

TITAN STAR™

**NOTICE OF SPECIAL MEETING OF HOLDERS
OF 8.5% CONVERTIBLE REDEEMABLE UNSECURED
SUBORDINATED DEBENTURES
AND
INFORMATION CIRCULAR**

**SPECIAL MEETING OF HOLDERS
OF 8.5% CONVERTIBLE REDEEMABLE UNSECURED
SUBORDINATED DEBENTURES
TO BE HELD ON SEPTEMBER 28, 2018**

TO CONSIDER AMENDMENTS TO THE TRUST INDENTURE

August 29, 2018

These materials are important and require your immediate attention. They require Debentureholders to make important decisions. If you are in doubt as to what decision to make, please contact your financial, legal, income tax or other professional advisors. If you have any questions or require more information, please contact Shorecrest Group Ltd. using the information provided on the back cover.

Information Circular Summary

This summary highlights information contained elsewhere in this Circular. It does not contain all of the information that you should consider.

Please read the entire Circular carefully before voting.

Voting Recommendations

Proposal	Board Recommendation
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Approve certain amendments to the Trust Indenture, including (among other things) extending the maturity date of the Debentures, decreasing the conversion price at which the Debentures may be converted into common shares of the Corporation, and increasing the interest payable on the Debentures.	FOR
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Record Date

You are entitled to vote at the meeting if you were a holder of the 8.5% convertible redeemable unsecured subordinated debentures at the close on August 27, 2018.

Vote Deadline

To make sure that your vote is counted, please ensure your vote is received by 10:00 a.m. (Toronto Time) on September 26, 2018

Attending the Annual Meeting

If you plan to attend the Meeting, please follow the instructions starting on page 5 of this Circular.

Reasons to Vote “For” the Amendment

√ The extension of the maturity date will afford Debentureholders a longer period of time during which to receive interest at a more favourable rate.

√ The interest rate will increase from 8.5% to 9.5%

√ The Board of Directors believes that the 9.5% interest rate represents an attractive yield, especially in current low-interest rate environment and when considering alternative reinvestment opportunities

√ Debentureholders will have the opportunity to convert debentures into Common Shares of TitanStar at a lower conversion price

√ The potential conversion into Common Shares provides Debentureholders the opportunity to participate in the growth of TitanStar’s business

Meeting Information

Date: September 28, 2018

Time: 10:00 a.m. (EDT)

Place: Goodmans LLP,
Suite 3400, 333 Bay Street,
Toronto, Ontario, M5H 2S7

How to Vote

Your vote is important. To ensure that your debentures will be represented and voted at the meeting, please submit your vote as soon as possible by one of the following methods:

Internet

You will need to have your proxy form or voting instruction form in hand. Go to the web-site listed on the form that you received and follow the instructions on the screen.

Telephone

You will need to have your proxy form or voting instruction form in hand. Dial the phone number listed on the form that you received and follow the voting prompts.

Mail

Complete your proxy form or voting instruction form and return using the enclosed postage-paid envelope.

Questions?

Please contact our Proxy Solicitation and Information Agent, Shorecrest Group Ltd. at 1-888-637-5789.

**NOTICE OF SPECIAL MEETING OF HOLDERS
OF 8.5% CONVERTIBLE REDEEMABLE
UNSECURED SUBORDINATED DEBENTURES**

NOTICE IS HEREBY GIVEN that a special meeting (the “**Meeting**”) of the holders of 8.5% Convertible Redeemable Unsecured Subordinated Debentures (the “**Debentures**”) of TitanStar Properties Inc. (the “**Corporation**”) issued and outstanding under the trust indenture (the “**Trust Indenture**”) dated July 31, 2013 between the Corporation and BNY Trust Company of Canada, as debenture trustee (the “**Debenture Trustee**”), will be held at Goodmans LLP, Suite 3400, 333 Bay Street, Toronto, Ontario, M5H 2S7, on the 28th day of September, 2018 at the hour of 10:00 a.m. (Toronto Time) for the following purposes:

1. TO CONSIDER and, if thought advisable, to pass, with or without alteration or modification, an extraordinary resolution of the holders of the Debentures (the “**Amendment Resolution**”), the full text of which is set forth as Schedule “A” to the accompanying information circular (the “**Circular**”), to approve certain amendments to the Trust Indenture, including (among other things) extending the maturity date of the Debentures, decreasing the conversion price at which the Debentures may be converted into common shares of the Corporation, and increasing the interest payable on the Debentures.
2. TO TRANSACT such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The record date for entitlement to notice of the Meeting is August 27, 2018 (the “**Record Date**”). Each holder of Debentures (a “**Debentureholder**”) as of the Record Date will have one vote in respect of each \$1,000 principal amount of Debentures of which such Debentureholder shall then be the holder as of the Record Date with respect to the Amendment Resolution.

Pursuant to the provisions of the Trust Indenture, any extraordinary resolution passed at the Meeting or any adjournment thereof will, if passed in accordance with the provisions contained in the Trust Indenture, be binding upon all Debentureholders to which the resolution relates, whether present or absent at the Meeting.

The Amendment Resolution must be approved by at least 66.6% of the principal amount of the Debentures present in person or represented by proxy at the Meeting and voted on the Amendment Resolution. If such approval is not obtained and the Amendment is not approved, the market price or value of the Debentures may be adversely affected.

The accompanying Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

DATED at Toronto, Ontario this 29th day of August, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

"Jean-Daniel Cohen"

Jean-Daniel Cohen
Chief Executive Officer and
Chairman of the Board of Directors
TitanStar Properties Inc.

TITANSTAR™

August 29, 2018

Dear Debentureholder:

In anticipation of the 8.5% convertible redeemable unsecured subordinated debentures (the “**Debentures**”) of TitanStar Properties Inc. (the “**Corporation**”) coming due for repayment on September 30, 2018, the Corporation is proposing certain amendments to the terms of the Debentures (the “**Amendment**”).

For an update regarding the business of the Corporation, including its current financial position, please see the Corporation’s management discussion and analysis regarding its June 30, 2018 interim financial statements, which is available on SEDAR at www.sedar.com.

The Corporation is currently in dispute with a former CEO and a former director of the Corporation regarding the financing terms of certain shareholder and financing agreements. It is the Corporation’s position that, among other things, certain entities controlled by the former CEO and former director are in breach of certain of their obligations under such financing agreements. As a result of such alleged breach, the financing that the Corporation intended to use in order to repay the Debentures on maturity is currently unavailable. Accordingly, the Corporation is seeking to amend the terms of the Debentures in order to, among other things, extend the maturity date of the Debentures from September 30th, 2018 to September 30th, 2020. Moreover, the current real estate market for commercial properties is not conducive to the Corporation selling any of its current portfolio of properties. The Company will continue to have the ability to redeem the Debentures (in whole or in part) throughout the newly extended term.

Taking into account these circumstances, the Board has determined that the Amendment is in the best interest of all of the stakeholders of the Corporation, and Management also believes the Amendment addresses the core interest of the Debentureholders in the Debentures. Proceeding with the Amendment allows the Corporation and the Debentureholders to achieve a better outcome than presently available from any other alternative considered by the Board.

The Debentures are governed by the terms and conditions of the trust indenture between the Corporation and BNY Trust Company of Canada (the “**Indenture Trustee**”) dated as of July 31, 2013 (the “**Trust Indenture**”).

