



**URBANIMMERSIVE INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
JUNE 30, 2017 AND 2016**

**DATED AUGUST 23, 2017**

## Urbanimmersive Inc.

Management discussion and analysis for the three-month and nine-month periods ended June 30, 2017 and 2016

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This management discussion and analysis of financial position and results of operations ("MD&A"), is prepared as of August 23, 2017, and complements the unaudited interim condensed financial statements of Urbanimmersive Inc. ("Urbanimmersive" or the "Corporation"), for the nine-month period ended June 30, 2017, which are compared to the nine-month period ended June 30, 2016.

The interim condensed financial statements and related notes have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. They do not contain all the information required to be disclosed in annual financial statements. Certain information and notes usually provided in the annual financial statements have been omitted or condensed when not deemed essential to the understanding of the interim financial information of the Corporation. Therefore, this MD&A should be read in conjunction with the information contained in the annual audited financial statements of the Corporation and the notes thereto for the year ended September 30, 2016. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are in Canadian dollars unless otherwise indicated.

The Corporation's independent auditors have not conducted a review of the interim condensed financial report in accordance with the standards established by the Canadian Institute of Chartered Accountants regarding the review of the interim financial report.

The unaudited interim condensed financial statements and the MD&A have been reviewed by the audit committee and approved by the Corporation's Board of Directors on August 23, 2017. These documents and more information about the Corporation are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### FORWARD LOOKING STATEMENTS

Certain statements made in this MD&A are forward-looking statements or information. The Corporation is hereby providing cautionary statements identifying important factors that could cause the Corporation's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Corporation has assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Corporation. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Corporation that could influence actual results are summarized under the heading "Risks and Uncertainties".

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this MD&A, and, except as required by applicable law, the Corporation does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Corporation, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement.

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### **HIGHLIGHTS**

- Signed a five years affiliate program agreements with the following companies: GraphicID Inc., Drone Studio Inc., PhotoPano360 inc., Ubica and five (5) other visual content providers in Quebec and a first photographer agency in Toronto;
- Signed a two-year partnership agreement with VoxTel, a wholly owned subsidiary of AtmanCo;
- Launch of its HDR imaging solution dedicated to real estate photographers;
- Signing of a 5-year affiliate program agreement with ID-3 Techonologies, a leading provider of real estate websites for the use of Urbanimmersive's real estate marketing content platform.

### **ACHIEVEMENTS**

During the third quarter of 2017, Urbanimmersive continued its efforts to deploy its visual content business in Québec, the Centris® Marketplace (the Marketplace), which was launched at the end of the second quarter, on March 27.

The signature of exclusive affiliate program agreements with ID-3 Technologies, GraphicID, Ubica, Photopano360, DroneStudio and five (5) other real estate content providers enabled the Company to increase its revenues during of the last quarter. Through these agreements, the affiliated suppliers undertake to transfer their real estate customers so that they can use the Marketplace for all orders for services, in order to benefit from a multitude of strategic advantages. Consequently, all new orders for services to affiliated suppliers will be invoiced through the Marketplace by the Company. The Company estimates that these new orders will represent annual potential revenues of approximately \$1.4M.

In consideration for the signing of the exclusive affiliation agreements with GraphicID and ID-3, the Company issued 1,141,667 common shares of the Company (the "Shares Issued"), for a total value of \$ 173,500. In addition to any legal restrictions, Shares issued are subject to a mandatory holding period and a transfer restriction of eighteen (18) months.

Given the success of the new affiliate program and the potential impact on future revenue growth, the Company plans to pursue this strategy and offer these types of agreements to other targeted suppliers in Canada and in the United States. As such, the presentation of the affiliate program with Canadian suppliers generated a lot of interest. The Corporation is currently working to translate these efforts into contractual arrangements in the coming months.

During the same quarter, the Company continued its research and development efforts and proceeded with the beta launch of an HDR imaging solution. Fully integrated into the Marketplace, this HDR imaging solution will enable photographers to increase productivity and reduce cost while providing superb imaging. The goal of these new products is to attract and retain visual content providers in the Marketplace.

