PRELIMINARY PROSPECTUS DATED OCTOBER 20, 1999

THIS IS A PRELIMINARY PROSPECTUS RELATING TO THESE SECURITIES, A COPY OF WHICH HAS BEEN FILED WITH THE ONTARIO SECURITIES COMMISSION BUT WHICH HAS NOT YET BECOME FINAL FOR THE PURPOSE OF A DISTRIBUTION TO THE PUBLIC. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. THESE SECURITIES MAY NOT BE SOLD, NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME A RECEIPT IS OBTAINED FROM THE ONTARIO SECURITIES COMMISSION FOR THE FINAL PROSPECTUS.

This Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons authorized to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. The securities being offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended and, except in limited circumstances, will not be offered or sold in the United States, or to, or for the account or benefit of, any U.S. person.

Additional Issue October 20, 1999

GULF & PACIFIC EQUITIES CORP.

This Prospectus qualifies for distribution Common Shares of Gulf & Pacific Equities Corp. (the "Corporation") issuable upon the exercise of 2,187,500 outstanding Special Warrants (the "Special Warrants") of the Corporation (the "Special Warrants Offering"). The Special Warrants were issued on August 16, 1999 at an issue price of $0.40 per Special Warrant. Jones, Gable & Company Limited (the "Agent") acted as agent in connection with the distribution of the Special Warrants on a best efforts basis.

The net proceeds of the Special Warrants have been released to the Corporation and used to finance the acquisition of various commercial real estate properties as described under "The Acquisition".

No commission or fee will be payable to the Agent by the Corporation in connection with the distribution of the Common Shares issuable upon the exercise of any of the Special Warrants.

2,187,500 COMMON SHARES ISSUABLE UPON THE EXERCISE OF SPECIAL WARRANTS

	Price to the Public	Agent's Commission	Net Proceeds to the Corporation(1)
Per Special Warrant	$0.40	$0.028	$0.372
Total	$875,000	$61,250	$813,750

Note:

(1) Before deducting expenses of the Special Warrants Offering which, together with expenses in connection with filing and obtaining a receipt for this Prospectus, are estimated to be $100,000, and will be paid by the Corporation out of net proceeds of the Special Warrants Offering and working capital.

The Corporation, a corporation incorporated pursuant to the laws of Alberta, hereby qualifies for distribution in Ontario 2,187,500 Common Shares in its capital issuable on the exercise of outstanding Special Warrants.

The offering price of $0.40 per Special Warrant exceeds the net tangible book value of the Corporation as at June 30, 1999, after giving effect to this offering, by $0.15, which represents dilution to the purchasers of such Special Warrants of 37.5%. See "Dilution".

The outstanding Common Shares are listed on The Alberta Stock Exchange (the "ASE") under the trading symbol "GUF". On August 16, 1999, the date of the Special Warrant Indenture (as defined herein), and on October 8, 1999, the last trading day before the date hereof on which Common Shares of the Corporation traded, the closing prices of the Common Shares on the ASE were $0.40 and $0.49, respectively. The price and other terms of the Special Warrants and the Common Shares qualified hereby were determined by the board of directors of the Corporation in consultation with the Agent. The ASE has accepted notice of the additional listing of the Common Shares. **There is currently no market through which the Common Shares may be sold.**

These securities should be considered highly speculative due to the nature of the Corporation's business and its present stage of development. Investment in the securities is only suitable for investors that can bear the loss of their entire investment and is not suited to investors who may need to dispose of their investment in a timely fashion and who are not prepared to hold the securities offered hereunder indefinitely. See "Risk Factors".

Any Common Shares issued upon the exercise of Special Warrants prior to the issuance of a final receipt for this Prospectus will be subject to relevant hold periods or other resale restrictions under applicable securities legislation.

Each Special Warrant Holder (as defined herein) is entitled to acquire, for no additional consideration, one Common Share at any time until the Time of Expiry (as defined herein). In the event that a final receipt for this Prospectus is not issued on or before January 31, 2000, each Special Warrant Holder shall be entitled to receive, for no additional consideration, one and one-tenth (1.10) Common Shares in exchange for each Special Warrant exercised and, in the event that a final receipt for this Prospectus is not issued prior to the Time of Expiry, each Special Warrant Holder shall be entitled to receive, for no additional consideration, one and two-tenths (1.20) Common Shares in exchange for each Special Warrant exercised. The Special Warrants not previously exercised by Special Warrant Holders shall be exercised by Montreal Trust Company of Canada immediately prior to the Time of Expiry on the Expiry Date (as defined herein) without further action on the part of the Special Warrant Holder. Certificates for the Common Shares issuable upon exercise of the Special Warrants will be available for delivery upon exercise of such Special Warrants. Certain legal matters in connection with this Special Warrants Offering will be reviewed on behalf of the Agent by Stikeman, Graham & Keeley and on behalf of the Corporation by Stikeman, Elliott.

GULF & PACIFIC EQUITIES CORP.
PROSPECTUS

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SUMMARY

The following is a summary only and is qualified by the more detailed information appearing elsewhere in this Prospectus. Reference is made to "Definitions" for the meaning of defined terms used herein.

The Corporation:	Gulf & Pacific Equities Corp. was incorporated under the laws of the Province of Alberta on April 8, 1998 and thereafter completed a public offering of Common Shares by prospectus dated June 26, 1998. The Corporation was deemed to have completed its Major Transaction pursuant to the JCP Rules on August 12, 1999, the date of the Meeting. Title to the last of the four Acquired Properties was registered into the name of the Corporation on September 8, 1999 and the Common Shares of the Corporation were posted for trading on the main trading board of the ASE on October 4, 1999.
Offering:	2,187,500 Common Shares issuable upon the exercise of previously issued Special Warrants.
Price:	$0.40 per Special Warrant.
Expiry Date:	Special Warrant Holders are entitled to exercise their Special Warrants at any time until the Time of Expiry.
Exercise Details:	Each Special Warrant Holder is entitled to acquire for no additional consideration one Common Share at any time until the Time of Expiry, being 4:30 p.m. Toronto time on the earlier of (i) five (5) Business Days after the date of issuance of a final receipt for this Prospectus by the OSC, and (ii) July 31, 2000. In the event that a final receipt for this Prospectus is not issued on or before January 31, 2000, each Special Warrant Holder shall be entitled to receive, for no additional consideration, one and one-tenth (1.10) Common Shares for each Special Warrant exercised and, in the event that a final receipt for this Prospectus is not received on or prior to the Time of Expiry, each Special Warrant Holder shall be entitled to receive, for no additional consideration, one and two-tenths (1.20) Common Shares in exchange for each Special Warrant exercised. The Special Warrants not previously exercised by Special Warrant Holders will be exercised by Montreal Trust immediately prior to the Time of Expiry on the Expiry Date without further action of the Special Warrant Holder. See "Details of the Offering".
Use of Proceeds:	The gross proceeds of the Special Warrants Offering of $875,000 were used to pay the Agent's commission ($61,250), to pay the Agent's expenses ($10,000) and to complete the Acquisition described herein ($800,421 plus tax and transfer fees of $30,237) and, together with working capital, will be used to pay the

Corporation's expenses of the Special Warrants Offering as well as expenses in connection with the filing and clearing of this Prospectus (approximately $100,000). The Acquisition together with the Special Warrants Offering constituted the Corporation's Major Transaction. See "The Acquisition" and "Use of Proceeds".

Risk Factors:

Investment in the Common Shares is considered to be highly speculative. There is currently no market through which the Common Shares may be sold, however the ASE has accepted notice of the additional listing of the Common Shares. There are risks associated with the investment relating to the likelihood of success, reliance on a single tenant for all four properties, availability of further financing, no market for resale, competition in the industry, governmental regulation, environmental concerns, interest rates fluctuation, dependence on skilled management and skilled personnel, substantial debt obligations, difficulties managing expansion and dilution. See "Risk Factors".

Following the expenditure of the proceeds of the Special Warrants Offering, management of the Corporation will consider the options available to it which may include raising additional monies by private offering or by public offering, incurring debt, merging or amalgamating with other real estate companies or the acquisition or disposition of properties. See "The Corporation".

Contractual Rights:

Each Special Warrant Holder has contractual rights for rescission or damages. See "Purchasers' Contractual Rights of Action".

Certain Canadian Federal Income Tax Considerations:

No gain or loss will be realized by a Special Warrant Holder upon the exercise of a Special Warrant.

The Common Shares issuable upon the exercise of the Special Warrants will be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans, and under certain proposed amendments to the regulations, for trusts governed by registered education savings plans, and will not constitute foreign property for the purposes of Part XI of the *Income Tax Act* (Canada).

Special Warrant Holders are urged to consult with their professional advisors regarding the tax consequences applicable to them.

Summary Pro-Forma Financial Information

The following figures are taken from the Pro-Forma Financial Information of Gulf & Pacific for the period ended December 31, 1998 found at pages 61-66 hereof.

Rental revenue	$231,449[1]
Interest income	10,177
Total Revenue	241,626
Expenses	159,761
Excess of revenue over expenses before income taxes	81,865
Income taxes	36,000
Excess of revenue over expenses	45,865
Working capital	238,782
Total assets	2,780,659
Mortgages payable	1,189,708
Shareholders' equity	1,544,351

Note:

(1) Pursuant to the terms of the Leases, rental revenues will be $281,330 for the 12 month period commencing February 1, 1999. (See "The Acquisition - Summary of Leases".)

The above information is a summary only and is qualified by the more detailed information appearing elsewhere in this Prospectus.

GLOSSARY OF TERMS

Certain terms and abbreviations used in this Prospectus are defined below:

"Acquisition" means the acquisition by the Corporation of three commercial real estate properties in western Canada as described herein;

"Acquired Properties" means the four commercial real estate properties in western Canada acquired pursuant to the Acquisition as more specifically defined herein as the Beausejour Property, the Three Hills Property, the Fort Nelson Property and the Merritt Property;

"Agency Agreement" means the agency agreement dated June 11, 1999 between the Corporation and the Agent;

"Agent" means Jones, Gable & Company Limited;

"ASE" means The Alberta Stock Exchange;

"Beausejour Property" means the lands and improvements having a civic address of 438 - 442 Park Avenue, Beausejour, Manitoba and having the legal description of Lots 20 & 21, Plan 527 WLTO;

"Business Day" means a day which is not Saturday or Sunday or a legal holiday in either of Calgary, Alberta or Toronto, Ontario;

"Common Shares" means the fully paid and non-assessable common shares in the authorized capital of the Corporation;

"Corporation" or "Gulf & Pacific" means Gulf & Pacific Equities Corp.;

"Escrow Agreement" means the escrow agreement dated June 19, 1998 between the Corporation and Montreal Trust;

"Expiry Date" means the earlier of (i) five (5) Business Days after the date of issuance of a final receipt for this Prospectus by the OSC, or (ii) July 31, 2000;

"Fort Nelson Property" means the lands and improvements having a civic address of 5104 Liard Street, Fort Nelson, British Columbia and the legal description Parcel Identifier 010-600-787, Lot 2, District Lot 1578, Peace River District Plan 19250, and Parcel Identifier 010-600-817, Lot 3, District Lot 1578, Peace River District Plan 19250, Except Parcel A (F9421);

"Holdings Agreement" means the agreement of purchase and sale between the Corporation and Rick Holdings dated July 20, 1999;

"JCP Rules" means the junior capital pool rules and policies of the Alberta Securities Commission (including, without limitation, Rule 46-501 and Companion Policy 46-501CP) and the ASE (including, without limitation, Circular No. 7);

"Leases" means the leases pursuant to which the Tenant leases the Acquired Properties, and includes the lease between R&C Developments Ltd. (predecessor in interest to Rick Holdings) and the Tenant dated

March 22, 1985 in respect of the Beausejour Property (the "Beausejour Lease"), the lease between Rick Holdings and the Tenant dated August 22, 1985 in respect of the Three Hills Property (the "Three Hills Lease"), the lease between Rick Holdings and the Tenant dated June 15, 1998 in respect of the Fort Nelson Property (the "Fort Nelson Lease") and the lease between 328995 Alberta and the Tenant dated November 28, 1986 as amended by an amending agreement between 328995 Alberta and the Tenant dated July 2, 1996, each in respect of the Merritt Property (the "Merritt Lease");

"Major Transaction" has the meaning ascribed thereto in the JCP Rules and, with reference to the Corporation in the context of the Special Warrants Offering, means the combination of the Acquisition and the Special Warrants Offering;

"Meeting" means the Annual and Special Meeting of the Shareholders of the Corporation held August 12, 1999;

"Merritt Agreement" means the agreement of purchase and sale between the Corporation and 328995 Alberta dated July 20, 1999;