A special meeting (the “**Meeting**”) of the holders of Debentures (the “**Debentureholders**”) is to be held at Goodmans LLP, Suite 3400, 333 Bay Street, Toronto, Ontario, M5H 2S7 on September 28, 2018, at 10:00 a.m. (Toronto Time). The Meeting has been requested by the Corporation pursuant to Article 12 of the Trust Indenture to obtain the approval of the Debentureholders in accordance with Section 12.12 of the Trust Indenture.

The Amendment

At the Meeting, the Debentureholders are being asked to consider the following:

- **EXTENDING** the maturity date of the Debentures from September 30, 2018 to September 30, 2020;
- **DECREASING** the conversion price at which the Debenture may be converted into common shares of the Corporation from \$0.08125 to \$0.06 per common share; and
- **INCREASING** the interest rate payable on the Debentures from 8.5% per annum to 9.5% per annum, with effect as of October 1, 2018.

In addition to the foregoing amendment, there will be certain incidental amendments resulting from the foregoing.

To Vote for the Amendment

To vote for the Amendments, please mark the “FOR” box on the accompanying form of proxy and sign and deposit such document in accordance with the instructions set out therein as soon as practicable, and in any event no later than 10:00 a.m. (Toronto Time) on September 26, 2018.

Approval of the Amendment

For the Amendments to be approved, holders representing at least 25% in principal amount of the Debentures then outstanding must be present in person or by proxy at the Meeting and the Amendment Resolution (as defined below) must be passed by favourable votes of the Debentureholders holding not less than 66.6% of the principal amount of the Debentures present or represented by proxy at the Meeting.

If the Amendment is approved by the Debentureholders, the Corporation anticipates that the date the Corporation enters into the first supplemental indenture to the Trust Indenture (such indenture to be substantially in the form attached as Schedule “B” to the accompanying management circular of the Corporation (the “**Circular**”) which provides for the Amendment) will be on or about September 28, 2018.

Benefits of the Amendment

After due consideration and assessment of the merits of the Amendment, the Board of Directors recommends a vote by the Debentureholders in favour of the resolution authorizing certain amendments to the Trust Indenture, including (among other things), extending the maturity date of the Debentures, decreasing the conversion price at which the Debentures may be converted into common shares of the Corporation, and increasing the interest payable on the Debentures.

For further particulars of the benefits, see “*Special Business of the Meeting – Approval of the Amendment to the Debentures – Summary of Amendment.*”

Management Information Circular

The accompanying Circular provides a detailed description of the Amendment. Please give this material your careful consideration. If you require assistance, you should consult your financial, legal, income tax or other professional advisors.

We encourage you to read the materials in the accompanying Circular carefully. Your vote is important to determine the future of your investment. Whether or not you attend the Meeting in person, please complete and deliver the enclosed form of proxy in accordance with the instructions set out in the accompanying Circular so that your Debentures can be voted at the meeting. Only registered debentureholders can attend and vote at the meeting, if you hold your debentures with a financial intermediary, please follow the instructions provided on your voting instruction form to vote or attend the meeting as a proxy appointment.

Please direct any questions or comments to our Proxy Solicitation and Information Agent, Shorecrest Group Ltd. at 1-888-637-5789.

On behalf of the directors and management, I would like to thank you for your continued support of the Corporation.

Yours very truly,

"Jean-Daniel Cohen"

Jean-Daniel Cohen
Chief Executive Officer and
Chairman of the Board of Directors

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TITANSTAR PROPERTIES INC.

MANAGEMENT INFORMATION CIRCULAR

This information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of management for use at the special meeting (the “**Meeting**”) of holders of 8.5% convertible redeemable subordinated unsecured debentures (the “**Debentures**”) of the Corporation to be held on September 28, 2018 at Goodmans LLP, Suite 3400, 333 Bay Street, Toronto, Ontario, M5H 2S7, commencing at 10:00 a.m. (Toronto Time), and at all postponements or adjournments thereof, for the purposes set forth in the accompanying notice of the Meeting (the “**Notice of Meeting**”).

This Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Debentureholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial or other matters in connection herewith.

All dollar amounts herein are in Canadian dollars, unless otherwise indicated. The information contained herein is given as at August 29, 2018, except where otherwise noted.

No person has been authorized by the Corporation to give any information (including any representations) in connection with the matters to be considered at the Meeting other than the information contained in this Circular. This Circular does not constitute an offer to buy, or a solicitation of an offer to acquire, any securities, or a solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or is unlawful. Information contained in this Circular should not be construed as legal, tax or financial advice, and Shareholders should consult their own professional advisors concerning the consequences of the Amendment in their own circumstances.

The accompanying Form of Proxy (as defined herein) is for use by Debentureholders in connection with the Amendment (as defined herein) and Debentureholders are encouraged to complete, sign and deposit such document in accordance with the instructions set out herein.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Circular, including documents incorporated by reference herein, contains forward-looking statements with respect to future financial performance, strategy and business conditions. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans” or “continue”, or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect current expectations regarding future events and operating performance, and speak only as of the date of this Circular. These statements include, but are not limited to, statements made in the following sections of the Circular: (i) “Summary of the Amendment” (ii) “Background to the Amendment”; and (iii) “Risk Factors”, and other statements which reflect the expectations, beliefs and plans of the Corporation.

In making such forward-looking statements, management has relied upon a number of material factors and assumptions, including with respect to general economic and financial conditions, interest rates, equity and debt markets, business competition, acts and omissions of third parties and the ability of the Corporation to obtain approval for the Amendment. Such forward-looking statements should, therefore, be construed in light of such factors and assumptions.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially

from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under “Risk Factors” and the risk factors described the Corporation’s management’s discussion and analysis for the six months June 30, 2018 under the heading, “Risks and Uncertainties.” These forward-looking statements are made as of the date of this Circular and, except as expressly required by applicable law, the Corporation assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

PROXY SOLICITATION AND VOTING

Solicitation of Proxies

It is expected that the solicitation of proxies for this Meeting will be done by mail and personally, in writing or by telephone, by employees and/or agents of the Corporation.

In addition, the Corporation has retained Shorecrest Group Ltd. (“**Shorecrest**”) as soliciting agent in connection with the Amendment. Shorecrest will solicit votes regarding the Amendment. The Company may utilize the Broadridge QuickVote™ service to assist Non-Objecting Beneficial Holders of the Debentures (“**NOBOs**”) with voting their Debentures. NOBOs may be contacted by Shorecrest to conveniently obtain a vote directly over the telephone.

The Corporation will bear the cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing and other costs associated with the preparation of the Circular.

