GULF & PACIFIC
EQUITIES CORP.

Dear Shareholders,

I am pleased to report Gulf & Pacific Equities Corp's (TSX-V: GUF) first quarter results for 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Gulf & Pacific Equities Corp. ("Gulf & Pacific" or "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. Gulf & Pacific is focused on the acquisition, management and development of anchored shopping centres in Western Canada.

This MD&A is prepared as of May 28, 2009. It contains certain forward-looking statements that involve known and unknown risks and uncertainties that are beyond Gulf & Pacific's control.

Results of Operations

Balance Sheets

On the balance sheet, total assets stood at $29,317,081 as of March 31, 2009, compared to $29,410,862 as of December 31, 2008. The decrease of $93,781 in total assets was primarily due to normal amortization of revenue producing properties, intangible assets, prepaid expenses, accounts receivable, offset by increases in cash and accrued rent receivable.

Our cash balance increased by $98,336 during the three months to $108,598 at March 31, 2009, up from $10,262 as of December 31, 2008. This increase is primarily due to the financing completed in the first quarter. Intangible assets decreased by $35,223 due to amortization representing the normal accounting treatment for the associated cost. Prepaid expenses decreased to $370,147 largely due to the prepaid mortgage at St. Paul, professional fees for leasing renewals and redevelopment strategy for the properties. Accounts receivable decreased from $42,477 at December 31, 2008 to $35,002 as of March 31, 2009 due to collection of outstanding rent, realty taxes and CAM. Accrued rent receivable increased to $289,741 from $279,555 reflecting additional rent expected with step rent leases.

With respect to liabilities, mortgages payable increased to $22,946,544 as of March 31, 2009 up from $22,776,695 as of December 31, 2008 due to the completed refinancing in the first quarter offset by regular repayment of mortgages on the Company's properties. Convertible debentures increased to $2,538,032 from $2,470,521 as of December 31, 2008. In accordance with generally accepted accounting principles, the convertible debentures are carried at an amount that increases as time passes (see note 5 to the unaudited quarterly financial statements) reflecting a non cash allocation within the balance sheet.

Purchase price payable represents an agreement to pay the stated fixed sum, if and when the vacant space at Tri-City Mall becomes leased. Loans payable represents two loans due November 30, 2009, as part of the December 2006 financing for Tri-City Mall. Intangible liabilities is a non-cash item that decreases over time, due to amortization reflecting the accounting treatment for the value of the leases resulting from the purchase of Tri-City Mall. Accounts payable and accrued liabilities decreased to $701,200 from $793,169 due mainly to normal payments in property taxes, common area expenses and debenture interest.

Total liabilities increased to $28,403,333 from $28,293,869 as of December 31, 2008, an increase of $109,464. As noted above, this increase is primarily due to the refinancing completed in the first quarter.

Shareholders' equity stood at $913,748 compared to $1,116,993 as of December 31, 2008. The decrease of $203,245 was due to the loss for the three months, mostly from non-cash items offset by the options granted in the period.

Statements of Operations

For the three months ended March 31, 2009 revenue decreased to $914,331 from $1,105,502 for the same period last year, representing a decrease of $191,171 mainly due to the St. Paul Shopping Centre and our property in Merritt. Common area and realty tax recoveries were down by $43,907, due to outstanding realty taxes and common area recovery from tenants.

For the three month period ended March 31, 2009, expenses increased to $1,156,000 from $1,128,754 for the same period last year, an increase of $27,246. The main reasons for the increase in expenses were higher administration, operating costs and realty taxes, offset by lower interest expense. The administration expenses included the non-cash item of $38,424 for the stock option grant during the quarter, which when normalized represents a decrease in expenses for the quarter.

The loss for the three month period was $241,669 compared to $23,252 for the same period last year.

Statements of Cash Flows

On the statements of cash flows, the three months cash used from operations totaled $56,294 compared to $224,586 provided by operations for the same period last year. The increase in cash used by operations is primarily a result of reduced rental income from the St. Paul Shopping and the Merritt property mentioned above.

Financing activities for the three months gained $154,630 in funds compared to $238,258 used for the same period a year ago. The main change was the completed refinancing in the first quarter offset by repayment of mortgages payable.

For the three month period, funds invested in revenue producing properties were nil compared to nil during the same period last year. As at March 31, 2009 the Company had $108,598 in cash compared to $177,872 at the same time a year ago.

Liquidity

The Company had cash of $108,598 as of March 31, 2009. When the prepaid mortgage of $240,000 is normalized, cash would stand at $348,598. Management feels that it will have adequate liquidity with which to carry on its operations during the remainder of fiscal 2009.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet transactions for the three months ended March 31, 2009 or the year ended December 31, 2008.