"Merritt Property" means the lands and improvements having civic addresses of 2063 - 2079 Granite Avenue and 2152 Nicola Avenue, Merritt, British Columbia and legal descriptions of Parcel Identifier 004-857-747, Lot 6, Block 11, District Lot 123, Kamloops Division, Yale District Plan 1, except such undersurface rights as are registered in AFB Vol. 8 Fol. 7 No. 10782A, and Parcel Identifier 005-026-547, Lot A, District Lot 125, Kamloops Division, Yale District Plan 37300, except such undersurface rights as are registered in Absolute Fees Book Volume 1 Folio 745 No. 15858A;

"Montreal Trust" means Montreal Trust Company of Canada, the registrar and transfer agent of the Corporation;

"OSC" means the Ontario Securities Commission;

"Preferred Shares" means the preferred shares in the capital of the Corporation;

"Prospectus" means this prospectus and any amendment thereto in respect of the distribution in Ontario of the Common Shares issuable on the exercise of Special Warrants;

"Rick Holdings" means Rick Holdings Ltd., a corporation incorporated under the laws of Alberta;

"Shareholder" means a holder of record of one or more Common Shares;

"Special Warrant" means one special warrant of the Corporation issued pursuant to the Special Warrant Indenture which entitles the holder thereof to acquire, without further consideration, one Common Share subject to adjustment as set forth in the Special Warrant Indenture and as described herein;

"Special Warrant Holder" means a holder of Special Warrants issued pursuant to the Special Warrant Indenture;

"Special Warrant Indenture" means the special warrant indenture dated August 16, 1999 providing for the issue of Special Warrants by the Corporation and entered into between the Corporation and Montreal Trust;

"Special Warrants Offering" means the offering of the Special Warrants pursuant to the Special Warrant Indenture and the issuance of Common Shares upon the exercise thereof;

"Tenant" means SAAN Stores Ltd., a corporation incorporated under the laws of Canada;

"Three Hills Property" means the lands and improvements having a civic address of 130, 4th Avenue, Three Hills, Alberta and a legal description of Lots 24, 25, 26, Block 19, Plan Three Hills 4304 A.H.;

"Time of Expiry" means 4:30 p.m., Toronto time, on the Expiry Date; and

"328995 Alberta" means 328995 Alberta Ltd., a corporation incorporated under the laws of Alberta.

THE CORPORATION

The Corporation was incorporated pursuant to the *Business Corporations Act* (Alberta) on April 8, 1998, by Certificate of Incorporation. On June 19, 1998, the Corporation filed Articles of Amendment to remove certain private company restrictions. The Corporation made a public offering pursuant to the JCP Rules of Common Shares by prospectus dated June 26, 1998. The Corporation subsequently completed its Major Transaction by purchasing the Acquired Properties. See "The Acquisition". Cash requirements of the Acquisition were funded primarily by the issuance of Special Warrants by the Corporation pursuant to the Special Warrant Indenture.

The head office of the Corporation is located at 1300 Bay Street, 3rd Floor, Toronto, Ontario, M5R 3K8. The registered and records office of the Corporation is located at 1500, 855 - 2nd Street S.W., Calgary, Alberta, T2P 4J7. See "Details of the Offering".

BUSINESS OF THE CORPORATION

Gulf & Pacific completed a public offering of Common Shares dated June 26, 1998 pursuant to the JCP Rules. Under the JCP Rules, the Corporation had to undertake a Major Transaction which satisfied certain requirements of the JCP Rules and had to receive ASE approval in order to be allowed to operate in any specific business. The combination of the lengthy ASE approval process and the limited $25,000 "good faith" deposit allowed by the ASE for real estate acquisitions made it difficult for the Corporation to find vendors willing to accept these two requirements. Nevertheless, the Corporation identified an arm's length transaction to acquire retail properties that satisfied the requirements of the ASE. See "The Acquisition". In that regard, the Shareholders of the Corporation passed ordinary resolutions approving the Acquisition and the Special Warrants Offering at the Meeting.

The Corporation's Major Transaction consisted of the acquisition of three commercial real estate properties in Beausejour, Manitoba, Three Hills, Alberta, and Fort Nelson, B.C., all previously owned by Rick Holdings, as well as a commercial real estate property in Merritt, B.C., previously owned by 328995 Alberta, an affiliate of Rick Holdings. The Acquired Properties contain an aggregate of approximately 41,700 square feet of retail space. The private placement of 2,187,500 Special Warrants for aggregate proceeds of $875,000 provided primary funding for the cash component of the purchase price paid by the Corporation for the Acquired Properties. The Acquisition was completed effective September 1, 1999, with title to the last of the four Acquired Properties being registered into the name of Gulf & Pacific on September 8, 1999. Each of the Acquired Properties is currently the subject of a lease to the Tenant, which operates SAAN family clothing retail stores from each of the premises. (Each of the Acquired Properties is discussed in detail below under the heading "The Acquisition".)

Anthony J. Cohen, President of the Corporation, is a director of the Tenant and of the Tenant's parent, Gendis Inc. but is not associated with Rick Holdings or 328995 Alberta. The Acquisition required the Corporation to make cash payments totalling $800,421 (subject to post-closing adjustments) to the vendors of those properties along with payment of land transfer taxes and registration fees of $30,237. The Special Warrants Offering was undertaken to fund those expenditures.

The Corporation's business plan is to acquire income producing retail shopping centres anchored by a grocery store. It is management's objective to acquire centres which have a major chain grocery store, supplemented by one or more of a pharmacy, a liquor store, and a bank branch. It is the

Corporation's intent to acquire shopping centres that house providers of essential goods and services, which are believed by management to be at reduced risk of being replaced by internet or e-commerce retailing. It is management's belief that food retailing, the provisions of pharmaceuticals and health care products, as well as the retailing of liquor will not be readily replaced by the internet. While the banks are already providing banking services over the internet and by telephone, Gulf & Pacific management believes that the banks will continue to have a commitment to the branch network for certain services. Ideally, the shopping centres will also house other service providers such as dry cleaners.

It is the Corporation's intent, when the Corporation, in management's view, has acquired sufficient square footage and geographic density, to consider establishing an in-house property management company to manage the Corporation's assets and potentially provide management services to third party property owners. Management will undertake this initiative if it is satisfied that doing so will enhance the cash-flow and profitability of the Corporation. Ultimately, the Corporation plans to invest in under-utilized properties, expansion opportunities and/or U.S. based assets to continue to grow cash-flow and create shareholder value.

It is management's view that the Corporation should acquire approximately 1.0 million - 1.5 million square feet of income producing shopping centres in its initial phase of operations. According to industry sources (Canadian Directory of Shopping Centres, 1999 Edition; published by MacLean Hunter), there are approximately 1,100 grocery anchored shopping centres in Canada, ranging in size from 40,000 square feet to approximately 1.1 million square feet.

THE ACQUISITION

The chart below summarizes certain key information in respect of the Acquired Properties:

	Beausejour	**Three Hills**	**Fort Nelson**	**Merritt**	**Total**
Appraised Value	$435,000	$485,000	$783,500	$772,000	$2,475,500
Purchase Price(1)	$435,000	$485,000	$783,500	$781,500	$2,485,000
Vendor Mortgage(1)	$208,250	$232,187	$375,089	$374,182	$1,189,708
Cash(1)	$140,094	$156,197	$252,331	$251,799	$800,421
Shares Issuable(1)	86,656	96,616	156,080	155,519	494,871
Building Size (sq.ft.)(2)	10,000	9,000	10,700	12,000	41,700
Annual Basic Rent(3)	$60,000	$58,500	$90,950	$71,880	$281,330
Lease Expiry Date	Jan. 31, 2001	Jan. 31, 2001	Jan. 31, 2009	Jan. 31, 2002	-

Notes:

(1) These figures are allocated among the Beausejour, Three Hills and Fort Nelson Properties proportionately based on the appraised values of such properties.

(2) These figures are deemed rentable areas under the Leases. The Corporation provides no assurance as to the accuracy of such figures.

(3) Not Triple Net leases - See "The Acquisition - Summary of Leases" and "Financial Information For the Acquired Properties".

The following is detailed information regarding the Acquired Properties. **The Acquisition was an arm's length transaction.**

Description of the Acquired Properties

Description - Beausejour

The Beausejour Property consists of a lot containing a one storey SAAN family clothing retail store of approximately 10,000 square feet constructed in 1985. The rear and west elevations are plain painted concrete block while the east elevation is a combination of scored and painted concrete block with pre-finished metal panels along the roof line. The store front windows extend a short distance along this elevation. The front elevation has extensive double pane glazing as well as pre-finished metal panels.

The interior provides a large open space with limited posts which are mirror covered. In the southwest corner of the building there is a small storage room which also includes a small office, washrooms and a small lunchroom. Finish in the store area includes vinyl tile flooring at the entrance while the remainder of the floor is carpeted. The ceiling is a suspended metal grid system with acoustic tiles and recessed fluorescent lighting. Additional lighting is supplied by track pot lamps. Walls are covered in wood slats which provide a base for the racking system. The rear storage, office, lunchroom and washroom area has vinyl tile flooring and painted gyproc walls and ceiling. The entire building is heated and air conditioned and supplied by a roof-top HVAC system and dispersed through ceiling diffusers.

Prior to the Acquisition, legal title to the Beausejour Property was held by Rick Holdings, a private holding company wholly-owned by Amerigo Filanti. Rick Holdings and the Corporation are at arm's length.

Description - Three Hills

The Three Hills Property consists of a lot containing a one storey SAAN family clothing retail store of approximately 9,000 square feet constructed in 1985. The north, east and south sides of the store are concrete block while the front of the store is a combination of partial block walls and plate glass display windows in aluminium frames. There is ornamental metal siding above the plate glass window displays.

The interior layout is an open plan retail store, with two small changing rooms on the north and south walls of the store. In the northeast corner of the store there is a small office area, staff room and employee washrooms. Finish in the store area includes decorated drywall perimeter walls and t-bar ceilings with recessed fluorescent lights throughout. The entire building is heated and air conditioned by roof-top forced hot air and air conditioning units.

Prior to the Acquisition, legal title to the Three Hills Property was held by Rick Holdings.

Description - Fort Nelson

The Fort Nelson Property consists of a lot containing a one storey SAAN family clothing retail store of approximately 10,700 square feet constructed in 1987. The building is 2" x 6" frame construction with walls that are approximately 12' high and covered with stucco. The building has an aluminium mansard and the front has a mansard canopy. The front of the building has a double glazed glass store front and double glass entry doors. There are also two metal entry doors and an overhead garage door that opens onto the warehouse area. The yard is paved and used for parking. A concrete walkway is at the front of the building.

The interior is divided into two sections. There is approximately 9,030 square feet of retail area with the remainder used as a warehouse and offices. The floor covering in the open retail area is predominantly carpet with a small area of vinyl tile. The walls are drywall and the ceilings are t-bar tile with recessed fluorescent lighting. The warehouse has tile floors, drywall walls and a tile ceiling with recessed fluorescent lights. This area contains two offices, a two piece washroom and an open area used for storage. Heating and air conditioning is provided by four air exchanger and conditioning units on the roof. A hanging forced hot air furnace is located in the warehouse.

Prior to the Acquisition, legal title to the Fort Nelson Property was held by Rick Holdings.

Description - Merritt

The Merritt Property comprises two lots, one on which the building, constructed in 1986, is situated and the other of which provides parking. The SAAN store is located on an inside lot with vacant lots on either side. The other lot, located at 2152 Nicola Avenue, is a flat inside lot that is paved and used as a parking lot. There are single family dwellings on either side of the parking lot.

The store is a single-storey, concrete block retail/commercial building designed for single tenancy. The building, which has a gross area of 12,000 square feet, covers the entire site. The store front has 12 foot high, single glazed plate glass display windows in aluminium sash, and giant brick facing below the display windows and metal cladding above. The bearing walls are reinforced concrete slab on compacted earth with crushed gravel topping and polyliner. The roof is flat and of tar and gravel construction. The walls are painted concrete block. The main entrance doors are plate glass in aluminium frames.

The sales area has a t-bar ceiling, gyproc walls, and wall to wall carpet and vinyl flooring. At the rear of the sales area is a storage area with unfinished walls and ceilings. The building is heated and cooled with a gas fired roof mounted air conditioning system. There are electrical baseboards for heating the smaller enclosed areas.

Prior to the Acquisition, legal title to the Merritt Property was held by 328995 Alberta, a private holding company wholly-owned by Amerigo Filanti. 328995 Alberta and the Corporation are at arm's length.

The Purchase Agreements

The Holdings Agreement

Rick Holdings and the Corporation executed the Holdings Agreement with respect to the Beausejour Property, the Three Hills Property and the Fort Nelson Property. Pursuant to the Holdings Agreement, the aggregate consideration for the Beausejour Property, the Three Hills Property and the Fort Nelson Property was $1,703,500, paid by the provision to Rick Holdings of mortgages (the "Vendor Take Back Mortgages") in the aggregate amount of $815,526, the issuance of 339,352 Common Shares of the Corporation at a deemed price of $1.00 per Common Share and a cash payment of $548,622. The aggregate amount of Vendor Take Back Mortgages was made up of mortgages in the principal amounts of $208,250 in respect of the Beausejour Property, $232,187 in respect of the Three Hills Property and $375,089 in respect of the Fort Nelson Property.

