2022
ANNUAL REPORT

CANADIAN REAL ESTATE INVESTMENT FUND NO. 1

GWL REALTY ADVISORS

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185 Enfield (Mississauga, ON)

PORTFOLIO MANAGERS' REPORT

The Great-West Life Canadian Real Estate Investment Fund No. 1 delivered a solid 7.2% gross annual return in 2022. The Fund's performance reflected the value of alternative asset classes, like private real estate, where performance is driven by contractual lease commitments and underlying property valuations. This performance was especially attractive in the context of the volatility witnessed in the equity and fixed income markets. These periods of volatility highlight the value of taking a long-term approach to portfolio strategy and execution.

The 2022 investment year was characterized by the onset of rising global interest rates as central bankers looked to manage inflationary pressures. While initially considered transitory, the scale of this pressure gained more visibility as the year progressed. By the end of the year, the Bank of Canada had raised rates a record seven times, lifting the overnight rate from 25 bps to 4.25%. From a real estate perspective, this rate transition brought with it increased borrowing costs, a narrowing of cap rate spreads over the benchmark 10-year Government of Canada bond rate and, most importantly, investor uncertainty. These conditions contributed to a 39% decrease in Canadian commercial real estate transaction activity in the second half of 2022, relative to the first half.

The Fund's strong performance was driven by its favourable portfolio construction with more than 60% of the allocation to the industrial and multi-residential sectors, inclusive of ongoing development. These sectors continued to experience historically strong leasing fundamentals, generating impressive rental rate growth and low vacancy. The resilience of these sectors helped drive income performance (3.3%), buoyed by 99% rent collection and 91% occupancy levels across the portfolio. Capital performance for the year was strong (3.9%), however was negatively impacted in the second half of 2022 as valuation metric expansion, namely discount and reversionary capitalization rates, increased to maintain spreads relative to the rising benchmark 10-year Government of Canada bond.

STEVEN MARINO, EXECUTIVE VICE PRESIDENT, PORTFOLIO MANAGEMENT

"The Fund's performance reflected the value of alternative asset classes, like private real estate, where performance is driven by contractual lease commitments and underlying property valuations."

CRAIG ENGLAND, VICE PRESIDENT, PORTFOLIO MANAGEMENT

The Fund's strong performance was driven by its favourable portfolio construction with more than 60% of the allocation to the industrial and multi-residential sectors, inclusive of ongoing development."

The Fund continues to execute on its disciplined investment strategy, focusing on enduring and transit-oriented locations with amenity-rich, high-quality improvements. The Fund's top-down approach to managing economic exposure continues to prioritize investment to Toronto, Montreal and Vancouver (together a 74% allocation). This concentration to primary markets also helps to support fund liquidity, when required.

In early 2022, the Fund Manager set a target to align with the federal government's goal of achieving Net-Zero Global Greenhouse Gas (GHG) Emissions by 2050. This ambition continues the Fund's longstanding pledge to reduce emissions, as witnessed by its 30% reduction across its office and residential portfolios since 2013. The Fund's ongoing work as a responsible investor was recognized in its fifth Global Real Estate Sustainability Benchmark (GRESB) submission, receiving a 5-Star rating in 2022 with a score of 88 and recognition as top 7th percentile in the Global-Diversified category (259 participants).

Fund management continues to remain confident in the Fund's collection of holdings and the underlying strength of the Canadian investment market.

Steven Marino,
Executive Vice President,
Portfolio Management

Craig England,
Vice President,
Portfolio Management

2022 FUND OVERVIEW

Established in 1981, the Canadian Real Estate Investment Fund No. 1 (CREIF) is one of Canada's largest open-ended real estate funds. The Fund's core objective is to provide secure, growing cash flow; a hedge against inflation; low volatility; diversification; and the potential for capital appreciation.

