GULF & PACIFIC EQUITIES CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

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, 2014. The following information should be read in conjunction with the accompanying 2014 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, 2014 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, 2014 and December 31, 2013 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 21, 2015.

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 previously owned one corporation, 766373 Alberta Ltd., which did 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 141,289 sq. ft., St. Paul Shopping Centre, in St. Paul, Alberta with gross lease area of 79,042 sq. ft. and a stand alone property in Three Hills, Alberta with 9,003 sq. ft. of lease space.

At the start of 2014, 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, 2014 Highlights

In the quarter and year ended December 31, 2014:

- At **Tri-City Mall**, in the fourth quarter Extreme North West Clothing completed their tenant's work and officially opened in October 2014. In December 2014, Ardene opened in the newly expanded 10,138 sq. ft. premises in time for the holiday sales. In addition to these two tenants, in 2014 we welcomed Pet Valu to the mall as well as moving Warehouse One from a pad site to the interior mall.

- The Company continued its landlord's work on 21,000 sq. ft. in the fourth quarter of 2014 in preparation for a new tenant opening in early 2015. The landlord's work was completed in the first quarter of 2015 and the new tenant, Winners, opened on March 19, 2015.

- The Company continues to negotiate with new national tenants for the mall. As well, the Company is in discussions with potential tenants for a new pad site. Management is engaged in on going discussions with other national tenants for the remaining space in Tri-City Mall and working to fully lease the mall in 2015.

- At **St. Paul Shopping Centre**, in the fourth quarter management completed the landlord's work for the remaining unit of approximately 7,500 sq. ft. at the St. Paul Shopping Centre and on December 11, 2014 Ardene officially opened in the St. Paul Shopping Centre. During the year, we welcomed Peavey Mart and Marks Work Warehouse to the centre.

- Management is pleased to report that the St. Paul Shopping Centre is fully leased in its current configuration.

- In **Three Hills**, Red Apple Stores Inc. continues to operate the premises as The Bargain Shop.

- In **Merritt**, the property was sold in 2014 while the Company still holds a vacant lot with nominal value.

- In the third quarter of 2014, the Company replaced the existing mortgages on the St. Paul and Cold Lake properties, with two mortgages totaling $18 million at prime plus 1.5% for 5 years with **Canadian Western Bank**. The Company has the options to increase the total mortgages to up to $24 million. In January 2015 the Company completed the second tranche of the mortgage financing for $3,000,000. In March 2015, the Company completed the final tranche of the mortgage financing for $3,000,000. As of the date of this report, the total amount of mortgage proceeds advanced was $24,000,000 with Canadian Western Bank.

- To finance the landlord's work in 2014 and 2015, the Company signed a revolving unsecured loan agreement with Ceyx Properties Ltd. ("**Ceyx**") for up to $6 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, 2014, the Company has drawn a total of $5,750,000 on the Loan. The Company anticipates refinancing of the properties once the redevelopments are completed at which time the Loan will be retired. As of the date of this report, the balance outstanding is $2,750,000.

- During 2014, a convertible debenture series with total face value of $3,577,500 at the start of the year matured. Any debenture holders that did not convert their debentures to shares were repaid in full. Please see note 6 of the accompanying audited financial statements.

- The Company has successfully transformed St. Paul Shopping Centre to a fully leased strip mall. Once the remaining vacancies are filled at Tri-City Mall, the Company will have added substantial value to both properties as reflected in the external appraisals completed in February 2015.

Overall Performance

Statements of Financial Position

On the Statements of Financial Position, total assets were $44,420,954 as of December 31, 2014, compared to $34,578,916 as of December 31, 2013.

The increase of $9,842,038 in total assets is primarily due to the fair value adjustment of the investment properties based on external appraisals completed in February 2015 and the extensive renovation work completed by the Company. The decrease in cash and prepaid expenses was offset by an increase in other amounts receivable. The increase in other amounts receivable is due primarily to new amounts receivable. These increases were offset by increases in mortgage payable, loan payable from related party and the normal operations of the Company.

