GULF & PACIFIC EQUITIES CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2015

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, 2015. The following information should be read in conjunction with the accompanying 2015 audited financial statements and the related 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, 2015 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, 2015 and December 31, 2014 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, 2016.

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 and 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, 2015 Highlights

In the quarter and year ended December 31, 2015:

- At **Tri-City Mall**, in fourth quarter of 2015, the Company signed a new lease with a national retail chain with anticipated opening in the second quarter of 2016. The Company continues to negotiate with new national tenants for the remaining vacancies in the mall. As well, the Company is in discussions with potential tenants for a new pad site. Locally, management is engaged in on going discussions with local tenants for the smaller retail space in Tri-City Mall and working to fully lease the mall.

- During the year ended December 31, 2015 the company completed the landlord's work and the new tenant, Winners, opened on March 19, 2015. In the third quarter of 2015, the company welcomed two new tenants V-Nails & Spa and Mr. Pesen's Food Services to our growing list of quality tenants.

- At **St. Paul Shopping 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 Company still holds a vacant lot with nominal value.

- The Company has two mortgages at prime plus 1.5% for 5 years with **Canadian Western Bank**. 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.

- The Company has 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**"). As as of December 31, 2015 the balance outstanding is $3,000,000.

Overall Performance

<u>Statements of Financial Position</u>

On the Statements of Financial Position, total assets were $44,249,230 as of December 31, 2015, compared to $44,420,954 as of December 31, 2014.

The decrease of $171,724 in total assets during the year is primarily due to a decrease in other amounts receivable primarily due to the receipt of prior period GST/HST receivables and the use of cash for payment for renovations completed at Tri-City Mall, partially offset by cash received from the closing of the final tranche of the mortgage on the two properties in the first quarter, loan payable from related party, rental revenue and offset by a nominal non-cash increase in investment properties.

The Company's cash balance decreased by $54,092 during the year to $119,377 at December 31, 2015, from $173,469 as of December 31, 2014. The decrease is mostly due to the use of cash for the Company's work in developing Tri-City Mall, and the partial repayment of the loan payable to the related party, offset by new mortgage proceeds advanced during the first quarter and rental revenue received.

Other amounts receivable decreased from $408,429 at December 31, 2014 to $90,797 as of December 31, 2015 due to decreases in amounts owing from tenants for rent, realty taxes and common area costs, and taxes receivable received in the year for expenditures paid on the properties in the prior year.

Total prepaid expenses for the Company remained at $39,056 for December 31, 2015 and December 31, 2014.

Investment properties increased to $44,000,000 as of December 31, 2015 from $43,800,000 as of December 31, 2014 as a result of the fair value adjustment, which tracks the fair value of the investment properties based on external appraisals completed during the first quarter of 2015.

With respect to liabilities, mortgages payable increased to $22,471,293 as of December 31, 2015 from $17,983,163 as of December 31, 2014 due to the closing during the year of the final tranches of the mortgages at St. Paul Shopping Centre and Tri-City Mall, totaling $24 million completed in three tranches starting in September 2014 and finishing in March 2015, offset by the amounts paid on the principal during the year.

Convertible debentures was $Nil as of December 31, 2015 from $1,038,315 as of December 31, 2014 as the debentures matured in the last quarter of 2015 and were converted to common shares of the Company. 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, 2015, 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.

As December 31, 2015, the Company had an outstanding loan obligation of $3,000,000 from a related corporation, Ceyx Properties Ltd. The year end balance is the result of the Company receiving loan proceeds of $2,000,000 and repaid $5,000,000 resulting in a balance owing of $2,750,000 in the first quarter of 2015. As well, in the third quarter the Company received additional loan proceeds of $250,000 resulting in the balance owing of $3,000,000 at December 31, 2015. The loan is unsecured, with access to a maximum value of up to $6,000,000 and interest payable of 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 $1,123,000 as of December 31, 2015 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 decreased to $991,201 as of December 31, 2015 from $2,157,593 as of December 31, 2014 due to cash used to pay suppliers for their work on the premises completed during the first quarter, and normal operations such as property taxes, common area expenses, and debenture interest. With the completion of the major renovations to the malls, the accounts payable and accrued liabilities will continue to decrease to reflect the normal operations of the company.