128
Properties

$6,502M
Gross real estate value, up 5.9% YoY

23%
5-year gross fund value growth

3.3%
Income return

3.9%
Capital return

7.2%
Total return

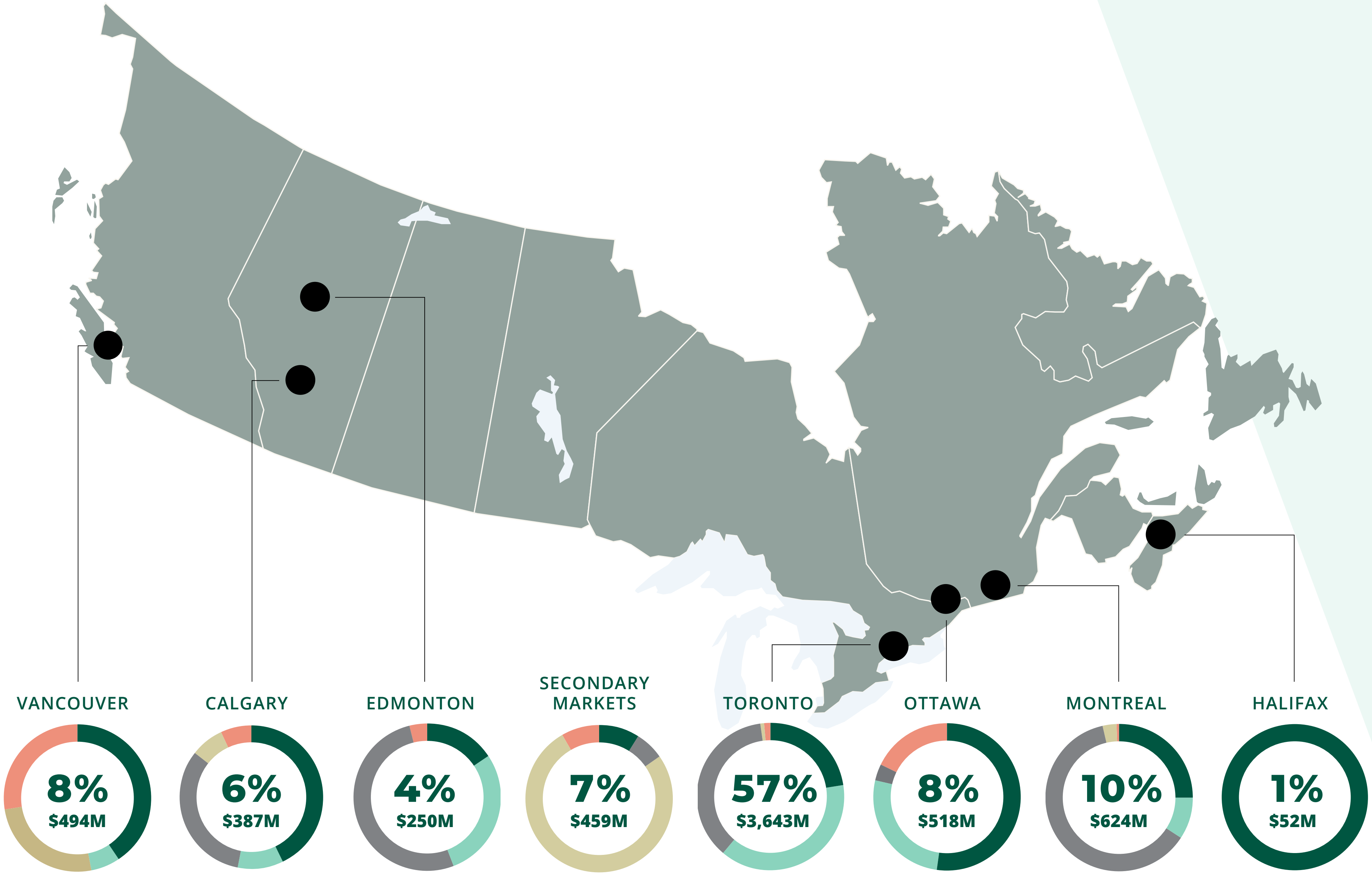
7.2%
10-year annualized return

20.2%
Fund LTV of 20.2%, up 260 bps YoY

91.1%
Occupancy, up 45 bps

The Livmore High Park (Toronto, ON)

PORTFOLIO DIVERSIFICATION



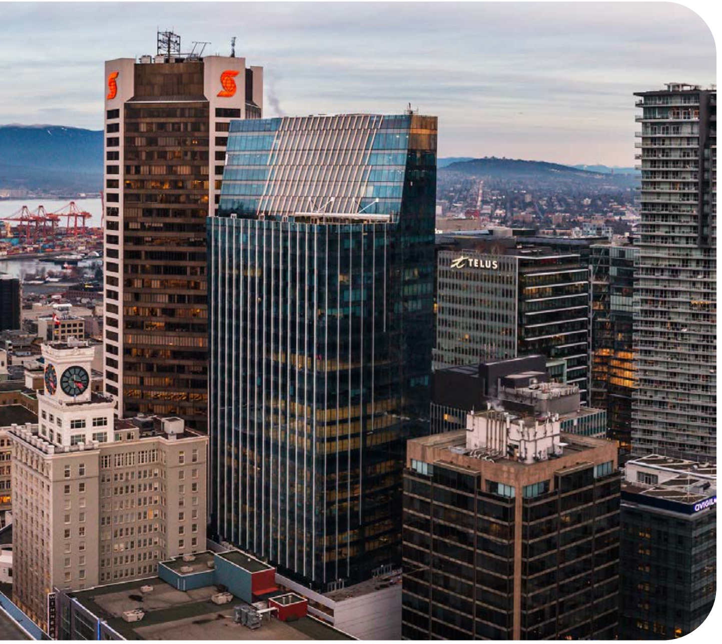
Note: Differences due to rounding of decimals