The Vendor Take Back Mortgages bear interest at an annual rate of 4% for the first two years of their five year terms with monthly, interest only payments to be made to Rick Holdings. For the remainder of their terms, the Vendor Take Back Mortgages bear a floating rate of interest tied to the three year commercial rate of interest charged by Great West Life Assurance Company with monthly principal and interest payments to be made to Rick Holdings on the basis of a 15 year amortization period. In the event that any tenant vacates the premises or ceases to pay rent on any of the Acquired Properties, the responsibility of the Corporation to pay interest on the amounts owing under the Vendor Take Back Mortgage which applies to the property occupied, or formerly occupied, by such tenant shall abate for a period of up to 6 months. This interest abatement period shall continue until the earlier of the Corporation engaging a new tenant for the property or 6 months having elapsed. The monies secured by the Vendor Take Back Mortgages are prepayable in full or in part by the Corporation at any time without penalty or default.

The 339,352 Common Shares issued to Rick Holdings were issued at a deemed price of $1.00 per Common Share pursuant to available securities exemptions in Alberta, being the jurisdiction of residence of Rick Holdings.

Pursuant to the Purchase Agreement, the Corporation acquired Rick Holdings' interest in the Beausejour Property, the Three Hills Property and the Fort Nelson Property, together with all fixtures and chattels of Rick Holdings used in the operation of such properties. Property dispositions in Manitoba and British Columbia are subject to a land transfer tax and property dispositions in Alberta require the payment of registration fees. Land transfer taxes and registration fees for the Beausejour Property, the Three Hills Property and the Fort Nelson Property were $18,175, which was paid by the Corporation.

The Merritt Agreement

328995 Alberta and the Corporation executed the Merritt Agreement with respect to the Merritt Property. Pursuant to the Merritt Agreement, the consideration for the Merritt Property was $781,500, paid by the provision to 328995 Alberta of a Vendor Take Back Mortgage in the amount of $374,182, the issuance of 155,519 Common Shares of the Corporation at a deemed price of $1.00 per Common Share and a cash payment of $251,799.

The Vendor Take Back Mortgage bears interest at an annual rate of 4% for the first two years of its five year term with monthly, interest only payments to be made to 328995 Alberta. For the remainder of the term, the Vendor Take Back Mortgage bears a floating rate of interest tied to the three year commercial rate of interest charged by Great West Life Assurance Company with monthly principal and interest payments to be made to 328995 Alberta on the basis of a 15 year amortization period. In the event that a tenant vacates the premises or ceases to pay rent on the Merritt Property, the responsibility of the Corporation to pay interest on the amounts owing under the Vendor Take Back Mortgage which applies to the Merritt Property shall abate for a period of up to 6 months. This interest abatement period shall continue until the earlier of the Corporation engaging a new tenant for the property or 6 months having elapsed. The monies secured by the Vendor Take Back Mortgage are prepayable at any time in full or in part by the Corporation without penalty or default.

The 155,519 Common Shares to be issued to 328995 Alberta were issued at a deemed price of $1.00 per Common Share pursuant to available securities exemptions in the jurisdiction of residence of 328995 Alberta.

Pursuant to the Merritt Agreement, the Corporation acquired all of 328995 Alberta's interest in the Merritt Property together with all fixtures and chattels of 328995 Alberta used in the operation of such property. Property dispositions in British Columbia are subject to a land transfer tax and registration fee. Land transfer taxes and registration fees for the Merritt Property were $12,062, which was paid by the Corporation.

Summary of Leases

The Beausejour Lease completed its initial term on January 31, 1996, and is now in the first of ten five-year renewal options. The renewal options are exercised automatically unless the Tenant gives written notice to the landlord, not less than three months prior to the expiration of the current renewal term, that it does not intend to renew for an additional renewal term. Minimum rent payable pursuant to the Beausejour Lease is $60,000 per year.

The Three Hills Lease completed its initial term on January 31, 1996, and is now in the first of eight five-year renewal options. The renewal options are exercised automatically unless the Tenant gives written notice to the landlord, not less than three months prior to the expiration of the current renewal term, that it does not intend to renew for an additional renewal term. Minimum rent payable pursuant to the Three Hills Lease is $58,500 per year.

The Fort Nelson Lease is scheduled to terminate January 31, 2009 after which there are six five-year renewal options provided by the lease. These renewals occur automatically unless the Tenant gives written notice to the landlord, not less than six months prior to the commencement of the relevant renewal term that it does not intend to renew for an additional renewal term. The Fort Nelson Lease provides for minimum annual rental of $90,950 for each lease year during the period from November 30, 1998 until January 31, 2004 and for minimum annual rental of $93,625 from February 1, 2004 until January 31, 2009.

The Merritt Lease completed its initial term on January 31, 1997 and is now in the first of eight five-year renewal options. The renewal options are exercised automatically unless the Tenant gives written notice to the landlord, not less than three months prior to the expiration of the current renewal term, that it does not intend to renew for an additional renewal term. The minimum annual rent for each lease year until January 31, 2002 is $71,880 and the minimum annual rental for the second to eighth renewal options is $77,870.

In addition to basic rent, the Tenant pays for realty taxes, cleaning, parking lot snow removal, utilities and HVAC operating costs. Capital expenses are the responsibility of the landlord.

Each of the Leases provides for percentage rent payable of 5% of gross sales of the Tenant if such amount exceeds the minimum annual rent provided for under such Lease (the Beausejour Lease provides that such percentage rent applies as to 5% for the first $1,000,000 of gross sales, 4% as to the second $1,000,000 of gross sales and 3% as to gross sales in excess of $2,000,000), subject to the deduction of property taxes (except for the Fort Nelson Lease). These Leases are NOT triple net or "care free" leases. The cost of rental interruption insurance is borne by the landlord. See "Financial Information for the Acquired Properties". As well, each of the Leases provides the Tenant a right of first refusal to purchase the lands and building containing the leased premises should the landlord wish to dispose of same.

Each of the Leases has been assigned to the Corporation pursuant to Assignments of Leases dated September 1, 1999 between the Corporation and Rick Holdings or 328995 Alberta, as applicable. See "Material Contracts".

The following is a summary of the current lease and rent payable:

Property	**Current Term Expiry**	**Current Minimum Annual Rent**
Beausejour	01/31/2001	$60,000
Three Hills	01/31/2001	$58,500
Fort Nelson	01/31/2009	$90,950
Merritt	01/31/2002	$71,880

DIRECTORS AND OFFICERS OF THE CORPORATION

The articles of the Corporation provide that the Corporation shall have a minimum of three and a maximum of nine directors. At present, the board of directors consists of four persons.

Information is given below with respect to each director of the Corporation. Information with respect to the ownership of Common Shares has been provided to the Corporation by the directors.

Name and Municipality of Residence	Office	Holdings of Common Shares[(1), (2)]
Anthony J. Cohen Toronto, Ontario	President, Chief Executive Officer and Director	1,200,000
Charles A.V. Pennock[(3)] Toronto, Ontario	Chief Financial Officer, Secretary and Director	50,000
David A. Wright[(3)] Toronto, Ontario	Director	50,000[(4)]
Dean J. Dovolis[(3)] Edina, Minnesota	Director	100,000
		1,400,000

Notes:

(1) These securities are held in escrow pursuant to the terms of the Escrow Agreement. See "Material Contracts" and "Escrowed Securities".

(2) In addition to Common Shares, directors and officers of the Corporation also hold, in aggregate, 437,500 Special Warrants.

(3) Members of the audit committee.

(4) These securities are held by Scarcliffe Limited, a private company owned as to 50% by Mr. Wright.

The following is a brief description of the directors of the Corporation, including their respective principal occupations for the past five years:

Anthony J. Cohen - President, Chief Executive Officer and a Director

Mr. Cohen received a Bachelor of Science, Business Administration degree from Creighton University in 1980. Since 1985, Mr. Cohen has been the President of Ceyx Properties Ltd., a private real estate company based in Toronto, Ontario. Since 1996, Mr. Cohen has also been the President of Plato Gold Corp. Mr. Cohen has been a director of Gendis Inc., a public merchandising company listed on The Toronto Stock Exchange since May, 1993 and was also a director of Chauvco Resources Ltd., a public oil and gas company listed on The Toronto Stock Exchange and the Montreal Exchange from July, 1992 to April, 1997. The Tenant is a wholly-owned subsidiary of Gendis Inc. Mr. Cohen is also a director of the Tenant.

Charles A.V. Pennock - Chief Financial Officer, Secretary and Director

Mr. Pennock has a Bachelor of Commerce degree from Queen's University, graduating in 1980. In July, 1999 Mr. Pennock joined Harris Partners Limited, an investment banking firm in Montréal, Québec and Toronto, Ontario, as a principal. From October, 1998 until July, 1999 Mr. Pennock was an independent advisor, and prior thereto Mr. Pennock was in the Capital Markets Group of Merrill Lynch Canada Inc. and its predecessor, most recently as Senior Vice President and Director.

David A. Wright - Director

Mr. Wright received a Bachelor of Arts degree from York University in 1973 and a Masters of Business Administration degree from York University in 1975. From June, 1992 to January, 1995, Mr. Wright was the President of Wood Gundy Scarcliffe. From January, 1995 to June, 1998, Mr. Wright was the Managing Director of Richard Ellis (Canada) Inc. From July, 1998 to present Mr. Wright has been a principal of Caber Capital Inc., a real estate partnership.

Dean J. Dovolis - Director

Mr. Dovolis received a Bachelor of Environmental Sciences degree and a Bachelor of Architecture degree from the University of Minnesota in 1979 and a Master of Architecture and Urban Design degree from Harvard University in 1984. Mr. Dovolis has been a principal of DJR Architecture, Inc., an architecture firm, since 1985.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Management is not aware of any material interest in the Acquisition or any other material transaction of the Corporation, direct or indirect, of any director or senior officer of the Corporation or of any person or company beneficially owning, directly or indirectly, more than 10% of the Corporation’s voting securities or any associate or affiliate thereof. Anthony J. Cohen, President of the Corporation, is a director of the Tenant and of the Tenant's parent, Gendis Inc. but is not associated with Rick Holdings or 328995 Alberta.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at the date hereof, the Corporation had an authorized capital consisting of an unlimited number of common Shares, of which 4,082,371 Common Shares are issued and outstanding and an unlimited number of Preferred Shares, issuable in series, of which no Preferred Shares are issued and outstanding.

To the knowledge of the directors and senior officers of the Corporation, the only person, firm or corporation which beneficially owns, directly or indirectly, or exercises control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation, as at the date of this Prospectus:

Name and Municipality of Residence	Type of Ownership	Number of Common Shares	Percentage of Common Shares
Anthony J. Cohen Toronto, Ontario	Direct	1,200,000[(1)]	29.4%[(1)]

Note:

(1) Prior to the exercise of any Special Warrants. If all Special Warrants are exercised for Common Shares on a one-for-one basis, Mr. Cohen will own 1,450,000 Common Shares constituting approximately 23.1% of the issued and outstanding Common Shares.

As at the date of this Prospectus, the directors and senior officers of the Corporation as a group beneficially owned, directly or indirectly, 1,400,000 Common Shares constituting approximately 34.3% of the issued and outstanding Common Shares of the Corporation. The directors and senior officers of the Corporation as a group also beneficially owned, directly or indirectly, 437,500 Special Warrants. See "Directors and Officers of the Corporation". If all Special Warrants are exercised for Common Shares on a one-for-one basis, the directors and senior officers of the Corporation as a group would beneficially own approximately 29.3% of the issued and outstanding Common Shares of the Corporation.

EXECUTIVE COMPENSATION

Long-Term Incentive Compensation

The Corporation's long-term incentive compensation program is achieved through the granting of stock options. Management believes that stock ownership serves to motivate employees to achieve the Corporation's strategic objectives, and to align the interests of executive officers and employees with the long-term interests of the Shareholders.

Summary of Executive Compensation

Other than the grant of stock options, the total remuneration paid or accrued during the last fiscal year for all members of management (all directors, executive officers and other key personnel) who were employed by the Corporation or retained on a consulting basis, was nil. The following table provides a summary of compensation earned for the 1998 and 1999 fiscal years by the President and Chief Executive Officer of the Corporation.

Summary Compensation Table

					Long Term Compensation			
		Annual Compensation			Awards		Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Securities Under Options/ SAR Granted (#)	Restricted Shares or Restricted Share Units ($)	LTIP Payouts ($)	All Other Compensation ($)
Anthony Cohen President and Chief Executive Officer	1998	-	-	-	175,000	-	-	-
	1999	75,000[1]	-	-	20,000	-	-	-

Note:

(1) Commencing on the completion of the Major Transaction. Mr. Cohen's salary was determined by the board of directors of the Corporation and is subject to revision. Mr. Cohen does not currently have an employment agreement with the Corporation.

