

33 Yonge St, Toronto, ON



Superior Business Park, Mississauga, ON



Country Club Centre, Nanaimo, BC

Through three quarters of 2019, the Great-West Life Real Estate Fund has delivered investors a total gross return of 6.4% and a trailing twelve-month tally of 8.0%. Year to date returns have been generated by equal parts income and capital, derived from limited portfolio vacancy, escalating rents and a healthy investment climate. Performance has improved each quarter throughout the year, with Q3 producing 230 bps of incremental return. Third quarter activity was highlighted by the completion of several financing mandates; details follow:

**Financing Initiatives:** The strategic, though conservative, utilization of debt forms a key part of the Fund's core investment thesis. Unencumbered assets are identified by their ability to generate financing proceeds at the best overall market terms, with execution timed to ensure that appropriate levels of overall liquidity are maintained. The Fund's overall leverage position has increased by 120 bps over the course of 2019, in large part due to the \$180M of financing activity that was completed in the third quarter.

**33 Yonge Street:** 33 Yonge is a 520,000 square foot Class 'A' office complex set in Toronto's financial core. The building sits on a 1.5-acre parcel of land that encompasses a full city block and is the headquarters of GWL Realty Advisors, the Fund Manager. In September, a new seven-year mortgage was placed on the previously unencumbered asset. The \$103M deal is of an interest only structure for the full term and carries an attractive coupon of 2.85%

**Superior and Winston Business Parks:**

Winston and Superior Business Parks are respectively located in Oakville and Mississauga and comprise over 1.5M square feet of premium industrial space. In August, management refinanced the assets, with proceeds exceeding \$45M for an additional 10-year term, at a favorable interest rate of 2.96%.

**Country Club Centre:** Country Club is a 290,000 square foot grocery anchored retail centre situated in Nanaimo, BC. The asset was refinanced in August with a new lender on a 10-year basis, with the first 12 months being interest only in nature. The \$35M loan facility was finalized at an interest rate of 3.30%.

**Sustainability:** GWLRA continues to be recognized as an international leader in sustainability by the Global Real Estate Sustainability Benchmark (GRESB), improving its score and earning a Green Star ranking for the fifth consecutive year and its third

consecutive GRESB '5 star' rating. The Fund made its second distinct GRESB submission in 2019 and placed among the top four percent in the Global Diversified category. GRESB is the global environmental, social and governance (ESG) benchmark for real assets. In 2019 a record 964 property companies and funds participated in the GRESB Real Estate Assessment.

**Forward Outlook:** Over 80% of the Fund's assets are located in Ontario, British Columbia and Quebec, with the overwhelming majority based in each of the province's primary cities. These are the markets in Canada that offer the most economically diversified bases and create the best environments for core real estate investment. Real Estate fundamentals in these markets continue to be very strong and the Fund's position therein should help deliver compelling performance through to the end of 2019 and beyond.

**125 PROPERTIES,  
GROSS MARKET VALUE  
OF \$5.8 BILLION AT  
SEPTEMBER 30, 2019**

Established in 1981, the Great-West Life Real Estate Fund invests in a portfolio of 125 high-quality, income-producing properties diversified by type and location, with a gross market value of over \$5.8 Billion. The Fund's objective is to provide investors with stable income returns and the opportunity for long-term capital appreciation.

**GROSS RETURN**

	Annualized			YTD
	3 Year	5 Year	10 Year	30-Sept
Income	4.4%	4.5%	4.9%	3.2%
Capital	2.7%	2.0%	3.9%	3.2%
Total	7.1%	6.5%	8.8%	6.4%

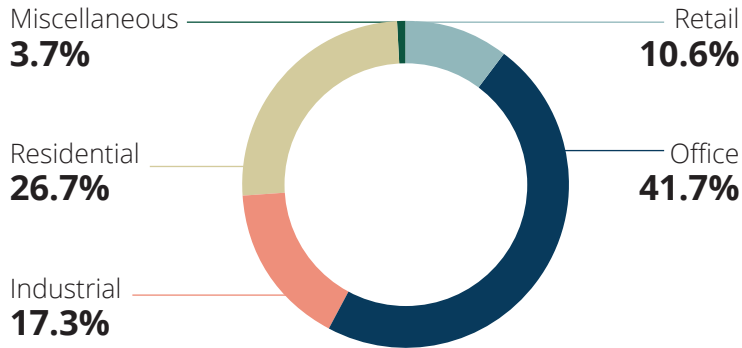
*Note: Differences due to rounding of decimals*

**FUND GROWTH** (\$ Millions)

	2014	2015	2016	2017	2018	YTD 30-Sept
Real estate	\$ 4,151	\$ 4,312	\$ 4,589	\$ 4,965	\$ 5,288	\$ 5,836
Cash	\$ 495	\$ 491	\$ 512	\$ 547	\$ 457	\$ 468
Short term assets & liabilities	\$ (16)	\$ (38)	\$ (52)	\$ (85)	\$ (79)	\$ (197)
Gross fund value	\$ 4,630	\$ 4,765	\$ 5,049	\$ 5,427	\$ 5,666	\$ 6,106
Net fund value	\$ 3,769	\$ 3,956	\$ 4,218	\$ 4,492	\$ 4,747	\$ 5,043
Debt/gross fund value	18.6%	17.0%	16.5%	17.2%	16.2%	17.4%

*Note: Differences due to rounding of decimals*

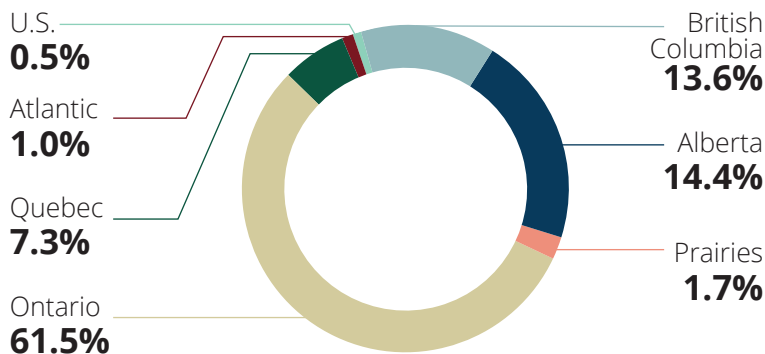
**DIVERSIFICATION BY TYPE**  
(Gross)



**VACANCY**

Retail	4.5%
Office	10.6%
Industrial	3.7%
Residential	3.6%
Total by type	6.1%

**DIVERSIFICATION BY REGION**  
(Gross)



**VACANCY**

British Columbia	5.8%
Alberta	11.5%
Prairies	4.5%
Ontario	2.6%
Quebec	7.1%
Atlantic	18.2%
U.S.	63.9%
Total by region	6.1%

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.