CITY AND ASSET CLASS EXPOSURE

(DOLLAR AMOUNTS IN MILLIONS)

- OFFICE PROPERTIES **28%** $1,765
- RESIDENTIAL PROPERTIES **27%** $1,733
- INDUSTRIAL PROPERTIES **31%** $2,001
- RETAIL PROPERTIES **9%** $576
- OTHER **5%** $352

DEVELOPMENT



733 SEYMOUR ST, VANCOUVER, BC

- 370,000 sq. ft. LEED Platinum certified office tower
- Amenity-rich, AAA quality new generation asset
- Project completed in 2022

ABBOTSIDE WAY, BRAMPTON, ON

- 138,617 sq. ft. mid-bay new generation industrial warehouse
- Modern 36′ clear height building situated on 7.9 acres of land
- Construction commenced December 2021 and is expected to be completed in Q1 2023

320 McRAE AVENUE, OTTAWA, ON

- 26-storey, 336-unit multi-family project in the Westboro neighbourhood
- Completion: Phase 1 January 2024 and Phase 2 April 2024
- Walk score of 88; amenities include fitness, party and media rooms, co-working space, guest suites, outdoor lounge, dog spa and run

140 19TH STREET WEST, NORTH VANCOUVER, BC

- 100% ownership of a multi-family site with an existing 33-unit apartment building in North Vancouver's Central Lonsdale neighbourhood
- Site slated for future redevelopment, adding ~90 purpose-built residential units
- Current status – Predevelopment

1055 HARWOOD, VANCOUVER, BC

- 50% ownership of a multi-family site with an existing 31-unit apartment building in the strong West End rental neighbourhood of downtown Vancouver
- Site slated for future redevelopment, adding multi-family density to an undersupplied node
- Current status – Predevelopment

McLELLAN INDUSTRIAL LANDS, CALGARY, AB

- Net 128-acre, zoned industrial land parcel
- 2.2 million sq. ft. of phased new generation premises
- Site work has commenced, with Phase 1 currently scheduled for 2025

INVESTMENT ACTIVITY

Following the strongest quarter of investment activity in Canadian history (Q4 2021), momentum carried into the beginning of 2022, with Q1 setting a new high watermark. Volume remained robust in Q2 leading to a six-month in-year record. The breakneck pace at which the Bank of Canada began raising interest rates stifled transactions in H2 which ultimately witnessed a 39% decrease relative to H1. The overwhelming majority of investment activity continued to be focused on the industrial and multi-family sectors inclusive of future development opportunities. The 2022 investment program for the Fund included the acquisition of a Class "A" industrial portfolio in Montreal, two multi-family development sites in Vancouver and the disposition of a non-core strip retail centre in Belleville, ON.

The two multi-family development sites the Fund secured will deliver approximately 400 units of new product in a market that has been identified for strategic growth. The first site, 1055 Harwood Street, is well located in the West End of Vancouver's downtown core and ideally situated for the construction of new high-rise purpose-built rental housing. At 17,000 square feet, it is anticipated that the site will accommodate a tower with 300+ units. Across the harbour and in North Vancouver is 140 West 19th Street, a 26,000 square foot site that projects to add ~90 units in a new generation mid-rise building. Predevelopment work is underway and delivery in 2026 is being targeted for both.

The Harwood (Vancouver, BC)

A central objective of management is to "future-proof" the portfolio by improving the average age of its core holdings. Net new growth will come in the form of recycling capital into new income-producing and development assets. In 2022, a seven-building, 417,000 square foot portfolio of Class "A" new generation industrial product located on Montreal's South Shore was acquired. The portfolio was 96% leased and featured a weighted average lease term of over eight years.