### **ABOUT URBANIMMERSIVE**

Based in Laval, Quebec, Canada, Urbanimmersive is a digital media corporation dedicated to the online real estate market. The Corporation provides content marketing production services and innovative technology solutions specifically designed to increase productivity and business revenues of its customers. The Corporation's customers are primarily home builders, promoters, real estate brokers,

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brokerage agencies and real estate portal operators. For more information, visit [www.urbanimmersive.com](http://www.urbanimmersive.com)

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### SELECTED FINANCIAL INFORMATION

#### FINANCIAL POSITION ANALYSIS

|             | June 30, 2017 | September 30, 2016 | September 30, 2015 |
|-------------|---------------|--------------------|--------------------|
|             | \$            | \$                 | \$                 |
| Assets      | 684,288       | 1,512,891          | 697,596            |
| Liabilities | 532,936       | 481,218            | 652,628            |
| Equity      | 151,352       | 1,031,673          | 44,968             |

#### ASSETS

Total assets at June 30, 2017 were \$684,288 compared to \$1,512,891 at September 30, 2016, a decrease of \$828,603 mainly due to a decrease in cash of \$774,608 which served to fund the Corporation's current operations, to a decrease in prepaid expenses of \$19,770 due to fees that were paid for the expansion of the Corporation's operations in Western Canada and to a decrease in property and equipment of \$47,813 following the recognition of amortizations. However, trade and other receivables have increased by \$19,007.

#### LIABILITIES

Total liabilities at June 30, 2017 were \$532,936 compared to \$481,218 at September 30, 2016, an increase of \$51,718. Accounts payable and accrued liabilities have increased by \$60,064 and convertible debentures by \$42,412 following the recognition of theoretical interest and amortization of issue costs. However, these increases were off-set by a decrease in deferred revenues of \$18,000 and long-term debts of \$32,758 due to repayments of capital.

#### EQUITY

Equity totalled \$151,352 at June 30, 2017 compared to \$1,031,673 at September 30, 2016, a decrease of \$880,321. This decrease is due to the period net loss of \$1,223,827 which was off-set by the recognition of share-based payments of \$137,006, by \$33,000 of funds received following the exercise of warrants and by the value of shares issued as part of the signature of exclusive affiliation agreements of \$173,500. Readers are invited to refer to the statement of changes in equity of the unaudited interim condensed financial statements for more details.

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### OPERATING RESULTS ANALYSIS

|   | Three-month period ended June 30, 2017 | Three-month period ended June 30, 2016 | Nine-month period ended June 30, 2017 | Nine-month period ended June 30, 2016 |
|---|--|--|---------------------------------------|---------------------------------------|
|   | \$                                     | \$                                     | \$                                    | \$                                    |
| Revenue                                     | 150,320                                | 165,214                                | 381,920                               | 534,378                               |
| Cost of sales                               | 166,228                                | 168,415                                | 492,688                               | 518,118                               |
| <b>Gross profit (loss)</b>                  | <b>(15,908)</b>                        | <b>(3,201)</b>                         | <b>(110,768)</b>                      | <b>16,260</b>                         |
| Operating expenses                          | 502,407                                | 186,727                                | 1,060,821                             | 616,077                               |
| Other expenses                              | 16,756                                 | 15,433                                 | 52,238                                | 50,239                                |
| <b>Net loss and comprehensive loss</b>      | <b>(535,071)</b>                       | <b>(205,361)</b>                       | <b>(1,223,827)</b>                    | <b>(650,056)</b>                      |
| Basic and diluted net loss per common share | <b>(0.01)</b>                          | <b>(0.01)</b>                          | <b>(0.03)</b>                         | <b>(0.02)</b>                         |

#### THREE-MONTH PERIOD ENDED JUNE 30, 2017 COMPARED TO THE THREE-MONTH PERIOD ENDED JUNE 30, 2016.

The net loss for the three-month period ended June 30, 2017 was \$535,071 or \$0.01 per share, compared to \$205,361 or \$0.01 per share for the same period in 2016.

The net loss increase of \$329,710 is due to the following important changes:

#### *REVENUE*

Revenues totalled \$150,320 compared to \$165,214 in 2016, a decrease of \$14,894 or 9.01% mainly due to a decrease in content development revenues of \$50,808 and services revenues of \$9,960. However, these decreases were off-set by an increase in transactional revenues of \$43,743 relating to the large-scale provincial deployment with Centris®.

The decline of the 3D visual content revenues is the result of the Company's efforts to phase out the production of these types of in-house services done by employees, as announced in recent quarters. The objective of the Company is that the 3D visual content is produced 100% by the Company's affiliates through its Marketplace. Over the next few quarters, the Company intends to offset this loss of 3D visual content revenues with new transactional revenues by signing Affiliate Program agreements with 3D rendering firms. The announcement of UBICA's signature this quarter is a first step in this direction.

#### *GROSS PROFIT*

The Corporation recorded a gross loss of \$15,908 compared to \$3,201 in 2016. This decrease in gross margin is directly attributable to the decrease in revenue disclosed above. The Corporation was able to reduce its cost of sales which went from \$168,415 in 2016 to \$166,228, a decrease of \$2,187 or 1.30%. However, this decrease was not enough to compensate the decrease in revenue. The decrease in cost of sales is mainly due to a decrease in salaries of \$40,242, in rental fees of \$13,273 and in amortization of intangible assets of \$9,506. However, these decreases were off-set by an increase in subcontracting fees of \$50,023 and in advertising and promotion fees of \$6,952. The increase in subcontracting fees is directly related to the decrease in salaries. As part of its technology turn, the Corporation laid off part of its staff and is now using subcontractors to carry out its content development revenues as well as its transactional revenues such as visual and textual revenues.