Stock Option Plan

The Corporation has a Stock Option Plan (the "Plan"). Pursuant to the Plan, the board of directors of the Corporation may allocate non-transferable options to purchase Common Shares of the Corporation to directors, officers, employees or consultants of the Corporation and its affiliates.

Under the Plan the aggregate number of shares reserved for issuance pursuant to the Plan may not exceed the lesser of 2,000,000 Common Shares and 10% of the issued shares of the Corporation at the time of granting the options. Further, the aggregate number of shares reserved for issuance pursuant to the Plan in respect of options granted to any one individual shall not exceed 5% of the issued shares of the Corporation.

Options issued pursuant to the Plan will have an exercise price based on either the average closing price of the Common Shares of the Corporation on the principal stock exchange on which the Corporation's shares are listed for the five days prior to the date of grant of such options or such other method of pricing as may be acceptable to such stock exchange, or, if the Common Shares are not listed on a stock exchange, such amount as the board of directors may determine.

All shares acquired on exercise of directors' and officers' options, when acquired, are subject to escrow unless such shares are acquired after the Corporation has completed its Major Transaction. See "Escrowed Securities".

The outstanding options are non-transferable and will expire, if not exercised, on the earlier of:

1. their expiry date,
2. twelve months following the date of death or disability of the optionee;
3. the date the optionholder, if an employee, is terminated by the Corporation for cause; and
4. ninety (90) days after the optionee ceased to be a director or officer for any reason other than death.

The following table sets forth individual grants of options to purchase Common Shares of the Corporation made during the most recently completed financial year to the named executive officer.

Option Grants During the Most Recently Completed Financial Year

Named Executive Officer	Common Shares Under Option	% of Total Options Granted to Employees During Period	Exercise or Base Price ($/Security)	Market Value of Common Shares Underlying Options on Date of Grant	Expiration Date
Anthony J. Cohen	175,000	N/A	$0.20	$0.20	June 26, 2003

No options have been exercised by the named executive officer from incorporation to the date hereof. The following table sets forth option values at the end of the most recently completed fiscal period for the named executive officer.

Aggregated Option Exercises During the Most Recently Completed Financial Period and Financial Period End-Option Values

Named Executive Officer	Securities Acquired on Exercise	Aggregate Value Realized	Unexercised Options at December 31, 1998 Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options at December 31, 1998 ($) Exercisable/ Unexercisable
Anthony J. Cohen	0	$0	175,000/0	$26,250/$0[1]

Note:

(1) Based on the December 31, 1998 closing price on the ASE of $0.35 per Common Share.

Compensation of Directors

Other than the grant of stock options, no remuneration of any kind was paid to the directors of the Corporation prior to August 12, 1999. No remuneration is currently paid to directors of the Corporation in their capacity as directors.

SHARE OPTIONS

The table below describes the numbers of Common Shares under option granted, the exercise prices of the options, the expiration dates of the options and the closing prices of the Common Shares on the trading days on which the options were granted.

	Common Shares under Option	Exercise Price	Closing Price on date of grant	Expiry Date
Executive Officers (2 total)	175,000	$0.20	$0.20	June 26, 2003
	20,000	0.40	0.45	September 8, 2004
	50,000	0.40	0.45	September 8, 2004
Directors who are not Executive Officers (2 total)	43,750	0.20	0.20	June 26, 2003
	43,750	0.20	0.20	June 26, 2003
	5,000	0.40	0.45	September 8, 2004
	7,000	0.40	0.45	September 8, 2004
Employees of the Corporation who are not included above (1 total)	5,500	0.40	0.45	September 8, 2004
C.M. Oliver & Company Limited	100,000	0.20	0.20	January 31, 2000
	450,000			

PRIOR SALES

In the twelve months prior to the date hereof, the Corporation issued 582,371 Common Shares as follows:

Date	Number of Common Shares[1]	Issue Price Per Common Share	Aggregate Issue Price	Nature of Consideration Received
May 21, 1999	43,750	$0.20	$8,750	Cash[2]
May 26, 1999	43,750	$0.20	$8,750	Cash [3]
September 1, 1999	494,871	$1.00	$494,871	Property[4]
	582,371			

Notes:

(1) 2,187,500 Special Warrants exercisable for Common Shares on a one-for-one basis were issued on August 16, 1999 at an issue price of $0.40 per Special Warrant.

(2) Exercise of the option granted to an officer pursuant to the Corporation's initial public offering.

(3) Exercise of the option granted to a director pursuant to the Corporation's initial public offering.

(4) The Common Shares were partial payment for the Acquired Properties acquired as part of the Corporation's Major Transaction. See "The Acquisition".

ESCROWED SECURITIES

There are presently 2,587,500 Common Shares held in escrow and deposited with Montreal Trust pursuant to the Escrow Agreement in accordance with the requirements of the JCP Rules. The following table summarizes the Corporation's escrow position as of the date hereof.

Date	Common Shares under Escrow	Percentage of Class
June 19, 1998	2,587,500(1)	63.38%

Note:

(1) Releaseable from escrow as to on each of the first, second and third anniversaries of the date of completion of the Corporation's Major Transaction. According to the JCP Rules, the date of completion of the Major Transaction is deemed to be August 12, 1999, the date of the Shareholder approval of the Major Transaction.

In addition to the 2,587,500 Common Shares currently held pursuant to the Escrow Agreement, the Escrow Agreement requires that any Common Shares issued upon the exercise of the 487,500 Special Warrants purchased by directors of the Corporation be deposited into escrow under the Escrow Agreement.

TRADING HISTORY

The Common Shares of the Corporation are listed and posted for trading on the ASE and commenced trading on July 31, 1998. The Corporation's trading symbol on the ASE is "GUF". The following table shows the particulars of the trading of the Common Shares since the date of listing:

Month Ended	High	Low	Volume of Shares
Third Quarter 1998	$0.35	$0.20	38,500 shares
Fourth Quarter 1998	$0.40	$0.20	185,000 shares
First Quarter 1999	$0.60	$0.33	316,500 shares
April, 1999	$0.50	$0.40	34,500 shares
May, 1999	$0.50	$0.35	65,280 shares
June, 1999	$0.45	$0.35	10,000 shares
July, 1999	$0.45	$0.35	9,000 shares
August, 1999	$0.48	$0.35	34,000 shares
September, 1999	$0.45	$0.41	52,000 shares

CAPITALIZATION

The following table presents the capitalization of the Corporation as at September 30, 1999, both before and after giving effect to the Acquisition and the Special Warrants Offering:

Authorized Capital	**Outstanding at June 30, 1999 (unaudited)** [(1)]	**Outstanding at September 30, 1999 (unaudited)**	**Outstanding at September 30, 1999 after giving effect to the Special Warrants Offering (unaudited)** [(2)]
Property Mortgages	Nil	$1,189,708[(3)]	$1,189,708[(3)]
Preferred Shares (unlimited)	Nil	Nil	Nil
Common Shares (unlimited)	$467,500[(4)] (3,587,500 shares)	$962,371[(4)] (4,082,371 shares)	$1,837,371 [(4)] (6,269,871 shares)
Deficit	$135,491	$135,491[(5)]	$135,491[(5)]

Notes:

(1) Options to purchase 87,500 Common Shares have been exercised by former officers and directors for aggregate consideration of $17,500. In addition, there are currently options issued to officers, directors and employees to acquire 350,000 Common Shares. The Corporation has also granted an option to C.M. Oliver to acquire 100,000 Common Shares at the price of $0.20 per share, which option expires on January 31, 2000. As of the date hereof, C.M. Oliver has not exercised its right to acquire any Common Shares under this option.

(2) Assuming that all Special Warrants are exercised for Common Shares on a one-for-one basis.

(3) Vendor Take Back Mortgages of the Acquired Properties. See "The Acquisition - The Purchase Agreements" above.

(4) The dollar values presented represent gross proceeds of this and prior issues of Common Shares and the issue of Special Warrants, without the deduction of issue costs incurred by the Corporation.

(5) As at June 30, 1999.

RISK FACTORS

An investment in the Corporation is highly speculative due to the nature of the Corporation's business and its present stage of development. Specific risk factors which an investor should consider prior to investing in securities of the Corporation are set forth below.

Real Estate Industry

All real estate investments are subject to varying degrees of risk depending on the nature of the property. The value of such investments is subject to changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as the oversupply of retail properties or a reduction in demand for real estate in the area), attractiveness of the properties to tenants, competition from others with available space and the ability of the owner to provide adequate maintenance at an economic cost. In addition, fluctuations in interest rates may affect the Corporation. The Corporation may be unable to obtain equity financing to maintain what, in management's view, is an appropriate capital structure. There is no certainty that financing will be available upon the maturity of any existing mortgage at interest rates equal to or lower than the interest rate payable under the expiring mortgage or at all.

Certain significant expenditures, including maintenance costs, mortgage payments, insurance costs and related charges, and property taxes must be made regardless of whether or not the property is producing sufficient income to finance such expenditures. The Corporation's properties are subject to the Vendor Take Back Mortgages (as defined herein, see "The Acquisition - The Purchase Agreements") which require regular payments of interest and the repayment of principal at maturity in five years. If the Corporation is unable or unwilling to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure.

Real estate by its very nature is relatively illiquid. Such illiquidity will tend to limit the Corporation's ability to adjust its portfolio in response to changing economic or investment conditions. Financial difficulties of other property owners which result in distress sales could depress real estate values in the markets in which the Corporation operates.

Reliance on the Tenant

Each of the Acquired Properties forms the subject matter of a Lease with the Tenant. There is no guarantee that the Tenant will renew any or all of the Leases in respect of the Acquired Properties, nor is there any guarantee that the Corporation could find a replacement tenant if the Tenant vacated, became unable to pay rent or ceased paying rent for any other reason in respect of any of the Acquired Properties. The Corporation has no reason to believe that the Tenant intends to vacate, is unable to pay rent or intends to cease paying rent, or intends not to renew any of the Leases in respect of the Acquired Properties. Nevertheless, this reliance on a single Tenant is a significant risk in respect of the Acquired Properties, particularly in the event that the Tenant experiences a significant downturn in its business or otherwise becomes a significant credit risk.

The Tenant is a wholly-owned subsidiary of Gendis Inc., a public company. The January 30, 1999 Gendis Inc. annual report states that SAAN Stores Ltd. experienced a sales decrease from $406,476,000 for fiscal 1998 to $396,642,000, for fiscal 1999, largely due to the net reduction of 29 retail stores in fiscal 1998. On a same store basis, there was a sales increase of 5% over the previous year. An operating loss before interest for retail of $5,831,000 for the year ended January 31, 1999 was also reported. That operating loss was comprised solely of the aggregate operating results for the SAAN Stores Ltd. chain.

Competition for Real Property Investments

The Corporation will be competing for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) which are presently seeking or which may seek in the future real property investments similar to those desired by the Corporation. Many of these investors may have greater financial resources than those of the Corporation. An increase in the availability of investment funds, and an increase in interest in real property investments, would tend to increase competition for real property investments thereby increasing purchase prices and reducing yields thereon.

Lack of Geographical Diversification

As a result of the Acquisitions described herein, the Corporation has all of its properties in western Canada and will derive substantially all of its revenue from the properties located in western Canada. The Corporation intends to expand the geographic diversity of its portfolio over the near to medium term. In the meantime, the Corporation is subject to risks relating to economic circumstances specific to Western Canada.

Emphasis on Acquisitions: Difficulties in Integrating Acquisitions

The Corporation's growth strategy will emphasize a program of acquiring existing properties that it believes it can efficiently position as retail properties. Acquisitions of such properties are typically subject to a number of closing conditions, including those regarding the status of title to property included in the acquisition, the results of environmental investigations performed on the Corporation's behalf, the transfer of applicable licenses or permits and the availability of appropriate financing. There can be no assurance that future acquisitions will be completed in a timely manner, if at all. Due in part to management's industry experience and contacts, the Corporation may be presented with many more attractive acquisition proposals than currently expected and, as a result, may attempt to purchase properties at a substantially higher rate than currently expected, which could cause the Corporation to overextend its management and financial resources. To the extent that acquisitions are consummated, there can be no assurance that the Corporation will, where appropriate, successfully reposition an acquired property or integrate a newly acquired or repositioned property with its operations. Finally, any failure by the Corporation with respect to the repositioning, integration or operation of any acquired properties may have a material adverse effect on the Corporation's business, operating results and financial condition.