South Shore Portfolio (Greater Montreal Area, QC)

To conclude the year, the Fund divested of 145–167 Bell Boulevard in Belleville, ON. The asset, a 66,000 square foot non-grocery-anchored strip centre in a secondary market, had been targeted for disposition for some time, however faced a leasing challenge due to the departure of one its previous anchor tenants. With that situation resolved, the asset was sold at a premium to appraised value.

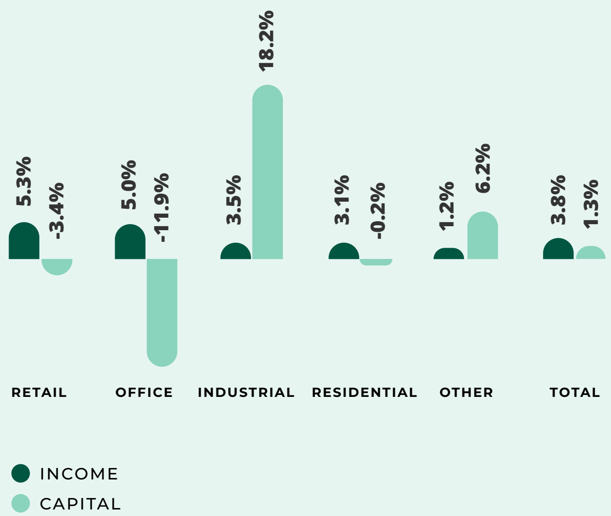
PERFORMANCE AND ATTRIBUTION

The Great-West Life Canadian Real Estate Investment Fund No. 1 delivered a solid 7.2% gross annual return in 2022. The Fund's performance reflected the value of exposure to alternative asset classes, like private real estate, where performance is driven by contractual lease commitments and underlying property valuations. This performance was especially attractive in the context of the volatility witnessed in the equity and fixed income markets.