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### *OPERATING EXPENSES*

Operating expenses totalled \$502,407 compared to \$186,727 in 2016, a decrease of \$315,680 or 169.06%.

Selling expenses totalled \$220,614 compared to \$32,405, an increase of \$188,209 or 500.80% mainly due to the value of shares issued as part of the signature of exclusive affiliation agreements of \$173,500 and to an increase in salaries of \$6,505, in rental fees of \$2,584, in equipment rental of \$2,767 and share-based payments of \$2,661.

Administrative expenses totalled \$217,882 compared to \$102,019, an increase of \$115,863 or 113.57% mainly due to increases in salaries of \$17,556, consulting fees of \$7,852, professional fees of \$76,768, rental fees of \$9,785 and share-based payments of \$18,532. The increase in professional fees are related fees incurred for the preparation of the Annual Information Form. These increases were however off-set by a decrease in representation and travel fees of \$13,538.

Research and development fees totalled \$63,911 compared to \$52,303, an increase of \$11,608 or 22.19% mainly due to an increase in rental fees of \$4,531 and share-based payments of \$5,112.

### NINE-MONTH PERIOD ENDED JUNE 30, 2017 COMPARED TO THE NINE-MONTH PERIOD ENDED JUNE 30, 2016.

The net loss for the nine-month period ended June 30, 2017 was \$1,223,827 or \$0.01 per share, compared to \$650,056 or (\$0.02) per share for the same period in 2016.

The net loss increase of \$573,771 is due to the following important changes:

### *REVENUE*

Revenues totalled \$381,920 compared to \$534,378 in 2016, a decrease of \$152,458 or 28.53%. This decrease is due to a decrease in content development revenues of \$148,532, advertising revenues of \$5,034 and other revenues of \$8,133. However, these decreases were off-set by an increase in transactional revenues of \$3,971 and service revenues of \$5,270.

The decline of the 3D visual content revenues is the result of the Company's efforts to phase out the production of these types of in-house services done by employees, as announced in recent quarters. The objective of the Company is that the 3D visual content is produced 100% by the Company's affiliates through its Marketplace. Over the next few quarters, the Company intends to offset this loss of 3D visual content revenues with new transactional revenues by signing Affiliate Program agreements with 3D rendering firms. The announcement of UBICA's signature this quarter is a first step in this direction.

### *GROSS PROFIT*

The Corporation recorded a gross loss of \$110,768 compared to a gross profit of \$16,260 in 2016. This decrease in gross margin is directly attributable to the decrease in revenue disclosed above. The Corporation was able to reduce its cost of sales which went from \$518,118 in 2016 to \$492,688, a decrease of \$25,430 or 4.91%. However, this decrease was not enough to compensate the decrease in revenue. The decrease in cost of sales is due to a decrease in salaries of \$52,098, in rental charges of \$15,457 and in amortization of intangible assets of \$26,758. These decreases were off-set by an increase of subcontracting fees of \$47,526, share-based payments of \$9,657 and other expenses of \$11,719. The increase in subcontracting fees is directly related to the decrease in salaries. As part of its technology turn, the Corporation laid off part of its staff and is now using subcontractors to carry out its content development revenues as well as its transactional revenues such as visual and textual revenues.

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### OPERATING EXPENSES

Operating expenses totalled \$1,060,821 compared to \$616,077 in 2016, an increase of \$444,744 or 72.19%.

Selling expenses totalled \$292,976 compared to \$99,326, an increase of \$193,650 or 194.96% mainly due the value of shares issued as part of the signature of exclusive affiliation agreements of \$173,500 as well as an increase in salaries of \$8,202 and in share-based payments of \$8,060.

Administrative expenses totalled \$575,669 compared to \$362,308, an increase of \$213,361 or 58.89% mainly due to increases in salaries of \$31,105, consulting fees of \$11,578, professional fees of \$106,635, rental fees of \$8,148, share-based payments of \$61,985 and regulatory fees of \$16,044. The increase in professional fees are related to legal fees incurred for the preparation of the Annual Information Form, the review of the terms and conditions of the Corporation's content marketplace platform as well as the review of risk factors. The increase in regulatory fees increase is related to the fees incurred for the listing on the US OTC Markets. These increases were however off-set by a decrease in representation and travel fees of \$19,043.

Research and development fees totalled \$192,176 compared to \$154,443, an increase of \$37,333 or 24.43% due to an increase in salaries of \$17,555, rental fees of \$5,362 and share-based payments of \$15,541.