Total liabilities decreased to $28,244,270 as of December 31, 2015 from $28,766,847 as of December 31, 2014. This decrease is primarily due to the maturing of the convertible debenture in the year and decreases in loan payable, deferred income taxes, and accounts payable and accrued liabilities, offset by increase in mortgages payable as a result of the financing completed in the year.

Shareholders' equity was $16,004,960 as of December 31, 2015 compared to $15,654,107 as of December 31, 2014. The increase was due to the conversion of the debentures on maturity to common shares, offset by the net loss incurred during the period due mostly to fair market value adjustment to adjust the properties to their fair value.

Statements of Comprehensive Income

For the year ended December 31, 2015 revenue increased to $3,824,520 from $3,064,186 for the year ended December 31, 2014. The increase was primarily a result of increased revenue from the new tenants compared to the same period last year. Accordingly, rental income increased by $566,468 or 24.7%. Step rent adjustment increased from $3,246 in December 31, 2014 to $132,352 in December 31, 2015 a non-cash item representing the straight line recognition of future rent increase for the new leases. Common area and realty tax recoveries increased by $325,693 or 42.4% for the year. Interest income decreased to $2,100 for the year as a result of decreased cash available to earn interest as compared to the same period last year.

For the year ended December 31, 2015, expenses decreased to $3,764,379 from $4,218,235 for the year ended December 31, 2014, a decrease of $453,856 or 10.8%. The primary reasons for the decrease in expenses are decreased interest expenses of $659,248 or 32.9% due to refinancing at lower rates and maturation of a large class of debentures in the prior year and this year. As well, a decrease in administration expenses of $24,270 or 2.9% due mainly to decreases in legal and professional fees during the same period last year. Share-based compensation and loss on sale of property were $Nil for the year ended December 31, 2015 compared to $65,500 and $35,019 respectively for the year ended December 31, 2014. The combined decreases in expenses is offset by an increase in operating cost and realty taxes of $330,181 or 25.7% due to increase costs related to the new tenants.

Overall, within the normal operations of the Company, expenses are holding steady and management remains focused on controlling costs and operating efficiently.

Net income before fair value adjustment and income taxes for the year ended December 31, 2015 was $60,141 compared to net loss of $1,154,049 for the year ended December 31, 2014. As a result, basic and diluted net income per share before fair value adjustment and income taxes was $Nil for the year ended December 31, 2015, compared to a loss before fair value adjustment and income taxes of $0.12 per share basic and diluted for the year ended December 31, 2014.

Net loss and comprehensive loss for the year ended December 31, 2015 was $764,147 compared to a net income of $2,269,952 for the year ended December 31, 2014. As a result, basic and diluted loss per share were $0.04 in the year ended December 31, 2015 compared to an income of $0.23 per share (basic) and $0.09 per share (diluted) for the year ended December 31, 2014.

Statements of Cash Flow

On the statements of cash flows, cash provided by operations totaled $700,713 for the year ended December 31, 2015 compared to cash provided by operations of $1,676,296 for the year ended December 31, 2014.

Financing activities for the year ended December 31, 2015 recorded funds provided of $647,551 compared to funds provided of $4,496,623 for the year ended December 31, 2014. This is mostly due to proceeds received from the mortgage refinancing and from related party during the same period in 2014.

Investing activities recorded funds used of $1,402,356 for the year ended December 31, 2015 compared to funds used of $6,329,553 for the same period last year.

As at December 31, 2015, the Company had cash of $119,377 compared to cash of $173,469 as at December 31, 2014.

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, 2015, 2014 and 2013.