The Company's cash balance decreased by $156,634 during the year ended to $173,469 at December 31, 2014, from $330,103 as of December 31, 2013. The net decrease is due to the use of funds for landlord's work in developing St. Paul Shopping Centre and Tri-City Mall, offset by cash from the sale of the Merritt property, increase rental revenue, increase mortgages payable, loan payable from the related party.

Other amounts receivable increased from $92,297 at December 31, 2013 to $408,429 as of December 31, 2014 due to increases in amounts owing from tenants for rent, realty taxes and common area costs, and taxes receivable due for expenditures paid on the properties.

Total prepaid expenses for the Company decreased to $39,056 at December 31, 2014 from $78,808 as of December 31, 2013, as a result of amounts in the account being used up.

Investment properties increased to $43,800,000 as of December 31, 2014 from $34,077,708 as of December 31, 2013 as a result of the fair value adjustment, which computes the fair value of the investment properties based on external appraisals completed in February 2015, and the extensive renovation work completed by the Company.

With respect to liabilities, mortgages payable increased to $17,983,163 as of December 31, 2014 from $14,335,710 as of December 31, 2013 due to the discharge of the $14 million mortgage at St. Paul Shopping Centre and Tri-City Mall being replaced with the new mortgages totaling $18 million completed in September 2014.

Convertible debentures decreased to $1,038,315 as of December 31, 2014 from $4,148,226 as of December 31, 2013. The decrease is due to one series of convertible debentures maturing on

December 31, 2014. Some holders in this series converted their holdings to common shares. See note 6 to the audited financial statements for further detail. As at December 31, 2014 only one series of convertible debenture remains outstanding. Convertible debentures are carried at an amount that increases as time passes 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. As at December 31, 2014, the property was not fully leased. Since the Company expects to fully lease the property in the future, this obligation has been fully provided for.

On December 31, 2014, the Company had an outstanding loan obligation of $5,750,000 from a related corporation, Ceyx Properties Ltd. In the first quarter of 2014, the Company repaid $500,000 of the $2,500,000 outstanding resulting in an outstanding balance of $2,000,000. In the second quarter of 2014, the Company received loan proceeds of $1,750,000 resulting in an outstanding balance for $3,750,000. In the third quarter, the Company received loan proceeds of $1,500,000 and repaid $4,000,000 resulting in a balance of $1,250,000. In the fourth quarter, the Company received loan proceeds of $4,500,000 resulting in a balance outstanding of $5,750,000 at year end. The loan is unsecured, with access to a maximum value of up to $6,000,000, 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 $1,179,000 as of December 31, 2014 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 $2,157,593 as of December 31, 2014 from $1,170,420 as of December 31, 2013 due to increased payables originating from the landlord's work on the premises during 2014, plus normal operations such as property taxes, common area expenses, and debenture interest.

Total liabilities increased to $28,766,847 as of December 31, 2014 from $23,840,132 as of December 31, 2013. This increase is primarily due to increase mortgages payable, loan payable, deferred income taxes, and accounts payable and accrued liabilities, offset by decreases in convertible debentures, increase loan payable, expenses for work in redeveloping the malls and the normal operations of the Company.

Shareholders' equity was $15,654,107 as of December 31, 2014 compared to $10,738,784 as of December 31, 2013. The increase was due to increased retained earnings as a result of the increase value on the investment properties.

Statements of Comprehensive Income

For the year ended December 31, 2014 revenue increased to $3,064,186 from $2,401,981 for the year ended December 31, 2013. The increase was primarily a result of increased revenue from the new tenants during the year. Accordingly, rental income increased by $593,176 or 35.0% while common area and realty tax recoveries increased by $73,783 or 10.6% for the year.

Interest income decreased to $4,821 for the year as a result of reduced cash available to earn interest as compared to the same period last year.