### CASH FLOW ANALYSIS

|                      | Three-month period ended June 30, 2017 | Three-month period ended June 30, 2016 | Nine-month period ended June 30, 2017 | Nine-month period ended June 30, 2016 |
|----------------------|--|--|---------------------------------------|---------------------------------------|
|                      | \$                                     | \$                                     | \$                                    | \$                                    |
| Operating activities | (291,436)                              | (109,152)                              | (782,881)                             | (496,954)                             |
| Investing activities | -                                      | -                                      | -                                     | -                                     |
| Financing activities | 132                                    | 54,367                                 | 8 273                                 | 474,092                               |

### THREE-MONTH PERIOD ENDED JUNE 30, 2017 COMPARED TO THE THREE-MONTH PERIOD ENDED JUNE 30, 2016.

#### OPERATING ACTIVITIES

Operating activities required cash flows of \$291,436 compared to \$109,152 in 2016. This increase in the use of cash flows is due to an increase in the net loss after non-cash items which went from \$157,995 in 2016 to \$295,937. In addition, non-cash working capital items generated cash flows of \$4,501 compared to \$48,843 in 2016.

#### FINANCING ACTIVITIES

Financing activities generated cash flows of \$132 compared to \$54,367 in 2016. This decrease in cash flows is due to the fact that during the three-month period ended June 30, 2016, the Corporation received \$78,000 following the exercise of warrants compared to \$7,500 following the exercise of warrants during the three-month period ended June 30, 2017.

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### NINE-MONTH PERIOD ENDED JUNE 30, 2017 COMPARED TO THE NINE-MONTH PERIOD ENDED JUNE 30, 2016.

#### *OPERATING ACTIVITIES*

Operating activities required cash flows of \$782,881 compared to \$496,954 in 2016. This increase in the use of cash flows is due to an increase in the net loss after non-cash items which went from \$499,522 in 2016 to \$825,708. However, this increase in the use of cash flows was off-set by the non-cash working capital items which generated cash flows of \$42,827 compared to the use of cash flows of \$2,568 in 2016.

#### *FINANCING ACTIVITIES*

Financing activities generated cash flows of \$8,273 compared to \$474,092 in 2016. This decrease in cash flows is due to the fact that during the nine-month period ended June 30, 2016, the Corporation received net proceeds of \$345,938 following the completion of a private placement and \$183,000 following the exercise of warrants compared to \$33,000 following the exercise of warrants during the nine-month period ended June 30, 2017.

#### **QUARTERLY RESULT TRENDS (IN THOUSANDS OF \$)**

The operating results for each of the last eight quarters are presented in the following table. Management considers that the information for each of those quarters was determined in the same way as for our audited financial statements for the year ended September 30, 2016.

|   | 2017   |        |        | 2016   |        |        |        | 2015   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
|   | Q3     | Q2     | Q1     | Q4     | Q3     | Q2     | Q1     | Q4     |
|   | \$     | \$     | \$     | \$     | \$     | \$     | \$     | \$     |
| Revenue                                     | 150    | 115    | 116    | 96     | 165    | 185    | 184    | 119    |
| Gross profit (loss)                         | (16)   | (33)   | (62)   | (78)   | (3)    | 5      | 15     | (32)   |
| Operating loss                              | (535)  | (278)  | (410)  | (317)  | (205)  | (245)  | (199)  | (154)  |
| Basic and diluted net loss per common share | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) |

#### **LIQUIDITY AND SOURCES OF FINANCING**

As of June 30, 2017, the Corporation had a cash position of \$204,011 and a working capital of \$200,447.

The Corporation has prepared a budget using assumptions that management considers reasonable. Achieving budgeted results depends mainly on the increase of sales, compliance with the gross operating margin forecast and control of general and administrative expenses. Management believes that the current liquidity will not be sufficient to support the Corporation's needs for cash during the coming year. The Corporation will require additional funding to be able to cover its current operations. The Corporation is considering various options to finance its activities. There is no assurance that these measures will be successful.

Readers are invited to refer to the Risk and Uncertainties section for more information.

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### **COMMITMENTS**

The Corporation has entered into long-term lease agreements for equipment and automotive rental which call for total lease payments of \$35,136. The minimum lease payments for the next years are \$5,549 in 2017, \$12,296 in 2018, \$11,396 in 2019, \$4,973 in 2020 and \$922 in 2021.

The Corporation has entered into a service agreement which will call for payments of \$2,445 during the fiscal year.

The Corporation has entered into long-term agreement for the lease of premises ending January 31, 2021, which will call for total lease payments of \$347,175. The minimum lease payments for the next years are \$24,222 in 2017, \$96 886 in 2018, 2019 and 2020 and \$32,295 in 2021.

