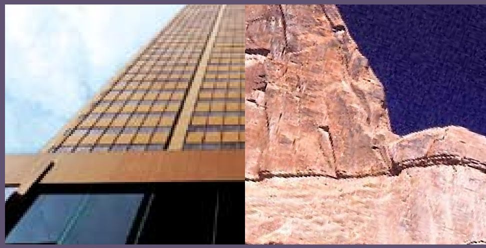
Q1 2006

GWL REAL ESTATE FUND
BULLETIN



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Established in 1981, the Great-West Life Real Estate Fund is Canada's largest segregated real estate fund. The Fund invests in a portfolio of 133 quality income producing properties diversified by type and location, with a gross value of over $2.0 billion. The Fund's objective is to provide investors with stable income returns and the opportunity for long-term capital appreciation.

Clarendon Lanes, Ottawa, Ontario

ACTIVITY

The strong gross total return of 3.2% in the first quarter was comprised of an income return of 1.4% and a capital return of 1.8%. Although each region of the country and all asset types are benefiting from rising values, the largest contributors to the first quarter capital return were downtown office assets in Vancouver and Ottawa. The Fund reached a major milestone, surpassing $2 billion in the market value of its real estate holdings.

During the first quarter, the Fund acquired a 50% interest for $15.9 million in Clarendon Lanes, a newly constructed apartment building located in the historic Byward Market area of downtown Ottawa. Clarendon Lanes consists of 120 suites, 4 retail tenants and 185 underground parking spaces. Given its proximity to upscale shops and restaurants, the Rideau Centre and Parliament Hill, this location is attractive to professionals and those in government service. As with all of the Fund's multi-family properties, this asset will provide secure cash flow and consistent returns.

This quarter, the Fund sold its 50% interest in a 5.8-acre parcel of land, part of the 13.0-acre Secretariat Court South lands in Mississauga, Ontario, for $1.7 million, or $592,400 per acre. As these lands were purchased in 2005 for $489,000 per acre, the sale results in a gain of 21.1%. Fund management intends to develop the remainder of the site.

The Fund also sold its 45% interest in the Village Mall in St. John's, Newfoundland. This enclosed community centre did not meet management's core asset criteria and, as such, was targeted for disposition. The net sale price of $8.6 million exceeded the most recent valuation of $7.5 million.

Overall, there was excellent leasing activity in the quarter in both the commercial and multi-family assets, with vacancy rates of 7.5% and 2.0%, respectively. One success story was a lease transaction at First Canadian Centre in Calgary. This Class 'A' office building, acquired in late 2005, had one vacant floor, which was leased in early Q1 of 2006 at a rental rate 23% higher than initially budgeted. This will add significantly to its property value.

Fund management continues to execute its modest development program. This includes going through municipal planning processes, feasibility studies, pricing and marketing for lease. Potential projects include industrial buildings in Edmonton and Toronto, a multi-family development in Toronto and several office building opportunities. All developments will only proceed once a significant portion of the project has been pre-leased. The Fund has an excellent record of adding developed assets to the portfolio which have provided strong risk-adjusted returns.

GWL REALTY ADVISORS

ADDING VALUE

GWL Realty Advisors, the Fund Manager, has established three key initiatives:

- Maximize efficiencies and boost savings through national procurement programs
- Establish national service standards based on best-in-class practices
- Support GWL Realty Advisors and client governance standards (requirements)

Major national programs have been developed in the areas of elevator service, air conditioning service, lampage and washroom products procurement. In addition to providing a mechanism to ensure quality of service, product and delivery, the initiatives have resulted in annual net savings of over $319,000.

One example of these savings was at First Canadian Centre, a 520,000 sf office complex in Calgary. On acquisition, GWL Realty Advisors was able to reduce elevator service costs under our national program some 28%, or $59,000 per annum, while retaining the same quality provider. Another example was major air conditioning cooling tower work done at Fifth & Fifth, a 470,000 sf office complex in Calgary. After the competitive tendering process and follow-up price negotiations, the national agreement with the successful bidder resulted in an additional 3% savings. In both cases, savings are passed on to the tenants of the building through reduced operating costs.

From the Energy, Environmental and Health & Safety Services perspective, the Fund Manager has been providing best practices and governance programs to ensure all the properties migrate to a high level of energy efficiency and legislative compliance. GWL Realty Advisors' Environmental Policy details practices that are to be utilized by all staff and contractors, and encourages green purchasing policies and comprehensive waste diversion programs.

With the creation of its Climate Change Plan, the Fund Manager instituted an energy and emissions management plan to reduce the energy consumed in, and the emissions created by, its managed real estate. From 2001 to 2005, emissions in the portfolio were reduced by approximately 12.7%, resulting in a reduction of greenhouse gases of approximately 34,462 tonnes (equivalent to 7,460 cars being taken off the road). At 650 West Georgia in Vancouver, completed projects include replacement of the chiller, installation of variable speed drives and a complete lighting retrofit – resulting in total energy savings of 20% or $238,000 per year.

Client governance has become an important and integral part of the GWL Realty Advisors' management service. The Fund Manager has contracted with RiskCheck Inc. to provide it with 'HAS*check* Interactive', an integral, Internet accessed, fire and life safety risk management system, throughout its industrial and commercial portfolio. 'HAS*check*' ensures the site identification of fire and life safety risks by qualified personnel and determines the appropriate maintenance and mitigation procedures to eliminate or control those risks. It assists in satisfying the monitoring, maintenance, training and reporting requirements of the GWL Realty Advisors' Environmental, Health & Safety Policy.

