Form 51-102F1
Management Discussion and Analysis
For the three month period ended January 31, 2013

1. Date of this report: March 14, 2013

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 three month ended January 31, 2013. This MD&A should be read in conjunction with our condensed interim financial statements dated January 31, 2013, our Audited Financial Statements and related notes dated October 31, 2012, and MD&A dated February 27, 2013, 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 International Financial Reporting Standards ("IFRS").

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 other relevant information available up to the date of this report.

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, 2012, the company's activities were concentrated on seeking new business opportunities.

In June 2012 the Company signed two commercial property management contracts to provide comprehensive property and project management for the Fleetwood Shopping Center and A & A Plaza, both located in Surrey, British Columbia. The contracts commenced immediately and on a pro-rata fee basis.

The Company will collect all rents and other income related items on behalf of the landlords in a managerial capacity and further provide project management services for all development, redevelopment or construction related projects on the Properties. The Company has negotiated an annual fee amounting to a minimum of Seventy Eight Thousand ($78,000.00 CAD) Dollars per year for the term of the contracts.

On November 1, 2012 the Company announced that it had entered into eight commercial property management contracts with eight separate real estate holding companies. The sum of approximately $168,000.00 (CDN) per annum is anticipated as gross management fees over the term of the contracts

Net Earnings and Comprehensive Earnings

Management reports that in the three months ended January 31, 2013, the Corporation reported net and comprehensive income of $21,904.

3. Subsequent Events

On November 1, 2012 the Company announced that it had entered into eight commercial property management contracts with eight separate real estate holding companies, that are primarily located in the province of British Columbia with some spanning across Canada. The Company's intent is to provide comprehensive property and project management services. The Company's services include, but are not limited to, rent collection and other related income, management of any new construction, manage maintain and repair inventory, equipment and materials, and provide proper maintenance and operation of the various properties. The sum of approximately $168,000.00 (CDN) per annum is anticipated as gross management fees over the term of the contracts

4. Results of Operations

Selected Annual Information

	2012 $ IFRS	2011 $ IFRS	2010 $ CGAAP	2009 $ CGAAP
Revenue	28,170	-	530,552	259,920
Net Income (Loss)	(43,177)	693,134	(749,349)	(613,871)
Total Assets	172,899	7,077	280,606	419,883
Basic and diluted EPS[1]	(0.005)	0.21	(0.22)	(0.03)

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.

Summary of Quarterly Results

	31-January, 2013	31-October, 2012	31-July, 2012	30-April, 2012
	IFRS	IFRS	IFRS	IFRS
Sales and service revenue	63,000	28,170	-	-
Gross Revenue	-	-	-	-
Expenses	41,106	23,850	37,345	23,850
Other income (expenses)	10	20,667	-	(5,978)
Net Income (Loss)	21,904	(3,183)	(22,801)	(15,153)
Number of Shares	9,244,899	9,244,899	9,244,899	9,244,899
EPS	0.002	(0.000)	(0.000)	(0.00)

	31-January, 2012	31-October, 2011	31-July, 2011	April 30, 2011
	IFRS	IFRS	IFRS	IFRS
Sales and service revenue	-	-	-	-
Gross Revenue	-	-	-	-
Expenses	2,040	49,461	19,984	61,358
Other income (expenses)	-	48,204	-	2,138
Net Income (Loss)	(2,040)	(1,257)	(19,984)	(59,220)
Number of Shares	3,362,546	3,362,546	3,362,546	3,362,546
EPS	(0.00)	(0.00)	(0.00)	(0.02)

Results for the three month period ended January 31, 2013

During the first quarter of 2013, the Company was in finalized negotiations aimed at adding additional property management contracts to its portfolio and signed eight new contracts.

During the three month period ended January 31, 2013, the Corporation paid $3,000 (January 31, 2012 – $nil) in management fees, $7,500 (January 31, 2012 - $nil) in rent, $14,141 (January 31, 2012 - $Nil) in salaries and benefits and $11,014 (January 31, 2012 - $Nil) for filing fees.

Total expenses increased by $39,066 as compared with the same period in 2012.