For the year ended December 31, 2014, expenses increased to $4,218,235 from $3,935,179 for the year ended December 31, 2013, an increase of $283,056 or 7.2%. The primary reasons for the increase in expenses are increases in interest expenses of $288,009 or 16.8% due to a one time write off the mortgage financing costs as a result of retiring the old mortgage in September 2014. Operating cost and realty taxes decreased $156,176 or 10.8% due mainly to reduced leakage from vacancies, while administration expenses increased $50,704 or 6.5% due mainly to increases in wages and consulting fees. Overall, within the normal operations of the Company, expenses are holding steady and management remains focused on controlling costs and operating efficiently.

Net loss before fair value adjustment and income taxes for the year ended December 31, 2014 was $1,154,049 compared to net loss of $1,533,198 for the year ended December 31, 2013. As a result, basic and diluted net loss per share before fair value adjustment and income taxes was $0.12 for the year ended December 31, 2014 compared to a loss of $0.17 per share for the year ended December 31, 2013.

Net income and comprehensive income for the year ended December 31, 2014 was $2,269,952 compared to income of $1,495,549 for the year ended December 31, 2013. As a result, basic earnings per share was $0.23 in the year ended December 31, 2014 compared to $0.17 per share for the year ended December 31, 2013. Fully diluted earnings per share was $0.09 in year ended 2014 compared to $0.06 per share in year ended 2013.

<u>Statements of Cash Flow</u>

On the statements of cash flows, cash provided by operations totaled $1,676,296 for the year ended December 31, 2014 compared to cash provided by operations of $879,866 for the year ended December 31, 2013.

Financing activities for the year ended December 31, 2014 recorded funds provided of $4,496,623 compared to funds provided of $911,653 for the year ended December 31, 2013. This is mostly due to loan received from related party and the refinancing of the mortgages.

Investing activities recorded funds used of $6,329,553 for the year ended December 31, 2014 compared to funds used of $2,878,933 for the same period last year.

As at December 31, 2014, the Company had cash of $173,469 compared to cash of $330,103 as at December 31, 2013.

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, 2014, 2013 and 2012.

For the Years Ended December 31,	2014	2013	2012
	$	$	$
Revenue	3,064,186	2,401,981	2,799,996
Net Loss before fair value adjustment and income taxes	(1,154,049)	(1,533,198)	(797,889)
Net Loss before fair value adjustment and income taxes, per share - basic and fully diluted	(0.12)	(0.17)	(0.09)
Net Income (Loss) and Comprehensive Income (Loss)	2,269,952	1,495,549	(971,438)
Net Income (Loss) and Comprehensive Income (Loss), per share - basic	0.23	0.17	(0.11)
Net Income (Loss) and Comprehensive Income (Loss), per share - fully diluted	0.09	0.06	(0.11)
Total Assets	44,420,954	34,578,916	29,837,614
Total Liabilities	28,766,847	23,840,132	20,604,379
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, 2013 to December 31, 2014.

	2014				2013			
For the Quarters Ended	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
	$	$	$	$	$	$	$	$
Revenue	860,058	705,191	616,172	882,765	613,854	619,528	534,918	633,681
Net Income (Loss) before fair value adjustment and income taxes	(270,100)	(418,661)	(356,827)	(108,461)	(967,928)	(91,662)	(269,029)	(204,579)
Net Income (Loss) before fair value adjustment and income taxes, per share - basic and fully diluted	(0.02)	(0.05)	(0.04)	(0.01)	(0.11)	(0.01)	(0.03)	(0.02)
Net Income (Loss) and Comprehensive Income (Loss)	376,540	(1,929,846)	(779,737)	4,602,995	1,878,215	(102,044)	(160,051)	(120,571)
Net Income (Loss) and Comprehensive Income (Loss), per share - basic	0.02	(0.21)	(0.09)	0.51	0.21	(0.01)	(0.02)	(0.01)
Net Income (Loss) and Comprehensive Income (Loss), per share – fully diluted	0.01	*	*	0.18	0.07	*	*	*

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

Liquidity and Capital Resources

The Company had cash of $173,469 as of December 31, 2014 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 commitments for capital expenditures related to the landlord's work in securing the new tenants. The Company currently has access of up to $6,000,000 in loan proceeds from a related party. As at December 31, 2014, $5,750,000 is outstanding on this loan.