### **INFORMATION ON OUTSTANDING SECURITIES**

The Corporation's authorized share capital consists in an unlimited number of Common Shares of which 50,836,221 are currently outstanding as well as 4,385,250 stock options and 12,151,756 warrants. Each stock option and warrant is convertible into one common share of the Corporation. The Corporation may also have to issue a total of 3,000,000 common shares in the event that the convertible debenture conversion options are exercised.

### **RELATED PARTY TRANSACTIONS**

Please refer to Note 10 of the unaudited interim condensed financial statements for key management personnel compensation. The Corporation has not entered into any other related party transaction.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation has no off-balance sheet arrangements.

### **ESTIMATES, JUDGMENTS AND ASSUMPTIONS**

The Corporation prepares its financial statements in accordance with IFRS, which require management to make estimates and assumptions that affect the amounts of its assets and liabilities, the information provided with regard to future assets and liabilities as well as the amounts of revenues and expenses for the relevant periods.

The elements in the financial statements that require more use of estimates and judgment include the measurement of allowance for doubtful accounts, contracts in progress, going concern, income taxes, fair value of share options and impairment of non-financial assets and goodwill. Actual results may differ from these estimates, but management believes they will not result in material changes versus the results being presented. Readers are invited to refer to the audited financial statements for the year ended September 30, 2016 for a full description of the significant accounting policies and the most estimates and judgments of the Corporation at that date.

### **RISKS RELATED TO FINANCIAL INSTRUMENTS**

Readers are invited to refer to Note 21 of the audited financial statements for the year ended September 30, 2016, for a full description of these risks.

### **RISKS AND UNCERTAINTIES**

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The following are certain factors relating to the business of the Corporation, which factors investors should carefully consider when making an investment decision concerning securities of the Corporation. These risks and uncertainties are not the only ones facing the Corporation. Additional risks and uncertainties not presently known to the Corporation, or that the Corporation currently deems immaterial, may also impair the operations of the Corporation. If any such risks actually occur, it could have a material adverse effect on the Corporation's business prospects, results of operation and financial condition. In any such case, the market price of the Corporation's shares could decline, and investors may lose all, or part of, their investment.

**The Corporation has a history of operating losses and may need additional capital and it may not be able to obtain it, which could adversely affect its liquidity and financial position.**

The Corporation has a history of operating losses. To date, the Corporation has primarily been financed through operating revenues, share issuance, debt or convertible debt issuances, bank loans and government assistance. The ability of the Corporation to continue on a going concern basis is dependent on achieving profitable operations and future financing. There can be no assurance that financing will be available in amounts or on terms acceptable to the Corporation, if at all. Any failure by the Corporation to raise additional funds on terms favourable to it could have a material adverse effect on its liquidity, financial condition and the success of its business plan.

To raise additional capital, the Corporation may, in the future, offer additional shares or other securities to the public. As a result, shareholders may experience dilution of their interest. The Corporation cannot assure that it will be able to sell shares, or other securities, in any other offering at a price per share that is equal to, or greater than, the price per share paid by existing investors. The price per share at which the Corporation sells additional shares or other securities may be higher, or lower, than the price per share in a previous offering.

**The Corporation has limited operating history of its current business model, which may make it difficult to evaluate its business and prospects.**

The Corporation has a limited operating history of its current business model upon which its viability and sustainability and its acceptance by customers and partners can be evaluated. It is also difficult to evaluate the viability of the Corporation's business model because of the risks frequently encountered by companies using new technologies and operating in new and rapidly evolving markets. The Corporation may be unable to generate sufficient revenue to become profitable and have sustainable positive cash flows.

In addition, the Corporation's quarterly operating results are difficult to predict and may fluctuate significantly from period to period due to numerous factors, such as the cyclic nature of the real estate industry. Finally, its limited history could impact both its expansion projects, due to its limited recognition in the industry across North America, and its ability to broaden its market base.

**If the Corporation is unable to adapt to changing technological trends, it will not be able to compete effectively and will be unable to increase or maintain its revenues, which may materially and adversely affect its business prospects and revenues.**

The market for its Marketplace and Content Management System ("CMS") platforms requires the Corporation to continuously identify new technology trends and the needs of customers, which may require the Corporation to develop new features and enhancements for its platforms. Furthermore, even though few similar services are currently being offered to real estate professionals, competitors may develop new, or improved, technological responses to the real estate problematics that the Corporation

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addresses. Furthermore, the Corporation may fail to respond to these changing technology needs and to implement such changes on its products or fail to do so in a timely manner. The new systems and the update of the existing ones may not gain popularity with customers, or may not maintain any achieved popularity. In such case, the Corporation's competitors, or future entrants into the market who do take advantage of such initiatives, could gain a competitive advantage over the Corporation.

