GULF & PACIFIC EQUITIES CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2012

This Management Discussion and Analysis ("MD&A") of Gulf & Pacific Equities Corp (the "Company") provides analysis of the Company's financial results for the year ended December 31, 2012. The following information should be read in conjunction with the accompanying 2012 audited financial statements and the notes to the audited financial statements.

The audited financial statements and related notes of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Refer to the Notes of the December 31, 2012 audited financial statements for disclosure of the Company's significant accounting policies. The Company's functional and reporting currency is the Canadian dollar.

Gulf & Pacific Equities Corp is publicly traded on the TSX Venture Exchange (TSX-V: **GUF**).

International Financial Reporting Standards

The Canadian Accounting Standards Board requires publicly accountable enterprises such as the Company to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company's audited financial statements for the year ended December 31, 2012 have been prepared in accordance with IFRS as published by the International Accounting Standards Board.

Date of Report

This report is prepared as of April 25, 2013.

Forward Looking Statements

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address the Company's ability to lease vacant property units, collect minimum rents, diversify its tenant base, undertake land intensification projects, refinance loans, debentures and mortgages at their maturity, complete accretive acquisitions and other events that impact the growth of the Company are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include interest rates, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

Additional information including press releases have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and are available online under our profile at www.sedar.com or the Company's website at www.gpequities.com.

Company Overview

Gulf & Pacific Equities Corp. was incorporated under the Business Corporations Act (Alberta) on April 8, 1998 and on June 17, 1998 filed Articles of Amendment to remove certain private corporation restrictions. The Company is listed on the TSX Venture Exchange (TSX-V: GUF). The Company commenced active operations during the 1999 fiscal year. Gulf & Pacific is focused on the acquisition, management and development of anchored shopping centres in Western Canada.

The Company's current portfolio consists of 4 properties located in Northern Alberta and in British Columbia. In Northern Alberta, the flagship property is Tri-City Mall located in Cold Lake, Alberta with gross lease area of 142,208 sq. ft., St. Paul Shopping Centre, in St. Paul, Alberta with gross lease area of 69,089 sq. ft. and a stand alone property in Three Hills, Alberta with 9,003 sq. ft. of lease space. The Merritt property in British Columbia consists of two lots with gross lease area of 11,980 sq. ft..

Year Ended December 31, 2012 Highlights

In the year ended December 31, 2012, the Company:

- Completed the refinancing of mortgages due in 2011, which was closed on February 23, 2012 for $14.5 million in new mortgages at 5.25%
- Year end result is that the Company is in a good financial position for 2013 with;
  - ✓ Mortgages due in 2017
  - ✓ Debentures due in 2014 and 2015
  - ✓ No short term loans
  - ✓ Strong cash position
- Negotiated a new tenant for the remaining Commercial Retail Unit ("CRU") vacancies in St. Paul Shopping Centre, with construction started in 2013
- Negotiated two new tenants for the old Zellers space in Tri-City Mall with construction started in 2013
- Year to year revenue remains stable, with good outlook for 2013 due to potential revenue growth from new tenants at Tri-City Mall and St. Paul Shopping Centre

Overall Performance

Statements of Financial Position

On the Statements of Financial Position, total assets stood at $29,837,614 as of December 31, 2012, compared to $30,188,616 as of December 31, 2011.

The decrease of $351,002 in total assets was primarily due to other amounts receivable, including the payment to the Company of the outstanding $1,000,000 Vendor Take Back ("VTB") mortgage for the Valley Centre Mall during the year, offset by increases in cash and prepaid expenses.

Our cash balance increased by $470,764 during the twelve months to $1,417,517 at December 31, 2012, from $946,753 as of December 31, 2011 due mostly to payment of the VTB from the sale of Valley Centre Mall and normal operations of the Company.

Other amounts receivable decreased from $1,073,209 at December 31, 2011 to $148,208 as of December 31, 2012 due mainly to the payment of the $1,000,000 from the VTB for Valley Centre Mall. Net of this one item, the other amounts receivable actually increased to $148,208 due to outstanding rents, realty taxes and common area costs.