Financial Instruments

Financial instruments with substantive characteristics of both a financial liability and equity instrument are accounted for using the split accounting method to provide separate classification of the liability and equity elements. The initial liability balance recognized is less than the cash required to be repaid at maturity. Therefore, the liability balance is accreted over the term of the debt. The accretion represents the sum of the contractual interest rate applied to the principal plus amortization of the debt discount. The accretion of the original debt discount is charged to interest expense over the term of the debt.

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

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares without par value. As at March 31, 2009, the Company had issued and outstanding 8,861,678 common shares with a recorded value of $2,816,462.

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

Related Party Transactions

During the three months ended March 31, 2009, the Company charged a related party rent of approximately $6,000. The companies are related by the fact that they have the same President and Chief Financial Officer.

In addition, the Company charged another related party rent of $3,000. These companies are related by virtue of the fact that they have the same President and CEO. The subleasing of office space helps offset some of the Company's administrative expense.

Also, during the three month period ended March 31, 2009, the Company was charged consulting fees of $19,975 by an officer. As at March 31, 2009 accounts payable and accrued liabilities included $27,839 payable to this officer.

During the three months ended March 31, 2009, the Company incurred accounting fees of $17,180 with an accounting firm in which one of the Company's officers is a partner. As at March 31, 2009 accounts payable and accrued liabilities included $29,799 payable to this Company

Changes In Accounting Policies

The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards (IFRS) effective January 1, 2011. The impact of the transition to IFRS on the Company's financial statements is not yet determinable.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Corporation's Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining the Corporation's disclosure controls and procedures and internal control over financial reporting for the issuer. They are assisted in this responsibility by the Management Team. The Chief Executive Officer and the Chief Financial Officer, after evaluating the effectiveness of the Corporation's disclosure controls and procedures and the design of internal controls over financial reporting at December 31, 2008, have concluded the Corporation's disclosure controls and procedures and design of internal control over financial reporting are adequate and effective to ensure that material information relating to the Corporation would have been known to them.

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 current economic downturn remains the major business factor for the Company. Specifically, the market volatility and the tightening of the capital markets are making refinancing of debt instruments challenging. However, given our business model, the economic downturn has not dramatically affected our grocery anchor tenants as they are everyday staples, however smaller local retailers serving the discretionary product markets are starting to feel the effects of the economic downturn. Management has no assurance that the continuing economic downtown will put unsustainable negative pressures on our smaller retail tenants. With the exception of the vacancies at St. Paul Shopping Centre and Merritt, rental income remains stable for the past quarter on three of our properties with very little change anticipated.

For the Company, the main focus remains filling the vacancies at our Merritt property with the departure of Saan due to bankruptcy proceedings and our St. Paul property with the departure of Sobeys to a stand alone location and Saan. As well, management is focused on working closely with our existing small tenants to ensure the ongoing viabilities of all our properties.

In addition to protecting our revenue stream, management is taking steps to reduce costs on the expense side of the ledger for all our properties.

To reduce costs and improve the Company's financial position the Company announced a number of successful financial transactions in January 2009. First the Company retired a $1 million second mortgage at 15%, with a three year $1 million second mortgage at 6.3%. At the same time, the Company negotiated an one year extension of the VTB on the Cold Lake Property at the same rate of 8.5%.

In a subsequent transaction, the Company remortgaged the Three Hills Property with a new 5 year first mortgage of $536,250 at a rate of 8.4%, with the net proceeds going to general operations of the Company.

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

Tri-City Mall remains the flagship mall in the Company's portfolio and continues to represent a major portion of the revenue generated for the Company. During the first quarter of 2009, there were no major changes in occupancy, with vacancy remaining at 6%. Management continues to work on lease extensions with our key tenants, negotiating with a national tenant for the remaining vacant space and continuing to explore the pad site development opportunities for a retail tenant with some national, as well as regional tenants. The challenge for the pad site development relates to availability of long term funding in today's tight capital markets, but the cost of construction is moving positively in our direction.

The long term prospect of the oil industry remains strong in Northern Alberta. The oil sector, along with CFB Cold Lake continues to provide a very good underpinning to the economy of Cold Lake. Located on the main highway through town, Tri-City Mall is well positioned to service this growing community's needs. The areas surrounding Tri-City Mall continues to be active with the twinning of the highway in front of the mall and the Cold Lake Energy Centre, directly north of Tri-City Mall, servicing the local public for recreational services and helps to generate traffic for the mall. This, along with the rapidly progressing nearby residential development, is driving consumers to Tri-City Mall. As well, Staples, Shoppers Drug Mart, Royal Bank and Blockbuster are open in adjacent lots.

St. Paul Shopping Centre, St. Paul, Alberta

The Company has been working on re-positioning the St. Paul Shopping Centre since the departure of Sobeys and Saan.