The Company is committed under lease contract for the rental of its office premises in Toronto.

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 2014

Major events and results relating to the fourth quarter ending December 31, 2014 are covered in the section "Fourth Quarter and Year Ended December 31, 2014 Highlights".

Changes in Accounting Policies

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

i) IFRIC 21, Levies ("IFRIC 21") provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, and those where the timing and amount of the levy is certain. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. A liability is recognized progressively if the obligating event occurs over a period of time or, if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. The adoption of IFRIC 21 did not have an impact on the Company's consolidated results of operations, financial position and disclosures.

Financial Instruments

IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") requires classification of financial instruments into one of the following categories: financial assets and liabilities at fair value through profit and loss, held-to-maturity investments, loans and receivables, available-for-sale and other financial liabilities. The Company determines the classification of its financial assets and liabilities at initial recognition.

All of the Company's financial instruments are initially measured at fair value, with subsequent measurements dependent on the classification of each financial instrument. Financial assets at fair value through profit or loss include cash which is measured at fair value and all gains and losses are included in net loss in the period in which they arise. Other amounts receivable and accrued rent receivable are recorded at amortized cost. The Company has no financial assets classified as available-for-sale or as held-to-maturity. Other financial liabilities at amortized cost include accounts payable and accrued liabilities, mortgages payable and the debt component of convertible debentures.

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.

Long-term debt is initially recognized at fair value less directly attributable transactions costs. After initial recognition, long-term debt is subsequently measured at amortized cost using the effective interest rate method.

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, 2014, the Company had issued and outstanding 17,574,019 common shares with a recorded value of $6,008,607.

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, 2014 or the year ended December 31, 2013.

Related Party Transactions

During the year ended December 31, 2014, the Company:

a) Charged rent at 1300 Bay Street to related parties, Plato Gold Corp., $6,000 (December 31, 2013 - $6,000), and Ceyx Properties Ltd., $12,732 (December 31, 2013 - $13,593). 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, 2014, included in accounts receivable is an amount of $60,000 (December 31, 2013 - $58,000) due from these related parties.

b) Was charged consulting fees for financial and management services of $131,992 (December 31, 2013 - $87,100) by Greg K. W. Wong, an officer of the Company. As at December 31, 2014, accounts payable and accrued liabilities included $Nil (December 31, 2013 - $Nil) of consulting fees payable to this officer.

c) Incurred accounting fees for bookkeeping and financial statement preparation of $97,825 (December 31, 2013 - $102,875) with an accounting firm, Forbes Andersen LLP, in which Paul Andersen, one of the Company's officers, is a partner. As at December 31, 2014, accounts payable and accrued liabilities included $53,300 (December 31, 2013 - $50,775) payable to this accounting firm.

d) Other related party transactions are disclosed in note 6ii and note 8 to the accompanying 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, 2014 and in the notes to the audited consolidated 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

The decline in world oil prices and its affect on the Alberta economy have been some of the key economic detriments for the Company's Alberta properties. Both properties, St. Paul Shopping Centre and Tri-City Mall, are located in regions with diverse economies and do not solely depend on the oil sector. While it's anticipated that the decline in oil prices will have impact on local economies, it will be mitigated in these two regions due to its diversification.

While central banks are talking up the potential for an increase in historic low interest rates in late 2015, the current low interest rates remain the driving force for the capital markets. As well, with the recent announcement that Chinese exports declined in March, it's anticipated that global economies will remain stagnant well into 2015.

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 low interest rates environment will be an advantage for the Company as it reduces the interest cost for the financing of our investment portfolio. 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 the region.