### **The Corporation's long-term strategy might impact its short-term results.**

The Corporation aims at providing long-term solutions to its customers and partners. In order to achieve this goal, the Corporation will prioritize research and development investments, over other investments, which may impair its short-term results. The Corporation may also be required to incur development and acquisition costs in order to keep pace with new technology but the Corporation may not have the financial resources necessary to fund and implement future technological innovations or to replace obsolete technology, which may materially and adversely disrupt its business. In addition, in order to expand its business, the Corporation will need to invest in finding new ways to widen its market base. In order to do so, the Corporation might need to invest in educating some industry actors in order to create a competitive advantage for its technological solutions. Furthermore, the Corporation may need to invest to increase both the value generated for customers and partners as well as the accessibility of its services in order to reach new customers and partners.

### **Failure to manage the Corporation's growth could strain the Corporation's management, operations and other resources and the Corporation may not be able to achieve anticipated levels of growth, which could materially and adversely affect the Corporation's business and growth potential.**

The Corporation plans to continue to rapidly expand its operations. These plans will continue to result in substantial demands on the Corporation's management, operations and other resources. To manage its growth, the Corporation must develop and improve its existing administrative and operational systems and its financial and management controls and further expand, train and manage its work force.

### **The Corporation will face increased expenses in order to achieve its growth.**

As the Corporation continues its effort to grow and penetrate new markets, it may incur substantial costs and expend substantial resources in connection with any such expansion due to, among other things, different technology standards, legal considerations and cultural differences. The Corporation expansion plans could lead to an increase in fixed costs, notably if the need to open new physical offices arises. Finally, international sales and operations will expose the Corporation to additional risks as well as increase the costs of legal and regulatory compliance.

The Corporation may not be able to manage its current or future operations effectively and efficiently or compete effectively in such markets. The Corporation may also not be able to hire, retain, integrate or motivate its current or new personnel. There can be no assurance that the Corporation will be able to efficiently or effectively manage the growth of its operations, recruit top talent and train its personnel. Any failure to efficiently manage its expansion may materially and adversely affect the Corporation's business and future growth.

### **The Corporation may be subject to intellectual property infringement claims, which may force the Corporation to incur substantial legal expenses and, if determined adversely against the Corporation, may materially disrupt its business.**

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The Corporation cannot be certain that its platforms or other aspects of its business do not, or will not, infringe upon patents, copyrights or other intellectual property rights held by third parties. The Corporation may become subject to legal proceedings and claims from time to time relating to the intellectual property of third parties in the ordinary course of its business. Furthermore, the potential expansion of its activities in multiple jurisdictions may increase the risks of infringement on its intellectual property. The Corporation may incur substantial expenses in defending against these third-party infringement claims, regardless of their merit. Consequently, management may not be able to dedicate its time and resources on growth strategies, which may materially and adversely disrupt its business.

If the Corporation is found to have violated the intellectual property rights of third parties, it may then be forced to abandon applications or registrations for intellectual property protection, modify or discontinue production of its products in certain countries, or operate under different trademarks. The Corporation could be required to obtain a license from a third party holding the patent or other intellectual property right, if such third party agrees to give the Corporation a license to develop, manufacture, use, sell, offer for sale or market the products. Finally, the Corporation could also be limited in the marketing of new products. Successful infringement or licensing claims against the Corporation may result in substantial monetary liabilities, which may materially and adversely disrupt its business.

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### **The Corporation may be subject to, and may expend significant resources in defending against, actions and civil and regulatory suits based on the products, content and services it provides.**

Although the Corporation requires its users to comply, at all times, with all applicable laws, the Corporation has no assurance that its customers and partners do not provide items and content which may infringe third party intellectual property rights, privacy laws or other laws and regulations. Furthermore, the Corporation may be liable, or alleged to be liable, to third parties if the visual content is found to be indecent, misleading, negligent, fraudulent, defamatory or otherwise illegal. In the event that a customer, supplier or partner's content is in breach of such rights or regulations, the Corporation may be required to cease providing the relevant content to prevent any other infringement. In addition to the content hosted by the Corporation, customers are invited to provide reviews and feedback on their experience with suppliers. These comments, over which the Corporation has no control other than in its efforts to monitor them, might also expose the Corporation to potential liability. Any alleged liability could also harm the Corporation's business by damaging its reputation, requiring the Corporation to incur legal costs in defence, exposing the Corporation to awards of damages and costs and diverting management's attention which could have an adverse effect on the Corporation's business, results of operations and its financial condition.