Total prepaid expenses for the Company increased to $181,889 at year ended December 31, 2012 from $78,654 as of December 31, 2011, as a result of expenses incurred for the redevelopment of St. Paul Shopping Centre and Tri-City Mall in preparation for new tenants and due to normal operations such as prepaid rent.

Investment properties remained the same at $28,090,000 as of December 31, 2012 and December 31, 2011 as a result of fair value adjustments in the determination of the investment properties (see note 3 of the audited annual financial statements).

With respect to liabilities, mortgages payable increased to $14,610,584 as of December 31, 2012 up from $14,343,817 as of December 31, 2011 due to the refinancing of the mortgages early in the year and regular repayment of mortgages on the Company's properties.

Convertible debentures increased to $3,741,401 as of December 31, 2012 from $3,367,975 as of December 31, 2011. The increase is due to the fact that the convertible debentures are carried at an amount that increases as time passes (see note 6 to the audited annual financial statements) reflecting a non-cash allocation within the balance sheet.

The purchase price payable of $658,776 represents an agreement whereby the Company is obliged to pay the amount if the Tri-City Mall becomes fully leased subsequent to the purchase. Since the Company expects to fully lease the property in 2013, this obligation has been fully provided for.

Deferred income taxes of $1,026,000 as of December 31, 2012 represents the tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities for the Company.

Accounts payable and accrued liabilities increased to $567,618 as of December 31, 2012 from $520,274 as of December 31, 2011 due mainly to normal operations such as property taxes, common area expenses, debenture interest and expenses related to advance work on the redevelopment for the two malls .

Total liabilities increased to $20,604,379 from $20,065,842 as of December 31, 2011. This increase is primarily due to the refinancing reflected in the mortgages payable, the accounting for the equity component within the convertible debentures, and expenditures for the redevelopment and normal operations of the Company reflected in accounts payable and accrued liabilities.

Shareholders' equity stood at $9,233,235 as of December 31, 2012 compared to $10,122,774 as of December 31, 2011. The decrease was mostly due to reduced retained earnings offset by nominal increase in contributed surplus.

Statements of Comprehensive Income

For the year ended December 31, 2012 revenue decreased to $2,799,996 from $3,495,875 for the same period last year. The decrease was primarily a result of reduced revenue due to the sale of Valley Centre Mall in 2011, offset by increased interest due to cash from the sale of the mall. Accordingly, rental income decreased by $600,119 or 23.6% while common area and realty tax recoveries decreased by $126,563 or 13.3% for the year. Interest income increased to $38,432 for the year as a result of the cash invested from the sale of the property.

For the year ended December 31, 2012, expenses decreased to $3,597,885 from $4,400,735 as of same period last year, a decrease of $802,850 or 18.2%. The primary reasons for the decrease in expenses are decreases in interest expenses of $408,263 or 19.9% due mostly to elimination of the mortgage for Valley Centre Mall, operating costs and realty taxes of $417,473 or 26.7% due to decreased expenses from the sale of the mall in 2011, administration of $20,516 or 2.7% due to reductions in overall operations of the Company. Overall, within the normal operations of the Company, expenses are holding steady and management remains focused on controlling costs and operating efficiently.

Net loss for the year ended December 31, 2012 was $971,438 compared to net income of $145,954 for the same period last year. The net income for 2011 is due to mostly to IFRS revaluation adjustments. As a result, earnings per share was a loss of $0.11 per share in the year ended December 31, 2012 compared to a gain of $0.02 earnings per share for the same period in 2011.

Statements of Cash Flow

On the statements of cash flows, cash provided by operations totaled $1,859,704 for the year ended December 31, 2012 compared to cash provided of $758,294 for the same period last year, as a result of IFRS adjustments in 2011.

Financing activities for the year recorded a funds used of $1,004,177 compared to funds used of $2,373,380 for the same period a year ago. This is due to repayment of loans, debentures and mortgages payable for the year offset by proceeds received during the year for the refinancing.

