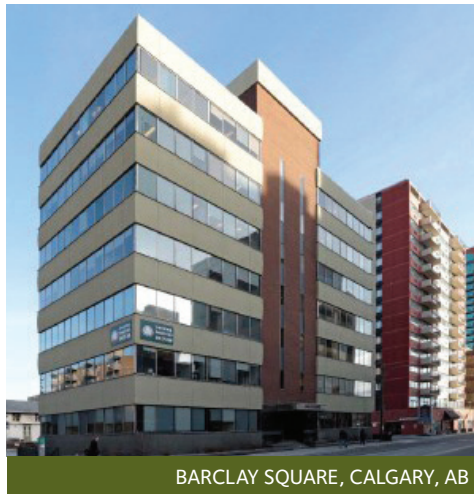


GREAT-WEST LIFE REAL ESTATE FUND | Q4 BULLETIN 2018



5140 YONGE, TORONTO, ON



BARCLAY SQUARE, CALGARY, AB



LAIRD BUSINESS PARK, MISSISSAUGA, ON

The Great-West Life Real Estate Fund finished the year on a positive note, delivering investors a total gross return of 7.1%. In the face of ongoing headwinds linked to Calgary's challenged office market, the Fund's capital return (2.7%) closed at its highest level since 2013. Performance for the year was further highlighted by a 130 bps decrease in overall portfolio vacancy, concluding 2018 at 6.3%, which represents the lowest figure since 2008. With limited correlation and substantially less volatility when compared to equity markets (the S&P TSX index was down approximately 11% in 2018) and bond-like consistency, the results of 2018 will remind investors as to the merits of having exposure to a diversified mix of core institutional quality real estate within their broader investment portfolios. Fourth quarter activity is summarized below.

Transaction Updates: In October, the Fund acquired its second multi-residential development site in Calgary's Beltline District. The 0.4-acre parcel, located at the corner of 13th Avenue and 8th Street, is directly adjacent to the site acquired earlier in the year and is currently improved with a 35,000 square foot, Class 'C' office building known as Barclay Square. The ultimate re-development of the two sites, which are intended to be phased, will provide scale and operating efficiencies while helping reposition the Fund's asset mix within the market.

For the year, new investment into real estate totaled approximately \$108 million across five acquisitions, while two non-core holdings were sold for \$26.5 million.

Financing Activity: In November, new financing was put into place at 5140 Yonge Street. The 10-year, \$100 million mortgage

was executed at an attractive spread of 145 bps over the corresponding Canadian bond and is interest only for the first three years of the term. The facility ultimately helps move the Fund closer to its short-term leverage target. The asset, which is part of the North York City Centre, is a 555,000 square foot 24-storey building with direct TTC access and has achieved BOMA BEST Level 3 certification. Financing activity for the year reduced the overall portfolio weighted average interest rate by 15 bps to 3.6%. With a conservative 16.2% loan to value across the portfolio, Fund management will continue to look for opportunities to take advantage of an attractive debt market by selectively applying new leverage in the year ahead.

Forward Outlook: With limited vacancy, a balanced expiry profile and strong market fundamentals across most of the country, the

Fund is very well positioned as we turn the page on 2018 and look ahead to 2019. The tone coming from the Bank of Canada would suggest a level of conservatism with respect to the pace and frequency of future rate increases, a result of economic growth targets missing the mark. At least in the near term, debt should remain inexpensive. South of the border, the Fed appears to be on a slightly more aggressive path, and the diversion may continue to put pressure on the Canadian dollar, increasing the appeal of Canadian exports. Should this be the case, it could add fuel to the fire with respect to what is already a very robust industrial market. Technology is certain to continue to play a vital role in re-shaping the commercial real estate sector which historically has been reluctant to adapt. Embracing new ideas will be key to keeping pace.

123 PROPERTIES, GROSS MARKET VALUE OF \$5.3 BILLION AT DECEMBER 31, 2018

Established in 1981, the Great-West Life Real Estate Fund invests in a portfolio of 123 high-quality, income-producing properties diversified by type and location, with a gross market value of over \$5.3 Billion. The Fund's objective is to provide investors with stable income returns and the opportunity for long-term capital appreciation.

GROSS RETURN

	Annualized			2018
	10 Year	5 Year	3 Year	
Income	5.0%	4.5%	4.4%	4.3%
Capital	3.3%	1.6%	1.8%	2.7%
Total	8.3%	6.2%	6.2%	7.1%

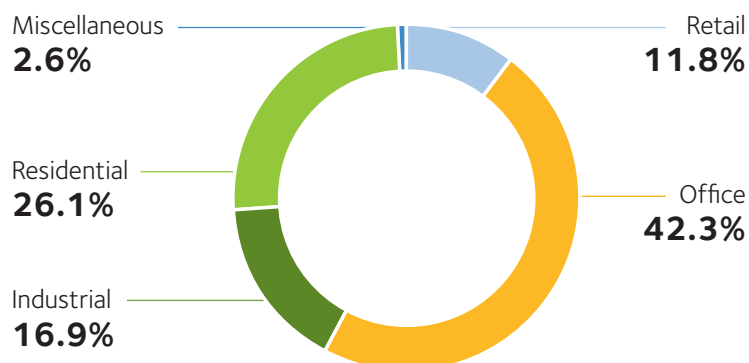
Note: Differences due to rounding of decimals

FUND GROWTH (\$ Millions)

	2013	2014	2015	2016	2017	2018
Real estate	\$ 3,937	\$ 4,151	\$ 4,312	\$ 4,589	\$ 4,965	\$ 5,288
Cash	\$ 579	\$ 495	\$ 491	\$ 512	\$ 547	\$ 457
Short term assets & liabilities	\$ (36)	\$ (16)	\$ (38)	\$ (52)	\$ (85)	\$ (79)
Gross fund value	\$ 4,480	\$ 4,630	\$ 4,765	\$ 5,049	\$ 5,427	\$ 5,666
Net fund value	\$ 3,608	\$ 3,769	\$ 3,956	\$ 4,218	\$ 4,492	\$ 4,747
Debt/gross fund value	19.5%	18.6%	17.0%	16.5%	17.2%	16.2%

Note: Differences due to rounding of decimals

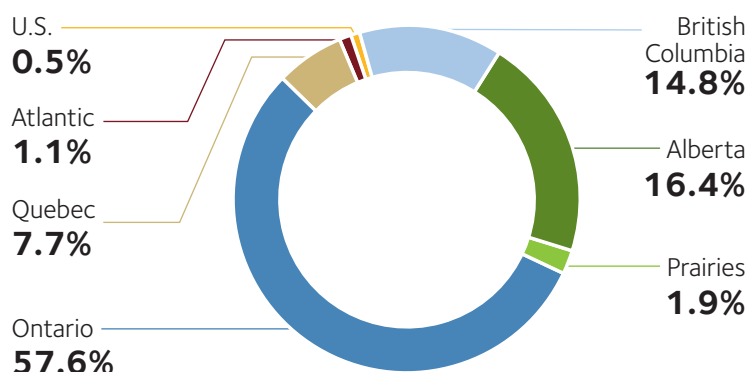
DIVERSIFICATION BY TYPE (Gross)



VACANCY

Retail	5.2%
Office	10.3%
Industrial	3.7%
Residential	5.1%
Miscellaneous	0.0%
Total by type	6.3%

DIVERSIFICATION BY REGION (Gross)



VACANCY

British Columbia	7.5%
Alberta	8.7%
Prairies	5.8%
Ontario	3.4%
Quebec	8.4%
Atlantic	10.9%
U.S.	63.9%
Total by region	6.3%