GULF & PACIFIC EQUITIES CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2013

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, 2013. The following information should be read in conjunction with the accompanying 2013 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, 2013 audited financial statements for disclosure of the Company's significant accounting policies. The Company's functional and reporting currency is the Canadian dollar.

The Company is publicly traded on the TSX Venture Exchange (TSX-V: **GUF**).

International Financial Reporting Standards

The Company's audited financial statements for the year ended December 31, 2013 and 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, 2014.

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

The Company 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. The Company is focused on the acquisition, management and development of anchored shopping centres in Western Canada.

The Company does not have any affiliates nor is it the subsidiary of any entity. The Company wholly owns one corporation, 766373 Alberta Ltd., which does not carry on active business. On January 23, 2014, 766373 Alberta Ltd. was dissolved.

The Company's current portfolio consists of three properties located in Northern Alberta. The three properties consist of 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 77,866 sq. ft. and a stand alone property in Three Hills, Alberta with 9,003 sq. ft. of lease space.

As of December 31, 2013, the company held four properties consisting of the three properties in Alberta, and the Merritt property in British Columbia which consisted of one building with a gross lease area of 11,980 sq. ft. and one vacant lot. On February 28, 2014 the Company closed the sale of the Merritt property to the current tenant. The Company still holds the vacant lot in Merritt, B.C..

Fourth Quarter and Year Ended December 31, 2013 Highlights

In the quarter and year ended December 31, 2013:

- The Company completed the landlord's work in **Tri-City Mall** for our new tenants Dollar Tree, Sportchek and Ardene. All three tenants successfully opened in the fourth quarter with near record sales during their opening week and for the year end holiday sales. Furthermore, in the fourth quarter our existing tenant Warehouse One signed a new lease moving from their current location, a pad site, to a larger space inside the mall with an opening planned for April 2014. As well, the Company signed a new lease in the first quarter of 2014 with a new tenant for the old Warehouse One pad site premises, with an anticipated opening in the third quarter of 2014.

- For Tri-City Mall, the Company hopes to shortly announce the negotiation results for two new national tenants at the mall totaling almost 25,000 sq. ft.. As well, the Company is in discussions with a potential third tenant for a new pad site.

- The Company will be starting landlord's work in the second quarter of 2014 in preparation for additional new tenants at Tri-City Mall.

- The Company is in on going discussions with other national tenants for the remaining space in Tri-City Mall and working to fully lease the mall by 2014 or early 2015.

- The Company completed the start of de-malling our **St. Paul Shopping Centre**, with the landlord's work completed for our new tenant Dollar Tree, which successfully opened to record sales in the third quarter of 2013.

- In the first quarter of 2014, Liquidation World terminated their lease at St. Paul Shopping Centre as they made a corporate decision in the U.S. to vacate the Canadian market. The Company successfully signed a new lease with a new tenant to accept the entire Liquidation World premises. Landlord's work will be starting in the second quarter of 2014 with an opening scheduled for the third or fourth quarter of 2014.

- The Company completed in the first quarter of 2014, a binding offer to lease with a national tenant for approximately 11,000 sq. ft. at St. Paul Shopping Centre, with landlord's work starting in the second quarter of 2014 and an opening scheduled for the third or fourth quarter of 2014.

- One unit of approximately 7,500 sq. ft. remains to be leased at the St. Paul Shopping Centre and the Company is working on leasing the remaining vacancy by the end of 2014.

- In **Three Hills**, Red Apple Stores Inc. continues to operate the premises as The Bargain Shop. On December 1, 2013 the Company renewed the mortgage with an outstanding principle balance of $467,635 with Servus Credit Union Ltd. for another 5 years with an interest rate of 5.15%

- In the fourth quarter of 2013, the **Merritt** property was leased to Westcan Auto Supplies for one year with an option to purchase the property. On February 28, 2014 the Company completed the sale of its property in Merritt, British Columbia to the current tenant for $607,000. The Company still holds a vacant lot in Merritt, B.C.

- To finance the landlord's work in 2014 and 2015, the Company has signed a revolving unsecured loan agreement with Ceyx Properties Ltd. ("**Ceyx**") for up to $5 million at an annual interest rate of 6% with no fixed terms for repayment (the "**Loan**"). Ceyx and the Company are related parties by virtue of the fact that they have the same President. Interest will be accrued and non-compounding. As of December 31, 2013, the Company has drawn down a total of $2,500,000 on the revolving unsecured loan and as of the date of this MD&A the amount outstanding is $2,000,000.

- The Company anticipates refinancing of the properties once the redevelopments are completed at which time the Loan will be retired.

