Form 51-102F1
Management Discussion and Analysis
For the years ended October 31, 2013 and 2012

1. Date of this report: February 28, 2014

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, 2013. This MD&A should be read in conjunction with our Audited Financial Statements dated October 31, 2013, our Audited Financial Statements and related notes dated October 31, 2012, and related 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.

3. Earnings

Management reports that in the year ended October 31, 2013, the Corporation reported a Net Comprehensive Loss of $8,378.

4. Results of Operations

Selected Annual Information

	2013	2012	2011
	$	$	$
	IFRS	IFRS	IFRS
Revenue	309,676	28,170	-
Net Income (Loss)	(8,378)	(43,177)	693,134
Total Assets	339,190	172,899	7,077
Basic and diluted EPS[1]	(0.00)	(0.01)	0.21

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-October, 2013	**31-July, 2013**	**30-April, 2013**	**31-January, 2013**
	IFRS	IFRS	IFRS	IFRS
Service revenue	63,309	107,585	63,000	75,782
Expenses	56,493	92,387	76,787	92,387
Other income (expenses)	-	-	-	-
Net Income (Loss)	(44,476)	15,198	21,904	(1,004)
Wt. Avg. Number of Shares Outstanding	10,450,378	9,244,899	9,244,899	9,244,899
EPS	(0.00)	0.00	0.00	(0.00)

	31-Octber, 2012	**31-July, 2012**	**30-April, 2012**	**31-January, 2012**
	IFRS	IFRS	IFRS	IFRS
Service revenue	28,170	-	-	-
Expenses	22,801	37,345	23,850	2,040
Other income (expenses)	-	-	1,585	-
Net Income (Loss)	(3,183)	(22,801)	(15,153)	(2,040)
Wt. Avg. Number of Shares Outstanding	9,244,899	9,244,899	9,244,899	3,362,546
EPS	(0.00)	(0.00)	(0.00)	(0.00)

<u>Results for the three month period ended October 31, 2013</u>

Service revenue for the fourth quarter was $63,309 (October, 2012 - $28,170).

During the three month period ended October 31, 2013, the Corporation paid $nil (October 31, 2012 – $3,000) in management fees, $7,500 (October 31, 2012 - $7,500) in rent,

$44,777 (October 31, 2012 - $Nil) in salaries and benefits and $913 (October 31, 2012 - $6,898) for filing fees.

Total expenses increased by $33,692 as compared with the same period in 2012. This is mostly attributable to a bad debt expense and salary expense.

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

<u>Results for the year ended October 31, 2013</u>

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

Service revenue for the year was $309,676 (October 31, 2012 - $28,170). Other income for the year ended October 31, 2013 was $nil (October 31, 2012 - $1,585).

During the year ended October 31, 2013, the Corporation paid $18,000 (October 31, 2012 – $9,000) in management fees, $30,000 (October 31, 2012 - $24,300) in rent, $144,601 (October 31, 2012 - $Nil) in salaries and benefits and $17,724 (October 31, 2012 - $27,775) for filing fees.

Total expenses increased by $232,018 as compared with the year ending in 2012, due principally to increase in salaries.

EPS were $(0.00) for the year ended October 31, 2013 and (October 31, 2012 - $(0.01)).

5. Liquidity

At October 31, 2013, the Corporation had $41,876 in liabilities (October 31, 2012 – $17,207). In addition, the Corporation had a working capital surplus of $280,050 and at (October 31, 2012 - $155,102).

The Company had net loss of $8,378 for the year ended October 31, 2013, and net loss of $43,177 at October31, 2012. In addition, it had an accumulated deficit of $1,752,664 (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 October 31, 2013, the Company owed $nil (October 31, 2012 - $2,800) to a company controlled by a relative of the Chief Executive Officer ("CEO") and $2,200 to a relative of the CEO. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

As at October 31, 2013, $48,072 (October 31, 2012 - $12,133) of trade receivables from companies controlled by a relatives of the Chief Executive Officer ("CEO").

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

		October 31, 2013		October 31, 2012
		$		$
Management fees		18,000		9,000
Rent		30,000		22,500
Revenue		295,139		10,833
	$	343,139	$	42,333

Key management personnel compensation

	October 31, 2013	October 31, 2012
	$	$
Professional fees	3,780	3,780

9. Gain on debt settlement

During the year ended October 31, 2012, the Company entered into an agreement to assign certain accounts payable to a third party for a $45,000 note payable which bears interest at 6% per year, is due on demand and unsecured and a $5,000 note payable which bears interest at 5% per year, is due on demand and unsecured. The Company recorded a gain of $13,104 on the transaction.

The $45,000 note was repaid during the year ended October 31, 2012. The $5,000 note was repaid during the year ended October 31, 2013.

10. Critical Accounting Estimates

Not applicable to a venture issuer.

11. Accounting standards issued but not yet applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2013 or later periods.

The following new standards, amendments and interpretations that have not been early adopted in these financial statements, is not expected to have a material effect on the Company's future results and financial position:

a) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9);
b) IFRS 10 Consolidated Financial Statements (New; to replace consolidation requirements in IAS 27 (as amended in 2008) and SIC-12);
c) IFRS 11 Joint Arrangements (New; to replace IAS 31 and SIC-13);
d) IFRS 12 Disclosure of Interest in Other Entities;
e) IFRS 13 Fair Value Measurement; and
f) IAS 1 Presentation of Financial Statements (Amendments regarding Presentation of Items of Other Comprehensive Income).

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:

19,244,899	Common shares – at October 31, 2013 and report date	$1,558,082

Warrants:

There were 15,882,353 warrants outstanding at the report date with a weighted average exercise price of $0.09 and a weighted average life of 1.2 of a year.

Options:

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

14. Financing

On September 17, 2013 the Company completed a private placement of 10,000,000 units at $0.015 per unit for gross proceeds of $150,000. Each unit consists of one common share and one common share purchase warrant exercisable at $0.05 for a period of one year from the issuance date and at $0.10 for a period of one year subsequently. The fair value of the warrants issued was $50,000.

On March 12, 2012 the Company issued 5,882,353 units at $0.085 per unit. Each unit consists of one common share and one share purchase warrant exercisable at $0.10 for a period of two years from the issuance date. The fair value of the warrants issued was $Nil.

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. Financial risk management and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and its trade receivables. Cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

16. Financial risk management (continued)

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	October 31, 2013	October 31, 2012
	$	$
Cash and equivalents	268,926	134,702

Loans and receivables:		
Trade receivables	53,000	32,252
	321,926	166,954

Financial liabilities included in the statement of financial position are as follows:

	October 31, 2013	October 31, 2012
	$	$
Trade payables	20,534	-
Due to related parties	2,200	2,800
Loans payable	-	5,447
	22,734	8,247

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

	As at October 31, 2013		
	Level 1	Level 2	Level 3
	$	$	$
Cash and cash equivalents	268,926	-	-
Trade receivables	-	-	53,000

16. Financial risk management (continued)

	As at October 30, 2012		
	Level 1	Level 2	Level 3
	$	$	$
Cash and cash equivalents	134,702	-	-
Trade receivables	-	-	32,252

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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
Jamie Lewin, CFO
Gurdeep Johal, Director
Eugene Beukman, Director

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