Need for Additional Capital

There can be no assurance that any newly developed or repositioned property will achieve a stabilized occupancy rate and tenant mix that meets the Corporation's expectations, generates positive cash flow or is sufficient to allow the Corporation to refinance outstanding indebtedness secured by the property. To successfully continue its growth, the Corporation must have sufficient financial resources to fund its development and acquisition activities and anticipated working capital requirements. There are a number of circumstances beyond the Corporation's control that may result in the Corporation's financial resources being inadequate to meet its needs. The Corporation will from time to time seek additional funding through public or private financing, including equity financing. If additional funds are raised by issuing equity securities, the Shareholders may experience dilution. There can be no assurance, however, that adequate equity, debt or sale/leaseback funding will be available as needed or on terms acceptable to the Corporation. A lack of available funds may require the Corporation to delay, scale back or eliminate all or some of its development and acquisition projects.

Substantial Debt Obligations of the Corporation

The Corporation is subject to mortgage indebtedness in an aggregate amount of approximately $1.2 million, with minimum principal and interest payments, which are to mature in calendar 2004. There can be no assurance that the Corporation will generate sufficient cash flow from operations to cover required interest, principal or other payments. If the Corporation were unable to meet interest, principal or other payments, it could be required to seek renegotiation of such payments or obtain additional equity or debt financing. There can be no assurance, however, that such efforts will be successful or timely or that the terms of any such financing or refinancing would be acceptable to the Corporation. Any failure of or delay in the Corporation's ability to refinance its obligations in a timely manner could have an adverse effect on the Corporation's business and financial condition. The mortgages on the Corporation's properties are Vendor Take Back Mortgages granted in favour of arm's length parties from whom the Corporation acquired those properties. The Corporation's leverage may also adversely affect the Corporation's ability to respond to changing business and economic conditions or continue its development and acquisition program.

Interest Rates

Fluctuations in interest rates may adversely effect the Corporation's ability to meet its mortgage debt obligations and its overall financial position.

Difficulties of Managing Expansion

The Corporation's success will depend in large part on identifying suitable development and acquisition opportunities, and its ability to pursue such opportunities, complete developments and consummate acquisitions. The Corporation's ability to manage its growth effectively will require it to continue to improve its operational, financial and management information systems and to attract, train, motivate, manage and retain key employees. If the Corporation is unable to manage its growth effectively, its business, operating results and financial condition could be adversely affected.

Dependence on Senior Management and Skilled Personnel

The Corporation depends, and will continue to depend, on the services of Anthony J. Cohen, its President and Chief Executive Officer. The loss of the services of Mr. Cohen would have a material adverse effect on the Corporation's operating results and financial condition. The Corporation does not have a key man insurance in place at this time. The Corporation also depends on its ability to attract and retain management personnel who will be responsible for the day-to-day operations of each of its retail properties. If the Corporation is unable to hire qualified management, the Corporation's business, operating results and financial condition could be adversely affected.

Potential Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors and officers are engaged and will continue to be engaged in various other activities, including activities in the real estate sector, and situations may arise where some of the directors and officers may be in competition with the Corporation. In that regard, Anthony J. Cohen, President and a director of the Corporation, is also a director of the Tenant and of Gendis Inc., the parent corporation which owns the Tenant. As well, Mr. Dean J. Dovolis is a Principal of DJR Architecture, Inc. and a director of the Corporation. Mr. Dovolis has previously provided services on a consulting basis for no charge to the Corporation in respect of conducting a structural analysis of the Acquired Properties. It is anticipated that Mr. Dovolis will continue to provide consulting services to the Corporation in respect of assessment and design issues in connection with potential acquisitions in the future on a fee for service basis. Conflicts of interest that may arise will be subject to the procedures and remedies established in the *Business Corporations Act* (Alberta). As well, the ASE, the Alberta Securities Commission and the OSC have established procedures for related party transactions which will be followed by the Corporation.

Governmental Regulation and Environmental Matters

There can be no assurance that the operations of the Corporation will not be adversely affected by government policies. For example, environmental and ecological related policies have become increasingly important and generally restrictive in recent years. Under various federal, provincial and municipal laws, the Corporation, as an owner or operator of real property, could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or under its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect the Corporation's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially result in claims against the Corporation. The Corporation is not aware of any material non-compliance, liability or other claim in connection with any of the Acquired Properties, nor is the Corporation aware of any environmental condition with respect to any of the Acquired Properties that it believes would involve material expenditures by it, but evolving standards or the discovery of unknown hazards could render the Corporation liable for the cost of site remediation.

Environmental assessments have been completed in respect of the Acquired Properties. None of the assessments identified any areas of significant concern. Management of the Corporation has reviewed the results of the environmental assessments and agrees that no further investigation is warranted at this time in respect of any of the Acquired Properties.

Dividend Record

The Corporation has not declared or paid any dividends on its Common Shares since its incorporation, and does not foresee the declaration or payment of any dividends on the Common Shares in the near future. Any decision to pay dividends on the Common Shares will be made by the board of directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time.

Property Valuations

Notwithstanding the appraisal of the real property investments by independent real property appraisers, the value of equity interests in real property may fluctuate over time. Further, appraisals are informed opinions only, resulting from a consideration of a variety of factors. There is no guarantee that the appraised value will be equal to the amount for which the real property could be sold.

Future Acquisitions

There is no guarantee that any additional properties will be available for acquisition or, if so, whether they will be available on favourable terms. Even if any such future acquisitions are available on favourable terms, there is no certainty that the Corporation will have access to sufficient financing to complete such acquisitions or on what terms such financing would be available. If financed through the issuance of Common Shares from treasury, any potential future acquisitions may result in further dilution to those who acquired Special Warrants and Common Shares upon the exercise of Special Warrants.

Dilution

The offering price of the Special Warrants exceeds the net tangible book value per Common Share as at June 30, 1999, after giving effect to the Special Warrants Offering and the Major Transaction, by $0.12, which results in dilution to purchasers of Special Warrants of 30.0%.

Control by Existing Shareholders

The Corporation's officers and directors and their affiliates will beneficially own an aggregate of approximately 29% of the Corporation's outstanding Common Shares assuming all Special Warrants are exercised and exchanged for Common Shares on a one-for-one basis. As a result, these shareholders, acting together, will have significant influence over all matters requiring approval by the Corporation's shareholders, including the election of the Corporation's directors.

DETAILS OF THE OFFERING

The Corporation hereby qualifies for distribution in Ontario Common Shares issuable on the exercise of the Special Warrants. Each Special Warrant is exercisable for no additional consideration for one Common Share at any time until the Time of Expiry, being 4:30 p.m. Toronto time on the earlier of (i) five (5) Business Days after the date of issuance of a final receipt for this Prospectus by the OSC, and (ii) July 31, 2000. In the event that a final receipt for this Prospectus is not issued on or before January 31, 2000, each Special Warrant Holder shall be entitled to receive, for no additional consideration, one and one-tenth (1.10) Common Shares for each Special Warrant exercised and in the event that a final receipt for this Prospectus is not received on or prior to the Time of Expiry then each Special Warrant Holder shall be entitled to receive, for no additional consideration, one and two-tenths (1.20) Common Shares in exchange for each Special Warrant exercised. The Special Warrants not previously exercised by Special Warrant Holders will be exercised by Montreal Trust immediately prior to the Time of Expiry on the Expiry Date without further action of the Special Warrant Holder.

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series with the rights and restrictions attached thereto to be set by the directors at the time of issuance. The Preferred Shares are entitled to priority over the Common Shares on liquidation and to priority over the Common Shares on payment of any dividends. No Preferred Shares have been issued.

The holders of the Common Shares are entitled, subject to the rights of holders of Preferred Shares, to dividends, if, as and when declared by the board of directors, to one vote per share at meetings of the Shareholders and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares. All of the Common Shares outstanding on the completion of this Special Warrants Offering will be fully paid and non-assessable.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement between the Agent and the Corporation, the Agent agreed to act as, and the Corporation appointed the Agent as, the sole and exclusive agent of the Corporation to offer the Special Warrants for sale on a private placement basis at the price of $0.40 per Special Warrant.

The price of the Special Warrants was determined by the Corporation's board of directors after discussions with the Agent. Pursuant to the Agency Agreement, all subscription funds received by the Agent, less the Agent's commission of $61,250 and expenses of the Agent of $10,000, were delivered to Montreal Trust pending completion of the Acquisition. Upon receipt by Montreal Trust of a joint direction from the Agent and the Corporation, subscription funds received by Montreal Trust together with interest earned thereon were released to Stikeman, Elliott, solicitors for the Corporation. Funds necessary to complete the Acquisition were utilized for that purpose and the balance remains in trust for the benefit of the Corporation.

DILUTION

The offering price of the Special Warrants exceeds the net tangible book value per Common Share as at June 30, 1999, after giving effect to the Special Warrants Offering and the Major Transaction, by $0.15, which results in dilution to Special Warrant Holders of 37.5%. The following table sets forth the dilution per Common Share as at June 30, 1999.

Offering price per Special Warrant		$0.40
Net tangible book value at June 30, 1999 - per Common Share	$0.08	
Increase in net tangible book value attributable to this Special Warrants Offering – per Common Share	$0.17	
Net tangible book value after the distribution		$0.25
Dilution to Special Warrant Holders		$0.15
Percentage of dilution in relation to the offering price		37.5%

USE OF PROCEEDS

The purchase of the Acquired Properties required the Corporation to make cash payments totalling $800,421 to Rick Holdings and 328995 Alberta. See "The Acquisition - The Purchase Agreements". The Corporation was also required to pay applicable land transfer tax and registration fees with respect to the Acquired Properties of $30,237 in total. Because the maximum Special Warrants Offering was not fully subscribed, the remainder of the funds required to complete the Acquisition was sourced from existing cash on hand. See "Financial Statements for the Corporation". The gross proceeds of the Special Warrants offered under the Special Warrant Offering and the proposed use of proceeds are set forth on the following table:

	Special Warrants Offering
Gross Proceeds	$875,000
Agent's Commission	$61,250
Agent's Expenses	$10,000
Completion of the Major Transaction(1)	$803,750

Note:

(1) Because the maximum Special Warrants Offering was not fully subscribed, there were $26,908 in cash expenditures required to complete the Acquisition, which was funded out of existing resources of the Corporation.

PROMOTERS

Mr. Anthony J. Cohen may be considered to be the promoter of the Corporation in that he took the initiative in founding and organizing the Corporation. Mr. Cohen, as President and Chief Executive Officer of the Corporation, receives compensation as set out under "Executive Compensation". Assuming that all Special Warrants are exercised for Common Shares on a one-for-one basis, Mr. Cohen will own 23.1% of the Common Shares of the Corporation. See also "Voting Shares and Principal Holders Thereof" and "Interest of Management and Others in Material Transactions".

DIVIDEND POLICY

The Corporation has not declared or paid any dividends on its Common Shares since its incorporation, nor does the Corporation expect to pay any dividends in the foreseeable future. Any decision to pay dividends on the Common Shares will be made by the board of directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time. It is the intention of the board of directors, at this time, to retain earnings to reinvest in building the asset base of the Corporation.

CONTINUOUS REPORTING OBLIGATIONS TO INVESTORS

The Corporation is currently a reporting issuer in Alberta only. The Corporation is required to comply with the continuous disclosure requirements of Part XI of the *Securities Act* (Alberta) with respect to the provision of financial statements and provide its Shareholders with interim financial statements on a quarterly basis and with annual audited financial statements. To the extent that the Corporation proceeds to file prospectuses in other jurisdictions and receives receipts therefor, it will become subject to the continuous disclosure requirements of such jurisdictions.

PURCHASERS' CONTRACTUAL RIGHTS OF ACTION

Securities legislation in Ontario requires certain purchasers to be provided with rights of action for rescission or damages where a prospectus and any amendment to it contains a Misrepresentation. Where used herein, "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

Each Special Warrant Holder should refer to provisions of applicable securities legislation for the particulars of these rights or consult with a legal advisor. The applicable contractual rights are summarized below.

In the event that this Prospectus, together with any amendments hereto, is delivered to a Special Warrant Holder resident in Ontario and contains a Misrepresentation, the Special Warrant Holder will be deemed to have relied upon the Misrepresentation and will, as provided below, have a contractual right of action against the Corporation for damages or, alternatively, while still the owner of any of the Special Warrants purchased by that Special Warrant Holder, for rescission, provided that:

a) the right of action for rescission or damages will be exercisable by a Special Warrant Holder resident in Ontario only if the Special Warrant Holder gives notice to the Corporation, not later than 180 days after the date on which payment is made for the Special Warrants, that the Special Warrant Holder is exercising this right;

b) the Corporation will not be liable if it proves that the Special Warrant Holder purchased the Special Warrants with knowledge of the Misrepresentation;

c) in the case of an action for damages, the Corporation will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Special Warrants as a result of the Misrepresentation relied upon; and

d) in no case will the amount recoverable in any action for damages exceed the price at which the Special Warrants were sold to the Special Warrant Holder.

