



GREAT-WEST LIFE REAL ESTATE FUND

Q1 BULLETIN 2023

Key Facts

Date established

1981

Fund Strategy

CORE

Gross Fund Value

\$6.6B

Net Fund Value

\$5.2B

LTV %

21.4%

of Properties

126

Commercial Sq Ft

15.2M

of Residential Units

5,937

In an attempt to curb higher than desired levels of inflation, the Bank of Canada (BOC) has now raised the overnight rate in eight consecutive sessions. Messaging has suggested that the 4.5% rate will hold, at least temporarily, to allow the central bank to observe whether their shift in monetary policy has been effective.

Commercial real estate has traditionally been valued, on average, at a spread premium of 200-500 bps over a risk-free rate (10-year GOC bond). The spread accounts for return expectations from investors which generally includes the ability to accommodate debt to leverage performance. Bond yields have pushed out in response to the steps taken by the BOC, increasing the cost of debt and thus negatively impacting asset values. The income component of the Fund's performance profile was able to partially offset valuation declines, resulting in a modest negative return for the first quarter of 2023.

Portfolio Construction: Fund Management has been actively resetting weightings across the portfolio for several years in order to continue to deliver on the core mandate of delivering consistent income performance. At the end of 2016 approximately half of the capital in the Fund was invested in office buildings. It was determined that a rotational shift was necessary to better diversify the portfolio by defensively tilting the asset mix in an effort to further improve return volatility. Fast forward to today, through a series of development and transaction activities, office exposure in the portfolio has been cut in half. The Fund's investment in the asset class now represents the third largest sector weighting of the four main categories. While challenges remain present in the near to mid term, significant conviction remains around the long-term viability of the core office holdings in the portfolio.

Why Invest in CREIF?

Since 1981 the Canadian Real Estate Fund No.1 has been providing stakeholders with steady and generally predictable returns over time, as evidenced over the past 3, 5, 10 and 15 year

periods where total gross performance has been bound between 6.1% and 7.3%. The level of return over the past decade has exceeded REITs (S&P TSX REIT) and Bonds (FTSE TMX) and is similar in nature to Canadian equities (S&P TSX) yet with substantially less volatility and limited negative correlation to each, making the Fund a complementary holding for a multi-asset class portfolio. Real estate has also historically proved to be a reasonable hedge against inflation due to contractual rental rate increases on commercial leases and short-term duration contracts within the multi-family sector. Furthermore, rising replacement costs can create barriers to entry for new competitive product. The Fund takes a long-term approach to investing which discounts market cycles and benefits from compounding effects. Quarterly external appraisals combined with a monthly internal valuation process assures that values are current and representative of market conditions. To learn more about the Fund, please visit the following link: www.gwlrealtyadvisors.com/invest-with-us/

Left: Abbotside Way, Brampton, ON
Center: 320 McRae, Ottawa, ON
Right: Vancouver Centre II, Vancouver, BC

GREAT-WEST LIFE REAL ESTATE FUND

Q1 BULLETIN 2024

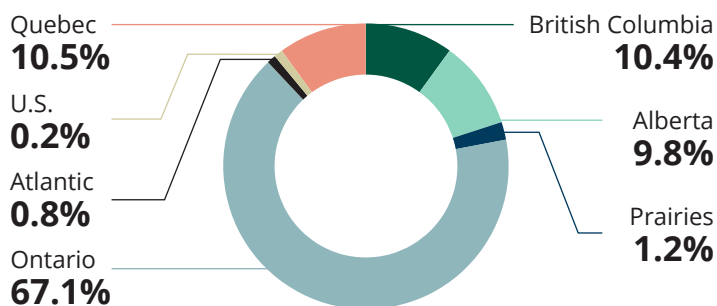
GROSS RETURN	Annualized				YTD
	1 Year	3 Year	5 Year	10 Year	31-Mar
Income	3.4%	3.6%	3.8%	4.2%	0.9%
Capital	(1.6)%	2.5%	3.1%	2.6%	(1.7)%
Total	1.8%	6.4%	6.1%	5.8%	(0.8)%

Note: Differences due to rounding of decimals.

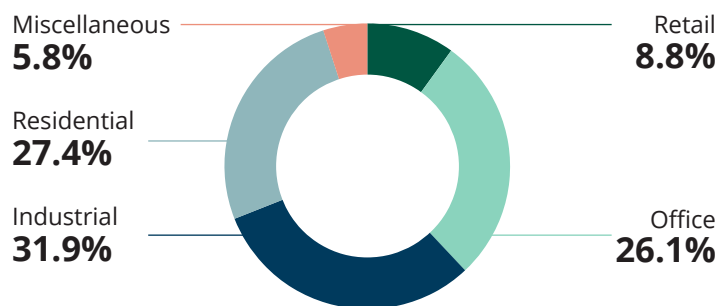
FUND GROWTH (\$ Millions)	2018	2019	2020	2021	2022	YTD 31-Mar
Real estate	\$ 5,288	\$ 5,966	\$ 5,639	\$ 6,141	\$ 6,502	\$ 6,479
Cash	\$ 457	\$ 443	\$ 831	\$ 449	\$ 415	\$ 341
Short term assets & liabilities	\$ (79)	\$ (172)	\$ (150)	\$ (134)	\$ (166)	\$ (164)
Gross fund value	\$ 5,666	\$ 6,238	\$ 6,320	\$ 6,456	\$ 6,751	\$ 6,655
Net fund value	\$ 4,747	\$ 5,163	\$ 5,196	\$ 5,316	\$ 5,386	\$ 5,232
Debt/gross fund value	16.2%	17.2%	17.8%	17.7%	20.2%	21.4%

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	3.0%
Prairies	0.2%
Ontario	4.4%
Quebec	0.2%
Atlantic	0.5%
U.S.	0.8%
Total by region	9.5%

VACANCY AS % OF TOTAL - BY TYPE

Retail	0.3%
Office	7.7%
Industrial	0.7%
Residential	0.8%
Total by type	9.5%

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.