- The Company is working to complete all the planned landlord's work for 2014 and 2015 with the secured new tenants, with the anticipation of additional work once the remaining vacancies are leased.

- The Company is progressing with a very successful transformation of St. Paul Shopping Centre and Tri-City Mall which, when completed, will add substantial value to the properties as most recently reflected in the external appraisals completed in October 2013. New appraisals are anticipated for the first quarter of 2014 but have not been finalized at the date of this MD&A.

Overall Performance

Statements of Financial Position

On the Statements of Financial Position, total assets were $34,578,916 as of December 31, 2013, compared to $29,837,614 as of December 31, 2012.

The increase of $4,741,302 in total assets is primarily due to the fair value adjustment of the investment properties as a result of new tenants at higher rents based on external appraisals completed in October 2013. This is offset by decreases in cash, other amounts receivable and prepaid expenses, as part of the normal operations of the Company for the landlord's work related to the new tenants.

The Company's cash balance decreased by $1,087,414 during the twelve months to $330,103 at December 31, 2013, from $1,417,517 as of December 31, 2012 due mostly to the use of funds for the landlord's work related to the new tenants and normal operations of the Company.

Other amounts receivable decreased from $148,208 at December 31, 2012 to $92,297 as of December 31, 2013 due mainly to normal outstanding realty taxes and common area costs and taxes receivable from taxes paid on expenses for landlord's work.

Total prepaid expenses for the Company decreased to $78,808 at December 31, 2013 from $181,889 as of December 31, 2012, as a result of expenses incurred for the redevelopment of St. Paul Shopping Centre and Tri-City Mall which upon completion are booked as investment properties or expensed, and decrease due to normal operations such as prepaid rent.

Investment properties increased to $34,077,708 as of December 31, 2013 from $28,090,000 as of December 31, 2012 as a result of fair value adjustments in the determination of the investment properties (see note 3 of the audited annual consolidated financial statements).

With respect to liabilities, mortgages payable decreased to $14,335,710 as of December 31, 2013 from $14,610,584 as of December 31, 2012 due to regular repayment of mortgages on the Company's properties.

Convertible debentures increased to $4,148,226 as of December 31, 2013 from $3,741,401 as of December 31, 2012. 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 consolidated 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 2014, this obligation has been fully provided for.

Loan payable of $2,500,000 is unsecured, with access to a maximum value of up to $5,000,000, with interest payable at 6% per annum. Interest is accrued but not compounded. The loan is with Ceyx Properties Ltd. a related party by virtue of the fact that they have the same President.

The deferred income tax liability of $1,027,000 as of December 31, 2013 represents the Company's future obligations due to the net of items including temporary differences between the accounting basis and the tax basis of the assets and liabilities, and tax loss carry forwards.

Accounts payable and accrued liabilities increased to $1,170,420 as of December 31, 2013 from $567,618 as of December 31, 2012 due mainly to the landlord's work on the premises for the Dollar Tree in St. Paul Shopping Centre, and Dollar Tree and Sportchek in Tri-City Mall in 2013 and other new tenants in 2014, plus normal operations such as property taxes, common area expenses, and debenture interest.

Total liabilities increased to $23,840,132 as of December 31, 2013 from $20,604,379 as of December 31, 2012. This increase is primarily due to the loan payable of $2.5 million received during the year used in the redevelopment of the malls and the normal operations of the Company reflected in accounts payable and accrued liabilities.

Shareholders' equity was $10,738,784 as of December 31, 2013 compared to $9,233,235 as of December 31, 2012. The increase was due to increased retained earnings and share capital from a debenture conversion.

Statements of Comprehensive Income

For the year ended December 31, 2013 revenue decreased to $2,401,981 from $2,799,996 for the year ended December 31, 2012. The decrease was primarily a result of reduced revenue due to the departure of Zellers at the start of the year and offset by revenue from the new tenants starting in the last quarter of the year. Accordingly, rental income decreased by $242,700 or 12.5% while common area and realty tax recoveries decreased by $126,458 or 15.4% for the year. Interest income decreased to $9,575 for the year as a result of reduced cash available to earn interest as compared to the previous year.

For the year ended December 31, 2013, expenses increased to $3,935,179 from $3,597,885 as of the year ended December 31, 2012, an increase of $337,294 or 9.4%. The primary reasons for the increase in expenses are increases in interest expenses of $77,913 or 4.7% due mostly to interest on the unsecured loan used for the malls redevelopment, operating costs and realty taxes of $294,966 or 25.7% due to increased expenses from securing the new tenants for the malls, and an increase in administration of $46,314 or 6.3%. Overall, within the normal operations of the Company, expenses are holding steady and management remains focused on controlling costs and operating efficiently.