Appointment of Proxies

Together with the Circular, Debentureholders will also be sent a form of proxy (a “**Form of Proxy**”). The persons named in such proxy are directors or officers of the Corporation and are representatives of Management at the Meetings. **A Debentureholder who wishes to appoint some other person to represent him, her or it at the Meeting may do so by inserting such person’s name in the blank space provided in the Form of Proxy or by completing another proper form of proxy. Such other person need not be a Debentureholder of the Corporation.**

AST Trust Company (Canada) (the “**Agent**”) is required to submit proxies for voting rights attached to Debentures in accordance with the instructions provided by Debentureholders. Upon submission by a Debentureholder (or his or her designee), whose name appears on a list of beneficial Debentureholders prepared in connection with the Meeting, of identification satisfactory to the Agent’s representative, a Debentureholder may require the Agent to sign and deliver to such holder (or his, her or its designee) a proxy to exercise personally the voting rights attaching to such Debentureholder’s Debentures, if such Debentureholder either (i) has not previously given the Agent voting instructions in respect of the Meeting, or (ii) submits to such representative written revocation of any such previous instructions. At the Meeting, the Debentureholder (or his, her or its designee) exercising voting rights under a proxy granted by the Agent, has the right to speak at the Meeting in respect of any matter, question, proposal or proposition, to vote by way of ballot at the Meeting in respect of any matter, question, proposal or proposition, and to vote at the Meeting by way of a show of hands in respect of any matter, question or proposition. Together with the Circular, Debentureholders will also be sent an instruction form addressed to the Agent which may be completed and returned to the Agent setting out the Debentureholder’s voting instructions.

Deposit of Proxies

To be valid, proxies or instructions to the Agent must be deposited at the offices of the Agent, AST Trust Company (Canada), Proxy Department, by mail to PO Box 721, Agincourt, Ontario, M1S 0A1, or by fax to 1-866-781-3111 (toll free in North America) or 416-368-2502, or by e-mail to proxyvote@astfinancial.com so as not to arrive later than 10:00 a.m. (Toronto Time) on September 26, 2018, or be deposited with the chair of the Meeting (the “**Chair of the Meeting**”) prior to the commencement of the Meeting. If the Meeting is adjourned, proxies or instructions to the Agent must be deposited 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy or instructions are to be used, or be deposited with the Chair of the Meeting prior to the commencement of the Meeting or any reconvened meeting. Late proxies may be accepted or rejected by

the Chair of the Meeting at his or her sole discretion. The Chair is under no obligation to accept or reject any particular late proxy. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

The document appointing a proxy must be in writing and completed and signed by a Debentureholder or his or her attorney authorized in writing or, if the Debentureholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Instructions provided to the Agent by a Debentureholder must be in writing and completed and signed by the Debentureholder or his or her attorney authorized in writing or, if the Debentureholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as officers, attorneys, executors, administrators, and trustees or similarly otherwise should so indicate and provide satisfactory evidence of such authority.

Revocation of Proxies

A Debentureholder that has given a proxy may revoke the proxy: (a) by completing and signing a proxy bearing a later date and depositing it as aforesaid; (b) by depositing an instrument in writing executed by the Debentureholder or by his or her attorney authorized in writing: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the applicable Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chair of the Meeting prior to the commencement of such Meeting on the day of such Meeting or any adjournment thereof; or (c) in any other manner permitted by law. A Debentureholder that has given instructions to the Agent with respect to the voting of its Debentures may revoke the instructions: (a) by completing and signing instructions bearing a later date and depositing it as aforesaid; (b) by depositing an instrument in writing executed by the Debentureholder or by his or her attorney authorized in writing: (i) at the registered office of the Agent at any time up to and including the last business day preceding the day of the applicable Meeting, or any adjournment thereof, at which the instructions are to be relied on, or (ii) with the Chair of the Meeting prior to the commencement of such Meeting on the day of such Meeting or any adjournment thereof; or (c) in any other manner permitted by law.

Voting of Proxies

The persons named in the accompanying Form of Proxy will vote the Debentures in respect of which they are appointed on any ballot that may be called for, in accordance with the instructions of the Debentureholder as indicated on the proxy. The Agent will vote the Debentures in respect of which they are instructed on any ballot that may be called for, in accordance with the instructions of the Debentureholder.

In the absence of such specification, such Debentures will be voted at the Meeting **FOR THE AMENDMENT RESOLUTION**, as described under the heading “Special Business of the Meeting – Approval of the Amendment to the Debentures”.

For more information on these issues, please see the section entitled “Special Business of the Meeting – Approval of the Amendment to the Debentures” in this Circular.

The persons appointed under the Form of Proxy are conferred with discretionary authority with respect to amendments to or variations of matters identified in the Form of Proxy and the Notice of Meeting and with respect to other matters, which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons designated in the enclosed Form of Proxy to vote in accordance with their best judgment on such matter or business. At the time of printing the Information Circular, the directors of the Corporation (the “**Board of Directors**”) know of no such amendments, variations or other matters.

INFORMATION FOR BENEFICIAL OWNERS OF DEBENTURES

Overview of Book-Entry Only Registration of Debentures

The information set forth in this section is of significant importance to many Debentureholders as no Debentureholders hold their Debentures in their own name. The Debentures are registered in a “book-entry only”

system under which all the issued and outstanding Debentures are evidenced by global certificates that are registered in the name of and held by CDS Clearing and Depository Services Inc. or its nominee (“CDS”), which holds global certificates representing the outstanding Debentures. At the date of this Information Circular, CDS is the only registered holder of the Debentures.

CDS and intermediaries (such as banks, trust companies, securities dealers and brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) with whom you deal in respect of your Debentures, maintain written records (book-entries) of the identity of beneficial owners of Debentures and the principal amount of Debentures beneficially owned by each beneficial owner. In this Information Circular, references to “Beneficial Owners” are to persons who are shown in the book-entry only system as beneficial owners of Debentures.

Beneficial Owners should note that only proxies deposited by holders of Debentures whose names appear on the records of the Corporation as the registered holders of Debentures can be recognized or acted upon at the Meetings. Such Debentures will more likely be registered under the name of the Debentureholder’s broker or an agent of that broker. Debentures held by brokers or their agents or nominees can only be vote (for or against resolutions) upon the instructions of the Beneficial Owner. Without specific instructions, brokers and their agents and nominees are prohibited from voting Debentures for the broker’s clients. Therefore, Beneficial Owners should ensure that instructions respecting the voting of their Debentures are communicated to the appropriate person.

In accordance with Canadian securities law, the Corporation has distributed copies of the Notice of Meeting, this Circular and Form of Proxy (collectively, the “**Meeting Materials**”) for onward distribution by intermediaries to Beneficial Owners. Proxy-related materials have been sent by the Corporation to the intermediaries and not directly to the holders of Debentures. The Corporation intends to pay for intermediaries to deliver proxy-related materials to “objecting beneficial owners” and Form 54-101F7 (the request for voting instructions), in accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

Intermediaries are required to forward Meeting Materials to you as a Beneficial Owner. Typically, intermediaries will use a service company (such as Broadridge Financial Solutions, Inc. (“**Broadridge**”)) to forward the Meeting Materials to Beneficial Owners. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Owners and asks Beneficial Owners to return voting instructions to Broadridge, via the internet at www.proxyvote.com or by telephone or by returning the voting forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions representing the voting of the securities to be represented at the Meeting. **A Beneficial Owner receiving a Broadridge voting instruction form cannot use that voting instruction form to vote Debentures directly at the Meeting. The voting instruction form, or any other document in writing that provides instructions, must be returned to Broadridge well in advance of the Meeting in order to have the Debentures voted.**

Although Beneficial Owners may not be recognized directly at the Meeting for the purposes of voting Debentures registered in the name of the registered holder or their broker or other intermediary, a Beneficial Owner may attend at the Meeting as proxy holder for the registered holder and vote their Debentures in that capacity. Beneficial Owners who wish to attend the Meeting and indirectly vote their own Debentures as proxy holder for the registered holder should enter their own names in the blank space on the Form of Proxy or voting instruction form provided to them (or any other document in writing) and return the same to their broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

Request for Voting Instructions

As a Beneficial Owner, you will receive a voting instruction form with your Meeting Materials. The purpose of this form is to permit you as a Beneficial Owner to direct the voting of your Debentures. Debentureholders will be required to vote their Debentures either in favour of, or against, the Amendment Resolution (as defined herein). Alternatively, as a Beneficial Owner you can submit any other document in writing to the Agent that requests that the beneficial owner or a nominee thereof may be appointed as a proxy holder.