For the Years Ended December 31,	**2015**	**2014**	**2013**
	$	$	$
Revenue	3,824,520	3,064,186	2,401,981
Net Income (Loss) before fair value adjustment and income taxes	60,141	(1,154,049)	(1,533,198)
Net Income (Loss) before fair value adjustment and income taxes, per share - basic and diluted	-	(0.12)	(0.17)
Net Income (Loss) and Comprehensive Income (Loss)	(764,147)	2,269,952	1,495,549
Net Income (Loss) and Comprehensive Income (Loss), per share - basic	(0.04)	0.23	0.17
Net Income (Loss) and Comprehensive Income (Loss), per share - fully diluted	(0.04)	0.09	0.06
Total Assets	44,249,230	44,420,954	34,578,916
Total Liabilities	28,244,270	28,766,847	23,840,132
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, 2014 to December 31, 2015.

	2015				2014			
For the Quarters Ended	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**
	$	$	$	$	$	$	$	$
Revenue	716,534	1,095,473	1,087,598	924,915	860,058	705,191	616,172	882,765
Net Income (Loss) before fair value adjustment and income taxes	22,453	34,684	(34,225)	37,229	(270,100)	(418,661)	(356,827)	(108,461)
Net Income (Loss) before fair value adjustment and income taxes, per share - basic and fully diluted	0.00	0.00	0.00	0.00	(0.02)	(0.05)	(0.04)	(0.01)
Net Income (Loss) and Comprehensive Income (Loss)	241,175	167,966	(116,217)	(1,057,071)	376,540	(1,929,846)	(779,737)	4,602,995
Net Income (Loss) and Comprehensive Income (Loss), per share - basic	0.02	0.01	(0.01)	(0.06)	0.02	(0.21)	(0.09)	0.51
Net Income (Loss) and Comprehensive Income (Loss), per share – fully diluted	0.01	0.01	*	*	0.01	*	*	0.18

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

Liquidity and Capital Resources

The Company had cash of $119,377 as of December 31, 2015 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, 2015, $3,000,000 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 2015

Major events and results relating to the fourth quarter ending December 31, 2015 are covered in the section "Fourth Quarter and Year Ended December 31, 2015 Highlights".

Changes in Accounting Policies

The Company did not adopt any new accounting standards in preparing these financial statements.

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, 2015, the Company had issued and outstanding 21,290,685 common shares with a recorded value of $7,453,322.

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, 2015 or the year ended December 31, 2014.

Related Party Transactions

During the year ended December 31, 2015, the Company:

a) Charged rent at 1300 Bay Street to related parties, Plato Gold Corp., $6,000 (December 31, 2014 - $6,000) and Ceyx Properties Ltd., $12,000 (December 31, 2014 - $12,732). The 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, 2015, included in accounts receivable is an amount of $66,000 (December 31, 2014 - $60,000) due from these related parties.

b) Was charged consulting fees for financial and management services of $130,172 (December 31, 2014 - $131,992) by Greg K. W. Wong, an officer of the Company. As at December 31, 2015, accounts payable and accrued liabilities included $12,657 (December 31, 2014 - $Nil) of consulting fees payable to this officer.

c) Incurred accounting fees for bookkeeping and financial statement preparation of $89,300 (December 31, 2014 - $97,825) with an accounting firm, Forbes Andersen LLP, in which Paul Andersen, one of the Company's officers, is a partner. As at December 31, 2015, accounts payable and accrued liabilities included $34,100 (December 31, 2014 - $53,300) 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, 2015 and in the notes to the audited financial statements ended December 31, 2014. 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 world oil price, provincial infrastructure spending and low interest rates are the key determinants of the overall economy in Alberta where our properties are located. During most of 2015, many oil companies adjusted to the new lower oil price with cuts in capital expenditures and employee layoffs. In recent months oil prices staged a turnaround to above $40 with some analysts predicting $65 by year end. Indications are that oil price has likely bottomed, but it’s unlikely to return to the highs of recent years. The oil sector in Alberta will need to adjust to the new realty to remain competitive globally.

