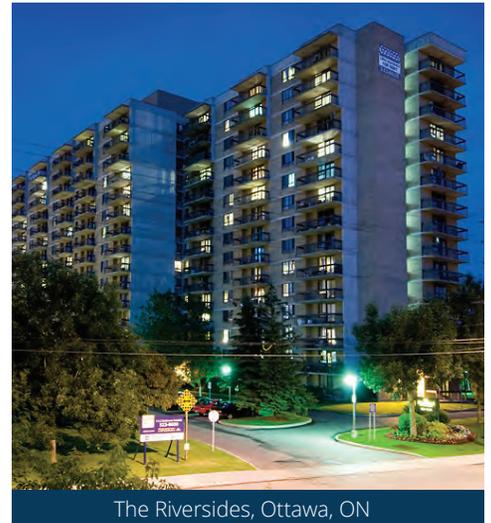




Bayview Village Apts, Toronto, ON



8400 Lawson, Milton, ON



The Riversides, Ottawa, ON

The Great-West Life Real Estate Investment Fund No. 1 concluded its 40th year by highlighting the importance of portfolio diversification and a defensively titled investment strategy. In the midst of a global pandemic, the Fund provided resilient income performance and stable property level capital returns, delivering strong relative performance. The Fund announced the return of valuation confidence early in January 2021 as increased levels of investment and leasing improved visibility of market conditions, providing the data required to inform and support property valuations. This is a critical first step in the Fund's return to standard operations. As of January 11th, 2021, contributions and transfers into the Fund resumed.

Performance

The total gross return for the year was 2.54%, inclusive of a 3.82% income return. A negative capital return was realized, largely attributed to the mark to market of the Fund's debt. Asset class returns were mixed. Strong performance in the industrial (16%) and multi-residential (9%) sectors were offset by a more challenging retail (-9%) and office (-2%) landscape. Income performance faced pressure from COVID-19 related fallout, including government mandated shutdowns and relief measures that provided limited support. Despite these conditions, the Fund ended the year with portfolio occupancy of 92.5% and was able to collect over 97% of rent payable from the period of April through December. An investment in a core, privately held, diversified real estate portfolio continued to deliver strong performance with minimal correlation to other investments and limited relative volatility. For context, in 2020

the S&P/TSX REIT index returned -13.1% while the S&P TSX composite delivered 2.2%. As a measure of direct comparative performance, the MSCI Property Fund Index (PFI) had total gross return of 0.51% for the year.

Investment Update

With uncertainty a central theme of 2020, new investment activity for the year was suppressed from typical levels. Two non-core suburban office assets in B.C. were sold in the second quarter for net proceeds of greater than \$200M. To aid in the future construction of 580,900 square feet of recently approved additional multi-residential density at High Park Village in the GTA, the Fund formed a strategic joint venture partnership, realizing an additional \$200M in proceeds. The Fund also successfully acquired an eight-acre parcel of land in the GTA, ultimately intended to facilitate the construction of a new generation 135,000+ square foot industrial building.

Looking Ahead

With vaccines rolling out, the end of this challenging period appears to be to the horizon. Society has adapted admirably in the COVID-19 era, but there remain questions on the longer-term implications for the economy, and real estate. We continue to believe that the Fund's focus on building an enduring portfolio, with high quality assets located in transit-oriented, amenity-rich locations, will continue to resonate with tenants, and ultimately deliver attractive returns to investors. This operational focus, together with a strong balance sheet and a tactical capital strategy, will allow the fund to continue to participate in the economic recovery. 2021 will undoubtedly present new challenges and opportunities. The Fund will continue to build upon its 40-year history in creating successful outcomes for its stakeholders.

**123 PROPERTIES,
GROSS MARKET VALUE
OF \$5.5 BILLION AT
DECEMBER 31, 2020**

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 \$5.5 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	4.1%	4.3%	4.6%	3.8%
Capital	2.1%	1.8%	4.2%	(1.3)%
Total	6.2%	6.1%	8.9%	2.5%

Note: Differences due to rounding of decimals.

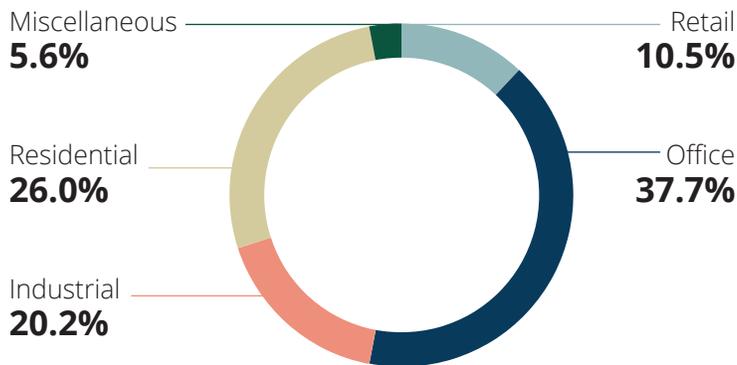
**The returns shown do not include management or other fees; your actual returns will differ from than what is presented here. Please see fund facts, member booklet or other contractual materials, as applicable for more details on fees.*

FUND GROWTH (\$ Millions)

	2015	2016	2017	2018	2019	YTD 31-Dec
Real estate	\$ 4,312	\$ 4,589	\$ 4,965	\$ 5,288	\$ 5,966	\$ 5,639
Cash	\$ 491	\$ 512	\$ 547	\$ 457	\$ 443	\$ 831
Short term assets & liabilities	\$ (38)	\$ (52)	\$ (85)	\$ (79)	\$ (172)	\$ (150)
Gross fund value	\$ 4,765	\$ 5,049	\$ 5,427	\$ 5,666	\$ 6,238	\$ 6,320
Net fund value	\$ 3,956	\$ 4,218	\$ 4,492	\$ 4,747	\$ 5,163	\$ 5,196
Debt/gross fund value	17.0%	16.5%	17.2%	16.2%	17.2%	17.8%

Note: Differences due to rounding of decimals.

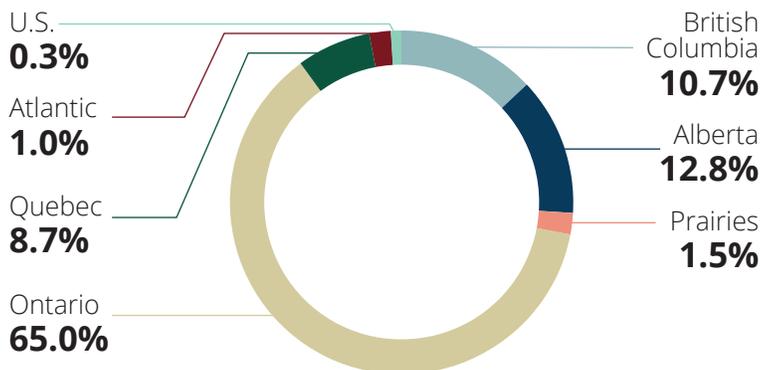
DIVERSIFICATION BY TYPE
(Gross)



% of Total Vacancy

Retail	0.8%
Office	4.0%
Industrial	1.3%
Residential	1.4%
Total by type	7.5%

DIVERSIFICATION BY REGION
(Gross)



% of Total Vacancy

British Columbia	0.6%
Alberta	2.9%
Prairies	0.1%
Ontario	2.2%
Quebec	0.4%
Atlantic	0.4%
U.S.	0.8%
Total by region	7.5%