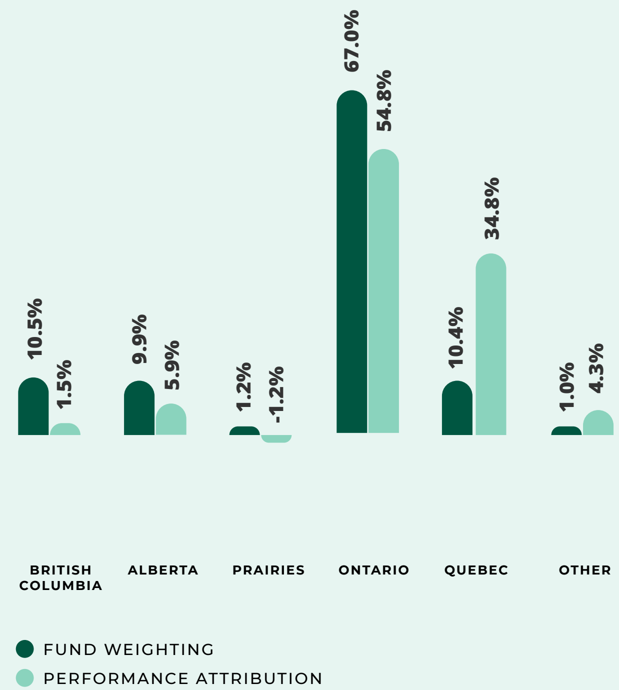
TOTAL RETURN

3 Year	7.0%
5 Year	7.5%
10 Year	7.2%

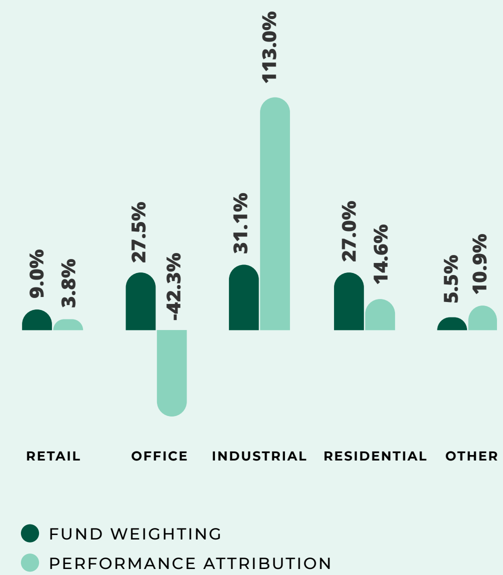
PERFORMANCE BY ASSET CLASS



FUND WEIGHTING AND ATTRIBUTION BY REGION



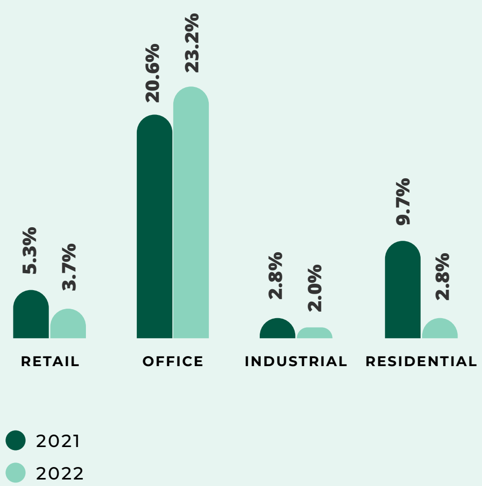
FUND WEIGHTING AND ATTRIBUTION BY ASSET CLASS



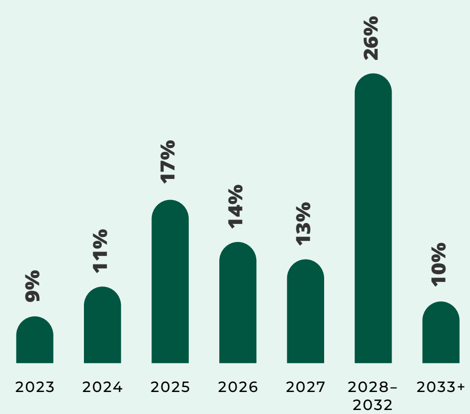
OCCUPANCY

While incremental gains are being made with respect to the 'return to office' post pandemic, vacancy challenges persist within the sector. The value of a well-diversified portfolio has never been more apparent as, despite the headwinds in the office sector, each of the other asset classes concluded the year with sub-4% vacancy. Overall portfolio occupancy improved from 2021 and rent collection exceeded 99%, propelling the income component of return for 2022. The Fund maintains a very well-balanced lease maturity profile and boasts a weighted average lease term of 4.9 years.

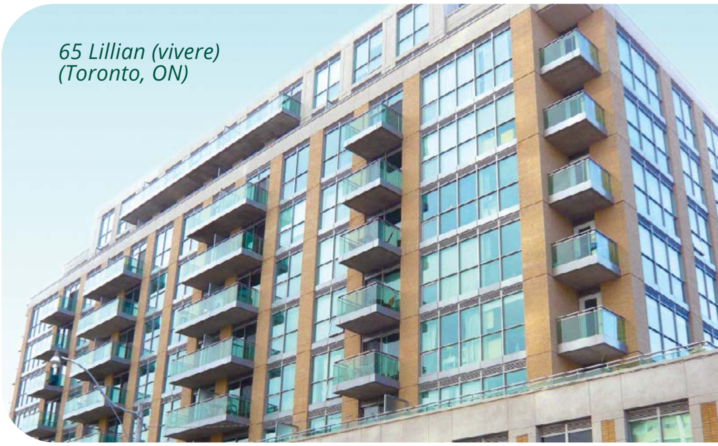
VACANCY SUMMARY BY ASSET CLASS



LEASE EXPIRY PROFILE




Goreway Business Park (Brampton, ON)


65 Lillian (vivere) (Toronto, ON)


Laird Business Park (Mississauga, ON)

18%
Maximum single-year rollover exposure

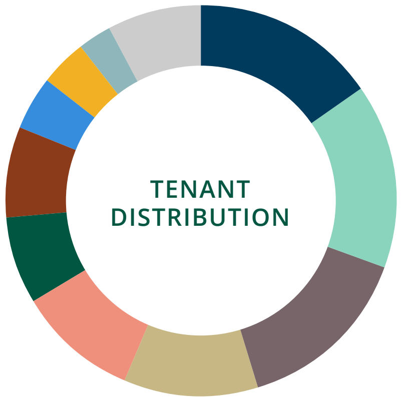
35%
Percentage of portfolio with 2028+ lease maturities

91.1%
Occupancy

TENANT DIVERSIFICATION

Over 1,300 unique commercial leases stemming from a wide range of industries in addition to the approximate 6,000 individual residential tenancies provide the Fund a broadly diversified income stream with limited single-covenant exposure. Outside of government-related entities, no single tenant in the portfolio represents more than 4% of contractual base rent.