As a Beneficial Owner, you should do the following:

If You Do Not Wish to Attend the Meeting.

If, as a Beneficial Owner, you do not wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), complete and sign the voting instruction form (or other document in writing) and return it in accordance with the instructions on the form. Voting instruction forms sent by Broadridge also permit the completion of the voting instruction form by telephone or through the internet at www.proxyvote.com. As a Beneficial Owner, you may revoke a voting instruction form (or other document in writing) given to an intermediary in accordance with any instructions indicated on the voting instruction form or as otherwise communicated by your intermediary.

If You Wish to Attend the Meeting (or Have Somebody You Choose Attend for You).

If, as a Beneficial Owner, you wish to attend and vote at the Meeting in person (or have another person, who need not be a Debentureholder, attend and vote on your behalf), you must follow the instructions on the voting instruction form that you receive or seek a form of proxy from your intermediary.

As a Beneficial Owner, you should follow the instructions on the voting instruction form you receive. If you are not sure what to do, you should immediately contact your intermediary in respect of your Debentures. In order for a Beneficial Owner to have its Debentures voted at the Meeting, it must complete and sign the voting instruction form or applicable instrument of proxy and return such form or instrument in accordance with the instructions therein well in advance of the Meeting. Failure to do so will result in your Debentures not being voted at the Meeting. If you have any questions, you may contact Shorecrest, the soliciting agent, by telephone at 1-888-637-5789, or by e-mail at contact@shorecrestgroup.com.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As of the close of business on August 29, 2018, there were \$4,542,000 in principal amount of Debentures outstanding.

At the Meeting, each Debentureholder of record at the close of business on August 27, 2018, the record date established for the Notice of Meeting (the “**Record Date**”), will be entitled to one vote in respect of each \$1,000 principal amount of Debentures held on all matters proposed to come before the Meeting.

To the knowledge of the Management and the Directors, no person beneficially owns or exercises control or direction over 10% or more of the issued and outstanding Debentures.

QUORUM

The Meeting will be constituted as a special meeting of the Debentureholders of the Corporation. Debentureholders representing at least 25% in principal amount of the outstanding Debentures will constitute a quorum for the Meeting.

If Debentureholders holding not less than 25% of the principal amount of the Debentures then outstanding are not present in person or by proxy within 30 minutes after the time appointed for the Meeting, then the Meeting shall stand adjourned to such date, being not less than 14 nor more than 60 days later, and to such place and time, all as may be appointed by the Chair of the Meeting.

Not less than 10 days’ notice shall be given of the time and place of such adjourned meeting in the manner provided in the Trust Indenture. Such notice shall state that at the adjourned meeting, the Debentureholders present in person or by proxy shall form a quorum, but it shall not be necessary to set forth the purposes for which the Meeting was originally called or any other particulars.

At the adjourned meeting, the Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the Meeting was originally convened.

A copy of the Amendment Resolution is set out at Schedule “A” of this Information Circular.

**SPECIAL BUSINESS OF THE MEETING
APPROVAL OF THE AMENDMENT TO THE DEBENTURES**

Summary of Amendment

The Corporation is seeking the approval of Debentureholders of certain amendments to the Trust Indenture dated as of July 31, 2018 (the “**Trust Indenture**”) between the Corporation and BNY Trust Company of Canada (the “**Indenture Trustee**”), including (among other things): (i) extend the maturity date of the Debentures from September 30, 2018 to September 30, 2020; (ii) decrease the conversion price at which the Debentures may be converted into common shares of the Corporation from \$0.08125 per common share to \$0.06 per common share; and (iii) increase the interest rate payable on the Debentures from 8.5% per annum to 9.5% per annum (the “**Amendment**”), with effect as of October 1, 2018. The Amendment is conditional upon the approval of the Debentureholders of the Amendment at the Meeting in accordance with the Trust Indenture. If the Amendment is approved by the Debentureholders at the Meeting in accordance with the Trust Indenture, the Corporation anticipates that September 28, 2018 will be the effective date of the Amendment.

On November 22, 2012, the Corporation entered into a credit agreement (the “**Facility**”) with Romspen Investment Corporation (“**Romspen**”). In connection with the Facility, the Corporation provided certain rights to Romspen under the Trust Indenture (the “**Romspen Rights**”). The Facility has since been repaid in full, and consequently, the Romspen Rights under the Trust Indenture are no longer applicable. Accordingly, the Amendment also includes the removal of all provisions relating to the Romspen Rights.

Background to the Amendment

Issuing of the Debentures on July 31, 2013

On August 8, 2013, the Corporation raised \$4,500,000 upon the closing of a public offering of the Debentures (the “**Offering**”) at a price of \$1,000 per Debenture. On September 4, 2013, the Corporation announced the sale of an additional \$860,000 principal amount of Debentures. The Debentures were issued for a term of five years and are to mature on September 30, 2018, at which point the Corporation will be required to repay \$4,542,000 representing the aggregate principal amount of the Debentures (based on the aggregate amount of Debentures outstanding on the date hereof), plus any outstanding interest.

Pursuant to the Trust Indenture, on or after September 30, 2016 but prior to the Maturity Date, the Corporation, at its sole option, may call for the redemption of the Debentures in whole or in part, from time to time, by providing notice on not more than 60 days’ and not less than 30 days’ prior notice, at a redemption price equal to the principal amount of the Debentures then outstanding plus accrued and unpaid interest (less any tax required to be deducted or withheld).

Business of the Corporation

For an update regarding the business of the Corporation, including its current financial position, please see the Corporation’s interim financial statements and management’s discussion and analysis for the interim period ended June 30, 2018, which is available on SEDAR at www.sedar.com.

Reason for the Amendment

The Corporation is involved in a dispute with a former CEO and a former director of the Corporation, details of which were disclosed in a news release dated July 19, 2018 and updated on August 28, 2018. It is the Corporation’s position that, among other things, certain entities controlled by the former CEO and former director are in breach of certain of their obligations under the financing agreements. As a result of such alleged breach, the financing that the Corporation intended to use to repay the Debentures on maturity is unavailable. Accordingly, the Corporation is seeking to amend the terms of the Debentures in order to, among other things, extend the maturity date of the Debentures from September 30th, 2018 to September 30th, 2020. In addition, the commercial real estate market is not favourable at this time for the Corporation to sell its properties in order to raise adequate cash resources to repay the Debentures when they mature.

The Board has determined that the Amendment is in the best interest of all of the stakeholders of the Corporation, and Management also believes the Amendment addresses the core interest of the Debentureholders in the Debentures. Proceeding with the Amendment allows the Corporation and the Debentureholders to achieve a better outcome than presently available from any other alternative considered by the Board.