Net income for the year ended December 31, 2013 was $1,495,549 compared to net loss of $971,438 for the year ended December 31, 2012. The net income for 2013 is due to mainly to the fair value adjustment for the investment properties as noted above. As a result, basic earnings per share was a gain of $0.17 per share in the year ended December 31, 2013 compared to a loss of $0.11 per share for the year ended December 31, 2012.

Diluted earnings per share was $0.06 for the year ended December 31, 2013. Diluted earnings per share is calculated in a similar manner as basic earnings per share, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and the convertible debentures.

Statements of Cash Flow

On the statements of cash flows, cash provided by operations totaled $869,866 for the year ended December 31, 2013 compared to cash provided of $1,859,704 for the year ended December 31, 2012.

Financing activities for the year ended December 31, 2013 recorded funds gained of $921,653 compared to funds used of $1,004,177 for the year ended December 31, 2012. This is due to repayment of loans, debentures and mortgages payable for the year ended December 31, 2013 offset by proceeds received during the year from the unsecured loan by Ceyx Properties Ltd..

As at December 31, 2013, the Company had cash of $330,103 compared to cash of $1,417,517 as at December 31, 2012.

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 the Company, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). and presented for the years ended December 31, 2013, 2012 and 2011.

For the Years Ended December 31,	2013	2012	2011
	$	$	$
Revenue	2,401,981	2,799,996	3,495,875
Net Loss before fair value adjustment and income taxes	(1,533,198)	(797,889)	(904,860)
Net Loss before fair value adjustment and income taxes, per share - basic and fully diluted	(0.17)	(0.09)	(0.10)
Net Income (Loss) and Comprehensive Income (Loss)	1,495,549	(971,438)	145,954
Net Income (Loss) and Comprehensive Income (Loss), per share - basic	0.17	(0.11)	0.02
Net Income (Loss) and Comprehensive Income (Loss), per share - fully diluted	0.06	(0.11)	0.01
Total Assets	34,578,916	29,837,614	30,188,616
Total Liabilities	23,840,132	20,604,379	20,065,842
Cash Dividends	-	-	-

Summary of Quarterly Results

The following selected financial data are derived from the unaudited quarterly financial statements of the Company, which were prepared in accordance with IFRS for the results from January 1, 2012 to December 31, 2013.

	2013				2012			
For the Quarters Ended	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
	$	$	$	$	$	$	$	$
Revenue	613,854	619,528	534,918	633,681	521,328	779,750	798,115	700,803
Net Income (Loss) before fair value adjustment and income taxes	(967,928)	(91,662)	(269,029)	(204,579)	(232,359)	(127,278)	(290,660)	(147,592)
Net Income (Loss) before fair value adjustment and income taxes, per share - basic and fully diluted	(0.11)	(0.01)	(0.03)	(0.02)	(0.03)	(0.01)	(0.03)	(0.02)
Net Income (Loss) and Comprehensive Income (Loss)	1,878,215	(102,044)	(160,051)	(120,571)	(450,935)	(121,553)	(196,724)	(202,226)
Net Income (Loss) and Comprehensive Income (Loss), per share - basic	0.21	(0.01)	(0.02)	(0.01)	(0.06)	(0.01)	(0.02)	(0.02)
Net Income (Loss) and Comprehensive Income (Loss), per share – fully diluted	0.07	*	*	*	*	*	*	*

* Not presented as effect of dilutive items are anti-dilutive

Liquidity and Capital Resources

The Company had cash of $330,103 as of December 31, 2013 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.

The Company has no major commitments for capital expenditures and does not expect any change in capital fluctuations in the short term. The Company is committed under lease contract for the rental of its office premises in Toronto.

The Company currently has access of up to $5,000,000 in loan proceeds from a related party. As at December 31, 2013, $2,500,000 had been drawn on this loan. As of the date of this MD&A, $2,000,000 was still outstanding.

To date, the Company has not paid any dividends on its shares and as of the date of this MD&A does not plan to pay dividends in the immediate future.

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders, and

b) to provide adequate return to shareholders by obtaining an appropriate amount of debt commensurate with the level of risk, to reduce after-tax cost of capital.

Fourth Quarter 2013

Major events and results relating to the fourth quarter ending December 31, 2013 are covered in the section "Fourth Quarter and Year Ended December 31, 2013 Highlights".