In addition to the foregoing, the Corporation agrees that in the event that a Special Warrant Holder who acquires Common Shares upon the exercise of Special Warrants as provided for in this Prospectus is or becomes entitled under applicable securities laws to the remedy of rescission by reason of this Prospectus or any amendment thereto containing a Misrepresentation, such Special Warrant Holder shall be entitled to rescission not only of the Special Warrant Holder's exercise of its Special Warrants, but also if the private placement transaction pursuant to which the Special Warrants were initially acquired and shall be entitled in connection with such rescission to a full refund from the Corporation of the amount of the purchase price paid on closing to the Agent. In the event such Special Warrant Holder is a permitted assignee of the interest of the original Special Warrant Holder, such permitted assignee shall be entitled to exercise such rights of rescission and refund as if such permitted assignee were such original Special Warrant Holder. The provisions of this paragraph are a direct contractual right extended by the Corporation alone (but specifically not by the Agent or the directors or officers of the Corporation) to Special Warrant Holders, permitted assignees of such Special Warrant Holders and holders of the Common Shares acquired by such Special Warrant Holders on exercise of Special Warrants and are in addition to any other right or remedy available to Special Warrant Holders under section 130 of the *Securities Act* (Ontario) or otherwise at law. The foregoing contractual rights of action for rescission shall be subject to the defence described under subsection 130(2) of the *Securities Act* (Ontario) which is incorporated herein by reference, *mutatis mutandis*. No action shall be commenced to enforce the foregoing rights of action for rescission more than 180 days after the date of receipt of a final prospectus.

The foregoing summary is subject to the express provisions of the *Securities Act* (Ontario) and applicable related legislation and reference should be made thereto for the complete text of such provisions. The rights of action described herein are in addition to and without derogation from any other right or remedy that the Special Warrant Holder may have at law.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Stikeman, Elliott, counsel to the Corporation, the following is a general summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder (the "Regulations") generally applicable to persons who exercise Special Warrants and who, at all relevant times and for the purposes of the Tax Act, are resident in Canada, hold the Special Warrants and will hold the Common Shares issuable upon the exercise thereof as capital property, deal at arm's length with the Corporation and are not affiliated with the Corporation (a "Holder"). This summary does not apply to a Holder that is a financial institution for the purposes of the "mark-to-market" rules in the Tax Act, and such Holders should consult their own advisors. This summary deals only with the Canadian federal income tax considerations of acquiring Common Shares pursuant to the exercise of the Special Warrants. It does not address the income tax consequences to a Holder of holding or disposing of the Common Shares.

This summary is based upon the current provisions of the Tax Act and the Regulations, all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the "Tax Proposals") and counsel's understanding of the current published administrative practices of Revenue Canada. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in the law, whether by judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial or foreign tax legislation or considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, tax advice to any particular Holder. Prospective Holders are urged to consult their own tax advisors with respect to their particular circumstances.

Exercise of Special Warrants

No gain or loss will be realized by a Holder of a Special Warrant upon the exercise of the Special Warrant.

RRSP Eligibility

The Common Shares issuable upon the exercise of the Special Warrants will be qualified investments under the Tax Act and the Regulations for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans, and under certain proposed amendments to the Regulations, for trusts governed by registered education savings plans, and will not constitute foreign property for the purposes of Part XI of the Tax Act.

MATERIAL CONTRACTS

The only material contracts entered into by the Corporation since incorporation and which are still outstanding are:

1. The Escrow Agreement. See "Escrowed Securities".
2. The Agency Agreement.
3. The Special Warrant Indenture.
4. An Assignment of Lease between the Corporation and 328995 dated September 1, 1999 in respect of the Merritt Lease. See "The Acquisition - Summary of Leases".
5. An Assignment of Leases between the Corporation and Rick Holdings dated September 1, 1999 in respect of: (i) the Beausejour Lease; (ii) the Fort Nelson Lease; and (iii) the Three Hills Lease. See "The Acquisition - Summary of Leases".

Copies of these agreements as well as a copy of the Corporation's Stock Option Plan will be available for review by Special Warrant Holders at the head office and at the registered office of the Corporation during ordinary business hours prior to the Time of Expiry.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Corporation are KPMG, Chartered Accountants, 1200, 205 – 5th Avenue S.W., Calgary, Alberta T2P 4B9. The registrar and transfer agent for the Common Shares is Montreal Trust Company of Canada at its principal office in Calgary.

Schedule of Rental Revenue and Expenses Information

RICK HOLDINGS LTD.; BEAUSEJOUR PROPERTY

Year ended January 31, 1999

AUDITORS' REPORT

To the Owner of Rick Holdings Ltd.

At the request of Gulf & Pacific Equities Corp., we have audited the schedule of rental revenue and expenses information relating to the Rick Holdings Ltd.; Beausejour Property for the year ended January 31, 1999. This financial information is the responsibility of the management of Rick Holdings Ltd. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, rental revenue and expenses information relating to the Rick Holdings Ltd.; Beausejour Property for the year ended January 31, 1999 prepared in accordance with the accounting policies described in note 1.

(signed) KPMG L.L.P.

Chartered Accountants

Toronto, Canada
April 1, 1999

RICK HOLDINGS LTD.; BEAUSEJOUR PROPERTY

Schedule of Rental Revenue and Expenses Information

Year ended January 31, 1999

Rental revenue	$	60,000
Expenses:		
Mortgage Interest		29,809
Realty taxes		15,994
Amortization of building		11,665
Insurance		1,158
Recovery of expenses		(16,834)
		41,792
Excess of rental revenue over expenses	$	18,208

See accompanying note to schedule.

RICK HOLDINGS LTD.; BEAUSEJOUR PROPERTY

Notes to Schedule of Rental Revenue and Expenses Information

Year ended January 31, 1999

1. Significant accounting policies:

a) Basis of presentation:

This Schedule has been prepared for inclusion in the Prospectus of Gulf & Pacific Equities Corp. dated ●, 1999. The rental revenue and expenses information for the Beausejour Property, consisting of a lot on which a commercial rental building is situated (the "Beausejour Property"), has been taken from the accounting records of Rick Holdings Ltd., a business which involves the rental of commercial property. This financial information is not a financial statement prepared in accordance with generally accepted accounting principles as it contains limited information. Readers of this financial information should be aware of this limitation.

b) Rental revenue:

Rental revenue includes rents earned from tenants under lease agreements.

c) Expenses:

Mortgage interest is calculated at 10.5% per annum, on an original principal balance of $298,000 with a term of 12 years, maturing November 2009.

Amortization of building is provided over the estimated useful life of the asset at a rate of 4% using the declining balance method.

The revenue and expenses information presented in this schedule only includes the following expenses: mortgage interest; realty taxes; amortization of building; insurance; and recovery of expenses. Other expenses such as building maintenance are the responsibility of the tenant. No amounts have been provided for income taxes.

Schedule of Rental Revenue and Expenses Information

RICK HOLDINGS LTD.; THREE HILLS PROPERTY

Six months ended January 31, 1999

AUDITORS' REPORT

To the Owner of Rick Holdings Ltd.

At the request of Gulf & Pacific Equities Corp., we have audited the schedule of rental revenue and expenses information relating to the Rick Holdings Ltd.; Three Hills Property for the period from August 1, 1998 to January 31, 1999. This financial information is the responsibility of the management of Rick Holdings Ltd. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, rental revenue and expenses information relating to the Rick Holdings Ltd.; Three Hills Property for the period from August 1, 1998 to January 31, 1999 prepared in accordance with the accounting policies described in note 1.

(signed) KPMG L.L.P.

Chartered Accountants

Toronto, Canada
April 1, 1999

RICK HOLDINGS LTD.; THREE HILLS PROPERTY

Schedule of Rental Revenue and Expenses Information

For the period August 1, 1998 to January 31, 1999

Rental revenue	$	29,250
Expenses:		
Amortization of building		8,800
Insurance		1,042
Recovery of expenses		(756)
		9,086
Excess of rental revenue over expenses	$	20,164

See accompanying note to schedule.

RICK HOLDINGS LTD.; THREE HILLS PROPERTY

Notes to Schedule of Rental Revenue and Expenses Information

For the period August 1, 1998 to January 31, 1999

1. Significant accounting policies:

a) Basis of presentation:

This Schedule has been prepared for inclusion in the Prospectus of Gulf & Pacific Equities Corp. dated ●, 1999. The rental revenue and expenses information for the Three Hills Property, consisting of a lot on which a commercial rental building is situated (the "Three Hills Property"), has been taken from the accounting records of Rick Holdings Ltd., a business which involves the rental of commercial property. This financial information is not a financial statement prepared in accordance with generally accepted accounting principles as it contains limited information. Readers of this financial information should be aware of this limitation.

b) Rental revenue:

Rental revenue includes rents earned from tenants under lease agreements.

c) Expenses:

Amortization of building is provided over the estimated useful life of the asset at a rate of 4% using the declining balance method.

i) The revenue and expenses information presented in this schedule only includes the following expenses: amortization of building; insurance; and recovery of expenses. Other expenses such as building maintenance are the responsibility of the tenant. No amounts have been provided for income taxes.

Schedule of Rental Revenue and Expenses Information

RICK HOLDINGS LTD.; FORT NELSON PROPERTY

Seven months ended January 31, 1999

AUDITORS' REPORT

To the Owner of Rick Holdings Ltd.

At the request of Gulf & Pacific Equities Corp., we have audited the schedule of rental revenue and expenses information relating to the Rick Holdings Ltd.; Fort Nelson Property for the period from July 1, 1998 to January 31, 1999. This financial information is the responsibility of the management of Rick Holdings Ltd. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, rental revenue and expenses information relating to the Rick Holdings Ltd.; Fort Nelson Property for the period from July 1, 1998 to January 31, 1999 prepared in accordance with the accounting policies described in note 1.

(signed) KPMG L.L.P.

Chartered Accountants

Toronto, Canada
April 1, 1999

RICK HOLDINGS LTD.; FORT NELSON PROPERTY

Schedule of Rental Revenue and Expenses Information

For the period July 1, 1998 to January 31, 1999

Rental revenue	$	23,957
Expenses:		
Amortization of building	$	9,000
Amortization of lease inducements		2,500
Insurance		1,565
Recovery of expenses		(1,455)
		11,610
	$	12,347

See accompanying note to schedule.

RICK HOLDINGS LTD.; FORT NELSON PROPERTY

Notes to Schedule of Rental Revenue and Expenses Information

Period ended January 31, 1999

Significant accounting policies:

Basis of presentation:

This Schedule has been prepared for inclusion in the Prospectus of Gulf & Pacific Equities Corp. dated ●, 1999. The rental revenue and expenses information for the Fort Nelson Property, consisting of a lot on which a commercial rental building is situated (the "Fort Nelson Property"), has been taken from the accounting records of Rick Holdings Ltd., a business which involves the rental of commercial property. This financial information is not a financial statement prepared in accordance with generally accepted accounting principles as it contains limited information. Readers of this financial information should be aware of this limitation.

Rental revenue:

Rental revenue includes rents earned from tenants under lease agreements.

Expenses:

Amortization of building is provided over the estimated useful life of the asset at a rate of 4% using the declining balance method. Amortization of lease inducements is provided on a straight-line basis over the term of the lease.

ii) The revenue and expenses information presented in this schedule only includes the following expenses: amortization of building, amortization of lease inducements; insurance; and recovery of expenses. Other expenses such as building maintenance are the responsibility of the tenant. No amounts have been provided for income taxes.

Schedule of Rental Revenue and Expenses Information

328995 ALBERTA LTD.; MERRITT PROPERTY

Year ended January 31, 1999

AUDITORS' REPORT

To the Owner of 328995 Alberta Ltd.

At the request of Gulf & Pacific Equities Corp., we have audited the schedule of rental revenue and expenses information relating to the 328995 Alberta Ltd.; Merritt Property for the year ended January 31, 1999. This financial information is the responsibility of the management of 328995 Alberta Ltd. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, rental revenue and expenses information relating to the 328995 Alberta Ltd.; Merritt Property for the year ended January 31, 1999 prepared in accordance with the accounting policies described in note 1.

(signed) KPMG L.L.P.

Chartered Accountants

Vaughan, Canada
April 1, 1999

328995 ALBERTA LTD.; MERRITT PROPERTY

Schedule of Rental Revenue and Expenses Information

Year ended January 31, 1999

Rental revenue	$	71,880
Expenses:		
Mortgage Interest		18,158
Realty taxes		17,229
Amortization of building		11,953
Insurance		1,475
Recovery of expenses		(18,321)
		30,494
Excess of rental revenue over expenses	$	41,386

See accompanying note to schedule.