Home Depot (Calgary, AB)



TENANT DISTRIBUTION

	Tenant Industry Exposure	
1	Manufacturing	15.5%
2	Retail Trade	15.2%
3	Finance & Insurance	14.6%
4	Transportation & Warehousing	11.1%
5	Public Administration	10.0%
6	Professional, Scientific & Technical Services	7.4%
7	Mining, Oil & Gas	7.4%
8	Wholesale Trade	4.4%
9	Accommodation & Food Services	4.0%
10	Information & Cultural Industries	2.8%
	Subtotal	**92.4%**
	Other	7.6%
	Total	**100.0%**

PORTFOLIO AND TENANT DIVERSIFICATION

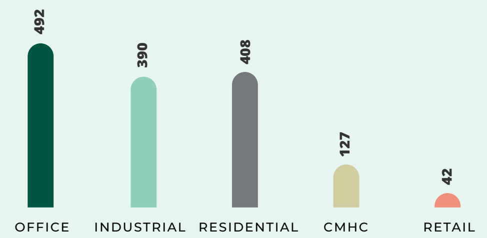
Ranking	Tenant	Annual Base Rent (K)	% of Total Portfolio (Base Rent)	Commercial Portfolio (K sq. ft.)
1	Federal & Provincial Government	$18,950	9.7%	916
2	ConocoPhillips Canada	$8,784	4.5%	259
3	Home Depot	$7,164	3.7%	815
4	Wal-Mart	$5,010	2.6%	498
5	Scotiabank	$4,158	2.1%	182
6	Canada Life	$3,661	1.9%	164
7	Portside Warehouses	$3,266	1.7%	411
8	Toronto Transit Commission	$3,204	1.6%	214
9	Intramodal Warehouse	$3,187	1.6%	151
10	Amazon	$1,602	0.8%	159
	Top 10 Tenants	**$58,986**	**30.3%***	**3,769**
	Other	$135,518	69.7%	9,161
	Total	**$194,504**	**100.0%**	**12,930**

* Total is 30.2% due to rounding of decimals

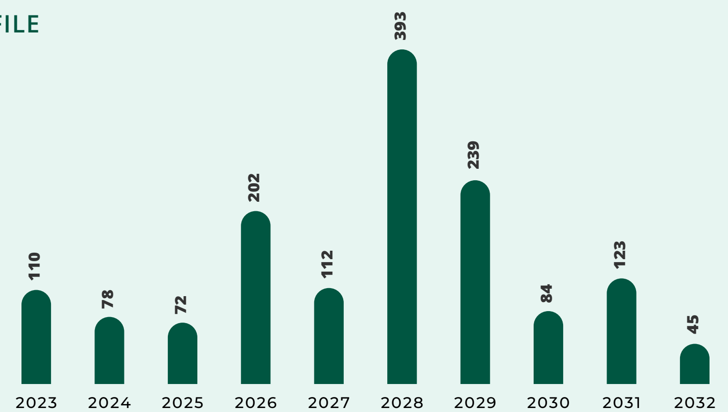
DEBT PROFILE

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. Highlights included ~$110M of CMHC insured financing on apartment buildings in Toronto and Burlington, ON, and ~$250M of new proceeds across two GTA-based industrial portfolios. 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 at year-end was 3.3%.

SUMMARY BY ASSET CLASS
BALANCE ($M)



DEBT BALANCE MATURITY PROFILE
BALANCE AT MATURITY ($M)



20.2%
Portfolio LTV

$1,46B
Outstanding fixed rate debt

60 months
Weighted average duration

3.4%
Weighted average coupon

$391M
CMHC financing

45
Mortgages with average balance of $32.5M

+215 bps
Total leverage impact

RESEARCH

SECTOR PROFILE: PERFORMANCE STABILITY THROUGH 'NEEDS OF LIFE' RETAIL CENTRES

In primary and secondary markets across Canada, GWL Realty Advisors (GWLRA) strategically invests in retail centres that focus on 'needs of life' product segments. Despite recent headwinds impacting the retail sector more broadly, data shows substantive differences in performance by shopping centre type. Namely, necessity-oriented shopping centres continue to outperform and offer strong risk-adjusted returns and diversification for property investors.