In the near future much of the economic growth will depend on the speed in which both the provincial and federal governments can implement their announced infrastructure programs to help stimulate the provincial economy. The speed in which these projects can be implemented will help keep the workers and trades operating in Alberta.

While the central bank in the US is talking up the potential for an increase in historic low interest rates, the Canadian central bank is maintaining the low interest rates for 2016 with possibly another decrease in interest rates due to the poor performance of the Canadian economy. Given the close ties between the Canadian and US economies, with the strong performance in the US, it is anticipated that US and Canadian interest rates will be heading in opposite directions in the near future. The low interest rate in Canada will benefit many consumers who are already carrying record credit card debts in spending.

For the Company, our properties in 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 continuing low oil prices will have impact on local economies, it will be mitigated somewhat in these two regions due to its diversification.

The low interest rate 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.

Management is continuing its efforts to fully lease the remaining vacancies at Tri-City Mall.

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 the year ended 2015, the Company welcomed three new tenants Winners, V-Nails & Spa and Mr. Pesen's Food Services to our growing list of quality tenants. In the fourth quarter, the Company signed a new lease with a national retail chain with anticipated opening in the second quarter of 2016. The Company continues to negotiate with new national tenants at the mall as well as potential tenants for a new pad site. The Company is in ongoing discussions with other local tenants for the remaining space in Tri-City Mall and working to fully leasing the mall.

With the changes noted above, the current tenant profile remains stable with Ardene, ATB Financial, Bootlegger, Bross Hair, Dollar Tree, Herbal Magic, Pet Valu, Pizza Hut, Sobeys, Sportschek, V-Nails & Spa, 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

St. Paul Shopping Centre continues to be 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.

Three Hills, Alberta

Our Three Hills property continues to operate satisfactorily with Red Apple Stores Inc. operating the premises as The Bargain Shop.

In Merritt, British Columbia, the Company still holds a vacant lot.

Our long term financing consists of mortgages and debentures. In terms of mortgages, the Company closed in the first quarter of 2015 the final tranche of a five year mortgage totaling $24,000,000 advanced with Canadian Western Bank at a rate of prime plus 1.5% for its St Paul and Cold Lake properties maturing September 1, 2019. As of December 31, 2015 the mortgage stands at $22,189,414 for these two properties. The Three Hills property has a mortgage balance of $424,099 as at December 31, 2015, paying interest at 5.15% and maturing on December 1, 2018.

The Company had one series of convertible debentures outstanding with a face value of $1,115,000 maturing October 31, 2015. At maturity, this series of convertible debentures was converted to 3,716,666 common shares at a deemed price of $0.30 per share. As of December 31, 2015 there are no convertible debentures outstanding.

The Company has access to the Loan of up to $6 million to finance the redevelopment of the two malls and general operation of the Company, of which $3,000,000 is outstanding as of December 31, 2015 and as of the date of this report.

The Company had cash of $119,377 as of December 31, 2015 with 21,290,685 shares outstanding. The closing price of the Company's common shares on the TSXV on December 31, 2015 was $0.28.

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, Giant Tiger Stores, Herbal Magic, Mark's Work Warehouse, Peavey Mart, Pet Valu, Petro Canada, Pizza Hut, Sobeys, Sportchek, The Bargain Shop, Tim Hortons, V-Nails & Spa, 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 the last quarter the Company continues to focus on securing new leases based on the current interest by national and local tenants. Looking forward to 2016 management hopes to fully lease Tri-City Mall which will provide a substantial increase in valuation of the investment portfolio based on external appraisals. The Company is pleased to report that St. Paul Shopping Centre continues to be fully leased based on the current configuration.

Yours truly,

(signed) "Anthony J. Cohen"
Anthony J. Cohen
President & CEO
April 25, 2016