As at December 31, 2012, the Company had cash of $1,417,517 compared to cash of $946,753 at the same time a year ago.

Selected Annual Information

The following selected financial data for each of the three most recently completed financial years are derived from the audited annual financial statements of Gulf & Pacific Equities Corp., which were prepared in accordance with International Financial Reporting Standards ("IFRS"). The 2010, 2011 and 2012 results are presented under IFRS based on the audited financial statements.

For the Years Ended December 31,	**2012**	**2011**	**2010**
	$	$	$
Revenue	2,799,996	3,495,875	3,829,121
Net Loss before fair value adjustment and income taxes	(797,889)	(904,860)	(229,721)
Net Loss before fair value adjustment and income taxes, per share - basic and fully diluted	(0.09)	(0.10)	(0.03)
Net Income (Loss) and Comprehensive Income (Loss)	(971,438)	145,954	1,005,751
Net Income (Loss) and Comprehensive Income (Loss), per share - basic and fully diluted	(0.11)	0.02	0.11
Total Assets	29,837,614	30,188,616	38,266,595
Total Liabilities	20,604,379	20,065,842	28,594,739
Cash Dividends	-	-	-

Summary of Quarterly Results

The following selected financial data are derived from the unaudited quarterly financial statements of Gulf & Pacific Equities Corp, which were prepared in accordance with International Financial Reporting Standards for the results from January 1, 2011 to December 31, 2012.

	2012				2011			
For the Quarters Ended	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**
	$	$	$	$	$	$	$	$
Revenue	521,328	779,750	798,115	700,803	338,452	1,052,240	1,110,277	994,906
Net Income (Loss) before fair value adjustment and income taxes	(232,359)	(127,278)	(290,660)	(147,592)	(823,333)	(14,951)	(67,735)	1,159
Net Income (Loss) before fair value adjustment and income taxes, per share - basic and fully diluted	(0.03)	(0.01)	(0.03)	(0.02)	(0.09)	-	(0.01)	-
Net Income (Loss) and Comprehensive Income (Loss)	(450,935)	(121,553)	(196,724)	(202,226)	227,481	(14,951)	(67,735)	1,159
Net Income (Loss) and Comprehensive Income (Loss), per share - basic and fully diluted	(0.06)	(0.01)	(0.02)	(0.02)	0.03	-	(0.01)	-

Liquidity and Capital Resources

The Company had cash of $1,417,517 as of December 31, 2012 due primarily to the payment of the VTB for the Valley Centre Mall, which is sufficient to cover the Company's near term cash requirements. If additional capital resources are required, management believes that it has the ability to raise sufficient funds for the continuation of operations. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to obtain the required financing.

Changes in Accounting Policies

There have been no changes in accounting policies.

Financial Instruments

Financial instruments with substantive characteristics of both a financial liability and equity instrument are accounted for through separate classification of the liability and equity elements. The debt component is recognized at fair value and the residual value is allocated to the conversion feature, classified as equity. The initial liability balance recognized is less than the face value of the debt. Therefore, the liability balance is accreted over the term of the debt. The accretion represents the amortization of the debt discount net of actual interest paid. The accretion of the original debt discount is charged to interest expense over the term of the debt using the effective interest rate method. Transaction costs are allocated to the liability and equity elements in proportion to the allocation of the proceeds.

The Company finances operations and capital acquisitions through the issuance of common shares, convertible debentures and warrants. The debt component of the convertible debentures is reflected as a financial liability and the equity component of the convertible debenture is included in shareholders' equity.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares without par value. As at December 31, 2012, the Company had issued and outstanding 8,936,678 common shares with a recorded value of $2,835,212.

The Company is also authorized to issue an unlimited number of preference shares without par value, of which none have been issued.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet transactions for the year ended December 31, 2012 or the year ended December 31, 2011.