328995 ALBERTA LTD.; MERRITT PROPERTY

Notes to Schedule of Rental Revenue and Expenses Information

Year ended January 31, 1999

1. Significant accounting policies:

a) Basis of presentation:

This Schedule has been prepared for inclusion in the Prospectus of Gulf & Pacific Equities Corp. dated ●, 1999. The rental revenue and expenses information for the Merritt Property, consisting of two lots, one on which a commercial rental building is situated and the other of which provides parking (the "Merritt Property"), has been taken from the accounting records of 328995 Alberta Ltd., a business which involves the rental of commercial property. This financial information is not a financial statement prepared in accordance with generally accepted accounting principles as it contains limited information. Readers of this financial information should be aware of this limitation.

b) Rental revenue:

Rental revenue includes rents earned from tenants under lease agreements.

c) Expenses:

Mortgage interest is calculated at 7.55% per annum, on an original principal balance of $275,000 with a term of 6 1/2 years, maturing May 2004.

i) Amortization of building is provided over the estimated useful life of the asset at a rate of 4% using the declining balance method.

ii) The revenue and expenses information presented in this schedule only includes the following expenses: mortgage interest; realty taxes; amortization of building; insurance; and recovery of expenses. Other expenses such as building maintenance are the responsibility of the tenant. No amounts have been provided for income taxes.

Financial Statements of

GULF & PACIFIC EQUITIES CORP.

Period ended December 31, 1998

AUDITORS' REPORT

To the Shareholders of Gulf & Pacific Equities Corp.

We have audited the balance sheet of Gulf & Pacific Equities Corp. as at December 31, 1998 and the statements of loss and deficit and changes in financial position for the period from April 8, 1998 to December 31, 1998. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1998 and the results of its operations and changes in its financial position for the period then ended in accordance with generally accepted accounting principles.

(signed) KPMG L.L.P.

Chartered Accountants

Toronto, Canada
February 23, 1999

GULF & PACIFIC EQUITIES CORP.

Balance Sheet

December 31, 1998

Assets

Current assets:		
Cash	$	348,926
Accounts receivable		669
Prepaid expenses		6,208
		355,803
Capital assets (note 2)		10,277
	$	366,080

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities	$	9,100
Shareholders' equity		
Capital stock (note 3)		450,000
Deficit		(93,020)
		356,980
Commitments (note 7)		
Contingencies (note 8)		
Subsequent event (note 9)		
	$	366,080

See accompanying notes to financial statements.

On behalf of the Board:

(signed) Anthony J. Cohen, Director (signed) David A. Wright, Director

GULF & PACIFIC EQUITIES CORP.

Statement of Loss and Deficit

For the period from April 8, 1998 to December 31, 1998

Interest income	$	10,177
Administration expense		39,596
Net loss for the period		(29,419)
Share issue costs		(63,601)
Net loss, being deficit for end of period	$	(93,020)
Net loss per common share (note 4)	$	(0.01)
Weighted average number of common shares outstanding		3,083,969

See accompanying notes to financial statements.

GULF & PACIFIC EQUITIES CORP.

Statement of Changes in Financial Position

For the period from April 8, 1998 to December 31, 1998

Cash provided by (used in):		
Operations:		
Net loss for the period	$	(29,419)
Items not involving cash:		
Amortization of capital assets		1,310
Changes in non-cash operating working capital		2,223
		(25,886)
Investment:		
Purchases of capital assets		(11,587)
Financing:		
Issuance of capital stock		450,000
Share issue costs		(63,601)
		386,399
Increase in cash, being cash end of period	$	348,926

See accompanying notes to financial statements.

GULF & PACIFIC EQUITIES CORP.
Notes to Financial Statements

December 31, 1998

The Corporation was incorporated as Gulf & Pacific Equities Corp. 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. To December 31, 1998 the Corporation has not carried on any active business.

The Corporation is a Junior Capital Pool Corporation under the regulations and rules of the Alberta Securities Commission and The Alberta Stock Exchange. As such, it proposes to identify and evaluate businesses or assets with a view to the potential acquisition of an interest therein.

1. Significant accounting policies:

   The financial statements are in accordance with generally accepted accounting principles in Canada.

   a) Capital assets:

      Capital assets are carried at cost. Amortization is provided using the following annual rates and methods:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	30%
Leasehold improvements	Straight-line	20%

   b) Use of estimates:

      The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenditures for the year reported. Actual results could differ from these estimates.

2. Capital assets:

		Cost		Accumulated amortization		Net book value
Furniture and fixtures	$	810	$	81	$	729
Office equipment		3,018		453		2,565
Leasehold improvements		7,759		776		6,983
	$	11,587	$	1,310	$	10,277

3. Capital stock:

Authorized:		
Unlimited number of Common Shares		
Unlimited number of Preference Shares		
Issued:		
3,500,000 Common Shares	$	450,000

On April 8, 1998 the Corporation issued 2,500,000 Common Shares at a price of $.10 per share for gross proceeds of $250,000. Under the requirements of the Alberta Securities Commission, all 2,500,000 Common Shares will be held in escrow and will be released as to one third thereof upon each of the first, second and third anniversaries of the completion of the Corporation's major transaction.

On June 26, 1998 the Corporation filed a prospectus relating to the issuance of 1,000,000 Common Shares at $.20 per share. Aggregate proceeds of the issue were $200,000 before deducting agents commission of $20,000 and the Special Warrants Offering expenses of approximately $30,000. The Corporation also granted an agent's option concurrent with the issue of the 1,000,000 Common Shares.

The agent's option entitles the agent to acquire 100,000 Common Shares at a price of $.20 per Common Share. The agent's option expires November 2000.

3. Capital stock, (continued):

Stock option plan:

The Corporation has adopted a stock option plan for directors, officers, employees and consultants of the Corporation. Options granted and outstanding at any point in time may not exceed the lessor of 2,000,000 and 10% of the issued and outstanding Common Shares of the Corporation at the time of the grant of options. Further, the aggregate number of Common Shares issuable on exercise of the options granted under the stock option plan to any one individual shall not exceed 5% of the issued and outstanding Common Shares of the Corporation.

The components of stock options issued under the Plan and outstanding at December 31, 1998 are presented in the following table:

	Number of shares	Year of expiry	Exercise price
Issued under the Plan:			
Directors and officers	306,250	2003	$ 0.20
Officers	43,750	2003	$ 0.20
Outstanding at December 31, 1998	350,000		

Net loss per common share:

Net loss per common share is calculated using the weighted average number of common shares outstanding computed on a daily basis. The affect of the conversion of options would not have had a dilutive effect.

Financial instruments:

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities approximate fair values due to their relatively short terms to maturity.

Income taxes:

The Corporation has non-capital losses of approximately $42,000 available to reduce future taxable income. These losses carried forward expire in the year 2005 if not utilized.

6. Income taxes, (continued):

In addition, the Corporation has timing differences related to undepreciated capital cost allowance and share issue costs as at December 31, 1998 in excess of amounts reflected for accounting purposes of approximately $52,000.

No recognition has been given to the future benefit of these carry-forward amounts in these financial statements.

Commitments:

Minimum lease payments required under operating leases are approximated as follows:

1999	$	13,650
2000		16,200
2001		18,750
2002		21,300
2003		3,600
	$	73,500

Uncertainty due to the Year 2000 Issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect a Corporation's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Subsequent event:

Subsequent to December 31, 1998 the Corporation, pursuant to a letter of intent, agreed to purchase four commercial real estate properties for aggregate consideration of $2,485,000 (the "Acquisition") to be paid by the assumption of mortgages payable to the vendors in the aggregate amount of $1,189,708, the issuance of 494,871 Common Shares of the Corporation at an ascribed price of $1.00 per share and a cash payment of $800,421.

9. Subsequent event, (continued):

The vendor mortgages shall bear interest at an annual rate of 4% for the first two years of their five year terms with monthly, interest only payments to be made to the vendors. For the remainder of the mortgage terms, the mortgages shall bear a floating rate of interest tied to the three year commercial rate of interest charged by Great West Life Assurance Corporation with monthly interest and principle payments being made to the vendors.

In connection with the Acquisition, the Corporation plans to complete a private placement of up to 2,500,000 Special Warrants to be sold at a purchase price of $0.40 per Special Warrant (the "Private Placement"). Each Special Warrant will entitle the holder to acquire one Special Warrant, subject to adjustment, for no additional consideration. Funds received from the sale of the Special Warrants will be held in escrow pending approval of the Private Placement and the Acquisition by the shareholders of the Corporation. If the Private Placement and the Acquisition are approved, funds will be released from escrow and used by the Corporation to pay land transfer taxes and registration fees, to complete the acquisition of the acquired properties and for general working capital.

The above Acquisition and Private Placement are subject to regulatory approval, shareholder approval and closing conditions.

The Acquisition and the Private Placement, if completed will constitute the Corporation's Major Transaction.

Financial Statements of

GULF & PACIFIC EQUITIES CORP.

Six month period ended June 30, 1999

REVIEW ENGAGEMENT REPORT

To the Shareholders of Gulf & Pacific Equities Corp.

We have reviewed the balance sheet of Gulf and Pacific Equities Corp. as at June 30, 1999 and the statements of loss and deficit and cash flows for the six month period then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Corporation.

A review does not constitute an audit and consequently we do not express and audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with generally accepted accounting principles.

(signed) KPMG L.L.P.

Charted Accountants

Toronto, Canada

October 8, 1999

GULF & PACIFIC EQUITIES CORP.

Balance Sheet

June 30, 1999 with comparative figures for 1998
(Unaudited)

	1999	1998
Assets		
Current assets:		
Cash	$ 293,101	$ 388,230
Accounts receivable	431	-
Prepaid expenses	6,619	-
	300,151	388,230
Capital assets (note 3)	10,359	-
Deferred charges (note 4)	34,248	-
	$ 344,758	$ 388,230
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 12,749	$ -
Shareholders' Equity		
Capital stock (note 5)	467,500	450,000
Deficit	(135,491)	(61,770)
	332,009	388,230
Commitments (note 9)		
Contingency (note 10)		
	$ 344,758	$ 388,230

See accompanying notes to financial statements.

On behalf of the Board:

(signed) Anthony J. Cohen, Director

(signed) David A. Wright, Director

GULF & PACIFIC EQUITIES CORP.

Statement of Loss and Deficit

Six month period ended June 30, 1999, with comparative figures for the period from
April 8, 1998 to June 30, 1998
(Unaudited)

		1999		1998
Interest income	$	6,733	$	-
Expenses:				
Administration		47,901		-
Amortization		1,303		-
		49,204		-
Loss for the period		(42,471)		-
Deficit, beginning of period		(93,020)		-
Share issue costs		-		(61,770)
Deficit, end of period		(135,491)	$	(61,770)
Loss per common share (note 6)	$	(0.01)	$	-
Weighted average number of common shares outstanding		3,518,612		2,559,524

See accompanying notes to financial statements.

GULF & PACIFIC EQUITIES CORP.

Statement of Cash Flows

Six month period ended June 30, 1999, with comparative figures for the period from April 8, 1998 to June 30, 1998
(Unaudited)

		1999		1998
Cash provided by (used in):				
Operations:				
Loss for the period	$	(42,471)	$	-
Amortization which does not involve cash		1,303		-
Change in non-cash working capital		3,476		-
		(37,692)		-
Financing:				
Issuance of capital stock		17,500		450,000
Share issue costs		-		(61,770)
		17,500		(388,230)
Investments:				
Deferred charges		(34,248)		-
Purchase of capital assets		(1,385)		-
		(35,633)		-
Increase (decrease) in cash		(55,825)		388,230
Cash, beginning of period		348,926		-
Cash, end of period	$	293,101	$	388,230

See accompanying notes to financial statements.

The Corporation was incorporated as Gulf & Pacific Equities Corp. 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. To June 30, 1999, the Corporation has not carried on any active business.

The Corporation is a Junior Capital Pool Corporation, under the regulations and rules of the Alberta Securities Commission and the Alberta Stock Exchange. As such, it proposes to identify and evaluate businesses or assets with a view to the potential acquisition of an interest therein.

1. Significant accounting policies:

The financial statements are in accordance with generally accepted accounting principles in Canada.

(a) Capital assets:

Capital assets are stated at cost. Amortization is provided over the estimated useful lives of the assets using the following methods and annual rates.

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	30%
Leasehold improvements	Straight line	20%

(b) Use of estimates:

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Due to inherent uncertainty involved in making estimates, actual results reported in future periods could differ from those estimates.

2. Acquisition:

During the period, the Corporation, pursuant to a letter of intent, agreed to purchase four commercial real estate properties for aggregate consideration of $2,485,000 (the "Acquisition") to be paid by the assumption of mortgages payable to the vendors in the aggregate amount of $1,189,708, the issuance of 494,871 common shares of the Corporation at an ascribed price of $1.00 per share and a cash payment of $800,421. The vendor mortgages shall bear interest at an annual rate of 4% for the first two years of their five year term with monthly, interest only payments to be made to the vendors. For the remainder of the mortgage terms, the mortgages shall bear a floating rate of interest tied to the three year commercial rate of interest charged by Great West Life Assurance Company with monthly interest and principal payments being made to the vendors.