Finally, given the sensitive nature of some of the information hosted on its Marketplace and CMS platforms, the Corporation is subject to privacy protection requirements. This legal framework is ever changing and the compliance with its various requirements may lead to increased financial obligations in the future as well as expose the Corporation to reputational damages. The Corporation's marketing strategies will also need to be tailored to comply with the various anti-spam regulations in Canada as well as in the various jurisdictions where the Corporation intends to develop its operations.

### **The Corporation's growth and success also depend on its capacity to protect its intellectual property and have its rights respected in the event of infringement.**

The ability of the Corporation to successfully protect its exclusive methods and technology is important for its success. The Corporation relies, in part, on trade secrets and contractual restrictions, such as confidentiality agreements and licenses, but there is no assurance that they will constitute adequate protection against competitors' products and trademarks. The Corporation intends to promote its trademarks aggressively in order to build goodwill and to develop improvements to its products, which may be subject to legal protection. The Corporation's efforts could be unsuccessful and these improvements might not qualify for legal protection or produce a competitive advantage for the Corporation. Competitors may also produce products similar to those of the Corporation without infringing on its intellectual property rights. Competitors and other third parties could infringe on the Corporation's intellectual property rights which could result in significant litigation expenses. These expenses would reduce the Corporation's cash flow. The Corporation may lose potential or existing customers, suppliers or partners if it is not successful in protecting its intellectual property rights against such third-party infringements.

### **The Corporation faces competition, and if it does not compete successfully against new and existing competitors, the Corporation may lose its market share, and its profitability may be adversely affected.**

The Corporation competes with other companies offering content exchange platforms to real estate professionals. The Corporation also competes for overall advertising and training spending with other web-based content exchange platforms. In the future, the Corporation may also face competition from new entrants into the real estate market. The Corporation's sector is characterized by relatively low entry costs, as is customary in the content exchange industry. As a result, the Corporation expects competition

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to intensify in the future as existing competitors introduce new, and more competitive, offerings alongside their existing products, and as market entrants introduce new products into these markets.

Increased competition could reduce the Corporation's operating margins and profitability and result in a loss of market share. Some of the Corporation's existing and potential competitors may have competitive advantages, such as significantly greater financial, marketing or other resources, or exclusive arrangements with major clients, and others may successfully mimic and adopt the Corporation's business model. The Corporation cannot assure investors that it will be able to successfully compete against new or existing competitors.

**The Corporation depends on the leadership and services of key personnel and its business and growth prospects may be severely disrupted if the Corporation loses their services.**

The Corporation's future success is dependent on its current and future executive management team. The Corporation relies on their industry expertise, experience and specialized technical knowledge in the Corporation's business operations, including their business vision, management skills, and working relationships with the Corporation's employees, its shareholders and many of the Corporation's customers, suppliers and partners. The Corporation does not maintain key-man life insurance for its key employees. Although all employees have entered into non-competition and non-solicitation agreements, these agreements may not be effective in helping the Corporation retain qualified personnel. If one of them was unable, or unwilling, to continue in his or her present position, the Corporation might not be able to replace this individual easily, or at all. Furthermore, this would result in a time-consuming disruption of the management's resources. As a result, the Corporation's business and growth prospects may be severely disrupted if the Corporation loses personnel or if the Corporation is unable to hire qualified personnel.

**The Corporation's failure to maintain existing relationships or obtain new relationships with partners would harm the Corporation's business and prospects.**

The Corporation's ability to generate revenues outside of its immediate geographic market depends largely upon its ability to maintain and expand a network of partners and their ability to successfully commercialise the Corporation's suite of products. This, in turn, requires that the Corporation develop knowledge of the key players in the countries and regions where it wants to conduct business. If the Corporation fails to maintain its relationships with partners, or fails to develop new relationships with partners, its revenues would decline and its efforts to develop international sales, and its reputation, could suffer.

**The Corporation is dependent on its relationships with a limited number of partners.**

The Corporation relies on its partners for a significant percentage of the Corporation's revenue. Its dependence on these partners may increase in the future as the Corporation pursues its strategy of increasing penetration of some of these partners' existing markets. Furthermore, large customers and partners may move their technology assignments from one service provider to another, or may divide their assignments among two or more service providers which would decrease the Corporation's revenues. Finally, service agreements being on a short-term basis make it difficult for the Corporation to evaluate the spending of current customers and partners for the next fiscal years and plan accordingly.

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A significant reduction in the spending by, or the loss of one or more of, the Corporation's largest customers or partners, could have a material adverse effect on its prospects, business, financial condition and results of operations if not replaced by new customers or partners or an increase in business from existing customers or partners.

### **There is uncertainty relating to the ability of the Corporation to enforce its rights under the representative or licensing agreements.**

The Corporation intends to enter into representative or licensing agreements with partners in foreign jurisdictions which are subject to various legal obligations. If a representative or licensing agreement is breached, the Corporation may incur additional costs for determining its rights and obligations under the agreement under applicable foreign laws and to enforce the agreement in a foreign jurisdiction. The Corporation may not be able to enforce such rights or may determine that it would be too costly to enforce such rights.