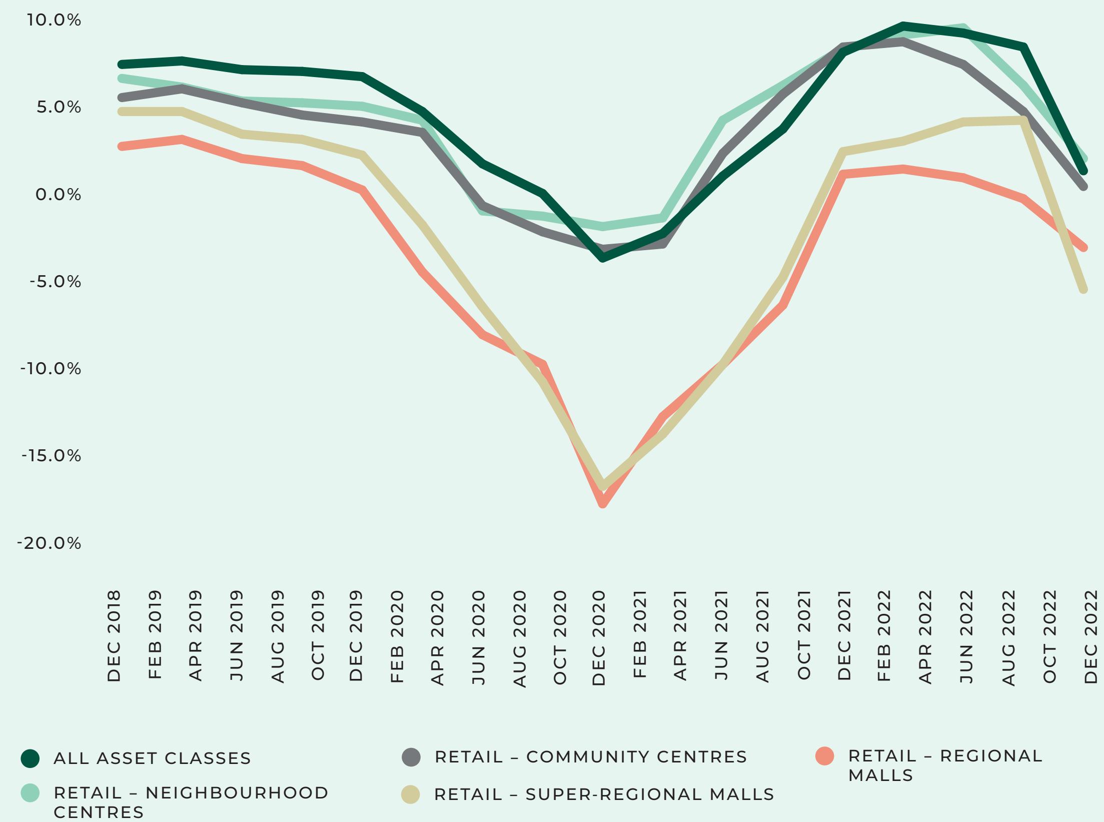
Based on their tenant composition, these centres tend to be resilient in the face of economic uncertainty. Consumer spending on groceries, pharmacies and quick-service dining (i.e., coffee shops, take-out restaurants) tend to be relatively stable but also make up a considerable portion of household spending. Groceries alone make up 10–15% of average retail spend per household in Canada.[1]

From an investment perspective, GWLRA looks for well-located neighbourhood and community-oriented retail centres anchored by a supermarket or healthcare/pharmacy provider. Centres with complementary segments such as dollar stores, personal care and grab-and-go food options further drive the attractiveness and overall centre experience. This tenant composition also reinforces regular visits to the centre, as opposed to discretionary purchases which tend to be larger but also less frequent.

FIGURE 1.

Neighbourhood and Community Retail (typically grocery-anchored) annualized total returns compared to all real estate returns and those of super-regional and regional malls.

Data: MSCI Canada Direct Property Index, Annualized Returns, Same Store Comparison



[1] Source: Environics (2022), defined as total spend per household after housing and tax expenditures.

