INNOVATIVE PROPERTIES INC.

Management's Discussion and Analysis

For the Years Ended October 31, 2017 and 2016

1. Date of this Report: February 28, 2018

The following Management's Discussion and Analysis ("MD&A") has been prepared by management and is provided to enable readers to assess the results of operations and financial condition of Innovative Properties Inc. ("Innovative") for the year ended October 31, 2017. This MD&A should be read in conjunction with our audited financial statements and related notes for the year ended October 31, 2017 as well as the audited year ended October 31, 2016 accompanying this report, and are based on known risks and uncertainties. The terms "Innovative", the "Company", "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 Company, are available on SEDAR at www.sedar.com, or on the Company's website at www.innovativeproprties.com. The Board of Directors of the Company under the recommendation of its 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 and Going Concern

Description of Business

Innovative Properties Inc. (the "Company") 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 Company invests in various stocks and real estate properties and other projects and actively seeks out viable investments. It has discontinued its administrative management aspect as it is no longer feasible.

On September 2, 2014, the Company announced that it had received final approval to list its common shares on the Canadian Securities Exchange ("CSE"). The Company's common shares commenced trading on the CSE effective September 3, 2014, under the symbol "INR". It received consent from the Toronto Venture Stock Exchange to voluntarily delist its shares effective upon the closing of markets on September 5, 2014.

In late fiscal 2016, due to construction beside the main property managed by the Company, there was no access to parking, and there were some safety concerns. The building was sold by the landlord in January 2017. As a result, the property management contracts and the consulting services provided to the occupants in that property ended.

The Company is currently in the process of seeking other real estate properties to manage. The Company has a history of getting into profitable management contracts. However, there is no guarantee that the Company will successfully secure replacement contracts in the future.

Subsequent to October 31, 2017, the Company agreed to acquire all of the issued and outstanding common shares of Modular Block Mining Inc. ("Modular"), an arms-length private company that designs and develops application software.

During the year ended October 31, 2017, the Company was not able to finance its day-to-day activities with income generated from its management contracts as the former contracts ended in fiscal 2016. The Company has disposed a cost of $450,000 of marketable securities and used this amount in its operations. The Company is actively seeking new contracts. There is an indication of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Management intends to finance operating costs over the next twelve months with cash and proceeds from sales of marketable securities. As at October 31, 2017, the Company had over $1 million in its bank accounts and marketable securities; Management believes this amount is adequate to finance the Company's operations in the next twelve months even if the Company is not able to secure profitable management contracts in this period.

3. Earnings

Management reports that in the year ended October 31, 2017, the Company had a net comprehensive loss of $308,234.

4. Results of Operations

Selected Annual Information

	2017	2016	2015
	$	$	$
Revenue	-	642,700	1,169,204
Net Income (Loss)	(308,234)	(604,182)	438,275
Total Assets	1,439,705	1,507,094	1,777,109
Basic and Diluted EPS	(0.02)	(0.05)	0.04

- Revenue for the year ended October 31, 2017 was $nil compared to $642,700 in 2016 and 1,169,204 in 2015 because the Company's management and service contracts ended in 2016.
- Net loss for 2017 was less than 2016 because the Company made a gain of $104,500 in settlement of financial instruments and wrote off $51,856 of loans receivable in 2017; while compared to 2016, the Company wrote off $208,837 of loans receivable. In 2015 the Company had net income because of revenue earned from management and service contracts.
- Total assets of the company decreased slightly in 2017 compared to 2016 because in 2017, the fair value of marketable securities were less than the fair value in 2016, and loan receivable in 2017 was either written off or collected.

