GULF & PACIFIC EQUITIES CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

Quarterly Report for the three months ended March 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 three months ended March 31, 2014. The following information should be read in conjunction with the accompanying unaudited condensed financial statements and the notes to the unaudited condensed financial statements for the three months ended March 31, 2014 and the audited consolidated financial statements and the related notes for the year ended December 31, 2013.

The unaudited condensed 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 March 31, 2014 unaudited condensed 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 unaudited condensed financial statements for the quarter ending March 31, 2014 and the December 31, 2013 audited consolidated financial statements have been prepared in accordance with IFRS as published by the International Accounting Standards Board.

Date of Report

This report is prepared as of May 23, 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.

Neither this document nor the financial statements have been reviewed by the Company's Auditors but they are subject to approval by the Company's Board of Directors prior to filing and distribution to the shareholders.

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.

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..

First Quarter 2014 Highlights

In the first quarter 2014:

- At **Tri-City Mall**, the Company signed a new lease with Pet Value Canada for the old Warehouse One pad site premises, with an anticipated opening in the third quarter of

2014. As well, during the first quarter Warehouse One completed their tenant's work in a larger space inside the mall and recently opened in April 2014.

- The Company will be starting 21,000 sq. ft. of landlord's work in the second quarter of 2014 in preparation for a new tenant opening in 2015.

- For Tri-City Mall, the Company hopes to shortly announce the negotiation results for two new national tenants at the mall. 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 lease the mall by 2014 or early 2015.

- At **St. Paul Shopping Centre**, Liquidation World terminated their lease in the first quarter as they made a corporate decision in the U.S. to vacate the Canadian market. The Company successfully signed a new lease with Peavey Mart to accept the entire Liquidation World premises. In addition, the Company completed a binding offer to lease with Mark's Work Warehouse for approximately 11,000 sq. ft.. Landlord's work has started in the second quarter of 2014 for both new tenants with 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.

- 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 March 31, 2014, the Company has drawn down a total of $2,000,000 on the revolving unsecured loan. 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 March 2014.

Overall Performance

Statements of Financial Position

On the Statements of Financial Position, total assets were $39,571,912 as of March 31, 2014, compared to $34,578,916 as of December 31, 2013.

The increase of $4,992,996 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 March 2014. As well, increase in cash and prepaid expenses is offset by decreases in other amounts receivable, as a result of increase rental revenue, the landlord's work related to the new tenants and the normal operations of the Company.

The Company's cash balance increased by $157,473 during the three months to $487,576 at March 31, 2014, from $330,103 as of December 31, 2013 due mostly to cash from the sale of the Merritt property, increase rental revenue, offset by repayment of loan payable to the related party and use of funds for landlord's work.

Other amounts receivable decreased from $92,297 at December 31, 2013 to $82,992 as of March 31, 2014 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 increased to $101,344 at March 31, 2014 from $78,808 as of December 31, 2013, 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 $38,900,000 as of March 31, 2014 from $34,077,708 as of December 31, 2013 as a result of fair value adjustments in the determination of the investment properties.

With respect to liabilities, mortgages payable decreased to $14,242,932 as of March 31, 2014 from $14,335,710 as of December 31, 2013 due to regular repayment of mortgages on the Company's properties.

Convertible debentures increased to $4,349,187 as of March 31, 2014 from $4,148,226 as of December 31, 2013. The increase is due to the fact that the 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. Since the Company expects to fully lease the property in 2014, this obligation has been fully provided for.

During the year ended December 31, 2013, the Company received loan proceeds of $2,500,000 from a related corporation, Ceyx Properties Ltd. During the three months ended March 31, 2014, the Company repaid $500,000 of the $2,500,000 outstanding. The loan 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 $1,589,000 as of March 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 $1,360,238 as of March 31, 2014 from $1,170,420 as of December 31, 2013 due mainly to the landlord's work on the premises in 2013 and the new work in 2014, plus normal operations such as property taxes, common area expenses, and debenture interest.

Total liabilities increased to $24,200,133 as of March 31, 2014 from $23,840,132 as of December 31, 2013. This increase is primarily due to convertible debentures, deferred income taxes, and accounts payable and accrued liabilities, offset by decreases in mortgage payable and loan payable, as a result of the work in redeveloping the malls and the normal operations of the Company.

Shareholders' equity was $15,371,779 as of March 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 three months ended March 31, 2014 revenue increased to $882,765 from $633,681 for the three months ended March 31, 2013. The increase was primarily a result of a one-time payment from Liquidation World on departure from the mall and revenue from the new tenants during the quarter. Accordingly, rental income increased by $251,026 or 56.0% while common area and realty tax recoveries increased by $1,709 or 0.9% for the quarter. Interest income decreased to $917 for the quarter as a result of reduced cash available to earn interest as compared to the same period last year.