Changes in Accounting Policies

The Company adopted the following new standards in preparing these consolidated financial statements:

i) IFRS 13 - Fair Value Measurement

The IASB issued a new standard, IFRS 13, Fair Value Measurement ("IFRS 13"), which provides a standard definition of fair value, sets out a framework for measuring fair value and provides for specific disclosures about fair value measurements. IFRS 13 applies to all IFRS that require or permit fair value measurements or disclosures. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company adopted IFRS 13 as of January 1, 2013 on a prospective basis.

ii) IAS 1 - Presentation of Financial Statements

In June 2011, the IASB made amendments to IAS 1, Presentation of Financial Statements ("IAS 1"). The amendments require that items of other comprehensive income are grouped into two categories: items that will be reclassified subsequently to profit or loss; and items that will be reclassified subsequently directly to equity. Income tax on items of other comprehensive income are required to be allocated on the same basis. The amendments to lAS 1 are effective for January 1, 2013. The adoption of the revised IAS 1 did not have an impact on the Company's consolidated results of operations, financial position and disclosures.

iii) IFRS 10 - Consolidated Financial Statements

The IASB issued a new standard, IFRS 10, Consolidated Financial Statements ("IFRS 10"), which establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 establishes control as the basis for consolidation and defines the principle of control. An investor controls an investee if the investor has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 was issued as part of the IASB's broader project on interests in all types of entities. IFRS 10 is effective for annual periods beginning on or after January 1, 2013 and must be applied retrospectively. The adoption of IFRS 10 did not have an impact on the Company's consolidated results of operations, financial position and disclosures.

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 of December 31, 2013, the Company had issued and outstanding 8,970,011 common shares with a recorded value of $2,845,212.

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, 2013 or the year ended December 31, 2012.

Related Party Transactions

During the year ended December 31, 2013, the Company:

a) Charged rent at 1300 Bay Street to related parties, Plato Gold Corp., approximately $6,000 (December 31, 2012 - $24,000), and Ceyx Properties Ltd., approximately $13,593 (December 31, 2012 - $11,256). Such companies are related parties of the Company by virtue of the fact that they both have the same President of the Company. As at December 31, 2013, included in accounts receivable is an amount of $58,000 (December 31, 2012 - $84,200) due from these related parties.

b) Was charged consulting fees for financial and management services of $87,100 (December 31, 2012 - $87,100) by Greg K. W. Wong, an officer of the Company. As at December 31, 2013, accounts payable and accrued liabilities included $Nil of consulting fees (December 31, 2012 - $537) payable to this officer.

c) Incurred accounting fees for bookkeeping and financial statement preparation of $102,875 (December 31, 2012 - $107,405) with an accounting firm, Forbes Andersen LLP, in which Paul Andersen, one of the Company's officers, is a partner. As at December 31, 2013, accounts payable and accrued liabilities included $50,775 (December 31, 2012 - $17,055) payable to this accounting firm.

d) Other related party transactions are disclosed in note 6ii and note 8 to the accompanying 2013 consolidated audited financial statements.

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 particular related parties and the Company.

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, 2013 and in the notes to the audited financial statements ended December 31, 2013. The Company has lease obligations for its offices until 2018.

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 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 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 (such as the Company) 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

Interest rates remain the driving force for the capital markets in recent months. Political uncertainties in the Ukraine will add to the economic problems in Europe, which will slow the economic recovery in the region. If the situation gets worse, the U.S. will likely be drawn into the region with economic sanctions. The result could be that global markets will remain stagnant in 2014 due to continued uncertainty.

The U.S. has indicated that interest rates will remain at historic lows until late 2015 but with the overhang, rates can go up at anytime if the market dictates thus creating a roller coaster ride in the capital markets. 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.

The Canadian economy and particularly the Alberta economy are closely linked to the oil sector which is indicating steady growth in the year ahead for Western Canada, with many long term projects still active in the provinces where the local economy will remain strong.

The low interest rates environment will be an advantage for the Company as it looks forward to refinancing our investment portfolio during the year. As well, commercial real estate is once again becoming a core holding in major investment portfolios, which should provide for low cap rates.

Operationally, our business model has enabled the Company to weather the past economic downturns better than most sectors, as our anchor tenants and national retailers have a positive outlook for 2014. The Company has been able to renew leases when due and secure new tenants when opportunities arise.

The past year has been tremendously successful for the Company and we trust this will continue for 2014.

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.

In 2013 Zellers vacated the space in the mall and the Company successfully leased approximately 22,000 sq. ft. of the Zeller's space with Dollar Tree and Sportchek at a higher rent, which completely replaced the lower rent received in the past from Zellers. Both new tenants opened to near record sales in the fourth quarter of 2013.