The first step was completed with the recent announcement that Tim Hortons will be coming to the St. Paul Shopping centre with an anticipated opening in early fall of 2009. In addition, discussions are on-going with several national retailers to replace Sobeys and Saan at each ends of the mall. As well, management of the Company have met and toured the mall with the consultant hired to provide a solution for the local medical clinic in St. Paul. The anticipated release of the consultant's report is June of this year. We hope to have another leasing announcement with a major national tenant by Q2 or Q3.

When we are able to re-lease the two anchor tenant space at each end of the mall, the St. Paul Shopping Centre will once again be a premier shopping destination for the Town of St. Paul and area.

Valley Centre Mall, Whitecourt, Alberta

Valley Centre Mall continues to operate at 100% occupancy and we are pleased to report that there are no major issues to report.

To increase revenue, management continues to explore the possibility of a pad site development with a possible national tenant. As well, management is looking at possible electronic signage to generate new revenue.

Three Hills, Alberta

Our Three Hills property continues to operate satisfactorily, since we renovated the building and moved The Bargain! Shop in the summer of 2005.

Merritt, British Columbia

Saan Stores Limited left this location in the spring of 2008. The Company is currently working with brokers and agents to try and secure a replacement tenant for this 12,000 square foot building, well located in the growing community of Merritt, B.C.

As noted in the financial statements, the Company is working through the current economic downturn with a focus on maintaining the current revenue base and securing additional revenue through new tenants. To achieve our objectives, the Company is relying on the management's contacts in the industry and the Company's strong tenant relationships to work through this economic downturn.

The success of the refinancing in January puts the Company in a good position until the fall, at which time the Company hopes the capital markets will start to rebound. The Company has a number of financial instruments due in Q3 and must identify replacement lenders for the existing debts. As well, new lenders for any redevelopments must be identified for the projects to move forward.

Concurrently, the Company recognizes tremendous growth opportunities in the market, as a result of the tightening of capital markets which potentially could drive distress sales of shopping centres located in communities across Western Canada. If equity financing can be secured, management feels that tremendous growth opportunities exist through the acquisition of new properties.

Management recognizes that paramount to our growth strategy is to secure equity financing for acquisitions or construction loans for intensification. Given the current extraordinary market volatility, standard mortgage financing will be difficult to obtain in the small markets where our properties are located. In addition, any drop in interest rates is offset by the increase in lenders' spreads, thus resulting in increases in the effective mortgage rate for most borrowers.

In March 2009, when the Company renewed its Normal Course Issuer Bid, it has not purchased back any shares during the past 12 months, as trading has been very light. The Company still maintains the view that the current stock price does not accurately reflect the inherent value of the Company. Based on current market values of similar properties in Western Canada, the Company feels that the share price should be substantially higher and the Company continues to communicate this with investors in the market. Current market volatility has added downward pressure on the Company's share price.

Management remains optimistic about the outlook for the balance of 2009. The Company's business model of investing in grocery or health care anchored shopping centres, with a focus on everyday needs, will help cushion from the current economic downturns. With the exception of the debentures due in Q3, the Company has limited refinancing requirements for fiscal 2009. However, the Company is actively seeking additional capital for its growth strategy.

In 2005, Gulf & Pacific Equities Corp. was named the 22nd fastest growing company in Canada by "Profit" magazine, a Rogers' publication. In 2006 and 2008, the company made the list again as the 162nd and 145th fastest growing company in Canada.

As always, I would like to thank our loyal shareholders, our Board of Directors for their invaluable contribution and wise counsel, our consulting professionals, Mr. Kim Donais of West Horizon Properties, our property manager for our five properties, my Executive Assistant Susan Barrowclough and my family for your on going help and support.

On behalf of the Board of Directors,

<u>(signed) "Anthony J. Cohen"</u>
Anthony J. Cohen
President
May 28, 2009

Summary of Quarterly Financial Information

The quarterly financial results for fiscal years ended 2009, 2008 and 2007 are summarized as follows:

	Three Months Ended (Audited / Unaudited)			
	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008
Revenue	$ 914,331	$ 866,131	$ 1,164,456	$ 1,252,472
Net Income (Loss) for the Period	$ (241,669)	$ (424,539)	$ (80,659)	$ (87,062)
Earnings (Loss) per common share - basic and diluted	$ (0.03)	$ (0.05)	$ (0.01)	$ (0.01)

	Three Months Ended (Audited / Unaudited)			
	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Revenue	$ 1,105,502	$ 1,140,880	$ 1,187,576	$ 1,109,935
Net Income (Loss) for the Period	$ (23,252)	$ 50,186	$ (208,263)	$ (205,078)
Earnings (Loss) per common share - basic and diluted	$ -	$ 0.01	$ (0.03)	$ (0.02)