Sales and service revenue for the first quarter was $63,000 (January 31, 2012 - $Nil). Other income for the three month period ended January 31, 2013 was $10 (January 31, 2012 - $Nil).

EPS were $0.002 for the period ended January 31, 2013 and (January 31, 2012 - $(0.00)).

5. Liquidity

At January 31, 2013, the Corporation had $24,879 in liabilities (October 31, 2012 – $17,207). In addition, the Corporation had a working capital surplus of $178,455 and at (October 31, 2012 - $$155,102).

The Company had net income of $21,904 for the quarter ended January 31, 2013, and net loss of $(2,040) at January 31, 2012. In addition, it had an accumulated deficit of $1,722,629 (October 31 2012 - $1,744,286). The Corporation's ability to continue as a going concern is dependent upon its ability to finance operations with revenue derived from new business opportunities.

6. Capital Resources

The Corporation does not have any capital expenditure commitments for 2013 beyond an office lease at $2,500 per month.

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 January 31, 2013, the Company owed $5,600 (October 31, 2012 - $2,800) to A&A Developments for rent and had a receivable of $5,712 (October 31, 2012 - $12,133) from the same company, which is controlled by a relative of the Chief Executive Officer ("CEO") for property management fees.

During the period ended January 31, 2013 the Company assigned $Nil debt owing to former directors and officers (October 31, 2012- $238,012 to a third party for a note payable in the amount of $238,070 which bore no interest, was due on demand and unsecured. The note was repaid during 2012.)

During the period ended January 31, 2013, the Company incurred management fees of $3,000 (October 31, 2012 - $9,000) to a relative of the CEO, rent expense of $7,500 (October 31, 2012 - 22,500) and sales of $7,612 (October 31, 2012 - $10,833) to a company controlled by a relative of the CEO, professional fees of $Nil (October 31, 2012 - $4,692) to the Chief Financial Officer.

The Company incurred the following transactions with officers, directors or relatives or with companies that are controlled by directors or officers of the Company.

		January 31, 2013		October 31, 2012
Sales		(7,612)		(10,833)
Management fees		3,000		9,000
Professional fees		-		4,692
Rent		7,500		22,500
	$	2,888	$	25,359

9. Restructuring and Recapitalization

During the year ended October 31, 2012 the Company was involved in restructuring and recapitalization activities, designed to reduce the Corporation's debt burden and strengthen its balance sheet.

At January 31, 2013 there remains a $5,000 note payable which bears interest at 5% per year. It is due on demand and unsecured.

10. Critical Accounting Estimates

Not applicable to a venture issuer.

11. Accounting standards issued but not yet effective

<u>New standard IFRS 11 “Joint Arrangements”</u>

This new standard requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes lAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities-Non-monetary Contributions by Venturers.

<u>New standard IFRS 12 “Disclosure of Interests in Other Entities”</u>

This new standard establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

<u>New standard IFRS 13 “Fair value measurement”</u>

This new standard replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. IFRS 13 is effect for annual periods beginning on or after January 1, 2013.

Amendments to IAS 32 "Financial Instruments: Presentation"

These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

Financial statement presentation

In June 2011, the IASB and the Financial Accounting Standards Board ("FASB") issued amendments to standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS 1 "*Presentation of Financial Statements*" to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for fiscal years beginning on or after July 1, 2012.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

12. Financial Instruments and Other Instruments

The Corporation's financial instruments are cash, accounts receivable, and accounts payable and accrued liabilities, and short 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	

Issued:

9,244,899	Common shares – at January 31, 2013 and report date	$1,408,082

Warrants:

There were 5,882,353 warrants outstanding at the report date with a weighted average exercise price of $0.10 and a weighted average life of 1 year.

Options:

As the report date, there were nil stock options outstanding.

14. Financing

On March 12, 2012 TSX-V approved a non-brokered private placement, consisting of up to five million eight hundred and eighty two thousand three hundred and fifty-three (5,882,353) units at a purchase price of $0.085 per unit to raise gross proceeds of up to $500,000 dollars. Each unit consisted of one common share in the capital of the company and one share purchase warrant. Each warrant entitles 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 $0.10 per share.

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.

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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.

Officers and Directors

Sonny Janda, Pres. and Director
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