



Property valuations resumed in June, as encouraging signals within the marketplace, such as the gradual lifting of emergency orders and increased visibility on the cashflow implications for real estate, including rent collection levels, and government rent relief programs provided increased visibility on the impact. Commencing in June, the Fund increased the frequency of external valuations, moving from annually to quarterly, while continuing to complete monthly internal valuations for the balance of the portfolio. This shift to quarterly external valuations provides enhanced valuation independence and aligns with best-in-class standards. While visibility has materially improved, there continues to remain a lack of transaction activity to provide comparable data points. As well, the appraisal community continues to qualify their valuations as having “significant valuation uncertainty”. In the interest of protecting the Fund and its investors, trading activity remains suspended.

Investment Activity

As part of the Fund’s discipline, management reviews the strategic positioning of each asset annually. While the majority of holdings in the Fund are categorized as core, long term positions, there are instances whereby management looks to divest of assets to recycle capital in an effort to strategically reshape the portfolio. In 2019, two suburban office assets were identified as disposition targets and transactions were initiated. The Fund was able to successfully divest of these assets in the second quarter, realizing better than 98% of previously appraised value and resulting in over \$200M in net proceeds. Crestwood Corporate Centre and Commerce Court, a 906,852 square foot portfolio located in Richmond, BC, was sold in May for \$156M at the Fund’s 70% interest. Similarly, the Fund divested of its 70% interest in 9500 Glen Lyon Parkway, located in Burnaby, BC, a 164,580 square foot suburban office building for \$52.5M.

Leasing and Occupancy Update

Activity for the quarter was highlighted by the completion of a significant leasing transaction at Goreway Business Park in Brampton, ON. In June, management executed a new 10-year, 453,297 square foot lease with one of the world’s largest online retailers, utilizing the space as a fulfillment centre. The deal stabilizes the asset from an occupancy perspective and provides the Fund with predictable, long term cashflow from a strong covenant tenant.

Overall portfolio occupancy at the end of the quarter remains strong at 93.2%, down slightly from 93.8% relative to Q1. All else equal, the aforementioned Goreway Business Park transaction should lead to improvement upon commencement in August.

CECRA Participation and Collection levels

Impacts on businesses due to COVID-19 have been widespread and management has been working closely with those tenants

who have been most affected to partner in a solution that results in the long-term viability of the relationship. In that regard, the Fund has committed to participation in the Canada Emergency Commercial Rent Assistance (CECRA) program which is designed to help qualifying small business tenants access this important government aid as simply and quickly as possible.

For the second quarter, the Fund averaged a promising 92% collection level across the portfolio (94%, 93% and 89% in April, May and June respectively). Collection levels remain strongest in the office, residential and industrial sectors, while retail continues to be challenged. The Fund’s significant underweighting to retail mitigates the Fund’s overall collection exposure. With the majority of the country entering advanced phases of their economic re-opening programs, there is reason to be optimistic looking ahead.

**122 PROPERTIES,
GROSS MARKET VALUE
OF \$5.7 BILLION AT
JUNE 30, 2020**

Established in 1981, the Great-West Life Real Estate 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			YTD
	3 Year	5 Year	10 Year	30-Jun
Income	4.3%	4.4%	4.7%	2.0%
Capital	2.2%	1.5%	4.2%	(2.4)%
Total	6.5%	5.5%	9.0%	(0.3)%

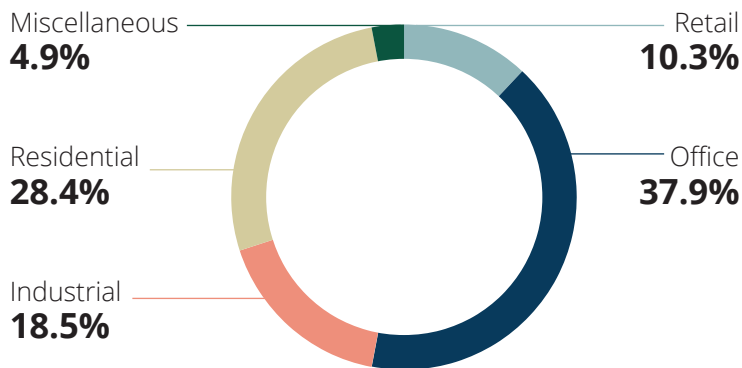
Note: Differences due to rounding of decimals

FUND GROWTH (\$ Millions)

	2015	2016	2017	2018	2019	YTD 30-Jun
Real estate	\$ 4,312	\$ 4,589	\$ 4,965	\$ 5,288	\$5,966	\$ 5,721
Cash	\$ 491	\$ 512	\$ 547	\$ 457	\$443	\$ 582
Short term assets & liabilities	\$ (38)	\$ (52)	\$ (85)	\$ (79)	(\$172)	\$ (182)
Gross fund value	\$ 4,765	\$ 5,049	\$ 5,427	\$ 5,666	\$6,238	\$ 6,120
Net fund value	\$ 3,956	\$ 4,218	\$ 4,492	\$ 4,747	\$5,163	\$ 5,063
Debt/gross fund value	17.0%	16.5%	17.2%	16.2%	17.2%	17.3%

Note: Differences due to rounding of decimals

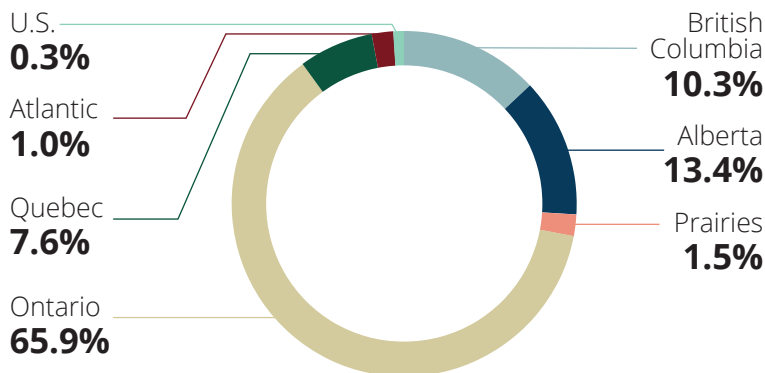
DIVERSIFICATION BY TYPE
(Gross)



% of Total Vacancy

Retail	0.7%
Office	3.4%
Industrial	1.7%
Residential	0.9%
Total by type	6.8%

DIVERSIFICATION BY REGION
(Gross)



% of Total Vacancy

British Columbia	0.6%
Alberta	2.5%
Prairies	0.1%
Ontario	2.3%
Quebec	0.3%
Atlantic	0.4%
U.S.	0.8%
Total by region	6.8%

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.