While the Canadian retail market is facing a major reorganization, the Company has been able to renew leases when due and secure new tenants when opportunities arise.

In the year management has continued the active efforts to fully lease the remaining vacancies at Tri-City Mall and is pleased to report that St. Paul Shopping Centre is fully leased in its current configuration.

<u>Tri-City Mall, Cold Lake, Alberta</u>

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 2014, Pet Valu Canada officially opened in September, Extreme North West Clothing opened in October and in December Ardene opened in the newly expanded 10,138 sq. ft. premises. As well, Warehouse One moved from a pad site to the interior mall.

The Company continued its landlord's work on 21,000 sq. ft. in the fourth quarter of 2014 in preparation for a new tenant opening in early 2015. The landlord's work was completed in the first quarter of 2015 and the new tenant, Winners, opened on March 19, 2015.

Furthermore, the Company continues to negotiate with new national tenants at the mall. As well, the Company is in discussions with potential tenants for a new pad site. The Company is in ongoing discussions with other tenants for the remaining space in Tri-City Mall and working to fully leasing the mall in 2015.

With the changes noted above, the current tenant profile remains stable with Ardene, ATB Financial, Bootlegger, Bross Hair, Dollar Tree, Extreme Clothing, Herbal Magic, Pet Valu, Pizza Hut, Sobeys, Sportschek, Value Drug Mart, Warehouse One and Winners. When fully leased, the mall will add substantial value to the Company's investment portfolio.

St. Paul Shopping Centre, St. Paul, Alberta

In 2014, the Company welcomed Peavey Mart, Marks Work Warehouse and Ardene to the St. Paul Shopping Centre. As a result, the mall is now fully leased in its current configuration.

The current tenant profile consists of Peavey Mart, Ardene, Dollar Tree, Marks, and with Giant Tiger Stores remaining as an anchor tenant at the east end of the mall. The two pad sites are leased by Tim Hortons, and our long-term tenant Petro Canada.

The fully leased 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 2014, with Red Apple Stores Inc. operating the premises as The Bargain Shop.

In Merritt, British Columbia, the Company sold its property in 2014 while it still holds a vacant lot.

Our long term financing consists of mortgages and debentures. In terms of mortgages, the Company closed on September 15, 2014, a five year mortgage for $18,000,000 at Canadian Western Bank prime plus 1.5% for its St Paul and Cold Lake properties. As of December 31, 2014 the mortgage stands at $17,983,163. In the first quarter of 2015, the Company closed the second and final tranches of the mortgage for a combined total of $24,000,000. The Three Hills property has a mortgage balance of $446,447 as at December 31, 2014, paying interest at 5.15% and maturing on December 1, 2018.

During 2014, the Company had 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. On December 31, 2014, a portion of the convertible debenture series with a total face value of $3,577,500 matured and those holders were repaid in full while the remaining holders converted their holdings to common shares of the Company. The second series of convertible debentures is still outstanding.

The Company has access to the Loan of up to $6 million to finance the redevelopment of the two malls which has $5,750,000 outstanding as of December 31, 2014 and $2,750,000 as of the date of this report.

The Company had cash of $173,469 as of December 31, 2014 with 17,574,019 shares outstanding. The closing price of the Company's common shares on the TSXV on December 31, 2014 was $0.35.

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

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, Extreme Clothing, Giant Tiger Stores, Herbal Magic, Mark's Work Warehouse, Peavey Mart, Pet Valu, Petro Canada, Pizza Hut, Sobeys, Sportchek, The Bargain Shop, Tim Hortons, Value Drug Mart, Warehouse One, and Winners. 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.

In 2014 the Company continues to focus 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 Tri-City Mall in 2015 which will provide a substantial increase in valuation of the investment portfolio based on external appraisals and is pleased to report that St. Paul Shopping Centre is fully leased based on the current configuration.

Yours truly,

(signed) "Anthony J. Cohen"
Anthony J. Cohen
President & CEO
April 21, 2015