GWL Realty Advisors is committed to ongoing evaluation and assessment of its management practices, with a view to ensuring that their buildings are more competitive on a cost basis and more environmentally friendly. This will help attract new tenants and encourage existing tenants to stay – adding value to this top quality portfolio.

Fifth & Fifth, Calgary, Alberta

MARKET OVERVIEW

Rising values persisted into the first quarter of 2006. There are two key drivers of these strong valuations: robust leasing activity in most markets, fuelled by a healthy economy and disciplined new supply; and increasing demand for quality real estate as investors learn to appreciate real estate's strong risk-adjusted returns and low volatility.

In the office sector, major development projects in downtown Calgary and Toronto are being keenly observed. The very good news is that the first three buildings coming out of the ground in Calgary, about one million square feet, for delivery in 2007 and 2008, are already 100% pre-leased. Three to four million more square feet of projects have been announced in Calgary with delivery spread out to 2011. Alberta's extraordinary oil and gas based economy is expected to absorb this new space. Recently, rents in downtown Calgary have increased up to 35% from only 6 months ago. In Toronto, a 1.2 million sf project, the largest in 15 years, was recently announced but only after 400,000 sf was pre-leased to a major financial institution. Certain suburban markets are still favourable to tenants but, for the most part, leasing activity is stronger, year over year. Nationally, vacancy rates in the central business districts of Canada's major cities tend to be less than 10%, which is to the landlord's advantage. Quality, well-leased office buildings in these markets rank very high on investors' target lists and cap rate compression will increase values again in 2006.

Most industrial markets across Canada are in supply/demand balance with vacancy rates of less than 5%. However, it should be noted that larger, older, low-clear height industrial buildings may sit on the market for long periods of time as clear height becomes more important. As Canada moves to a more service-oriented industrial base, manufacturing use is declining and logistics and warehousing are becoming more dominant in the market. Investors continue to pursue industrial portfolios when and if they become available for sale. As with the office sector, declining cap rates are resulting in strong valuations.

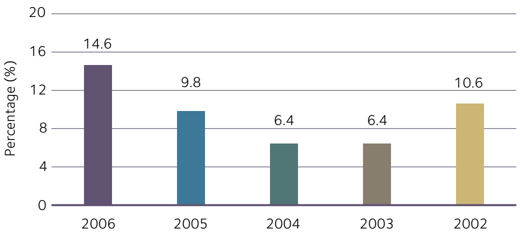
The retail sector remains a split market. Enclosed community centres and older strip centres that have not been updated (in terms of tenancy or design) are a challenging investment opportunity. New, well-located, grocery-anchored neighbourhood centres and big box or power centres, as well as dominant enclosed regional malls, are fully occupied and continue to be highly valued.

In residential markets across the country, rising interest rates have reduced sales to first-time home buyers. Well-managed assets will have low vacancy rates. Cost control initiatives and leasing rates adjusted to market on a regular basis are keys to good performance. Future capital spending is an important consideration when investors are underwriting a multi-family acquisition. Investors give a high preference to well-located and well-maintained properties.

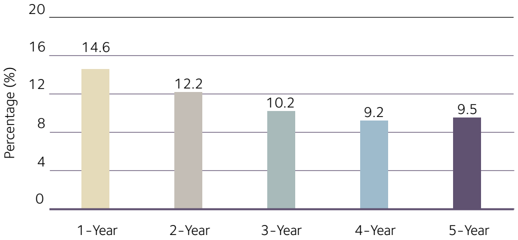
650 West Georgia, Vancouver, British Columbia

FUND FACTS

Gross Annual Rates of Return (before fees)*
at March 31



Gross Annualized Rates of Return (before fees)*
at March 31, 2006



Gross Return (before fees)*

Year	2001	2002	at December 31 2003	2004	2005	YTD Mar-06
Income	8.6%	7.8%	7.3%	7.1%	7.0%	**1.4%**
Capital	2.1%	-0.1%	-0.3%	1.0%	7.2%	**1.8%**
Total	10.7%	7.7%	7.0%	8.1%	14.2%	**3.2%**

* Fees may vary by client

Fund Growth ($ millions)

Year	2001	2002	at December 31 2003	2004	2005	YTD Mar-06
Real Estate	$ 1,335	$ 1,523	$ 1,626	$ 1,670	$ 1,963	**$ 2,005**
Cash & Other	$ 75	$ 152	$ 167	$ 204	$ 299	**$ 395**
Gross Fund Value	$ 1,410	$ 1,675	$ 1,793	$ 1,874	$ 2,263	**$ 2,400**
Net Fund Value	$ 1,020	$ 1,214	$ 1,289	$ 1,380	$ 1,777	**$ 1,938**
Debt / Gross Fund Value	27.7%	27.5%	28.1%	26.3%	21.5%	**19.3%**

Vacancy

By Type

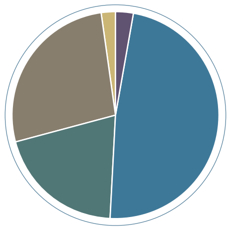
Retail	3.5%
Office	10.9%
Industrial	4.6%
Residential	2.0%
Total by Type	**6.1%**

By Region

British Columbia	4.3%
Alberta	3.5%
Ontario	7.1%
Quebec	5.3%
Atlantic	15.8%
Total by Region	**6.1%**

Diversification (Gross)

By Type



By Region