Form 51-102F1
Management Discussion and Analysis
For the year ended October 31, 2011

1. Date of this report: February 27, 2012

The following Management Discussion and Analysis ("MD&A") has been prepared by the management and is provided to enable readers to assess Innovative's results of operations and financial condition for the year ended October 31, 2011. This MD&A should be read in conjunction with our Audited Financial Statements and related notes dated October 31, 2011, our Audited Consolidated Financial Statements (the "Financial Statements") and related notes dated October 31, 2010 and MD&A dated February 25, 2011, and is based on known risks and uncertainties. The terms "Innovative," the "Corporation," "we," "us," and "our" in the following MD&A refer to Innovative Properties Inc. All amounts, unless noted otherwise, are in Canadian dollars and are based on financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

The Financial Statements, along with additional information on the Corporation, are available on SEDAR at www.sedar.com, or on the Corporation's website at www.innovativeproperties.com. The Board of Directors of the Corporation under recommendation of the Audit Committee has approved the contents of this MD&A, and this report covers financial information related to the year ended October 31, 2011 and other relevant information available up to the date of this report.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements." The use of any of the words "anticipate," "continue," "estimate," "expect," "may," "will," "project," "should," "believe," "intend," "plan," and similar expressions are intended to identify forward looking statements. These statements involve known and unknown risks, uncertainties, and other factors outside of management's control that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct; such forward-looking statements are based solely on information available up to the date of this MD&A. The Corporation assumes no responsibility for the accuracy and completeness of the forward-looking statements and does not undertake any obligations to publicly revise these forward-looking statements to reflect subsequent events or circumstances, unless required to do so by Securities Regulators.

By their very nature, forward-looking statements involve numerous factors and assumptions, and are subject to inherent risks and uncertainties, both general and specific, which give rise the possibility that predictions, forecasts, projections and other forward looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause our actual results to differ materially from the expectations expressed in such statements. These factors include general business and economic conditions in Canada, the effects of competition in the markets where we operate, the impact of changes in laws and regulations (including tax laws), successful execution of our strategy, our ability to complete and integrate acquisitions successfully, our ability to attract capital, our ability to attract and retain key employees and executives, the financial position of our customers, our ability to refinance our debts upon maturity and changes in interest rates.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Corporation, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

2. Overall Performance

Description of Business

Innovative Properties Inc. (the "Corporation") was formed by amalgamation under the *Canada Business Corporations Act* on October 31, 2002. The amalgamated entity was named "Innovative Properties Inc." and its common shares became listed and posted for trading on the TSX Venture Exchange under the symbol "INR".

The Corporation's principal business is providing property management products and services to residential and commercial property owners. The Corporation disposed of its operating subsidiaries during 2011. During the year ended October 31, 2011, the company's activities were concentrated seeking new business opportunities and investors.

Net Earnings and Comprehensive Earnings

Management reports that in the year ended October 31, 2011, the Corporation reported net and comprehensive income of $693,134.

3. Results of Operations

Selected Annual Information

	2011 $	2010 $	2009 $	2008 $
Revenue	-	530,552	259,920	3,552
Net Income (Loss)	693,134	(749,349)	(613,871)	(217,437)
Total Assets	7,077	280,606	419,883	22,029
Basic and diluted EPS[1]	0.03	(0.03)	(0.03)	(0.01)

1 Exercise of options would be anti-dilutive

During the year ended October 31, 2011 the Company divested itself of its subsidiary Dime Inc and realized a gain on disposal of $861,374.

For the year ended October 31, 2011, total expenses were $168,240 compared with $749,349 for the year ended October 31, 2010.

Of note were the following:

Expense		Oct 31, 2011	Oct 31, 2010
Accretion of discount	$	-	138,175
Amortization		-	131,143
Consulting fees		32,181	170,983
Directors fees		-	54,000
Interest and bank charges		25,306	119,459
Office and misc.		1,273	24,733
Rent		1,307	36,017
Salaries	$	405	170,692

Summary of Quarterly Results

	2011			
	31-Oct	**31-Jul**	**30-Apr**	**31-Jan**
Sales	-	-	-	-
Gross Profit	-	-	-	-
Expenses	49,461	19,984	61,358	37,437
Other income (expenses)	48,204	-	2,138	811,032
Net Earnings	(1,257)	(19,984)	(59,220)	773,595
Capital Stock Issued	23,537,825	23,537,825	23,537,825	23,537,825
EPS	(0.00)	(0.00)	(0.00)	0.03

	2010			
	October 31	**July 31**	**March 31**	**December 31**
Gross Revenue	81,330	104,036	183,199	161,987
Net Income (Loss)	(143,796)	(199,177)	(209,964)	(196,412)
Capital Stock Issued	23,537,825	23,537,825	23,537,825	23,537,825
EPS	(0.006)	(0.008)	(0.009)	(0.008)

Fourth Quarter Results

During the fourth quarter of 2011, the Company was relatively inactive as it had divested itself of its subsidiaries and was looking for new business opportunities.

Total expenses decreased by $175,665 as compared with the same period in 2010.

Gross revenue for the period ended October 31, 2011 was $nil and (October 2010 - $81,330).

EPS were $0.03 for the period ended October 31, 2011 and (October 31, 2010 - $(0.006)).

4. Liquidity
5.

At October 31, 2011, the Corporation had $308,208 in liabilities (2010 – $1,105,932), of which $223,602 (2010-$277,225) was due to shareholders and related parties. (See note 6 to the Financial Statements).

As at October 31, 2011, the Corporation had a significant working capital deficit of $301,131 and (2010-$994,265).

The Company has net income of $693,134 for the year ended October 31, 2011, has an accumulated deficit of $1,701,109, and has had recurring losses since inception. The Corporation's ability to continue as a going concern is dependent upon its ability to raise additional capital, and/or on borrowing from third parties sufficient to meet current and future obligations.