Summary of Quarterly Results

	October 31, 2017	July 31, 2017	April 30, 2017	January 31, 2017
Service revenue	-	-	-	-
Expenses	(401,450)	(68,318)	(8,100)	(16,108)
Other income (expenses)	(425,656)	(333,960)	343,050	602,308
Net income (loss)	(277,741)	(265,643)	(351,050)	586,200
Wt-avg number of shares outstanding	16,414,966	13,048,957	13,048,957	13,048,957
EPS	(0.00)	(0.02)	(0.03)	0.03

	October 31, 2016	July 31, 2016	April 30, 2016	January 31, 2016
Service revenue	-	77,000	280,550	285,150
Expenses	(393,972)	(37,447)	(200,689)	(160,359)
Other income (expenses)	(348,367)	(5,489)	108,707	(49,962)
Net income (loss)	(901,646)	134,067	88,568	74,829
Wt-avg number of shares outstanding	13,048,957	11,928,105	11,621,559	11,141,011
EPS	(0.08)	0.01	0.01	0.01

Results for the three-month period ended October 31, 2017

Service revenue for the three-month period was nil (2016 - $nil).

During the three-month period ended October 31, 2017, the Company paid $354,500 (2016 - $57,000) in management/consulting fees, $4,500 (2016 - $99,000) in rent, $nil (2016 - $109,281) in rent site improvement, $nil (2016 - $839) in salaries and benefits, and $3,431 (2016 - $6,604) in filing fees.

Total expenses increased by $7,478 as compared to the same period in 2016. This is mostly because in the fourth quarter of 2017 the Company paid more in management fees compared to the same period in 2016.

Results for the year ended October 31, 2017

Service revenue for the year was $nil (2016 – 642,700).

During the year ended October 31, 2017, the Company paid $368,000 (2016 - $110,800) in management/consulting fees, $18,000 (2016 – 264,000) in rent, $nil (2016 - $109,281) in rent site improvement, $2,000 (2016 - $151,436) in salaries and benefits and $12,969 (2016 - $18,280) in filing fees.

Total expenses for 2017 fiscal year decreased by $298,491 as compared to 2016 fiscal year. This is mostly because in 2016, the Company incurred significantly higher bad debts, rental fees, rent site improvement expenses and salaries compared to 2017.

5. Liquidity

At October 31, 2017, the Company had $385,055 in liabilities (2016 - $172,627). In addition, the Company had a working capital surplus of $1,054,225 (2016 – 1,333,660).

	October 31, 2017	October 31, 2016
	$	$
Current assets	1,439,280	1,506,287
Current liabilities	(385,055)	(172,627)
Working capital	1,054,225	1,333,660

The Company had a net loss of $308,234 (2016 - $604,182) for the year ended October 31, 2017. In addition, it had an accumulated deficit of $1,523,745 (2016 - $1,215,511). The Company'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 Company paid $109,281 in leased office renovations during the year ended October 31, 2016. The lease was terminated and all related expenditures had been recognized as expenses in fiscal 2016.

No capital expenditure incurred for the year ended October 31, 2017.

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

7. Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

8. Transactions with Related Parties

Related party balances

At October 31, 2017, the Company has balances receivable in the amount of $6,368 (2016 - $136,927) from companies with directors in common.

During the year ended October 31, 2017, the Company earned $nil (2016 - $570,000) in revenue through service contracts with companies with common directors.

On March 8, 2017, the Company agreed with a related party to offset an account payable of $94,500 and an account receivable $109,036 and further, agreed to settle these amounts for consideration of $10,000. In respect of its collectability, the receivable had been previously provided for in its entirety. Thus, the Company recorded a gain on settlement of financial instruments in the amount of $104,500 in the statement of comprehensive loss for the year ended October 31, 2017.

During the year ended October 31, 2016, due to the uncertainty of their recoverability, the Company wrote off the following loans that had been advanced to companies with common directors and management:

- a loan of $22,578 including accrued interest thereon in the amount of $2,203
- a loan of $186,259 including accrued interest thereon in the amount of $6,259

During the year ended October 31, 2016, the Company wrote off $104,747 of trade receivables due from related parties due to uncertainties of collectability.

Related party transactions

All transactions with related parties have occurred in the normal course of operations. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

	October 31, 2017	October 31, 2016
	$	$
Management and consulting fees	-	4,300
Accounting fees included in professional fees	17,000	15,500
Rent	18,000	261,000
	35,000	280,800

9. Subsequent Events

Subsequent to October 31, 2017:

- By way of an assignment agreement, the Company executed a binding letter of intent (“LOI”) with Modular whereby the Company will acquire 100% of the issued and outstanding securities of Modular in exchange for 68,500,000 common shares of the Company along with the issuance of 15,000,000 Performance Warrants that vest on completion of certain milestones. As a condition of the agreement, the Company agreed to undertake a financing to raise a minimum of $4,000,000 and up to $12,000,000 via the issuance of equity units at a price of $0.40 per unit.