For the three months ended March 31, 2014, expenses increased to $991,226 from $838,260 as of the three months ended March 31, 2013, an increase of $152,966 or 18.2%. The primary reasons for the increase in expenses are increases in interest expenses of $131,683 or 32.1% due mostly to interest on the unsecured loan used for the malls redevelopment, administration of $17,671 or 10.8% due to expenses related to signing the new leases, and loss on sale of property of $30,169, offset by decrease in operating costs and realty taxes of $26,557 or 10.0%. 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 three months ended March 31, 2014 was $4,602,995 compared to net loss of $120,571 for the three months ended March 31, 2013. The net income for 2014 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 $0.51 per share in the three months ended March 31, 2014 compared to a loss of $0.01 per share for the three months ended March 31, 2013.

Diluted earnings per share was $0.18 for the three months ended March 31, 2014. 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 $407,094 for the three months ended March 31, 2014 compared to cash provided of $538,621 for the three months ended March 31, 2013.

Financing activities for the three months ended March 31, 2014 recorded funds used of $772,954 compared to funds used of $442,228 for the three months ended March 31, 2013. This is due to repayment of loans, debentures and mortgages payable for the three months ended March 31, 2014 offset by proceeds received during the quarter from the exercise of stock options.

As at March 31, 2014, the Company had cash of $487,576 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, 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 April 1, 2012 to March 31, 2014.

	2014	2013				2012		
For the Quarters Ended	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**
	$	$	$	$	$	$	$	$
Revenue	882,765	613,854	619,528	534,918	633,681	521,328	779,750	798,115
Net Income (Loss) before fair value adjustment and income taxes	(108,461)	(967,928)	(91,662)	(269,029)	(204,579)	(232,359)	(127,278)	(290,660)
Net Income (Loss) before fair value adjustment and income taxes, per share - basic and fully diluted	(0.01)	(0.11)	(0.01)	(0.03)	(0.02)	(0.03)	(0.01)	(0.03)
Net Income (Loss) and Comprehensive Income (Loss)	4,602,995	1,878,215	(102,044)	(160,051)	(120,571)	(450,935)	(121,553)	(196,724)
Net Income (Loss) and Comprehensive Income (Loss), per share - basic	0.51	0.21	(0.01)	(0.02)	(0.01)	(0.06)	(0.01)	(0.02)
Net Income (Loss) and Comprehensive Income (Loss), per share – fully diluted	0.18	0.07	*	*	*	*	*	*

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

Liquidity and Capital Resources

The Company had cash of $487,576 as of March 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 $5,000,000 in loan proceeds from a related party. As at March 31, 2014, $2,000,000 had been drawn 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.

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 March 31, 2014, the Company had issued and outstanding 9,090,011 common shares with a recorded value of $2,875,212.

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 three months ended March 31, 2014 or the year ended December 31, 2013.

Related Party Transactions

During the three months ended March 31, 2014, the Company:

a) Charged rent at 1300 Bay Street to related parties, Plato Gold Corp., approximately $1,500, and Ceyx Properties Ltd., approximately $3,732. 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 March 31, 2014, included in accounts receivable is an amount of $55,500 due from these related parties.

b) Was charged consulting fees for financial and management services of $21,775 by Greg K. W. Wong, an officer of the Company. As at March 31, 2014, accounts payable and accrued liabilities included $8,175 of consulting fees payable to this officer.

c) Incurred accounting fees for bookkeeping and financial statement preparation of $19,325 with an accounting firm, Forbes Andersen LLP, in which Paul Andersen, one of the Company's officers, is a partner. As at March 31, 2014, accounts payable and accrued liabilities included $49,700 payable to this accounting firm.

d) Other related party transactions are disclosed in note 6ii and note 8 to the accompanying unaudited 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 unaudited condensed financial statements ended March 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

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.

In the past quarter management has continued the active efforts to fully lease the remaining vacancies at St. Paul Shopping Centre and 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 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 and successfully opened in April 2014.

In the first quarter of 2014, the Company leased the old Warehouse One pad site premises to Pet Value Canada 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. 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 the new tenant opening in 2015.

With the changes noted above, the current 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.

St. Paul Shopping Centre, St. Paul, Alberta

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 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 Peavey Mart 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 Mark's Work Warehouse 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 an 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 Petro Canada. With the new openings planned for 2014, the mall is shaping up to be a strong retail centre in St. Paul.

Three Hills, Alberta

Our Three Hills property continues to operate satisfactorily in 2014, with Red Apple Stores Inc. operating the premises as The Bargain Shop.

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. As of March 31, 2014 the mortgage stands at $14,039,726. The Three Hills property has a mortgage of $462,390 at 5.15% maturing on December 1, 2018.

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 $487,576 as of March 31, 2014 with 9,090,011 shares outstanding. The closing price of the Company's common shares on the TSXV on March 31, 2014 was $0.33.

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, Pennington's, Petro Canada, Sobeys, Sportchek, 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
May 23, 2014