



CANADA LIFE REAL ESTATE FUND

Q1 BULLETIN 2022

Key Facts

Date established

2005

Fund Strategy

CORE

Gross Fund Value

\$6.6B

Net Fund Value

\$6.4B

LTV %

16.3%

of Properties

126

Commercial Sq Ft

15M

of Residential Units

5,980

The Canadian Real Estate Fund No.1 kicked off the first quarter of 2022 by posting a total gross return of 4.6%. As has been the case for the past number of quarters, the primary driver of performance in Q1 was the capital appreciation realized on the Fund's industrial holdings. Total income returns remained steady as both rent collection (98%) and occupancy (90%) levels held firm. Approximately 10% (by square footage) of the commercial leases in the portfolio have maturities in 2022 and of that area, more than 50% is industrial. Resetting those leases to current market levels will improve income performance and help offset inflationary pressures. Highlights from an active quarter follow:

Investment Transactions: The Fund has a strong multi-family weighting with assets in all key markets across the country; however, one market in particular has been notoriously challenging to scale. Pricing/yield expectations for multi-family assets in Vancouver have created a void of accretive income producing acquisition opportunities and thus the focus has been on identifying well located sites that provide the prospect of future development. In the first three months of 2022, two such sites were added to the portfolio. 1055 Harwood is a 17,000 square foot site located in the west end neighborhood of Vancouver's downtown core that will ultimately allow for the creation of approximately 300 units of new generation high-rise apartment housing. 140 West 19th Street is a 26,000 square foot parcel located in North Vancouver's Central Lonsdale neighborhood. It is projected that a mid-rise, approximately 90-unit building can be accommodated upon redevelopment. Delivery for each of the new projects is anticipated in 2026.

Financing Activity: Government of Canada bond yields (5-10 year) have more than doubled since the end of 2021 in response to the expectation that the Bank of Canada will

continue to attempt to move to temper levels of inflation not witnessed in over 30 years. As a result, interest rates have followed suit and are now well above the historic lows of 2020-2021. Despite these evolving conditions, the Fund secured a new \$45M CMHC insured mortgage against a multi-family asset in Burlington at a fixed rate of 3.62% over a ten-year term.

Forward Outlook: It would appear that the COVID-19 pandemic is largely in the rear-view, however, the events of the past two plus years will have consequences that will linger for some time. While not solely responsible, the inflationary environment we are experiencing today is without question related. Timely to recall that commercial real estate is inflation resilient due to its inherent hedging characteristics, but there certainly is no hedge that is perfect. The Fund is well positioned to navigate these uncertain times due to a strong occupancy profile, balanced lease maturity schedule, and a conservative debt strategy.

Left: 140 West 19th Street, Vancouver, BC

Right: Thurlow Street & Harwood Street Vancouver, BC

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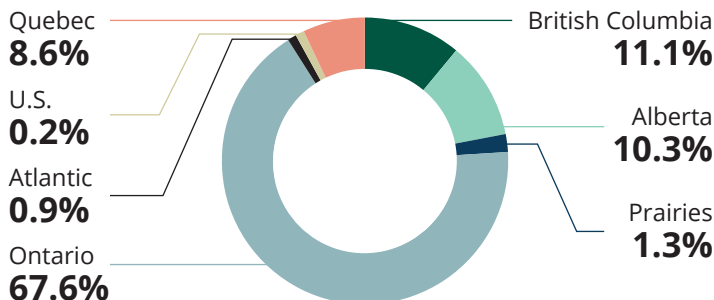
GROSS RETURN	Annualized				YTD
	1 Year	3 Year	5 Year	10 Year	31-Mar
Income	3.6%	3.8%	4.1%	4.4%	0.8%
Capital	10.7%	4.7%	3.9%	4.1%	3.7%
Total	14.3%	8.6%	8.0%	8.4%	4.6%

Note: Differences due to rounding of decimals.

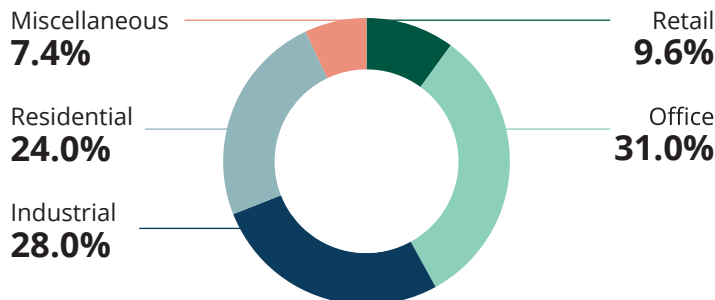
FUND GROWTH (\$ Millions)						YTD
	2017	2018	2019	2020	2021	31-Mar
Real estate	\$ 4,965	\$ 5,288	\$ 5,966	\$ 5,639	\$ 6,141	\$ 6,368
Cash	\$ 547	\$ 457	\$ 443	\$ 831	\$ 449	\$ 373
Short term assets & liabilities	\$ (85)	\$ (79)	\$ (172)	\$ (150)	\$ (134)	\$ (158)
Gross fund value	\$ 5,427	\$ 5,666	\$ 6,238	\$ 6,320	\$ 6,456	\$ 6,582
Net fund value	\$ 4,492	\$ 4,747	\$ 5,163	\$ 5,196	\$ 5,316	\$ 5,511
Debt/gross fund value	17.2%	16.2%	17.2%	17.8%	17.7%	16.3%

Note: Differences due to rounding of decimals.

DIVERSIFICATION BY REGION (Gross)



DIVERSIFICATION BY TYPE (Gross)



VACANCY AS % OF TOTAL – BY REGION	
British Columbia	0.6%
Alberta	3.2%
Prairies	0.2%
Ontario	4.2%
Quebec	0.3%
Atlantic	0.5%
U.S.	0.8%
Total by region	9.7%

VACANCY AS % OF TOTAL – BY TYPE	
Retail	0.6%
Office	6.4%
Industrial	1.0%
Residential	1.7%
Total by type	9.7%

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.

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