In connection with the Acquisition, the Corporation plans to complete a private placement of up to 2,500,000 Special Warrants to be sold at a purchase price of $0.40 per Special Warrant (the "Private Placement"). Each Special Warrant will entitle the holder to acquire one Common Share, subject to adjustment, for no additional consideration. Funds received from the sale of the Special Warrants will be held in escrow pending approval of the Private Placement by the shareholders of the Corporation. If the Private Placement is approved, funds will be released from escrow and used by the Corporation to pay land transfer taxes and registration fees, to complete the acquisition of the acquired properties and for general working capital.

The above Acquisition and Private Placement are subject to regulatory approval, shareholder approval and closing conditions.

The Acquisition and the Private Placement, if completed, will constitute the Corporation's major transaction.

3. Capital assets:

	Cost	Accumulated amortization	1999 Net book value	1998 Net book value
Furniture and fixtures	$ 2,195	$ 223	$ 1,972	$ -
Office equipment	3,018	838	2,180	-
Leasehold improvements	7,759	1,552	6,207	-
	$ 12,972	$ 2,613	$ 10,359	$ -

4. Deferred charges:

Deferred charges are comprised of costs related to the Private Placement. This amount will be charged to shareholders' equity once the Private Placement has been completed.

5. Capital stock:

	1999	1998
Authorized:		
Unlimited common shares		
Unlimited preference shares		
Issued:		
3,500,000 common shares	$ 467,500	$ 450,000

On April 8, 1998, the Corporation issued 2,500,000 common shares at a price of $0.10 per share for gross proceeds of $250,000. Under the requirements of The Alberta Stock Exchange, all 2,500,000 common shares will be held in escrow and will be released as to one third thereof upon each of the first, second and third anniversaries of the completion of the Corporation's major transaction.

On June 26, 1998, the Corporation filed a prospectus relating to the issuance of 1,000,000 common shares at $0.20 per share. Aggregate proceeds of the issue were $200,000 before deducting agents commission of $20,000 and the offering expenses of approximately $30,000. The Corporation also granted an agent's option concurrent with the issue of the 1,000,000 common shares. The agent's option entitles the agent to acquire 100,000 common shares at a price of $0.20 per common share. The agent's option expires November 2000.

On May 21, 1999, an officer exercised an option pursuant to the Corporation's initial public offering for 43,750 common shares for cash in the amount of $8,750.

On May 26, 1999, a director exercised an option pursuant to the Corporation's initial public offering for 43,750 common shares for cash in the amount of $8,750.

5. Capital stock (continued):

Stock option plan:

The Corporation has adopted a stock option plan for directors, officers, employees and consultants of the Corporation. Options granted and outstanding at any point in time may not exceed the lessor of 2,000,000 and 10% of the issued and outstanding common shares of the Corporation at the time of the grant of options. Furthermore, the aggregate number of common shares issuable on exercise of the options granted under the stock option plan to any one individual shall not exceed 5% of the issued and outstanding common shares of the Corporation.

The components of stock options issued under the Plan and outstanding at June 30, 1999 are presented in the following table:

	Number of shares	Year of expiry	Exercise price
Directors and officers	262,500	2003	$ 0.20

6. Loss per common share:

Loss per common share is calculated using the weighted average number of common shares outstanding computed on a daily basis. The effect of the conversion of options would not have had a dilutive effect.

7. Financial instruments:

The fair values of cash, accounts receivable and accounts payable and accrued liabilities approximate the carrying amounts due to their relatively short terms to maturity of these financial instruments.

8. Income taxes:

The Corporation has non-capital losses of approximately $85,000 available to reduce future years' taxable income. These losses carried forward expire in the year 2006 if not utilized

In addition, the Corporation has timing differences related to undepreciated capital cost allowance and share issue costs as at June 30, 1999 in excess of amounts reflected for accounting purposes of approximately $52,000.

No recognition has been given to the future benefit of these carry-forward amounts in these financial statements.

9. Commitments:

Minimum lease payments required under operating leases are approximated as follows:

2000	$	14,900
2001		17,500
2002		20,000
2003		14,300
	$	66,700

10. Uncertainty due to the Year 2000 Issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Pro Forma Financial Information of

GULF & PACIFIC EQUITIES CORP.

Period ended December 31, 1998
(Unaudited - see Compilation Report)

COMPILATION REPORT

The Board of Directors of Gulf & Pacific Equities Corp.

We have reviewed, as to compilation only, the accompanying pro forma statement of assets, liabilities and shareholders' equity as at December 31, 1998 and the pro forma statement of revenue and expenses for the period from April 8, 1998 to December 31, 1998 of Gulf & Pacific Equities Corp. This pro forma financial information has been prepared for inclusion in the Gulf & Pacific Equities Corp. Offering Memorandum dated June 11, 1999. In our opinion, the pro forma statement of assets, liabilities and shareholders' equity and the pro forma statement of revenue and expenses have been properly compiled to give effect to the proposed transactions and the assumptions described in the notes thereto.

(signed) KPMG L.L.P.

Chartered Accountants

Vaughan, Canada
April 6, 1999

GULF & PACIFIC EQUITIES CORP.

Pro Forma Statement of Assets, Liabilities and Shareholders' Equity
(Unaudited - see Compilation Report)

		Gulf & Pacific Dec 31, 1998		Pro Forma Adjustments	Notes		Pro Forma Dec 31 1998
Assets							
Current assets:							
Cash	$	348,926	$	(800,421)	(2a)	$	278,505
				730,000	2(b), 2(e)		
Accounts receivable		669		-			669
Prepaid expenses		6,208		-			6,208
		355,803		(70,421)			285,382
Capital assets		10,277		2,485,000	2(a)		2,495,277
	$	366,080	$	2,414,579		$	2,780,659
Liabilities and Shareholders' Equity							
Current liabilities:							
Accounts payable and accrued liabilities	$	9,100	$	-		$	9,100
Income taxes payable		-		37,500	2(d)		37,500
		9,100		37,500			46,600
Mortgages payable		-		1,189,708	2(a)		1,189,708
Shareholders' equity:							
Capital stock		450,000		494,871	2(a)		1,794,871
				850,000	2(b)		
Deficit		(93,020)		(37,500)	2(d)		(250,520)
				(120,000)	2(e)		
		356,980		1,187,371			1,544,351
	$	366,080	$	2,414,579		$	2,780,659

See accompanying notes to pro forma financial information.

GULF & PACIFIC EQUITIES CORP.

Pro Forma Statement of Revenue and Expenses
(Unaudited - see Compilation Report)

	Gulf & Pacific 9 months Dec 31 1998	Merritt 12 months Jan 31, 1999	Beausejour 12 months Jan 31, 1999	Fort Nelson 7 months Jan 31, 1999	Three Hills 6 months Jan 31, 1999	Pro Forma Adjustments	Notes	Pro Forma Period Ended
Revenue:								
Rental revenue	$ -	$ 71,880	$ 60,000	$ 23,957	$ 29,250	$ 46,362	3	$ 231,449
Interest income	10,177	-	-	-	-	-		10,177
	10,177	71,880	60,000	23,957	29,250	46,362		241,626
Expenses (recovery):								
Administration	39,596	-	-	-	-	-		39,596
Mortgage interest	-	18,158	29,809	-	-	(47,967)	2(a)	47,600
						47,600	2(a)	
Realty taxes	-	17,229	15,994	-	-	-	3	33,223
Amortization	-	11,953	11,665	11,500	8,800	(43,918)	2(c)	71,088
						53,000	2(c)	
						18,088	3	
Insurance	-	1,475	1,158	1,565	1,042	2,383	3	7,623
Recovery of expenses	-	(18,321)	(16,834)	(1,455)	(756)	(2,003)	3	(39,369)
	39,596	30,494	41,792	11,610	9,086	27,183		159,761
Excess of revenue over expenses before income taxes	(29,419)	41,386	18,208	12,347	20,164	19,179		81,865
Income taxes	-	-	-	-	-	36,000	2(d)	36,000
Excess of revenue over expenses	$ (29,419)	$ 41,386	$ 18,208	$ 12,347	$ 20,164	$ (16,821)		$ 45,865

See accompanying notes to pro forma financial information.

GULF & PACIFIC EQUITIES CORP.
Notes to Pro Forma Financial Information

Period ended December 31, 1998
(Unaudited - see Compilation Report)

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1. Basis of presentation:

The pro forma financial information has been prepared by the management of Gulf & Pacific Equities Corp. ("Gulf & Pacific"). They are based upon the audited financial statements of Gulf & Pacific Equities Corp. as at December 31, 1998 and for the period from April 8, 1998 to December 31, 1998 and the schedules of rental revenue and expenses information for Rick Holdings Ltd.; Three Hills Property, Fort Nelson Property and Beausejour Property for the periods ended January 31, 1999 and 328995 Alberta Ltd.; Merritt Property for the year ended January 31, 1999 (the "four commercial real estate properties"), adjusted to reflect the proposed acquisition of the four commercial real estate properties by Gulf & Pacific for gross consideration of $2,485,000 (the "Acquisition") and the completion of a private placement of Special Warrants (the "Private Placement"). The pro forma financial statements have been compiled as though the transaction had taken place on April 8, 1998. These pro forma financial statements should be read in conjunction with the audited financial statements and schedules included in the information circular. These pro forma financial statements may not be indicative of the results that actually would have occurred if the proposed events had been in effect on the dates indicated nor of the financial position which may be obtained in the future. The audited financial statements of Gulf & Pacific for the period ended December 31, 1998 have been prepared in accordance with generally accepted accounting principles. The schedules of rental revenue and expenses for the four commercial real estate properties for the periods ended January 31, 1999 have been prepared on a basis of accounting as disclosed in notes thereto.

2. Pro forma adjustments:

The pro forma adjustments reflect the Acquisition and Private Placement as though it had occurred on April 8, 1998 and gives effect to the following:

(a) The acquisition of the four commercial real estate properties for aggregate consideration of $2,485,000 to be paid by the assumption of mortgages payable to the vendors in the aggregate amount of $1,189,708, the issuance of 494,871 Common Shares of the Corporation at an ascribed price of $1.00 per share and a cash payment of $800,421. The vendor mortgages shall bear interest at an annual rate of 4% for the first two years of their five year terms with monthly, interest only payments to be made to the vendors.

(b) The completion of the private placement of up to 2,500,000 Special Warrants to be sold at a purchase price of $0.40 per Special Warrant. Each Special Warrant will entitle the holder to acquire one Common Share for no additional consideration. Funds received from the sale of the Special Warrants will be held in escrow pending approval of the Private Placement by the shareholders of the Corporation. If the Private Placement is approved, funds will be released from escrow and used by the Corporation to pay land transfer taxes. and registration fees to complete the acquisition of the acquired properties and for general working capital.

2. Pro forma adjustments, (continued):

(c) Assumes that the amortization recorded by Rick Holdings Ltd. and 328995 Alberta Ltd. will be replaced by amortization recalculated, based on Gulf & Pacific's cost of acquiring the rental properties. The Corporation's allocation of the consideration paid for the rental properties is 30% to land and 70% to building.

(d) Income taxes payable, calculated at 44% of pro forma net income.

(e) Includes the estimated costs for professional and other fees associated with the transaction.

3. Extrapolated revenue and expenses:

Revenue and expenses related to the Rick Holdings Ltd.; Fort Nelson Property and Three Hills Property have been extrapolated over a 12 month period to be consistent with the reporting period of 328995 Alberta Ltd.; Merritt Property and Rick Holdings Ltd.; Beausejour Property.

Realty Taxes have been recorded on a cash basis in the preparation of the Pro Forma Statement of Revenue and Expenses. All realty taxes and insurance costs (excluding Rental Interruption Insurance) are fully recoverable from the Tenant.

CERTIFICATE OF THE CORPORATION

Dated: October 20, 1999

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part XV of the *Securities Act* (Ontario), and the regulations thereunder.

(signed) ANTHONY J. COHEN Chief Executive Officer	(signed) CHARLES A.V. PENNOCK Chief Financial Officer

On behalf of the Board of Directors

(signed) DEAN J. DOVOLIS Director	(signed) DAVID A. WRIGHT Director

CERTIFICATE OF PROMOTER

Dated: October 20, 1999

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by and Part XV of the *Securities Act* (Ontario) and the regulations thereunder.

(signed) ANTHONY J. COHEN

Dated: October 20, 1999

CERTIFICATE OF THE AGENT

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part XV of the *Securities Act* (Ontario), and the regulations thereunder.

JONES, GABLE & COMPANY LIMITED

(signed) D.M. ROSS

The following includes the name of every person or company having an interest, either directly or indirectly, to the extent of not less than five percent in the capital of:

JONES, GABLE & COMPANY LIMITED: D.M. Ross, J.D. Gunther, J.E. Sharpe, and A. Phillips.