Related Party Transactions

During the year ended December 31, 2012, the Company:

a) Charged related parties rent totalling approximately $35,257 (December 31, 2011 - $35,257). The companies are related by virtue of the fact that they have the same President. As at December 31, 2012, included in accounts receivable is an amount of $84,200 (December 31, 2011 - $39,562) due from these related parties.

b) Was charged consulting fees of $87,100 (December 31, 2011 - $87,100) by an officer. As at December 31, 2012, accounts payable and accrued liabilities included $537 payable to this officer (December 31, 2011 - $Nil).

c) Incurred accounting fees of $107,405 (December 31, 2011 - $101,910) with an accounting firm in which one of the Company's officers is a partner. As at December 31, 2012, accounts payable and accrued liabilities included $17,055 (December 31, 2011 - $39,000) payable to this accounting firm.

d) Other related party transactions are disclosed in note 6(ii).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Contractual Obligations and Commitments

The Company's contractual obligations and commitments consists of loans, debentures and mortgages which are disclosed in the notes to the audited financial statements ended December 31, 2012 and in the notes to the audited financial statements ended December 31, 2011. The Company has lease obligations for its offices until 2013.

Internal Control over Financial Reporting

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the audited annual financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited annual financial statements and (ii) the audited annual financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the audited annual financial statements.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate which does not 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 MI 52-109. In particular, the certifying officers filing the Certificate 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 issuer 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 issuer's GAAP.

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 are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risk and Uncertainties

The Company depends on several national retail chains for a significant part of its income. If any of these chains were adversely affected by economic or business conditions, it would have a negative impact on the Company. The Company would also be adversely affected by a long standing large increase in interest rates or a severe economic slow down.

OUTLOOK

The Bank of Canada interest rate is anticipated to remain the same through 2013 and unlikely to increase until late 2014 or early 2015. The recent market volatility and the talk of the end of the "supercycle" for the resource sector will have a downward pressure on the Canadian economy and particularly in Alberta where our properties are located. However, with many long term projects still active in the province the local economy will remain strong.

The global economy continues to be in a fragile state. The European economy is still an area of focus of the global financial markets which is driving investors away from equities in the short term. In China, recent news of reduced demands for commodities and lower economic growth triggered the recent dramatic market decline and according to the media, the start of the end of the "supercycle" for the resource sector.

With the recent dramatic drop in the financial markets, the continuing weak US economy, and reduced projections in the emerging markets of both China and India, all indications are that global markets will remain weak for 2013 and into 2014. The US has indicated that their interest rates will remain at historic lows until late 2013 which highlights the anticipated prolonged weak US economy. Given the close ties between the Canadian and US economies, it is hard to foresee an increase in Canadian interest rates ahead of any increase in the US interest rates.

In Northern Alberta and British Columbia where our properties are located, oil prices remain steady, but low relative to global prices, but activities in the oil sector remain strong as most investments are for long term projects. However, the continuing active oil sector is not reflected in the rural retail sector as consumers remain cautious.

Operationally, our business model has enabled the Company to weather the past economic downturns better than most sectors, as our grocery anchor tenants and smaller local retailers have a positive outlook for 2013. The Company has been able to renew leases when due and secure new tenants when opportunities arise. Management has no assurance that if the economic downturn continues for a longer period than anticipated, that our smaller retail tenants can remain in business.

Tri-City Mall, Cold Lake, Alberta

The Tri-City Mall remains the flagship mall in the Company's portfolio and represents a major portion of the revenue generated for the Company. During the past year we renewed a number of leases. Management is pleased to report that Sobeys has extended their lease for an additional 5 years, expiring in 2018. As well, during the year, management was in negotiations with two national tenants to fill a portion of the leaseable space that will be vacated by Zellers in March 2013.

Activity remains strong in the Alberta oil patch and this is good for Cold Lake. The Company is currently looking at developing a strip retail pad on our excess acreage in Cold Lake. As well, we are in discussions with national chains for the pad site. If developed, this project would add value to the Company's portfolio as well as provide accretive cash flow.