Corporation management is actively pursuing investment capital to finance operations until a new business opportunity can be undertaken.

6. Capital Resources

The Corporation does not have any capital expenditure commitments for 2011.

The Corporation anticipates that any acquisitions will be financed by a combination of the issuance of common shares and some form of subordinated debt.

7. Off-Balance Sheet Arrangements

There are no off-balance sheet financing arrangements.

8. Transactions with Related Parties

As at October 31, 2011, there was $223,612 (2010 - $277,225) owing to directors, or companies controlled by directors. During the year ended October 31, 2011, the Corporation paid $11,799 (2010 – $59,596) in interest expenses, $32,181 (2010 - $162,718) in consulting fees and $Nil (2010 - $2,715) in professional fees to directors, or companies controlled by directors.

9. Proposed Transactions

At October 31, 2011 the Company is in negotiations that would see a restructuring and recapitalization transaction to reduce the Corporation's debt burden and strengthen its balance sheet. For further on this please see Note 13 below, Subsequent Events.

10. Critical Accounting Estimates

Not applicable to a venture issuer.

11. Changes in Accounting Policies including Initial Adoption

There were no changes to Accounting Policies adopted in fiscal 2011.

<u>Future changes in significant accounting policies</u>

Business Combination:

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations, 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replace CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time. The Company believes there are no material impacts on adoption of these accounting standards**.**

International Financial Reporting Standards (IFRS):

In 2006, the Accounting Standards Board of Canada ("ACSB") ratified a strategic plan that will result in the convergence of Canadian GAAP, as used by publicly accountable entities, with International Financial Reporting Standards ("IFSR") over a five-year transition period. The ACSB has developed and published a detailed implementation plan, with changeover required for fiscal years beginning on or after January 1, 2011. For the Company, the transition balance sheet date is November 1, 2010 as it adopting IFRS on November 1, 2011 with one comparative period.

It is not anticipated that the transition to IFRS will have an impact on the statements of financial position, income and comprehensive income and cash flows of the Company. No adjustments are expected to be required upon adoption of IFRS.

12. Financial Instruments and Other Instruments

The Corporation’s financial instruments are cash, accounts receivable, and accounts payable and accrued liabilities, amounts due to related parties and long term debt.

The Corporation's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates fair value due to the immediate or short term maturity of these instruments.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Corporation manages exposure through its normal operating and financing activities. The Corporation may be exposed to interest rate price risk through fixed rate debt and interest rate cash flow risk through floating interest rate bank indebtedness and credit facilities.

13. Share Capital

Common Shares:

Authorized:				
Unlimited	Common voting shares without nominal or par value			
			2011	2010
Issued:				
3,362,546	Common shares	**$**	**908,082**	$ 908,082

Warrants:

During the year ended October 31, 2010, 869,993 warrants expired. As at October 31, 2011, 1,000,000 stock options were outstanding with a weighted average exercise price and weighted average life of $0.10 and 2.67 years, respectively.

Options:

	Number	Amount $
Balance, October 31, 2009	7,014,495	299,256
Expired	(2,345,000)	(33,348)
Balance, October 31, 2010	4,669,495	265,908
Expired	(4,669,495)	(265,908)
Balance, October 31, 2011	-	-

14. Subsequent Events

a. On November 14, 2011 Innovative Properties Inc. announced that, subject to the approval of the TSX-Venture Exchange and the shareholders of Innovative, it intends to move forward with a restructuring and recapitalization transaction to move toward reducing the Corporation's debt burden and strengthening its balance sheet.

b. The Restructuring Transaction shall consist of the consolidation of the common shares of Innovative on a 7:1 basis such that the 23,537,825 Common Shares issued and outstanding as of the date hereof shall be consolidated to 3,362,546 Common Shares.

c. In connection with the Restructuring Transaction, Innovative has borrowed $45,000.00 from a group of investors for working capital purposes to satisfy certain debts. The Loan shall bear interest at a rate of 6% per annum and is evidenced by a demand promissory note.

d. Gordon Neal and Boyd Hunter have resigned from their positions as President and Chief Executive Officer and Chief Financial Officer, respectively. The Board has elected Sonny Janda as President and Chief Executive Officer and Jamie Lewin as Chief Financial Officer. Mr. Neal will remain a director of the Corporation.

e. Directors Ronald Smith and George Findlay have resigned. The Board has elected Eugene Beukman and Sonny Janda to replace these vacancies. In addition, Jamie Lewin has been elected to the Board as the sixth Director of the Corporation.

f. On January 24, 2012 the Company announced a non-brokered private placement, consisting of up to eight million three hundred and thirty three thousand three hundred and thirty four (8,333,334) units at a purchase price of six (6) cents per unit (post-consolidation) to raise gross proceeds of up to five hundred thousand ($500,000) dollars. Each unit will consist of one common share in the capital of the company and one share purchase warrant. Each warrant will entitle the holder to purchase one additional common share in the capital of the company for a period of two years at a purchase price of ten (10) cents per share (post-consolidation).

    i. The company may pay a finder's fee in connection with the private placement within the maximum amount permitted by the policies of the exchange.
    ii. The net proceeds from the private placement will be used by the company for general working capital.

15. Management’s Report on Internal Control over Financial Reporting

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer’s Annual and Interim Filings (“NI 52- 109”). In particular, the Company’s certifying officers are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company are certifying officers to design and implement on a cost effective basis.

16. Directors and Officers

Sonny Janda, Pres. and Director
Jamie Lewin, CFO and Director
Gordon Neal, Director
Robert Bell, Director
William Crandell, Director
Eugene Beukman, Director

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