



CANADA LIFE REAL ESTATE FUND

Q2 BULLETIN 2022

Key Facts

Date established

2005

Fund Strategy

CORE

Gross Fund Value

\$6.9B

Net Fund Value

\$5.6B

LTV %

18.4%

of Properties

127

Commercial Sq Ft

15M

of Residential Units

5,980

Through the first half of 2022 the Canadian Real Estate Fund No. 1 has produced a 7.5% total gross return, bringing the trailing twelve-month total to 15%. The 3% Q2 performance was comprised of 80 bps of income and 220 bps of capital return. Portfolio occupancy improved by 70 bps to 91% as the residential component of portfolio saw its vacancy rate contract by 450 bps to 4%. With the addition of approximately \$195M in new financing, the Fund's loan-to-value ratio has improved to 18.4%, up from 17.7% at the end of 2021. Activity for the quarter is outlined below:

Investment Transactions: The Fund continued to build out its Industrial allocation with the acquisition of a 290,000 sq ft six-building industrial portfolio on Montreal's South Shore for \$60M. One additional asset within the node is scheduled to close in November for \$29M. When complete, the portfolio will total 417,000 sq ft of institutional quality industrial product built between 2013 and 2022. The portfolio is 96% occupied and features a weighted average lease term of 8.2 years, which will improve the Fund's overall occupancy profile. The South Shore node had been strategically targeted, as it is well served by transportation infrastructure and offers connections to the Island of Montreal, the Port of Montreal and the United States. With the purchase, and continued valuation gains across the balance of industrial holdings, the asset class now represents the most significant weighting for the Fund.

Financing Activity: Laird and Ridgeway business parks are two significant holdings for the Fund, comprising over 1.5M sq ft of newer generation, small and mid bay industrial product. The assets are exceptionally well located in the west end of Mississauga, ON, with direct visibility from highway 403. In June, the Fund completed a \$171.5M financing

on an interest only basis over a 6-year term. Further, the Fund completed two CMHC insured refinancing initiatives over the course of the quarter at Laurier House in Vancouver, BC, and 1541 Riverside in Ottawa, ON, delivering \$24M in new proceeds.

Industry Recognition: 33 Yonge, which is the headquarters of GWLRA in Toronto and one of the signature assets in the Fund, was first the recipient of BOMA's certificate of excellence and then went on to win BOMA's TOBY (The Outstanding Building of the Year) award for office buildings in the 500,000-1,000,000 sq ft category. This recognition is a testament to the hard work and dedication of the team and to the overall quality of the building.

Forward Outlook: After a couple of record-breaking quarters of investment transactions, the market has paused as participants digest the implications of an evolving interest rate environment and inflation that remains well above target. Fundamentals however are generally steady and improving as we move into the post pandemic era. The Fund remains well positioned with a strong occupancy profile and limited rollover exposure over the next 36 months.

Left: South Shore Industrial, Montreal, QC

Left centre: South Shore Industrial, Montreal, QC

Right center: South Shore Industrial, Montreal, QC

Right: 33 Yonge Street, Toronto, ON

**GWL REALTY
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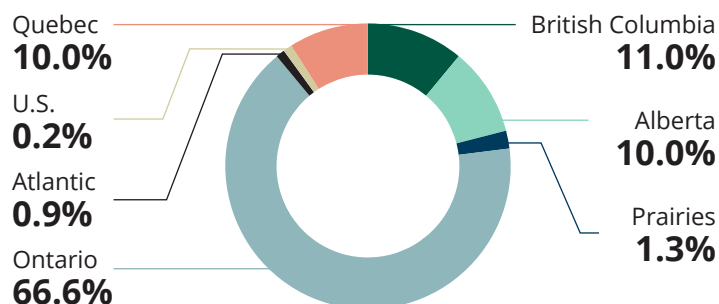
GROSS RETURN	Annualized				YTD
	1 Year	3 Year	5 Year	10 Year	30-Jun
Income	3.5%	3.7%	4.0%	4.3%	1.6%
Capital	11.2%	5.1%	4.2%	3.8%	5.9%
Total	14.7%	8.9%	8.3%	8.1%	7.5%

Note: Differences due to rounding of decimals.

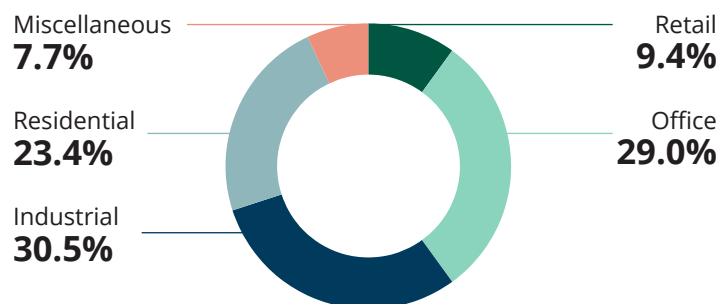
FUND GROWTH (\$ Millions)						YTD
	2017	2018	2019	2020	2021	30-Jun
Real estate	\$ 4,965	\$ 5,288	\$ 5,966	\$ 5,639	\$ 6,141	\$ 6,539
Cash	\$ 547	\$ 457	\$ 443	\$ 831	\$ 449	\$ 485
Short term assets & liabilities	\$ (85)	\$ (79)	\$ (172)	\$ (150)	\$ (134)	\$ (164)
Gross fund value	\$ 5,427	\$ 5,666	\$ 6,238	\$ 6,320	\$ 6,456	\$ 6,860
Net fund value	\$ 4,492	\$ 4,747	\$ 5,163	\$ 5,196	\$ 5,316	\$ 5,601
Debt/gross fund value	17.2%	16.2%	17.2%	17.8%	17.7%	18.4%

Note: Differences due to rounding of decimals.

DIVERSIFICATION BY REGION (Gross)



DIVERSIFICATION BY TYPE (Gross)



VACANCY AS % OF TOTAL – BY REGION	
British Columbia	0.5%
Alberta	3.1%
Prairies	0.2%
Ontario	3.7%
Quebec	0.2%
Atlantic	0.5%
U.S.	0.8%
Total by region	9.0%

VACANCY AS % OF TOTAL – BY TYPE	
Retail	0.6%
Office	6.9%
Industrial	0.8%
Residential	0.7%
Total by type	9.0%

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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