- In connection with the LOI, the Company completed the first tranche of a financing via the issuance of 6,746,118 units at a price of $0.40 per unit for gross proceeds of $2,698,447. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant entitles the holder thereof to acquire an additional share at a price of $0.75 until August 14, 2019.

- The Company provided a $1,600,000 non-interest bearing, non-convertible loan to Modular. The loan is secured by a general security agreement and is payable on demand after it has been outstanding for 90 days.

10. Critical Accounting Estimates

Not applicable to a venture issuer.

11. New Accounting Standards and Interpretations

See Note 3 of the Company's financial statements for the year ended October 31, 2017 for a detailed summary of accounting standards issued but not yet effective.

12. Financial Instruments and Other Instruments

The Company's financial instruments are cash, accounts receivable, and accounts payable and accrued liabilities.

The Company's carrying value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities 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 Company manages exposure through its normal operating and financing activities. The Company 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: 16,414,966 common shares as at October 31, 2017 and the report date

Warrants
As at October 31, 2017 and the report date, the Company had no common share purchase warrants outstanding.

Stock options
As at October 31, 2017 and the report date, the Company had no common share purchase options outstanding.

14. Financing

During the year ended October 31, 2016, the Company authorized and directed to issue DRS Advice for fully paid common shares in the capital of $250,000 for 5,000,000 common shares at a price of $0.05 per share.

15. Marketable Securities

As at October 31, 2017 and 2016, the Company's marketable securities were comprised of investments in shares and share-purchase warrants.

		October 31, 2017		October 31, 2016
Common Shares				
Fair value, beginning of the year	$	635,942	$	517,510
Additions		-		214,433
Dispositions		(332,977)		(71,283)
Change in fair value		422,886		(24,718)
Fair value, end of the year	$	725,851	$	635,942

		October 31, 2017		October 31, 2016
Warrants				
Fair value, beginning of the year	$	221,106	$	409,505
Dispositions		(212,186)		-
Change in fair value		5,413		(188,399)
Fair value, end of the year	$	14,333	$	221,106
	$	740,184	$	857,048

During the year ended October 31, 2017, the Company realized a loss of $303,481 (2016 - $(18,803)) in respect of its dispositions of marketable securities.

The fair value of the warrants was determined using the Black-Scholes option pricing model using the following weighted-average assumptions:

	October 31, 2017	October 31, 2016
Expected life of warrants	2.31 years	3.31 years
Annualized volatility	173%	163%
Risk-free interest rate	1.3%	0.59%
Dividend rate	0.0%	0.0%

16. Option Agreement with Chimata Gold Corp.

On August 31, 2016, the Company entered into an option agreement with Chimata Gold Corp. ("Chimata"), a related party, wherein Chimata would earn 100% interests in the Company's Maggie claims located in British Columbia, Canada. Chimata will earn its interests by:

(i) Cash payment of $5,000 upon execution of the agreement. The Company has recognized this amount as revenue when received on December 1, 2016.
(ii) Cash payment of $50,000 on or before April 30, 2017. The Company has yet to receive this amount.
(iii) Incurring work costs of $50,000 on or before the end of December 31, 2016; and
(iv) Incurring further work costs of $50,000 before April 30, 2017.

As at October 31, 2017, the option agreement lapsed and the Company no longer held the mining claims.

17. 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.

18. Financial Risk Management and Capital management

The Company is exposed to 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 currency 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.

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 internally imposed capital requirements.

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.

At October 31, 2017, the only financial instruments measured at fair value were the common shares included in the Company's marketable securities, which were measured at Level 1 under the fair value hierarchy.

At October 31, 2017, the only financial instruments included in Level 3 under the fair value hierarchy were the warrants included in the Company's marketable securities.

There were no transfers between the levels of the fair value hierarchy during the year.

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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 Company 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 Company 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 to 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 and 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 Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

Officers and Directors

Sonny Janda, CEO and Director
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