



GULF & PACIFIC
EQUITIES CORP.

Dear Shareholders,

I am pleased to report Gulf & Pacific Equities Corp's (TSX-V: GUF) third 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 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 November 27, 2009. It contains certain forward-looking statements that involve known and unknown risks and uncertainties that are beyond Gulf & Pacific's control.

The Company is listed on the TSX Venture Exchange (TSX-V: GUF).

Results of Operations

Balance Sheets

On the balance sheet, total assets stood at \$28,973,129 as of September 30, 2009, compared to \$29,410,862 as of December 31, 2008. The decrease of \$437,733 in total assets was primarily due to normal amortization of revenue producing properties, intangible assets, offset by increases in cash, and accrued rent receivable.

Our cash balance increased by \$63,506 during the nine months to \$73,768 at September 30, 2009, up from \$10,262 as of December 31, 2008, and also represents a nominal increase from quarter to quarter. Intangible assets decreased by \$105,667 due to amortization representing the normal accounting treatment for the associated cost. Prepaid expenses increased to \$389,732 representing minimal change from year ended December 31 of \$387,815. The prepaid expenses are largely made up of 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 \$41,778 as of September 30, 2009 due to outstanding rent, realty taxes and CAM. Accrued rent receivable increased to \$311,463 from \$279,555 reflecting additional rent expected with step rent leases.

With respect to liabilities, mortgages payable decreased to \$22,682,757 as of September 30, 2009 down 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 \$2,673,055 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 6 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 represent two loans due November 30, 2009, as part of the December 2006 financing for Tri-City Mall. Interest payments for the two loans are booked in accounts payable at the end of each quarter.

Note payable represents a loan completed on August 21, 2009 and secured by a 2nd mortgage on one of the properties. A \$10,000 monthly installment commenced October 1, 2009, with a final payment of \$115,000 due on August 31, 2010.

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 \$650,299 from \$793,169 due mainly to normal payments in property taxes, common area expenses and debenture interest.

Total liabilities increased to \$28,356,190 from \$28,293,869 as of December 31, 2008, an increase of \$62,321. This increase is primarily due to the refinancing completed in the first quarter, increase in the carrying amount of the convertible debentures and the note payable secured in the third quarter, offset by the normal pay down of the mortgages payable, intangible liabilities and accounts payable & accrued liabilities.

Shareholders' equity stood at \$616,939 compared to \$1,116,993 as of December 31, 2008. The decrease of \$500,054 was due to the loss for the nine months, mostly from non-cash items and decreased rental income from vacancies at Merritt and St. Paul.

Statements of Operations

For the three months ended September 30, 2009 revenue decreased to \$1,040,704 from \$1,164,456 for the same period last year, representing a decrease of \$123,752 mainly due to the vacancies at St. Paul Shopping Centre and our property in Merritt. Common area and realty tax recoveries were up by \$24,595 due to outstanding realty taxes and common area recovery from tenants.

For the three month period ended September 30, 2009, expenses decreased to \$1,151,766 from \$1,245,115 for the same period last year, a decrease of \$93,349. The main reasons for the decrease in expenses were lower operating costs and realty taxes, and lower interest expense offset by higher amortization and administration expenses.

The loss for the three month period was \$111,062 compared to \$80,659 for the same period last year.

Statements of Cash Flows

On the statements of cash flows, the three months cash used by operations totaled \$43,709 compared to \$180,654 used by operations for the same period last year. The decrease in cash used by operations is primarily a result of reduced operation expenses and rental income from the St. Paul and Merritt properties mentioned above.

Financing activities for the three months recorded an increase in funds of \$49,358 compared to a use of funds of \$154,096 for the same period a year ago. This is due to the note payable completed in the third quarter offset by normal repayment of mortgages payable.

For the three month period, funds invested in revenue producing properties were nil compared to \$54,519 used during the same period last year. As at September 30, 2009 the Company had \$73,768 in cash compared to \$28,778 at the same time a year ago.

Liquidity

The Company had cash of \$73,768 as of September 30, 2009. When the prepaid mortgage of \$240,000 is normalized, cash would stand at \$313,768. 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 nine months ended September 30, 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 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 at September 30, 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 nine months ended September 30, 2009, the Company charged a related party rent of approximately \$18,000. 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 \$9,000. 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 nine month period ended September 30, 2009, the Company was charged consulting fees of \$61,200 by an officer.

During the nine months ended September 30, 2009, the Company incurred accounting fees of \$49,300 with an accounting firm in which one of the Company's officers is a partner.

Changes In Accounting Policies

There have been no changes in accounting policies.

International Financial Reporting Standards

The CICA plans to converge Canadian Generally Accepted Accounting Principles (GAAP) with International Financial Reporting Standards (IFRS) effective January 1, 2011.

In accordance with the impending changes, the Company is performing an ongoing review of the accounting changes in order to ensure successful implementation within the required time frame.

For fiscal year 2009, the Company will continue to report under the Canadian GAAP. For the 2010 transition year, the Company will report under the Canadian GAAP for all public disclosures. As well, to prepare for comparative purposes for the 2011 financial statements, the Company will prepare internal 2010 financial statements under IFRS.

The impact of the transition to IFRS on the Company's financial statements is not yet determinable. Key information will be disclosed as it becomes available during the transition period.

