



Key Facts

Date established

1981

Fund Strategy

CORE

Gross Fund Value

\$6.2B

Net Fund Value

\$5.1B

LTV %

18%

of Properties

123

Commercial Sq Ft

15M

of Residential Units

5,400

GREAT-WEST LIFE REAL ESTATE FUND

Q2 BULLETIN 2021

The Canadian Real Estate Fund No. 1 was established in 1981 and has grown into a well diversified \$6B portfolio comprised of 123 institutional quality assets. The Fund's long track record of producing stable income returns continues to be its cornerstone. COVID-19 has created challenges for the commercial real estate sector but also opportunity. The post pandemic era will come with an evaluation of how real estate is utilized and provides value going forward. The only thing that will be certain is that there will be change. The Fund has always prioritized functional real estate that can adapt to the evolving needs of tenants and, is well positioned to capture opportunities as they arise. Portfolio construction has been crucial in navigating current conditions and has rewarded stakeholders with strong returns.

Performance: The total gross return for the quarter was 2.6% bringing the year-to-date total to 4.4% and the trailing 12 month figure to 7.4%. For the first half, performance was balanced between income (1.9%) and capital (2.5%). Portfolio occupancy (91%) continues to drive the income component of return while substantial valuation gains amongst the Fund's industrial holdings, which represent 25% of the portfolio, led the capital component.

Investment Activity: In May, the Fund acquired 8350 Lawson Road in Milton, ON, for \$92M. The asset is a 100% leased, two tenant, 321,028 sf Class 'A' industrial building located adjacent to an existing holding. Constructed in 2008, the property features 32 foot clear heights, ample shipping doors, a secure yard with trailer parking, minimal office build-out, and frontage along Highway 401. In-place rents are well below prevailing market rates and will afford the Fund the opportunity to enhance the return profile of the investment as leases mature in 2022 and 2025.

Financing: Favourable conditions continue within debt markets and the Fund has been active in securing new financing to improve the overall debt profile and drive performance.

Three transactions were finalized in Q2 representing \$152M in proceeds at an average interest rate of 2.6%. The Fund LTV sits at 18% with approximately \$70M in new financing proceeds scheduled to close in Q3.

Forward Outlook: The future of office work is a topic of much discussion with far ranging and often polarizing opinions. Clarity is beginning to take form as many organizations have started to message plans for the return to the office. There will not be a "one size fits all" solution and the path back will remain fluid based on the trajectory of the pandemic. Partners in the brokerage community advise that sublet space availability is dwindling and tour activity is accelerating across most markets. These are positive signs, but the result will be told over time. The Fund's core office assets are well located, amenity rich and substantial capital is being re-invested to ensure the highest quality tenant experience upon return. The internal research team at GWLRA has published a series of notes on the topic and can be found at this link <https://www.gwlrealtyadvisors.com/research/>

Left: 8350 Lawson, Milton, ON
Centre: 269 Laurier Ave W, Ottawa, ON
Right: 8400 Lawson Milton, ON

GWL REALTY
ADVISORS

GREAT-WEST LIFE REAL ESTATE FUND

Q2 BULLETIN 2021

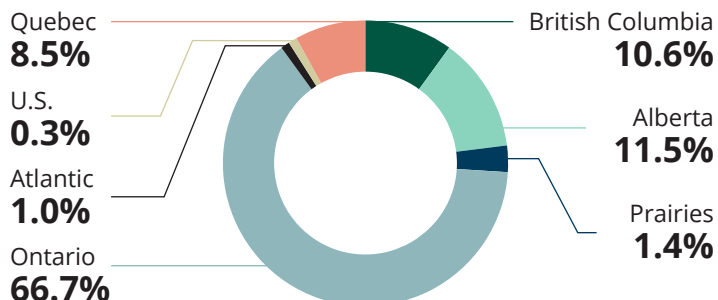
GROSS RETURN	YTD		Annualized		
	30-Jun	1 Year	3 Year	5 Year	10 Year
Income	1.9%	3.7%	4.0%	4.2%	4.5%
Capital	2.5%	3.6%	2.6%	2.3%	4.0%
Total	4.4%	7.2%	6.6%	6.5%	8.5%

Note: Differences due to rounding of decimals.

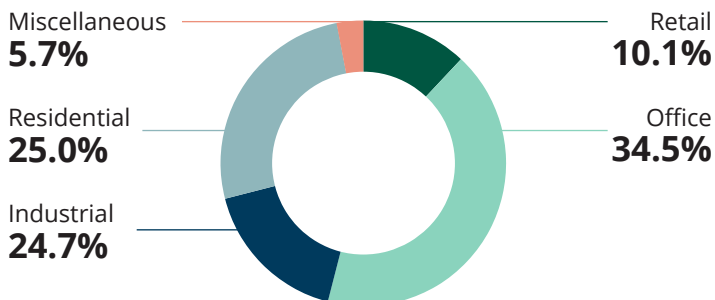
FUND GROWTH (\$ Millions)	2016	2017	2018	2019	2020	YTD 30-Jun
Real estate	\$ 4,589	\$ 4,965	\$ 5,288	\$ 5,966	\$ 5,639	\$ 5,852
Cash	\$ 512	\$ 547	\$ 457	\$ 443	\$ 831	\$ 460
Short term assets & liabilities	\$ (52)	\$ (85)	\$ (79)	\$ (172)	\$ (150)	\$ (153)
Gross fund value	\$ 5,049	\$ 5,427	\$ 5,666	\$ 6,238	\$ 6,320	\$ 6,158
Net fund value	\$ 4,218	\$ 4,492	\$ 4,747	\$ 5,163	\$ 5,196	\$ 5,073
Debt/gross fund value	16.5%	17.2%	16.2%	17.2%	17.8%	17.6%

Note: Differences due to rounding of decimals.

DIVERSIFICATION BY REGION (Gross)



DIVERSIFICATION BY TYPE (Gross)



VACANCY AS % OF TOTAL - BY REGION

British Columbia	0.4%
Alberta	3.5%
Prairies	0.2%
Ontario	3.3%
Quebec	0.5%
Atlantic	0.4%
U.S.	0.8%
Total by region	9.1%

VACANCY AS % OF TOTAL - BY TYPE

Retail	0.6%
Office	5.0%
Industrial	1.8%
Residential	1.7%
Total by type	9.1%

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.