### **The Corporation may derive a significant amount of its revenues from activities which are sensitive to changes in economic conditions.**

Given the nature of its target market, the Corporation is directly affected by the performances and trends of the residential real estate industry and the cyclical nature of home-buying patterns. As such, overall economic conditions as well as the fluctuations of the mortgage interest rates, property access requirements and broker-free sales trends could adversely impact its market base and results.

### **Fluctuation in currency exchange rates may affect the Corporation's business prospects and revenues.**

A portion of the Corporation's revenues may be in foreign currencies, mainly in US dollars, and most of its expenses are in Canadian dollars. Therefore, the Corporation's results will be affected by the fluctuation of the Canadian dollar relative to currencies in which it transacts. This may lead to foreign exchange currency losses which could materially affect financial results.

### **The Corporation's services and products could suffer delays, failures or damage due to events that are beyond the Corporation's control, which could adversely affect its reputation and operating results.**

The Corporation's information technology systems and infrastructures may be subject to damage or interruption following natural or man-made disasters such as earthquakes, floods, fires, power loss and sabotage, as well as interruptions from technology malfunctions arising from telecommunications failures, computer viruses, security breaches or cyber-attacks. Given that the Corporation hosts some of its content on third-party cloud providers' systems, sometimes located in the United States, and third-party credit card processing service providers, these risks could also be triggered by cyber-attacks on these third parties' systems. Even if those disruptions were to be found to result from those third parties, there can be no assurance that the Corporation would not be liable or would be able to enforce its contractual provisions against these third parties. Other potential service interruptions may result from unanticipated service requests or unanticipated forms of use from customers, suppliers or partners, which could result in the Corporation being unable to provide its hosting services, grant access to its content or incur significant data losses. Furthermore, the proliferation of viruses and cyber-attacks in the recent years, both deliberate and unintentional, could result in important remediation costs, increased security costs and loss in confidence by industry professionals. The Corporation may incur substantial costs in order to address, repair or replace hardware and software. Prolonged disruption of the Corporation's systems may reduce its efficiency or taint its entire operations, which could materially

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adversely affect its business. Data losses may also financially expose the Corporation and lead to mandatory disclosures of such a breach.

**The market price of the shares may be volatile, which may make it difficult for holders to resell the shares when desired or at attractive prices.**

In addition to market and industry factors, the price and trading volume for the shares may be highly volatile for specific business reasons. Factors such as variations in the Corporation's revenues, earnings and cash flow, announcements of new investments, cooperation arrangements or acquisitions, and fluctuations in market prices for the Corporation's services could cause the market price for the shares to change substantially. The Corporation's operating results may be below the expectations of public market analysts and investors. If this were to occur, then the market price of the shares would likely significantly decrease. Any of these factors may result in large and sudden changes in the volume and price at which the shares will trade. The Corporation cannot give any assurance that these factors will not occur in the future. Prospective investors should be aware that the value of an investment in the Corporation may go down as well as up and that the market price of the shares may not reflect the underlying value of the Corporation. Investors may therefore realize less than, or lose all of, their investment. The sale, or availability for sale, of substantial amounts of the shares could adversely affect their market price.

Sales of substantial amounts of the shares in the public market or the perception that these sales could occur, could adversely affect the market price of the shares and could materially impair the Corporation's future ability to raise capital through offerings of shares.

**The return on investment from the shares depends on any future appreciation in the market price of the shares.**

The Corporation currently intends to invest its future earnings, if any, to fund its growth. Any future determination to pay dividends on the shares would be at the discretion of the board of directors and would depend on, among other things, the Corporation's results, surplus, financial condition, solvency tests and other factors that the board of directors may deem relevant. Since the Corporation does not intend to pay dividends in the foreseeable future, the investors' ability to receive a return on their investment will depend on any future appreciation in the market price of the shares. There is no assurance that their shares will appreciate in price.

**There may be a limited market for the shares.**

The shares are currently listed on the TSXV. However, there may be a limited and volatile market for the shares, which may make it difficult for investors to resell the shares when desired, or at attractive prices. Financial markets have, in the past, experienced significant price and volume fluctuations that have particularly affected market prices, even though the performances, underlying asset values and prospects of the affected companies were healthy.

Accordingly, the market price of the shares may decline even if the Corporation's results have not changed.

Management believes it monitors these risks very closely. It is constantly watching each of these elements and takes the necessary action to mitigate its risks.

Readers are referred to the more detailed information described in other disclosure documents filed with the applicable Canadian securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com).