As well, the Company welcomed Ardene to the interior of the mall for approximately 5,000 sq. ft. of new retail space which opened in the fourth quarter of 2013. Also during the fourth quarter, our existing tenant, Warehouse One, signed a new lease to move from their current pad site location outside to a larger space inside the mall with an opening scheduled for April 2014.

In the first quarter of 2014, the Company leased the old Warehouse One pad site premises to a new national tenant with anticipated opening in the third quarter of 2014.

Furthermore, the Company hopes to announce soon the negotiation results for two new national tenants at the mall totaling almost 25,000 sq. ft.. As well, the Company is in discussions with a potential third tenant for a new pad site. The Company is in on going discussions with other national tenants for the remaining space in Tri-City Mall and working to fully leasing the mall by 2014 or early 2015.

Landlord's work will be starting in the second quarter of 2014 in preparation for new tenants and will be the main focus for management in the months ahead.

Other than Zellers and the changes noted above, the existing tenant profile remains stable with ATB Financial, Bootlegger, Bross Hair, Herbal Magic, Pennington's, Pizza Hut, Sobeys, Value Drug Mart and Warehouse One.

Activity remains strong in the Alberta oil patch and this is good for Cold Lake. When fully leased the mall will add substantial value to the Company's investment portfolio.

<u>St. Paul Shopping Centre, St. Paul, Alberta</u>

In 2013, the Company started the de-malling of our St. Paul Shopping Centre and welcomed our new tenant Dollar Tree to the mall which successfully opened to record sales in the third quarter.

In the first quarter of 2014, Liquidation World terminated their lease at St. Paul Shopping Centre as they made a corporate decision in the U.S. to vacate the Canadian market. The Company successfully signed a new lease with a new tenant to accept the entire Liquidation World premises with an opening scheduled for the third or fourth quarter of 2014.

The Company also completed in the first quarter of 2014 a binding offer to lease with a national tenant for approximately 11,000 sq. ft. at St. Paul Shopping Centre with opening scheduled for the third or fourth quarter of 2014. One unit of approximately 7,500 sq. ft. remains to be leased at the St. Paul Shopping Centre and the Company is working to lease the remaining vacancy by the end of 2014

Giant Tiger Stores remains as anchor tenant at the east end of the mall. The two pad sites are leased by Tim Hortons, which opened in 2009, and our long-term tenant Suncor. With the new openings planned for 2014, the mall is shaping up to be a strong retail centre in St. Paul.

<u>Three Hills, Alberta</u>

Our Three Hills property continues to operate satisfactorily in 2013, with Red Apple Stores Inc. operating the premises as The Bargain Shop. On December 1, 2013, the Company renewed the mortgage with an outstanding principle balance of $467,635 with Servus Credit Union Ltd. for another 5 years with an interest rate of 5.15%

Merritt, British Columbia

In the fourth quarter of 2013, the Merritt property was leased to Westcan Auto Supplies for one year with an option to purchase the property. On February 28, 2014, the Company completed the sale of its property in Merritt, British Columbia to the current tenant for $607,000. The Company still holds a vacant lot in Merritt, B.C.

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 $467,635 at 8.4% which expired on December 1, 2013 and was renewed at a rate of 5.15%. 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 $3,577,500 maturing December 31, 2014 and $1,115,000 maturing October 31, 2015. The Company is working towards the refinancing of the debentures maturing in 2014. As well, the Company has the Loan of up to $5.0 million to finance the redevelopment of the two malls.

The Company had cash of $330,103 as of December 31, 2013 with 8,970,011 shares outstanding. The closing price of the Company's common shares on the TSXV on December 31, 2013 was $0.40.

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 expenses on all properties.

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.

We are focused on maintaining a strong relationship with our many quality tenants such as Ardene, ATB Financial, Bootlegger, Dollar Tree, Herbal Magic, Pizza Hut, Reitmans, Sobeys, Sportchek, Suncor, Tim Hortons, Value Drug Mart, Warehouse One, Giant Tiger Stores, 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.

2013 was a very busy and successful year as management used the opportunity offered by the departure of Zellers to redevelop the mall with new national retail tenants at a much higher rent. This will continue in 2014 as the Company focuses on securing new leases based on the current interest by national tenants as a result of the near record sales from recent openings. Management hopes to fully lease both Tri-City Mall and St. Paul Shopping Centre by 2015 which will provide a substantial increase in valuation of the investment portfolio based on external appraisals.

Yours truly,

(signed) "Anthony J. Cohen"
Anthony J. Cohen
President & CEO
April 25, 2014