CANADA LIFE REAL ESTATE FUND | Q1 BULLETIN 2018

5140 YONGE STREET, TORONTO, ON

NORTH YORK CENTRE, TORONTO, ON

GRENADIER SQUARE (RENDERING), TORONTO, ON

2018 marks the Great-West Life Real Estate Fund's 38th year of operation as one of the largest core, open-ended real estate vehicles in the country. The first quarter saw the Fund deliver a total return of 1.25%, largely stemming from the income component of return, generated by the 119 quality assets that make up the portfolio.

'Cautious optimism' is an appropriate generalization of management's sentiment for the Canadian commercial real estate industry moving into 2018. Fundamentals are strong across most major markets, though social, political and economic volatility are external forces that have the potential to be disruptive. Strict adherence to underwriting and portfolio strategy will remain critical in the deployment of new capital.

Investment Activity: In January, the Fund acquired a 100% freehold interest in a 0.45 acre multi-residential development site at the intersection of 13th Avenue SW and 8th Street SW in the rapidly expanding, mixed-use, beltline district of Calgary, AB for $11 million. The initial design concept contemplates construction of a 24-story concrete high-rise multi-family project over one storey of retail with approximately 4-1/2 levels of underground parking. The acquisition positions the Fund to add its second multi-family asset in Calgary, as market conditions warrant, helping to effect a strategy to pivot the local portfolio into more defensive oriented assets. Development continues to play an integral role for the Fund, providing for superior risk-adjusted returns relative to acquisition on the open market.

Leasing Update: Occupancy ended the quarter at 93%, contributing to the stability of income performance. Of equal importance, the lease expiry profile for the Fund is well distributed with no single year representing exposure larger than 16%. The portfolio weighted average lease term remains greater than five years.

Of note in the quarter, management negotiated a new 10 year, 50,000 square foot lease at 5140 Yonge Street in Toronto, ON. The deal represents 9% of the building's net rentable area, substantially improving the leasing profile of the asset. The tenant, a mid-size consulting practice, performs a full range of actuarial and related services and has offices located in major centres across Canada and the Caribbean.

Development Project Status: As a reminder, construction of the Grenadier Square development adjacent to High Park in Toronto, ON commenced in March of 2017. The two tower project, which will represent an additional 528 residential units to the complex, is now well out of the ground and, despite a seemingly never ending winter, remains on track to be delivered in 2019. To learn more and track the status of the project please visit: http://www.grenadiersquareredevelopment.com/

Forward Outlook: Looking ahead, the Fund is scheduled to close on the acquisition of a new generation, grocery anchored retail centre in the Ottawa region and divest of a standalone, single tenant retail asset in the Greater Toronto Area.

Debt financing remains attractive in a long term context and the Fund will look to strategically utilize its application to reduce the existing cost base and improve leveraged performance.

GWL REALTY ADVISORS

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119 PROPERTIES, GROSS MARKET VALUE OF $5.01 BILLION AT MARCH 31, 2018.

Launched in 2005, the Canada Life Real Estate Fund invests in the Great-West Life Real Estate Fund, which was established in 1981. The Fund invests in a portfolio of 119 high-quality, income-producing properties diversified by type and location, with a gross market value of over $5.01 Billion. The Fund's objective is to provide investors with stable income returns and the opportunity for long-term capital appreciation.

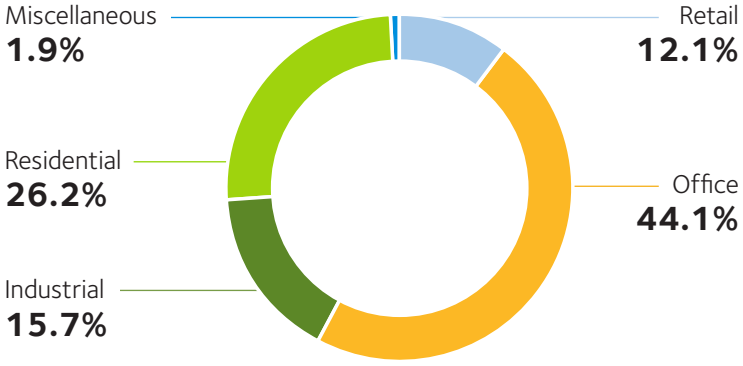
GROSS RETURN	Annualized at Y/E 10 Year	5 Year	3 Year	YTD 31-Mar
Income	5.2%	4.6%	4.5%	1.1%
Capital	2.3%	2.3%	1.0%	0.1%
Total	7.5%	6.9%	5.5%	1.2%

Note: Differences due to rounding of decimals

FUND GROWTH ($ Millions)	2013	2014	2015	2016	2017	YTD 31-Mar
Real estate	$ 3,937	$ 4,151	$ 4,312	$ 4,589	$ 4,965	$ 5,011
Cash	$ 579	$ 495	$ 491	$ 512	$ 547	$ 465
Short term assets & liabilities	$ (36)	$ (16)	$ (38)	$ (52)	$ (85)	$ (77)
Gross fund value	$ 4,480	$ 4,630	$ 4,765	$ 5,049	$ 5,427	$ 5,399
Net fund value	$ 3,608	$ 3,769	$ 3,956	$ 4,218	$ 4,492	$ 4,498
Debt/gross fund value	19.5%	18.6%	17.0%	16.5%	17.2%	16.7%

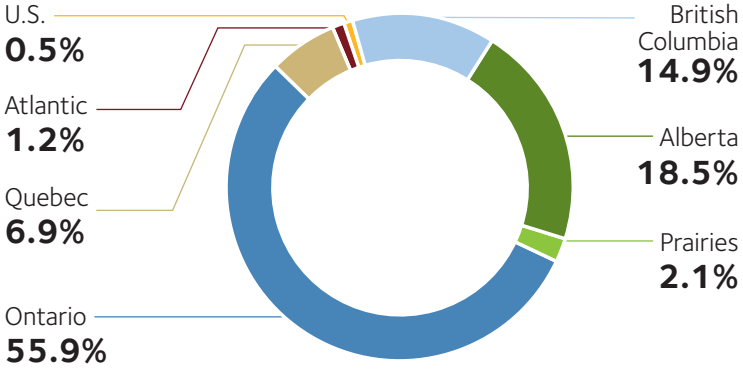
Note: Differences due to rounding of decimals

DIVERSIFICATION BY TYPE (Gross)



VACANCY	
Retail	4.4%
Office	13.4%
Industrial	4.5%
Residential	4.0%
Miscellaneous	0.0%
Total by type	7.4%

DIVERSIFICATION BY REGION (Gross)



VACANCY	
British Columbia	6.4%
Alberta	7.0%
Prairies	1.4%
Ontario	4.4%
Quebec	18.5%
Atlantic	12.9%
U.S.	68.9%
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.

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