As discussed herein, the Corporation believes that, given the uncertainty regarding the disputes with the former CEO and director and the commercial real estate market at the present time, the Corporation seeks approval of the Amendment including (among other things): (i) extending the maturity date beyond September 30, 2018; (ii) decreasing the conversion price at which the Debentures may be converted into common shares of the Corporation; and (iii) increasing the interest rate payable on the Debentures.

Approval of the Amendment

Article 12.12 of the Trust Indenture provides that the Debentureholders have the power, by Extraordinary Resolution (as defined herein), to assent to any modification of or change in or addition to or omission from the provisions contained in the Trust Indenture or any Debenture which shall be agreed to by the Corporation and to authorize the Indenture Trustee to concur in and execute any indenture supplemental to the Trust Indenture embodying any modification, change, addition or omission.

The Trust Indenture defines “Extraordinary Resolution” as a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of the Trust Indenture at which (i) Debentureholders holding not less than 25% of the principal amount of the Debentures then outstanding are present in person or by proxy and passed by the favourable votes of the Debentureholders holding not less than 66.6% of the principal amount of Debentures present or represented by proxy at the meeting and voted on a poll upon such resolution, or (ii) rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the Debentures outstanding.

At the Meeting, the Debentureholders will be asked to approve an Extraordinary Resolution of the Debentureholders (the “**Amendment Resolution**”) approving the Amendment. For the full text of the Amendment Resolution, see Schedule A attached to this Circular.

As noted above, pursuant to the Trust Indenture, on or after September 30, 2016 but prior to the Maturity Date, the Corporation, at its sole option, may call for the redemption of the Debentures in whole or in part, from time to time, by providing notice on not more than 60 days’ and not less than 30 days’ prior notice, at a redemption price equal to the principal amount of the Debentures then outstanding plus accrued and unpaid interest (less any tax required to be deducted or withheld).

Recommendation of the Board

The Board unanimously recommends that the Debentureholders vote for the Amendment.

Impact of the Amendment to the Debentures

If the Amendment is approved, the Debentures will be amended as follows:

- **Extend** the maturity date of the Debentures from September 30, 2018 to September 30, 2020;
- **Decrease** the conversion price at which the Debenture may be converted into common shares of the Corporation from \$0.08125 per common share to \$0.06 per common share; and
- **Increase** the interest rate payable on the Debentures from 8.5% per annum to 9.5% per annum, with effect as of October 1, 2018.

In addition to the foregoing amendment, there will be certain incidental amendments resulting from the foregoing. Also, all provisions relating to the Romspen Rights will be removed as noted above.

For complete details on the amendment of the Debentures, see the form of first supplemental indenture to the Trust Indenture attached as Schedule “B” to this Circular.

TSXV Approval

The Amendment is subject to the acceptance of the TSX Venture Exchange (the “TSXV”). The Corporation will not proceed with the Amendment if the acceptance of the TSXV is not obtained.

POTENTIAL CANCELLATION OF DEBENTUREHOLDER MEETINGS

Written Instrument in Lieu of Meeting

If the Corporation receives Forms of Proxy consenting to/voting for the Amendment in the case of the Meeting from Debentureholders holding at least 66.6% of the principal amount of the Debentures prior to the Meeting, the Amendment will be approved and the Corporation will cancel the Meeting.

The Corporation or its representatives will seek the execution of the Form of Proxy in lieu of holding the Meetings.

The Trust Indenture provides, among other things, that any action which may be taken and all powers that may be exercised by the Debentureholders at a meeting may also be taken and exercised by an instrument in writing signed by the holders of not less than 66 2/3% of the principal amount of the outstanding Debentures. Accordingly, the Corporation or its representatives may be soliciting signed instruments in writing in the form of the written consent and Forms of Proxy in advance of the Meeting. If signed instruments in writing are obtained from holders of not less than 66 2/3% of the principal amount of the Debentures before the Meeting, the Corporation will cancel the Meeting. If the Corporation elects to proceed in this manner, instruments in writing signed by the Debentureholders in accordance with the provisions of the Trust Indenture shall be binding on all Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Indenture Trustee shall be bound to give effect accordingly to the appropriate Resolution and instruments in writing.

SOLICITING AGENT

Pursuant to the agreement between the Corporation and Shorecrest Group Ltd. (“Shorecrest”), Shorecrest has agreed to solicit proxies to be used at the Meeting. Pursuant to such agreement, Shorecrest will receive up to \$30,000 for its services, plus incidental and out-of-pocket expenses and disbursements. In addition, the Corporation has agreed to indemnify Shorecrest in respect of certain liabilities it may incur in performing its services.

RISK FACTORS

Level of Debentureholder Approval Required

The Amendment Resolution must be approved by at least 66.6% of the principal amount of the Debentures present in person or represented by proxy at the Meeting and voted on the Amendment Resolution. If such approval is not obtained and the Amendment is not approved, the market price or value of the Debentures may be adversely affected.

Failure to Pay Interest and Principal When Due

The Corporation’s ability to meet the interest rate requirements pursuant to the terms of the Debentures will depend on its ability to generate cash in the future, which depends on many factors, including the outcome of the legal dispute between the Corporation and its former CEO and director, the Corporation’s financial performance, debt-service obligations, working capital and future capital expenditure requirements. There is also no guarantee that the Corporation will be able to repay the outstanding principal amount upon maturity of the Debentures. The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the Corporation’s financial health and creditworthiness.

Redemption prior to Maturity Date

From the date hereof until the maturity date of the Debentures, the Debentures may be redeemed at the option of the Corporation, in whole or in part, at a Redemption Price equal to the aggregate outstanding principal amount of the Debentures, plus accrued and unpaid interest thereon. Debentureholders should assume that this redemption option will be exercised if the Corporation is able to refinance at a lower interest rate or it is otherwise in the interests of the Corporation to redeem the Debentures.

Redemption on a Change of Control

The holders of the Debentures have the right to require the Corporation to offer to purchase all outstanding Debentures upon the occurrence of a Change of Control (as defined in the Trust Indenture) at a price per Debenture equal to 100% of the principal amount thereof then outstanding, plus accrued and unpaid interest thereon up to, but excluding the Change of Control Offer Date (as defined in the Trust Indenture). However, it is possible that, following a Change of Control, the Corporation will not have sufficient funds at that time to make the required purchase of outstanding Debentures. In addition, the Corporation's ability to purchase the Debentures in such an event may be limited by law or by the terms of other future agreements relating to indebtedness. Future credit agreements or other agreements of the Corporation may contain provisions that could limit or prohibit the purchase of the Debentures by the Corporation.

Risks Inherent with Unsecured Indebtedness

The Debentures are unsecured indebtedness of the Corporation. Unless collateralized or guaranteed, the Debentures will be effectively subordinated to all existing and future secured debt of the Corporation to the extent of the assets securing such debt. If the Corporation is involved in any bankruptcy, dissolution, liquidation or reorganization, the secured debt holders would, to the extent of the value of the assets securing the secured debt, be paid before the holders of unsecured debt securities, including the Debentures. In that event, a holder of Debentures may not be able to recover any principal or interest due to it under the Debentures.

