CANADA LIFE REAL ESTATE FUND | Q3 BULLETIN 2020

The Livmore High Park - 55 Quebec Avenue, Toronto, ON

The Canada Life Assurance Company Real Estate Fund posted a 1.4% total gross return for the third quarter, driven largely by the stability of the Fund's income return at 0.9%. Despite ongoing challenges related to the global pandemic, income returns have been buoyed by strong occupancy and collection levels. Increasing levels of investment and leasing activity helped to improve in-quarter visibility on valuation parameters, allowing appraisers to lift valuation uncertainty qualifications in the multi-family and selectively in the industrial asset class. At quarter end, most the Fund's property valuations remain qualified and, as a result, the Fund's temporary suspension remains in place.

Occupancy and Rent Collection

Occupancy for the portfolio ended the quarter at 93.2%, unchanged from the previous period. The Fund is well positioned from a lease expiry profile standpoint with over 66% of its commercial leases secured beyond 2023. Notably, of the rollover exposure in 2021, 70% of it is within the Fund's industrial portfolio where market fundamentals remain favourable.

Collection levels improved in the quarter, averaging better than 93% and totaling 97% when adjusted for the inclusion of payments from the government sponsored Canadian Emergency Commercial Rent Assistance program (CECRA). CECRA concluded in September and is intended to be replaced by the recently announced Canada Emergency Rent Subsidy (CERS). This program directly contracts the tenant with the government, removing the landlord as a participant.

Asset Valuation

In June, the Fund adopted an accelerated valuation process which increased the frequency of external valuations to a quarterly cadence and at the end of August, the first full cycle of valuations was completed. Industrial and multi-family values rose as the accelerated adoption of e-commerce created favourable conditions for the asset class, while the multi-family sector continues to benefit from strong investor appetite related in part to the availability of attractive CMHC insured financing and positive supply and demand dynamics. Office and retail values were negatively impacted, as uncertainly around the timing and potential structural impacts of office use as well as evolving consumer shopping preferences take shape.

Development Update

The first phase of the Livmore High Park development was completed and granted an occupancy permit in August, with the second phase to follow in Q4. Leasing activity within the first tower has been robust to date, now at 54%, with rental rates in line with proforma expectations. The project represents a $160 million investment into 530 units of new generation, amenity rich, transit-oriented multi-family product adjacent to High Park in Toronto.

Construction progress continues at Vancouver Centre II, which is now 52% preleased and scheduled to be complete in late 2021/early 2022. More information about the exciting new project is available by following this link: https://www.vancouvercentre.com/

Benchmarking

The Fund benchmarks performance against various peer groups to provide a relative measure. The Fund posted very strong returns as compared to the MSCI's Property Fund Index (PFI), which consists of 9 open-end Canadian core real estate funds. For the third quarter, the Fund's 1.4% return bested the PFI's performance of .7% by an impressive 70 bps. Over the rolling 12-month and three-year periods, the Fund has outperformed the PFI by 153 bps and 20 bps respectively. Portfolio construction, which is highlighted by its geographic diversification, income-oriented characteristics, a defensive retail strategy and a strong multi-family allocation, continues to drive performance for stakeholders.

Due to market uncertainty related to the valuation of real estate, the current unit value and rate of return for the real estate fund may not accurately reflect the market value of the properties held by the fund.

GWL REALTY ADVISORS

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122 PROPERTIES, GROSS MARKET VALUE OF $5.7 BILLION, AT SEPTEMBER 30, 2020

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 122 high-quality, income-producing properties diversified by type and location, with a gross market value of over $5.7 Billion. The Fund's objective is to provide investors with stable income returns and the opportunity for long-term capital appreciation.

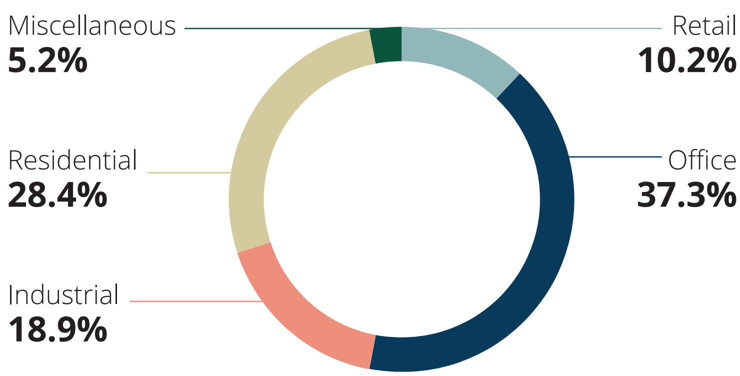
GROSS RETURN	Annualized 3 Year	Annualized 5 Year	Annualized 10 Year	YTD 30-Sept
Income	4.2%	4.3%	4.7%	2.9%
Capital	2.3%	1.6%	4.3%	(1.8)%
Total	6.5%	5.9%	8.9%	1.1%

Note: Differences due to rounding of decimals

FUND GROWTH ($ Millions)	2015	2016	2017	2018	2019	YTD 30-Sept
Real estate	$ 4,312	$ 4,589	$ 4,965	$ 5,288	$ 5,966	$ 5,784
Cash	$ 491	$ 512	$ 547	$ 457	$ 443	$ 591
Short term assets & liabilities	$ (38)	$ (52)	$ (85)	$ (79)	$ (172)	$ (170)
Gross fund value	$ 4,765	$ 5,049	$ 5,427	$ 5,666	$ 6,238	$ 6,205
Net fund value	$ 3,956	$ 4,218	$ 4,492	$ 4,747	$ 5,163	$ 5,129
Debt/gross fund value	17.0%	16.5%	17.2%	16.2%	17.2%	17.3%

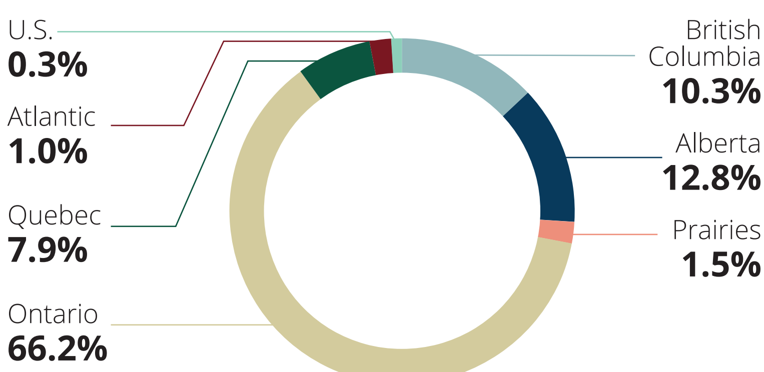
Note: Differences due to rounding of decimals

DIVERSIFICATION BY TYPE (Gross)



% of Total Vacancy	
Retail	0.7%
Office	3.5%
Industrial	1.4%
Residential	1.1%
Total by type	6.8%

DIVERSIFICATION BY REGION (Gross)



% of Total Vacancy	
British Columbia	0.4%
Alberta	2.5%
Prairies	0.1%
Ontario	2.3%
Quebec	0.4%
Atlantic	0.4%
U.S.	0.8%
Total by region	6.8%

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