



Halton Hills Village, Halton, ON



Goreway Business Park, Brampton, ON



Jasper 111, Edmonton, AB

The Great-West Life Real Estate Fund closed the book on the decade by rewarding investors with its strongest annual performance since 2013. The fourth quarter marked the best period of the year, delivering 270 bps of return, contributing to the 9.1% twelve-month total. Overall performance was derived from a balance between income and capital, as portfolio fundamentals strengthened across the board.

Income Return: Income returns are reliant on a well leased portfolio of assets that are managed with a focus on net operating income (NOI) growth. This component of return has been the cornerstone of Fund performance since inception, with 2019 proving to be no different in that regard. Portfolio occupancy concluded the year at a robust 94.3%, representing a 60 bps improvement from the end of 2018, and led to a 6% increase in NOI. The Fund's income return for 2019 was 4.2%.

Capital Return: Capital performance is the result of positive changes in asset values that stem from prudent capital investment, combined with overall market sentiment. Although investment into Canadian commercial real estate was down in 2019 relative to a 2018 high, pricing for institutional quality assets continued to set new benchmarks. We view the downstroke in deployment as a reluctance of owners to divest, rather than a lack of appetite to add product. The industrial asset class paced

capital performance for the year, helping to grow the value of the Fund by over 10% and to cross the \$6B threshold for the first time. The Fund's capital return for 2019 was 4.9%.

Other Impacts: Total Fund returns combine income and capital performance from the underlying portfolio of real estate, with various structural impacts, such as cash and leverage. Strategic management of each of these components is crucial in optimizing performance. Over the course of the year, Management trimmed the cash position in the Fund by over 100 bps, while increasing its leverage position by the same magnitude. The overall portfolio weighted interest rate was reduced by 23 bps, to 3.4%.

Q4 Activity: Jasper One-Eleven is a 237-unit apartment building located in the heart of Edmonton on Jasper Avenue. In October, Management placed a new, 10-year, \$31.5 million CMHC insured mortgage on the asset. The facility carries an attractive interest rate of 2.3%.

In December, the Fund acquired a 100% freehold interest in Halton Hills Village, a 111,728 square foot new generation, grocery-anchored centre located in Halton Hills, ON, for \$42.3M. The property is 98% leased and will provide the portfolio with a secure income stream based on a weighted average lease term of approximately 6 years.

Forward Outlook: Development will form a large part of the narrative as the calendar rolls over. Projects at Grenadier Square (2020) and Vancouver Centre II (2021) are moving toward completion while a series of new initiatives are scheduled to break ground. Development will continue to play an important role in augmenting the portfolio as a primary source of risk adjusted return.

The Canadian Real Estate Investment Fund No.1 is one of the largest open-ended core real estate funds in Canada and will celebrate its 40th year in operation in 2020. To learn more, please visit our website at www.gwlrealityadvisors.com.

**126 PROPERTIES,
GROSS MARKET VALUE
OF \$6.0 BILLION AT
DECEMBER 31, 2019**

Established in 1981, the Great-West Life Real Estate Fund invests in a portfolio of 126 high-quality, income-producing properties diversified by type and location, with a gross market value of over \$6.0 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	31-Dec
Income	4.4%	4.4%	4.8%	4.2%
Capital	3.1%	2.1%	4.3%	4.9%
Total	7.5%	6.5%	9.1%	9.1%

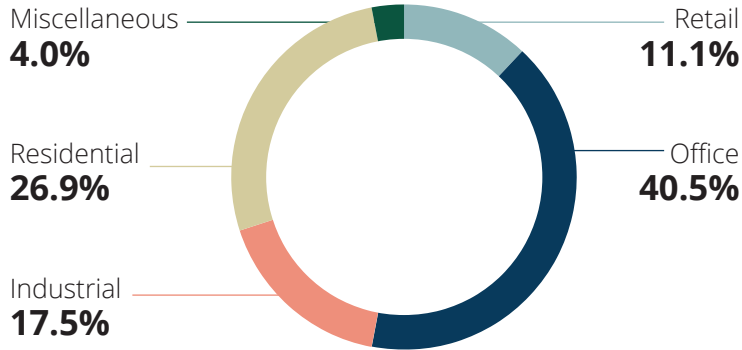
Note: Differences due to rounding of decimals

FUND GROWTH (\$ Millions)

	2014	2015	2016	2017	2018	YTD 31-Dec
Real estate	\$ 4,151	\$ 4,312	\$ 4,589	\$ 4,965	\$ 5,288	\$ 5,966
Cash	\$ 495	\$ 491	\$ 512	\$ 547	\$ 457	\$ 443
Short term assets & liabilities	\$ (16)	\$ (38)	\$ (52)	\$ (85)	\$ (79)	\$ (172)
Gross fund value	\$ 4,630	\$ 4,765	\$ 5,049	\$ 5,427	\$ 5,666	\$ 6,238
Net fund value	\$ 3,769	\$ 3,956	\$ 4,218	\$ 4,492	\$ 4,747	\$ 5,163
Debt/gross fund value	18.6%	17.0%	16.5%	17.2%	16.2%	17.2%

Note: Differences due to rounding of decimals

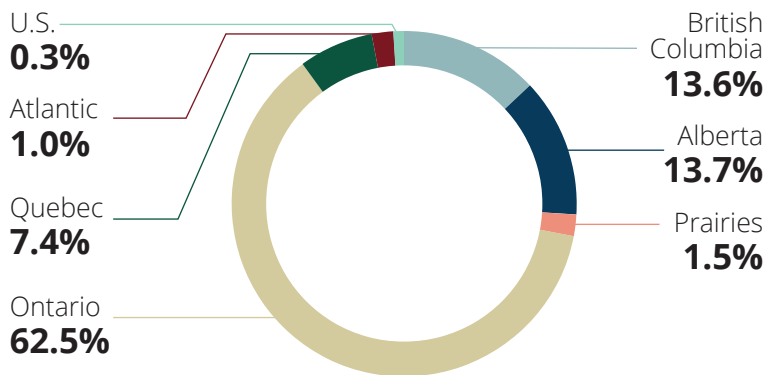
DIVERSIFICATION BY TYPE
(Gross)



% of Total Vacancy

Retail	0.4
Office	3.5
Industrial	1.2
Residential	0.6
Total by type	5.7

DIVERSIFICATION BY REGION
(Gross)



% of Total Vacancy

British Columbia	0.5
Alberta	2.2
Prairies	0.1
Ontario	1.6
Quebec	0.4
Atlantic	0.2
U.S.	0.7
Total by region	5.7

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.