Inability to Refinance

The Corporation's ability to refinance its indebtedness or obtain additional financing, if such action is needed in the future, will depend on, among other things: (i) the Corporation's financial condition at the time; (ii) restrictions in the Trust Indenture or any other outstanding indebtedness at such time; and (iii) other factors, including the condition of the financial markets or the investment industry. As a result, the Corporation may not be able to refinance any of its indebtedness on commercially reasonable terms, or at all, in the event such steps are necessary.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the anticipated material Canadian federal income tax considerations pursuant to the *Income Tax Act* (Canada) and the regulations promulgated thereunder (the "**Tax Act**") generally applicable to Debentureholders arising from and relating to the Amendment. This summary is applicable to Debentureholders who are, at all relevant times, for purposes of the Tax Act, resident or deemed to be resident in Canada, deal at arm's length and are not affiliated with the Corporation and hold Debentures and any Common Shares acquired on the conversion of the Debentures as capital property (each, a "**Holder**"). Generally, Debentures will be considered to be capital property to a Holder provided that the Holder does not hold the Debentures in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. A Holder whose Debentures might not otherwise qualify as capital property may be entitled to make an irrevocable election pursuant to subsection 39(4) of the Tax Act to deem the Debentures, and all other "Canadian securities" (as defined in the Tax Act) owned by such Holder in the taxation year of the election and all subsequent taxation years, to be capital property owned by such Holder. Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and advisable, having regard to their own particular circumstances.

This summary does not apply to a Holder: (i) that is a "financial institution" (as defined in the Tax Act) for the purposes of the "mark-to-market" rules in the Tax Act; (ii) an interest in which would be a "tax shelter investment"

(as defined in the Tax Act); (iii) that is a “specified financial institution” (as defined in the Tax Act); (iv) that reports its “Canadian tax results” within the meaning of the Tax Act in a currency other than Canadian currency; or (v) that has entered or will enter into a “derivative forward agreement” (as defined in the Tax Act) with respect to the Debentures. Such Holders should consult their own tax advisors.

No ruling from the Canada Revenue Agency (the “CRA”) has been requested, or will be obtained, regarding the Canadian federal income tax consequences of the Amendment to Holders. This summary is not binding on the CRA, and the CRA is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the CRA and the Canadian courts could disagree with one or more of the positions taken in this summary.

This summary is based upon the facts set out in the Circular, the current provisions of the Tax Act, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Tax Proposals”), and the current published administrative practices and assessing policies of the CRA. This summary assumes that the Tax Proposals will be enacted in the form proposed; however, no assurance can be given that the Tax Proposals will be enacted in the form proposed, if at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in administrative practices or assessing policies of the CRA, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or tax advice to any Debentureholder, and no representations with respect to the income tax consequences to any Debentureholder are made. Debentureholders should consult their own tax advisors for advice with respect to the income tax consequences to them of the Amendment and acquiring, holding and disposing of Debentures and Common Shares, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents of Canada should consult their own tax advisors regarding the tax consequences of the Amendment and acquiring, holding and disposing of the Debentures and Common Shares.

Amendment to the Debentures

It is not certain whether the Amendment will result in a disposition of the Debentures for Canadian tax purposes. Canadian jurisprudence has held that the amendment of several fundamental terms of a debt instrument can result in the creation of a new debt obligation in some circumstances, and for certain purposes. Thus, there can be no assurance that the CRA would not treat the Amendment as a disposition of the Debentures, or that a Canadian court would agree with the CRA's position. Each Holder should consult its own tax advisor regarding the proper treatment of the Amendment for Canadian tax purposes.

In the event that the Amendment does not result in a disposition of the Debentures, a Holder will not be considered to have disposed of any property for Canadian tax purposes, and will have no adverse Canadian tax consequences as a result of the Amendment becoming effective.

In the event that the Amendment does result in a disposition of the Debentures, a Holder will be deemed to have received proceeds of disposition equal to the fair market value of the Debentures owned by the Holder at the time that the Amendment becomes effective (the “Effective Time”). In such event, the Holder will recognize a capital gain (or capital loss) on the disposition equal to the amount by which the Holder's deemed proceeds of disposition, net of any reasonable costs of disposition, are greater than (or less than) the adjusted cost base to the Holder of the Debentures owned at the Effective Time. The cost of the Debentures to the Holder immediately after the Effective Time will be equal to the fair market value of the Debentures at such time. If and to the extent that the Holder's deemed proceeds of disposition is less than the adjusted cost base to the Holder of the Debentures owned at the Effective Time, the capital loss otherwise realized will generally be denied for purposes of the Tax Act and will

instead be added in computing the adjusted cost base to the Holder of the Debentures immediately after the Effective Time, such that the adjusted cost base to the Holder of the Debentures will be the same before and after the Amendment. For a discussion of the tax treatment of capital gains and losses, see the discussion below under the heading “*Taxation of Capital Gains and Losses*”.

Taxation of Holders

Interest on Debentures

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the Debentures that accrues or is deemed to accrue to the Holder to the end of the taxation year or that has become receivable by or is received by the Holder before the end of the taxation year, including on a conversion, redemption or repayment at maturity, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual (other than certain trusts), will be required to include in computing its income for a taxation year all interest on the Debentures that is received or receivable by the Holder in the taxation year (depending upon the method regularly followed by the Holder in computing income), including on a conversion, redemption or repayment at maturity, except to the extent that the interest was included in the Holder's income for a preceding taxation year. In addition, if at any time a Debenture is or becomes an "investment contract" (as defined in the Tax Act) in relation to the Holder (other than a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary), such Holder will be required to include in computing its income for a taxation year any interest that accrues to the Holder on the Debenture to the end of any "anniversary day" (as defined in the Tax Act) in the taxation year to the extent such interest was not otherwise included in the Holder's income for the taxation year or a preceding taxation year. For this purpose, an "anniversary day" means the day that is one year after the day immediately preceding the date of issue of a Debenture, the day that occurs at every successive one year interval from that date and the day on which the Debenture is disposed of.

A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income", which is generally defined in the Tax Act to include interest.

Exercise of Conversion Privilege

Generally, a Holder who converts a Debenture into Common Shares (or Common Shares and cash delivered in lieu of a fraction of a Common Share) pursuant to the conversion privilege will be deemed not to have disposed of the Debenture and, accordingly, will not be considered to realize a capital gain (or capital loss) on such conversion. Under the current administrative practice of the CRA, a Holder who, upon conversion of a Debenture into Common Shares, receives cash not in excess of \$200 in lieu of a fraction of a Common Share may either treat this amount as proceeds of disposition of a portion of the Debenture, thereby realizing a capital gain (or capital loss), or reduce the adjusted cost base of the Common Shares that the Holder receives on the conversion by the amount of the cash received.

The aggregate cost to a Holder of the Common Shares acquired on the conversion of a Debenture will generally be equal to the Holder's adjusted cost base of the Debenture immediately before the conversion, less any reduction in the adjusted cost base of the Common Shares as a result of receiving cash in lieu of a fraction of a Common Share (as discussed above). Such cost will be averaged with the adjusted cost base of any other Common Shares held by the Holder as capital property immediately before the conversion to determine the adjusted cost base of each Common Share (including those acquired on the conversion of the Debenture) held by the Holder.

