728,597)

Additional information regarding the Company's proportionate interest in the significant equity investees is disclosed in note 5 in the September 30, 2016 condensed consolidated interim financial statements.

RISKS AND UNCERTAINTIES

General Business Risks

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

Real Property Ownership

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

The performance of the economy in the area in which the Deer Springs Property, Adam's Dairy Landing, Martin Downs Town Center Metro Gateway Shopping Center, and 116th Street Center (collectively called the "Properties") are located affects occupancy, market rental rates and expenses. These factors consequently can have an impact on the future share of income/(loss) attributable to the Company from the Properties, and the value of the underlying investments in the joint ventures and associates.

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

Asset and Development Strategy

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

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

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

Dependence on and Relationship with Asset Manager

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

Joint Venture and Associate Investments

The Company has a 50% interest in LV Loan Holdings GP Inc. and LVLH LP and, through its wholly-owned subsidiary, TitanStar DSC Holding Inc., has a 50% interest in the Deer Springs

Property (through DSC LP). The Company also has a 38.4% interest in Adam's Dairy Landing and a 49% interest in Martin Downs Town Center (through TitanStar US Inc.). The Company may also enter into further arrangements with respect to other properties in the future. In any such arrangement, the Company may not be in a position to exercise sole decision-making authority regarding the properties owned through these arrangements. Investments may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that investment partners might become bankrupt or fail to fund their share of required capital contributions. Investment partners may have business interests or goals that are inconsistent with the Company's business interests or goals and may be in a position to take actions contrary to the Company's policies or objectives. Such investments also have the potential risk of impasse on strategic decisions, such as a sale, because neither the Company nor the investment partner would have full control over the arrangement. Any disputes that may arise between the Company and its investment partners could result in litigation or arbitration that could increase the Company's expenses and distract its officers and/or directors from focusing their time and effort on the Company's business. In addition, the Company might in certain circumstances be liable for the actions of its investment partners.

Investment Concentration

The Company will be susceptible to adverse markets in Las Vegas, Nevada, Tucson, Arizona Chandler, Arizona, Blue Springs, Missouri, Palm City, Florida, Phoenix, Arizona, and Indianapolis, Indiana, the markets in which it is operating, such as changing demographics and other factors. Presently, the Company's depreciated book value interests in the Deer Springs Property, located in Nevada, account for 19% of the Company's total real property assets, the Company's interest in Adam's Dairy Landing located in Missouri, account for 9.5% of the Company's real property assets, the Company's interest in Martin Downs Town Center in Palm City, Florida account for 7.5% of the Company's real property assets, the Company's interest in Metro Gateway in Phoenix, Arizona account for 31% of the Company's real property assets and the Company's interest in 116th Street in Indianapolis, Indiana accounts for 33% of the Company's real property assets. As a result of this concentration of assets, the Company will be particularly susceptible to adverse market conditions in these regions. Any adverse economic or real estate markets in the areas in which the Properties are located, or in the future in any of the other markets in which the Company operates, or any decrease in demand for commercial real estate resulting from the local economy or demographics could adversely affect the rental revenues of the joint ventures and associates. This effect could impair the ability of the joint ventures and associates to service their debt obligations and generate stable positive cash flow from operations to generate a return for the Company.

Illiquidity

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

Uninsured Losses

DSC LP, Adam's Dairy Landing, Martin Downs Town Center, Metro Gateway Shopping Center and 116th Street Center will carry comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for properties similar to the Properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the Company could lose its investment in, and anticipated profits and cash flows from the Properties.

Environmental Risk

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

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

Public Market Risk

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

Debt Financing

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

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

- limiting the Company's ability to borrow more money for operating or capital needs or to finance acquisitions in the future; and
- making the Company more vulnerable to economic and industry downturns and reducing its flexibility in responding to changing business and economic conditions.

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

Interest Fluctuations and Financing Risk

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

Failure to Obtain Additional Financing

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

Dilution

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

Potential Volatility of Share Price

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

Limited Prior Public Market

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

Proposed Acquisitions

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

Potential Conflicts of Interest

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

In connection with real estate acquisitions, the Company has engaged, and may in the future engage, third parties to provide due diligence and valuation services in relation to the subject properties and the Company has paid, and may in the future pay, such advisers a success fee in connection with the completion of such acquisitions. In particular, the Company has paid such a success fee to Juliet in connection with the Company's acquisition of each of the Swanway Plaza and the San Tan Plaza. There is a risk that the payment of a success fee could result in such advisers recommending that the Company complete real estate acquisitions that such advisers would not recommend completing in the absence of a success fee.

Juliet is the manager of certain properties of the Company, and may in the future manage further properties acquired by the Company. There is a risk that the expectation of being engaged as the manager of a property could result in an adviser recommending that the Company complete real estate acquisitions that such adviser would not recommend completing in the absence of such an expectation.

Foreign Currency

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

The Canadian dollar equivalent of monetary assets and liabilities held by the Company that are denominated in U.S. dollars are as follows:

	September 30, 2016	December 31, 2015
Cash	$ 711,409	$ 133,434
Short-term investments	-	86,633
Deposits	43,554	384,802
Investment in joint ventures	13,933,894	19,334,118
Investment properties	25,039,975	-
Mortgage payable	17,125,227	-
Accounts payable'	175,078	127,498
Accounts receivable	24,657	-
Tenants Security Deposits	116,400	-

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 nine months period ended September 30, 2016 of approximately $910,000 (October 31, 2015 loss of $17,519) and additional loss from currency translation adjustments of joint ventures and associates included in other comprehensive income or loss for the nine months period ended September 30, 2016 of approximately $1,949,100 (October 31, 2015 loss of $953,082). 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 nine months period ended September 30, 2016 of approximately $910,000 (October 31, 2015 income of $17,519) and additional income from currency translation adjustments of joint ventures and associates included in other comprehensive income or loss for the nine months period ended September 30, 2016 of approximately $1,949,100 (October 31, 2015 income of $953,082). 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.

Foreign Political Risk

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

Inability to Resell Shares

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

Critical Accounting Estimates

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

Changes to Significant Accounting Policies

The following 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.

IFRS 16 – Leases replaces IAS 17 – Leases and requires lessees to account for leases on the statement of financial position by recognizing a right of use asset and a lease liability. The standard is effective for annual periods beginning on or after January 1, 2019 with earlier adoption permitted.

IAS7 – Statement of Cash Flows was amended for disclosure initiatives to provide additional information on cash flows and non-cash changes. The standard will be effective for annual periods beginning on or after January 1, 2017 with earlier adoption permitted.

IAS 1 - Presentation of Financial Statements: Disclosure Initiative was amended for disclosure initiatives. The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the consolidated statements of net loss and other comprehensive income and the consolidated statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements; and
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the consolidated statement of financial position and the consolidated statements of net loss and other comprehensive income. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Other MD&A Requirements

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