



# GREAT-WEST LIFE REAL ESTATE FUND

## Q4 BULLETIN 2022

### Key Facts

Date established

# 1981

Fund Strategy

# CORE

Gross Fund Value

# \$6.8B

Net Fund Value

# \$5.4B

LTV %

# 20.2%

# of Properties

# 128

Commercial Sq Ft

# 15M

# of Residential Units

# 5,950

The Canadian Real Estate Fund No.1 posted a 7.2% total gross return for the calendar year of 2022. The industrial and residential segments of the portfolio led performance as each benefited from favourable market dynamics leading to significant rental rate growth. The overall result was balanced between income and capital and inline with longer term three (7.1%) and five (7.5%) year total performance. Occupancy once again exceeded 90%, concluding the year at 91.3%. While the office sector continues to face headwinds as tenants consider their post pandemic 'back to the office' strategies, all other asset classes (residential (2.85%), industrial (2.03%) and retail (3.69%)) continued to perform admirably. Key updates from the quarter's activities follow:

**Development Update:** 261 Abbotside Way is a 138,000 square foot, 36 foot clear height industrial building that resides on a 7.9 acre parcel of land in Caledon, ON, with direct access to Highway 410 offering great connectivity to labour and surrounding GTA markets. The building has been designed with the ability to accommodate a wide variety of tenants with demising flexibility. The site was acquired in late 2020 with construction commencing in December 2021 and is now nearing completion, which is expected early in 2023. Further detail is available at the following link: <https://261abbotsideway.com/>

**Financing Activity:** 8350-8450 Lawson Road in Milton, ON, is a 560,000 square foot industrial portfolio that sits on approximately 30 acres of land and is comprised of three newer generation multi-tenant buildings constructed between 2006 and 2008. The buildings are well located with direct visibility from highway 401. In December management finalized a 5 year, \$77M financing of the portfolio.

Over the course of 2022, the Fund's loan to value (LTV) increased by 260 bps to 20.2% matching a short-term strategic target. All financing in the Fund is done on a fixed rate basis and scheduled to ensure a balanced maturity profile. The weighted average interest rate on the Fund's mortgage debt is 3.3%.

**Forward Outlook:** The Bank of Canada has begun to signal a conditional pause to the interest rate hike cycle which has seen the policy rate grow from .25% to 4.25% across seven consecutive hikes in 2022. Stabilization of the interest rate environment would be a welcome signal and help provide economic and investor confidence. The Fund is well positioned going into 2023 with just 9.4% of the commercial portfolio's leases expiring. Combined with strong in-place occupancy, the limited rollover exposure in 2023 should continue to ensure steady income performance for all stakeholders.

Left: 261 Abbotside Way, Caledon, ON  
Center: Bayview Village, Toronto, ON  
Right: 8350-8450 Lawson Road, Milton, ON,

**GWL** REALTY  
ADVISORS

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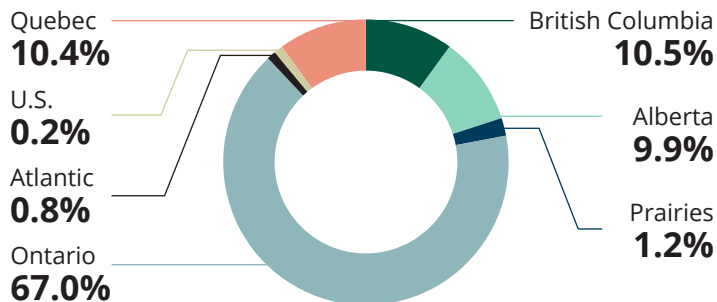
GROSS RETURN	Annualized				YTD
	1 Year	3 Year	5 Year	10 Year	31-Dec
Income	3.3%	3.6%	3.9%	4.3%	3.3%
Capital	3.9%	3.4%	3.6%	2.1%	3.9%
Total	7.2%	7.0%	7.5%	7.2%	7.2%

Note: Differences due to rounding of decimals.

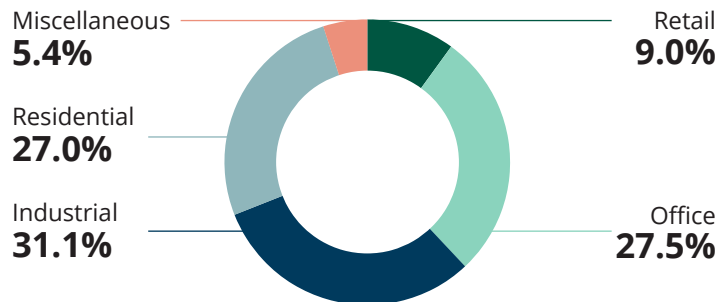
FUND GROWTH (\$ Millions)						YTD
	2017	2018	2019	2020	2021	31-Dec
Real estate	\$ 4,965	\$ 5,288	\$ 5,966	\$ 5,639	\$ 6,141	\$ 6,502
Cash	\$ 547	\$ 457	\$ 443	\$ 831	\$ 449	\$ 415
Short term assets & liabilities	\$ (85)	\$ (79)	\$ (172)	\$ (150)	\$ (134)	\$ (166)
Gross fund value	\$ 5,427	\$ 5,666	\$ 6,238	\$ 6,320	\$ 6,456	\$ 6,751
Net fund value	\$ 4,492	\$ 4,747	\$ 5,163	\$ 5,196	\$ 5,316	\$ 5,386
Debt/gross fund value	17.2%	16.2%	17.2%	17.8%	17.7%	20.2%

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	3.0%
Prairies	0.2%
Ontario	3.9%
Quebec	0.2%
Atlantic	0.5%
U.S.	0.8%
Total by region	8.9%

### VACANCY AS % OF TOTAL - BY TYPE

Retail	0.4%
Office	7.2%
Industrial	0.8%
Residential	0.6%
Total by type	8.9%

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.