Upon a conversion of a Debenture, interest accrued thereon to and including the last record date declared for determining the shareholders of the Corporation entitled to receive dividends on Common Shares prior to such conversion will be included in computing the income of the Holder as described above under the heading “*Interest on Debentures*”, except to the extent that it was included in computing the Holder's income for that or a preceding taxation year.

Any Holder that converts a Debenture for consideration equal to the fair market value of such Debenture generally will be entitled to deduct in computing its income for the year of conversion an amount equal to any interest included in its income for that or any preceding year in respect of such Debenture to the extent that no amount was received or became receivable by the Holder in respect of such interest.

Disposition of Debentures

A disposition or deemed disposition by a Holder of a Debenture (including on a redemption, payment on maturity or purchase for cancellation, but not including the conversion of a Debenture into Common Shares (or Common Shares and cash delivered in lieu of a fraction of a Common Share) pursuant to the Holder's right of conversion as described above) generally will result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition (net of any amount required to be included in the Holder's income as interest) are greater (or less) than the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under the heading "*Taxation of Capital Gains and Losses*".

Upon an assignment or other transfer of a Debenture, interest accrued thereon to the date of assignment or other transfer will be included in computing the income of the Holder as described above under the heading "*Interest on Debentures*", except to the extent that it was included in computing the Holder's income for that or a preceding taxation year, and will be excluded in computing the Holder's proceeds of disposition of the Debenture.

Taxation of Capital Gains and Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Holder in a taxation year must be included in the income of the Holder for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by a Holder in a taxation year must be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net capital gains realized in such years to the extent and under the circumstances described in the Tax Act.

A Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income", which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by a Holder who is an individual (including certain trusts) may result in the Holder being liable for alternative minimum tax under the Tax Act. Holders who are individuals should consult their own tax advisors in this regard.

DEBENTUREHOLDERS RIGHTS

Some of your rights as a Debentureholder, including those relating to the Meeting, are described generally in this Circular. For more details, reference is made to the full text of the Trust Indentures, a copy of which is posted for public access on the Corporation's SEDAR profile at www.sedar.com, or, alternatively, can be obtained upon written request to the attention of the Chief Financial Officer of the Corporation at kdorn@hohepartners.com.

INDENTURE TRUSTEE

The Indenture Trustee under the Trust Indenture is BNY Trust Company of Canada, a trust company incorporated under the laws of Canada and having an office in the City of Toronto in the Province of Ontario. The Indenture Trustee may be contacted as follows:

BNY Trust Company of Canada
320 Bay Street, 11th Floor
Toronto, Ontario, Canada

M5H 4A9
Attention: Corporate Trust Administration

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any informed person (as defined in applicable securities laws) of the Corporation in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

ADDITIONAL INFORMATION

Financial information is provided in the Corporation's comparative financial statements and related management's discussion and analysis. Copies of the Corporation's financial statements for the year ended December 31, 2017, together with the auditors' report thereon, and management's discussion and analysis thereon, the interim financial statements for the six months ended June 30, 2018 and management's discussion and analysis thereon, the Corporation's annual information form and this Circular are available upon written request to the Chief Financial Officer of the Corporation at kdorn@hochepartners.com. The Corporation may require payment of a reasonable charge if the request is made by a person who is not a Debentureholder. These documents and additional information relating to the Corporation may also be found on SEDAR at www.sedar.com.

APPROVAL OF DIRECTORS

The contents and the sending of this Information Circular to the Debentureholders have been approved by the Board of Directors.

BY ORDER OF THE BOARD OF DIRECTORS

Dated: August 29, 2018

"Jean-Daniel Cohen"

Jean-Daniel Cohen
Chief Executive Officer and
Chairman of the Board of Directors

SCHEDULE "A"

AMENDMENT RESOLUTION

BE IT RESOLVED, AS AN EXTRAORDINARY RESOLUTION OF THE DEBENTUREHOLDERS, THAT:

1. The amendments (the "**Amendments**") to the trust indenture (the "**Trust Indenture**") dated as of July 30, 2013 between TitanStar Properties Inc. (the "**Corporation**") and BNY Trust Company of Canada, as debenture trustee (the "**Debenture Trustee**") as described in the management information circular of the Corporation dated August 29, 2018 (the "**Circular**") and as set forth in the first supplemental trust indenture to the Trust Indenture to be dated on or about September 28, 2018 (the "**Supplemental Indenture**") between the Corporation and the Debenture Trustee, substantially in the form attached as Schedule B to the Circular, are hereby authorized and approved.
2. The Debenture Trustee is hereby authorized and directed to agree to, and execute and deliver, the Supplemental Indenture, substantially in the form attached as Schedule B to the Circular, and such other supplemental indentures or amendments to the Trust Indenture and other documents, to give effect to the Amendments and all amendments incidental or ancillary thereto.
3. The board of directors of the Corporation shall have the right to revoke or delay the implementation of the foregoing resolutions for any reason whatsoever in its sole and absolute discretion if it considers such course of action to be in the best interests of the Corporation and the stakeholders of the Corporation.
4. Any director or officer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver, or cause to be executed and delivered, any and all other documents, agreements and instruments and to perform, or cause to be performed, such other acts and things, as in such person's opinion may be necessary or desirable to give full effect to these resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the doing of any such act or thing.
5. The proper officers and authorized signatories of the Debenture Trustee are hereby authorized and directed to execute and deliver, or cause to be executed and delivered, any and all other documents, agreements and instruments and to perform, or cause to be performed, such other acts and things, as in such person's opinion may be necessary or desirable to give full effect to these resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the doing of any such act or thing.

Schedule "B"

THE FIRST SUPPLEMENTAL TRUST INDENTURE

TITANSTAR PROPERTIES INC.
FIRST SUPPLEMENTAL INDENTURE

This First Supplemental Indenture is made as of the 28th day of September, 2018.

B E T W E E N:

TITANSTAR PROPERTIES INC., a corporation formed pursuant to the federal laws of Canada and having its head office in Vancouver, British Columbia

(the “**Company**”)

- and -

BNY TRUST COMPANY OF CANADA, a corporation existing under the federal laws of Canada, having an office in Vancouver, British Columbia and in Toronto, Ontario

(the “**Indenture Trustee**”)

WHEREAS:

- A. By a trust indenture made as of July 31, 2013 between the Company and the Indenture Trustee (the “**Original Indenture**”), provision was made for the issuance of debentures with an aggregate principal amount of up to \$11,500,000 designated as “8.5% Convertible Redeemable Unsecured Subordinated Debentures” (the “**Debentures**”) and issuable only upon and subject to the conditions and limitations therein set forth.
- B. Section 15.1 of the Original Indenture provides that, among other things, the Company and the Indenture Trustee may issue supplemental indentures giving effect to any Extraordinary Resolution (as defined in the Original Indenture) passed as provided for in Article 12 of the Original Indenture.
- C. The holders of the Debentures have approved an Extraordinary Resolution to provide for certain amendments (the “**Amendments**”) to the Original Indenture, including (among other things) extending the maturity date of the Debentures from September 30, 2018 to September 30, 2020, lowering the conversion price at which the Debentures may be converted into Common Shares (as defined in the Original Indenture) from \$0.08125 to \$0.06 per Common Share and increasing the interest rate payable on the Debentures from 8.5% to 9.5% per annum.
- D. This First Supplemental Indenture is being entered into by the parties hereto pursuant to Section 15.1 of the Original Indenture for the purpose of amending the Original Indenture in order to give effect to the Amendments.

