



2200 TRANSCANADA HWY, MONTREAL, QC



LCOL PHILIP L. DEBNEY ARMOURY, EDMONTON, AB

The Fund began its 36th year with a favorable first quarter income return of 1.11%, benefiting from a well leased and diversified portfolio of 108 assets. The strength of a fully integrated real estate platform continues to exhibit its merits as the Fund moves into its 17th uninterrupted year with occupancy levels cresting 90%. Challenges remain present in commodity-based economies, highlighting the importance of the Fund's strategy to focus on markets with multiple economic drivers to reduce overall portfolio volatility and deliver consistent returns over the long term.

Leasing Updates: With occupancy at 92.6% and approximately 20% of the portfolio with leases that expire more than nine years out, the Fund remains positioned to continue to provide stable and predictable cash flow. Q1 leasing initiatives were highlighted by a notable transaction at 2200 Trans-Canada Hwy in Montreal, QC. This 411,264 square foot warehouse has been leased to Intramodal Warehouses Inc. on a five year term with an additional five year option to renew. The facility will act as a key distribution hub for the company, servicing contracts with the world's largest brewer among others. The lease will materially increase portfolio occupancy in the region.

Sustainability Initiatives: The LCOL P.L. Debney Armoury Building, which achieved BOMA BEST® Platinum certification last year, had the added distinction of winning the 2016 BOMA Edmonton Earth Award for having the highest certification score (92%) in its category. Green certifications reinforce operational best practices and aid in attracting strong anchor tenants. As at March 31, 2016, the Fund held 58 BOMA BEST® certifications and 12 LEED® certifications across its commercial assets.

Financing: Two significant 10 year financing initiatives were completed in the first quarter of 2016 totalling \$140 million in proceeds and reducing the Fund's weighted cost of debt to 4.03% from 4.25% at 2015 year end. The Fund maintained a leverage ratio of 18.7%, well within the policy maximum of 35%. The current interest rate environment has made it appealing

to strategically pay out expiring above market financing while adding leverage at historically low levels.

Forward Outlook: Fund management remains committed to a long term portfolio strategy that includes the discerning acquisition of institutional quality, well located and tenanted properties; a continued focus on the application of a conservative leverage mandate; maintaining strong relationships and understanding the ongoing needs of the Fund's tenant base and augmenting the portfolio with select development opportunities. The Fund remains well positioned to build on its strong history of performance.

**108 PROPERTIES,
GROSS MARKET VALUE
OF \$4.34 BILLION AT
MARCH 31, 2016**

Launched in 2005, the Canada Life Real Estate Fund invests in the Great-West Life Real Estate Fund, which was established in 1981, and invests in a portfolio of 108 high-quality, income-producing properties diversified by type and location, with a gross market value of over \$4.34 Billion. The Fund's objective is to provide investors with stable income returns and the opportunity for long-term capital appreciation.

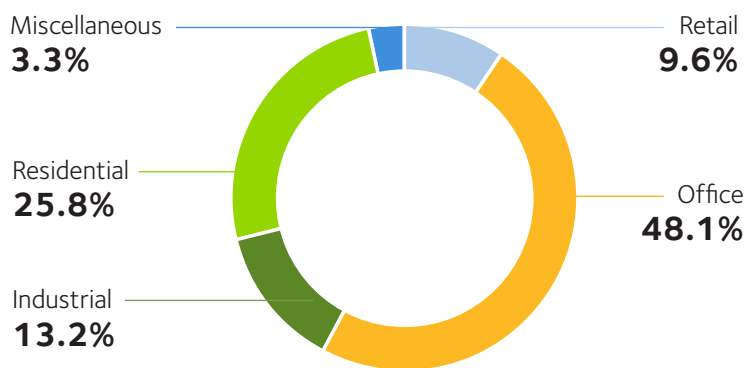
	YTD					
GROSS RETURN	2011	2012	2013	2014	2015	31-Mar
Income	5.7%	5.2%	4.8%	4.8%	4.5%	1.1%
Capital	10.9%	14.5%	6.1%	2.6%	0.2%	(0.2)%
Total	16.6%	19.7%	10.8%	7.4%	4.7%	0.9%

Note: Differences due to rounding of decimals

	YTD					
FUND GROWTH (\$ Millions)	2011	2012	2013	2014	2015	31-Mar
Real estate	\$ 3,031	\$ 3,638	\$ 3,950	\$ 4,164	\$ 4,325	\$ 4,338
Cash	\$ 563	\$ 476	\$ 579	\$ 495	\$ 491	\$ 657
Short term assets & liabilities	\$ (49)	\$ (57)	\$ (49)	\$ (29)	\$ (51)	\$ (68)
Gross fund value	\$ 3,545	\$ 4,057	\$ 4,480	\$ 4,630	\$ 4,765	\$ 4,927
Net fund value	\$ 2,563	\$ 3,122	\$ 3,608	\$ 3,769	\$ 3,956	\$ 4,003
Debt/gross fund value	27.7%	23.0%	19.5%	18.6%	17.0%	18.7%

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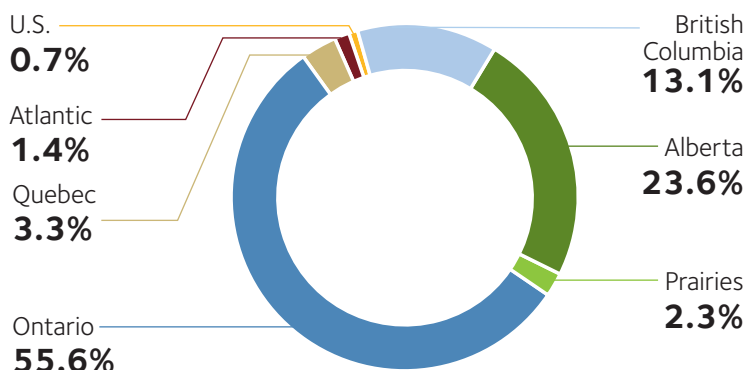
DIVERSIFICATION BY TYPE
(Gross)



VACANCY

Retail	4.1%
Office	9.2%
Industrial	8.0%
Residential	5.8%
Miscellaneous	0.0%
Total by type	7.4%

DIVERSIFICATION BY REGION
(Gross)



VACANCY

British Columbia	11.0%
Alberta	6.4%
Prairies	2.8%
Ontario	5.1%
Quebec	14.9%
Atlantic	16.9%
U.S.	57.7%
Total by region	7.4%

Any statements in this report concerning future financial performance of the Fund are subject to, among other things, risks, uncertainties and assumptions about the Fund, economic factors and real estate markets generally. They are not guarantees of future performance, and actual events and results may differ materially from those expressed or implied by forward-looking statements included in this report.