St. Paul Shopping Centre, St. Paul, Alberta

In April 2011, the Company announced that LW Stores, now Big Lots, and Giant Tiger Stores are now the two new anchor tenants leasing a combined total of 45,228 sq. ft. or 65% of leaseable space. The remaining CRU space totals 20,197 sq. ft. which is partly filled with existing tenants. During the year, the Company has been in negotiations with a national tenant to fill approximately 9,400 sq. ft. of the leaseable space, with a formal announcement planned for 2013. The two pad sites are leased by Tim Hortons, which opened in 2009, and our long-term tenant Suncor. A potential third pad site is being considered and the mall is shaping up to be a strong retail centre in St. Paul.

Three Hills, Alberta

Our Three Hills property continues to operate satisfactorily in 2012, since we renovated the building and moved The Bargain! Shop in the summer of 2005. Subsequent to year end, The Bargain! Shop made an application for protection from its creditors while they restructure their business under CCAA. The Company anticipates that the Three Hills location will be one of the properties retained by after the restructuring. Currently, the Company continues to receive rent for the property.

Merritt, British Columbia

The property is still vacant at this time. The Company is working with brokers and agents to try and secure a potential tenant for this 12,000 square foot building, well located in the growing community of Merritt, B.C.. We will keep shareholders posted as we continue to give our best efforts to fill this building.

The Company remains confident that the vacancies will be filled up in the near future. Management is looking at every opportunity in the market. Much effort and creativity has been placed in securing new tenants and in retaining existing tenants.

Our long term financing consists of mortgages and debentures. In terms of mortgages, the Company closed on February 23, 2012, a five year mortgage for $14,500,000 at 5.25% for its St Paul and Cold Lake properties. The Three Hills property has a mortgage of $483,434 at 8.4% due December 1, 2013. As of March 1, 2012, the mortgage on the Merritt property was paid in full. The Company has two series of convertible debentures outstanding with face values of $3,587,500 maturing December 31, 2014 and $1,115,000 maturing October 31, 2015. With the exception of the small mortgage for the Three Hills property, the Company does not have to renew any long term financing for the next two years.

The Company had cash of $1,417,517 as of December 31, 2012 with 8,936,678 shares outstanding. The closing price on December 31, 2012 was $0.24.

The Company's Normal Course Issuer Bid expired in April 2012 and was not renewed. No shares were purchased during this period as trading activity has been minimal. The Company still maintains the view that the current stock price does not accurately reflect the inherent value of the Company. Based on current market values of similar properties in Western Canada, the

Company feels that the share price should be substantially higher and the Company continues to communicate this with investors in the market.

Management continues to reduce costs at the corporate level and, when appropriate, to reduce Common Area Maintenance ("CAM") expenses on all properties.

The current economic conditions continue to provide a number of growth opportunities for the Company as many properties and real estate holding companies are dramatically undervalued and represent a buying opportunity for a strong long term return on investment. The Company intends exploring all opportunities in this regard for the benefit of our shareholders in both Canada and the US.

Management recognizes that paramount to our growth strategy is to secure equity financing for acquisitions or construction loans for new developments. The current economic situation remains challenging for new financing, in particular, financing will be difficult to obtain in the small markets where our properties are located. In addition, with possible interest rates remaining low, the cost of new borrowing will depend on the spread available in the markets which could affect the Company's bottom line.

We are focused on maintaining a strong relationship with our many quality tenants such as Giant Tiger Stores, Guardian Drugs, Big Lots, Reitmans, Rexall Drug Stores, Sobeys, Suncor, Tim Hortons and The Bargain! Shop. To view a complete list of our tenants please visit our website at www.gpequities.com.

Our business model of investing in anchored shopping centres, with a focus on everyday needs, remains our competitive advantage during good and difficult economic conditions.

As a result, 2013 represents a year of opportunities for the Company. With long-term financing completed and cash on hand, the Company can focus on retaining our current tenants for the existing properties and looking for new investments with good growth opportunities.

Yours truly,

(signed) "Anthony J. Cohen"
Anthony J. Cohen
President & CEO
April 25, 2013