- E. The foregoing recitals are made as representations and statements of fact by the Company and not by the Indenture Trustee.

NOW THEREFORE it is hereby covenanted, agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 Interpretation

This First Supplemental Indenture is supplemental to the Original Indenture and shall be read in conjunction therewith. Except only insofar as the Original Indenture may be inconsistent with the express provisions of this First Supplemental Indenture, in which case the terms of this First Supplemental Indenture shall govern and supersede those contained in the Original Indenture only to the extent of such inconsistency, this First Supplemental Indenture shall henceforth have effect so far as practicable as if all the provisions of the Original Indenture and this First Supplemental Indenture were contained in one instrument. The expressions used in this First Supplemental Indenture that are defined in the Original Indenture shall, except as otherwise provided herein, have the respective meanings ascribed to them in the Original Indenture or First Supplemental Indenture, as the case may be. Unless otherwise stated, any reference in this First Supplemental Indenture to an Article or Section shall be interpreted as a reference to the stated Article, Section of or Schedule to, this First Supplemental Indenture.

1.2 Headings, etc.

The division of this First Supplemental Indenture into Articles, Sections and Subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this First Supplemental Indenture or of the Debentures.

1.3 Applicable Law

This First Supplemental Indenture shall be governed and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

1.4 Waiver of Trial by Jury

The Company and the Indenture Trustee hereby waive any right they may have to require a trial by jury of any proceeding commenced in connection herewith.

1.5 Currency

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed.

1.6 Invalidity, Etc.

Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof.

1.7 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this First Supplemental Indenture and all documents relating thereto be drawn up in the English language only. Chacune des parties aux présentes reconnaît par les présentes avoir demandé que le present acte et les documents connexes soient rédigés en anglais seulement, et y avoir consenti.

1.8 Successors and Assigns

All covenants and agreements in this First Supplemental Indenture by the Company shall bind its successors and assigns, whether expressed or not.

ARTICLE 2 SUPPLEMENTS TO ORIGINAL INDENTURE

2.1 Supplements

- (a) The Original Indenture is hereby supplemented and amended by deleting Section 1.1(v) of the Original Indenture in its entirety and replacing it with the following:
 - “(v) **“Conversion Price”** means the price at which the Debentures may be converted into Common Shares, being \$0.06, as may be adjusted pursuant to the terms of this Trust Indenture.”.
- (b) The Original Indenture is hereby supplemented and amended by deleting Section 1.1(z) of the Original Indenture in its entirety and replacing it with the following:
 - “(z) **“Debentures”** means the 9.5% convertible redeemable unsecured subordinated debentures of the Company issued and certified hereunder;”.
- (c) The Original Indenture is hereby supplemented and amended by deleting Section 1.1(ss) of the Original Indenture in its entirety and replacing it with the following:
 - “(ss) **“Interest Rate”** means the interest rate payable on the Debentures and shall mean, for the period commencing as of July 31, 2013 until September 30, 2018, 8.5% per annum, and for the period commencing as of October 1, 2018 and thereafter, 9.5% per annum;”.
- (d) The Original Indenture is hereby supplemented and amended by deleting Section 1.1(ww) of the Original Indenture in its entirety and replacing it with the following:
 - “(ww) **“Maturity Date”** means the maturity date of the Debentures being September 30, 2020;”.

- (e) The Original Indenture is hereby supplemented and amended by deleting Section 2.2(a) in its entirety and replacing it with the following:
 - “(a) The Debentures shall be designated as “9.5% Convertible Redeemable Unsecured Subordinated Debentures.””.

- (f) The Original Indenture is hereby supplemented and amended by deleting Section 6.1(a) of the Original Indenture in its entirety and replacing it with the following:
 - “(a) Subject to the provisions and conditions of this Article 6, each Debenture shall be convertible into Common Shares at the option of the holder thereof, at any time prior to the close of business on the earlier of: (i) the date that is five days immediately preceding the Maturity Date; and (ii) the Business Day immediately preceding the Redemption Date specified by the Company in accordance with Article 5 (the earlier of which will be the “**Time of Expiry**”), at the Conversion Price in effect on the Date of Conversion) plus any accrued but unpaid interest in respect of the Debentures. The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of Debentures shall be equal to \$0.06 such that approximately 16,666 Common Shares shall be issued for each \$1,000 principal amount of Debentures so converted, subject to adjustment in accordance with this Trust Indenture. To the extent a redemption is a redemption in part only of the Debentures, such right to convert, if not exercised prior to the applicable Time of Expiry, shall survive as to any Debentures not redeemed or converted and be applicable to the next succeeding Time of Expiry.”.

- (g) The Original Indenture is hereby supplemented and amended by deleting the notice details of the Indenture Trustee in Section 13.3 of the Original Indenture and replacing such notice details with the following:
 - “ BNY Trust Company of Canada
1 York Street
Toronto, Ontario M5J 0B6
Attention: Corporate Trust Administration
Fax: (416) 360-1711”.

- (h) The Original Indenture is hereby supplemented and amended by deleting Sections 1.1(fff), 1.1(ggg), 1.1(hhh), 1.1(iii), 1.1(jjj), 1.1(kkk), 1.1(III), 1.1(mmm) and 4.14 in their entirety.

- (i) The Original Indenture is hereby supplemented and amended by deleting the words “at a conversion price of \$0.08125 principal amount (the “**Conversion Price**”) per Common Share, being a rate of approximately 12,307 Common Shares for each \$1,000 principal amount of Debentures” in Schedule A of the Original Indenture and replacing such words with the following:

“at a conversion price of \$0.06 principal amount (the “**Conversion Price**”) per Common Share, being a rate of approximately 16,666 Common Shares for each \$1,000 principal amount of Debentures”.

- (j) The Original Indenture is hereby supplemented and amended by deleting the words “September 30, 2018” and replacing such words with “September 30, 2020”.
- (k) The Original Indenture is hereby supplemented and amended by deleting all references to “8.5%” in Schedules A, B, C and D of the Original Indenture and replacing such references with “9.5%”.

ARTICLE 3 CONFIRMATION OF ORIGINAL INDENTURE

3.1 Confirmation of Original Indenture

This First Supplemental Indenture and the Amendments are not intended to constitute, and shall not constitute, a novation or rescission of the Original Indenture or the Debentures, or the creation, issuance or assumption of new debt as a result of the implementation thereof. The Original Indenture, as supplemented by this First Supplemental Indenture, shall be and continue in full force and effect and is hereby confirmed.

ARTICLE 4 ACCEPTANCE OF TRUST BY INDENTURE TRUSTEE

4.1 Acceptance of Trust

The Indenture Trustee hereby accepts the trusts in this First Supplemental Indenture and in the Original Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

ARTICLE 5 EXECUTION AND FORMAL DATE

5.1 Execution

This First Supplemental Indenture may be executed in several counterparts, both as to the signing authorities for each party and for the parties themselves, all of which counterparts when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

5.2 Formal Date

For the purpose of convenience this First Supplemental Indenture may be referred to as bearing the formal date of September 28, 2018 irrespective of the actual date of execution hereof.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF the parties hereto have executed this First Supplemental Indenture by the hands of their proper officers.

TITANSTAR PROPERTIES INC.

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

Per: _____
Name:
Title:

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