As of January 1, 2011 the Company will be reporting under the IFRS.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Company's Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining the Company'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 Company's disclosure controls and procedures and the design of internal controls over financial reporting at December 31, 2008, have concluded the Company'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 Company 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 economy and financial market conditions have been the key factors affecting the Company during the past year. The vacancies at St. Paul Shopping Centre in particular, as well as in Merritt, B.C. resulted in a drop in our revenue while the Company works to lease these two locations to new tenants. More information will be provided in the specific property updates data in this report.

The capital markets remain in a state of uncertainty which makes refinancing of debt instruments challenging. Equity investments face similar challenges given most investors still prefer to remain on the sidelines or limit their investment to senior issuers.

The economy of Canada and the United States, our major trading partner, seem to have bottomed. There appears to be some hope that things will indeed get better later in 2009 and in the beginning of 2010. This is welcome news to everyone. Unemployment is at generational highs currently and particularly U.S home prices have gone through declines not seen since The Great Depression of the 1930's. A sign of hope is that financial markets have rebounded quite impressively in recent months. Besides the stock market, measurements of trust and of nervousness have improved vastly from the last winter and fall when measured by such

yardsticks as LIBOR and TED spreads. Banks have begun to make money again. This slow strengthening of markets should translate into consumers starting to spend again albeit at a more conservative pace. Still, there will be improvement.

For the Company, our business model of anchored shopping centres with everyday staples located in small communities has served the Company well. This business model has allowed the Company to weather difficult economic conditions relative to other segments of the real estate industry. Although some smaller retailers are feeling the effects of the economic downturn in the past quarter, most are optimistic that the worst is behind them. With the exception of the vacancies at St. Paul Shopping Centre and Merritt, rental income with existing tenants remains stable for the past quarter on the other three properties. As well, we added two new tenants in St. Paul Shopping Centre.

For the Company, the main focus remains filling the anchor vacancies at our St. Paul property and our Merritt property. 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 reducing operating costs for all our properties.

Tri-City Mall, Cold Lake, Alberta

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 third quarter of 2009, there were nominal changes in occupancy, with vacancy at 7%. Management continues to work on lease extensions with our key tenants and is pleased to report that Sobeys' has extended their lease for an additional 5 years, expiring in 2018.

Activity is picking up in the Alberta oil patch and this is good for Cold Lake. The Company is currently looking at developing a strip retail pad on our excess acreage in Cold Lake. As well, we are in discussions with two National Chains. If developed, this project would add value to Gulf's portfolio as well as provide accretive cash flow.

St. Paul Shopping Centre, St. Paul, Alberta

Since the departure of Sobeys and Saan, the Company has been working to fill the anchor vacancies in this property. As mentioned in Q1, after 2 years of work, we managed to bring the first Tim Horton's to St. Paul. This restaurant/drive through opened as planned in August. This has been a most welcome addition to St. Paul Shopping Centre, and is bringing additional retail traffic to our site. As well, the Company secured a new inside tenant for the mall.

In addition, the Company has been having encouraging conversations with two national chains about anchoring the Centre, but as of this report there is no signed lease agreement. We are also aggressively courting a new medical clinic for St. Paul as one is desperately needed by the town. The Company anticipates positive news on the anchor tenants before the end of the year.

Our property is well located on the main highway and as we purchased it for a cost of about \$70.00 per square foot, it remains a good value for the Company. When we are able to re-lease the two anchor tenants' 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

This property continues to operate at 100% occupancy. Whitecourt is a progressive, growing community. The Company continues to look at value-added opportunities for our Whitecourt site.

Three Hills, Alberta

The Bargain! Shop operates in this property and continues to do well, selling its' good quality, value-priced merchandise to consumers.

Merritt, British Columbia

The property is still vacant at this time. The Company is working with brokers and agents to try and secure a potential tenant for this 12,000 square foot building, well located in the growing community of Merritt, B.C. We will keep shareholders posted as we continue to give best efforts to fill this building.

The Company remains confident that the vacancies will be filled up at some point. Management is looking at every opportunity in the market. Much effort and creativity has been placed on securing new tenants. As well, we are negotiating with potential tenants by offering many different permutations and combinations. We will be successful!

The Company has a number of financial instruments due in Q4 and must identify replacement lenders for the existing debts. As the writing of this report, on October 30, 2009, the holders of the debentures due November 18, 2009 voted in favour of extending the debentures for five years maturing November 18, 2014.

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 remains optimistic about the outlook for the balance of 2009 and forward in 2010. The Company's business model of investing in anchored shopping centres, with a focus on everyday needs, remains to be our competitive advantage during difficult economic conditions. With the extension of the debentures mentioned above, 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,

“Anthony J. Cohen”
Anthony J. Cohen
President
November 27, 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)			
	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008
Revenue	\$ 1,040,704	\$ 1,018,222	\$ 914,331	\$ 866,131
Net Income (Loss) for the Period	\$ (111,062)	\$ (185,747)	\$ (241,669)	\$ (424,539)
Earnings (Loss) per common share - basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.03)	\$ (0.05)

	Three Months Ended (Audited / Unaudited)			
	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007
Revenue	\$ 1,164,456	\$ 1,252,472	\$ 1,105,502	\$ 1,140,880
Net Income (Loss) for the Period	\$ (80,659)	\$ (87,062)	\$ (23,252)	\$ 50,186
Earnings (Loss) per common share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ -	\$ 0.01