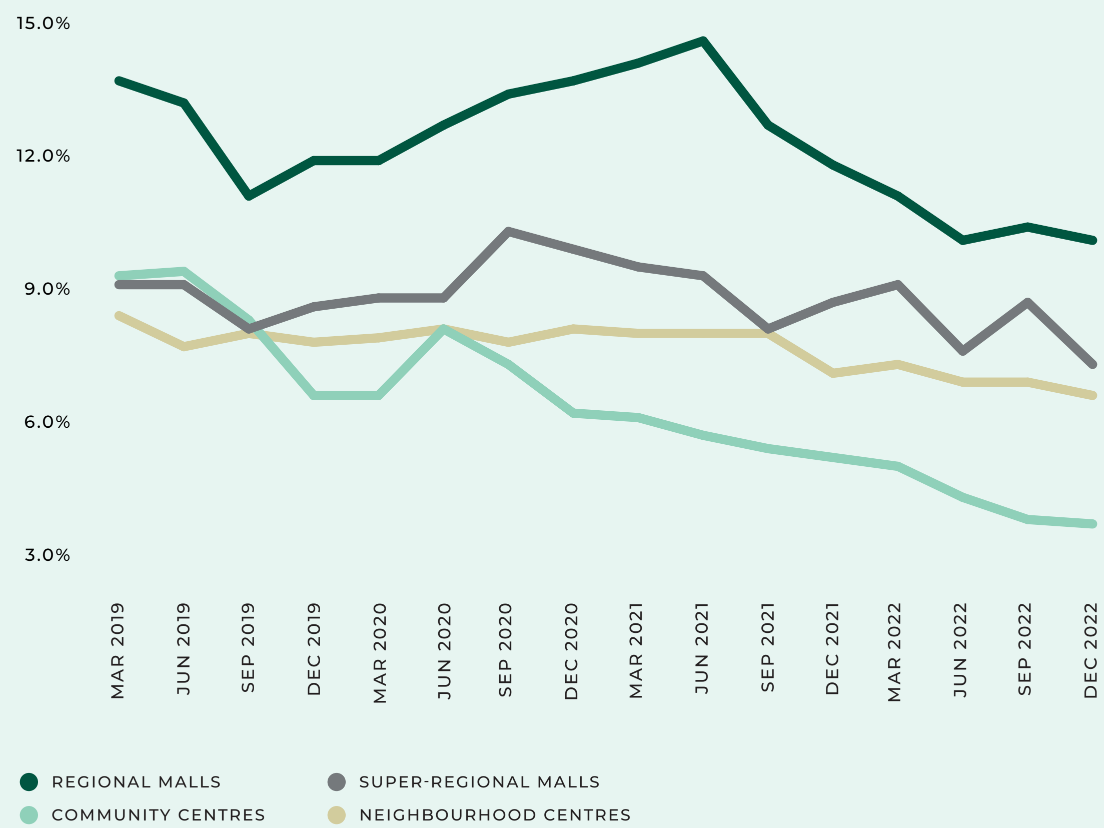
At present, rising interest rates are putting upward pressure on capitalization rates and downward pressure on values across property sectors, retail included. It is therefore noteworthy that needs-of-life centres are outperforming other retail property types and are in line with the broader Canadian market (as shown in Figure 1). Correspondingly, vacancy rates also remain low on a comparable basis (Figure 2).

GWLRA Research has identified additional tailwinds for these types of retail centres. Rapid population growth, driven by international as well as domestic migration, is supporting consumer spending. Post-COVID, data has also shown consumers are shopping closer to home, further reinforcing demand for neighbourhood-focused retail.[2] Most office-oriented workers have more flexibility than pre-pandemic, supporting the continued pattern of shopping closer to home during the COVID pandemic.

GWLRA's research team also continues to evaluate tenant dynamics and tenant demand for these needs of life centres. For example, pet stores were not previously considered major tenant anchors. But during COVID, Canadians acquired more pets, accelerating the rate of pet ownership. Retail spending at pet stores in Canada is up 37% over the past five years whereas overall retail store spending has increased 6% (adjusted for inflation).[3] GWLRA Research has also found that families with children are significant drivers of grocery and food spend – accordingly, the presence of children and larger family sizes is an important component in our assessment of acquisition opportunities.

The future of this asset type is strong and as such remains a part of the Fund's portfolio allocation.

FIGURE 2.
Retail Property Vacancy Rates (%)
Data: MSCI Canada Direct Property Index, Same Store Comparison.



[2] PwC Canada. What Canadian Consumers Want: A retailer's guide to deciphering shoppers' shifting habits. 2022.
[3] Statistics Canada. Table 20-10-0016-01. Retail commodity survey, retail sales.

SUSTAINABILITY

The Fund views its sustainability efforts, covering key environmental, social and governance (ESG) issues, as essential to safeguarding and growing asset value. Among these issues, managing the transition risks posed by climate change remains a top priority. The Fund laid the foundations for decarbonizing its portfolio, in early 2022, by advancing a net-zero greenhouse gas (GHG) emissions study for its portfolio. Doing so helps to address risks from growing regulatory pressures and carbon taxation, and to seize on opportunities presented by changing sentiments from investors and tenants who have set their own carbon reduction targets.

To reflect the growing importance of transition risk management to the Fund's overall strategy, the Fund Manager has added a fifth ESG objective, specifically pertaining to its net-zero carbon ambitions while maintaining its previous four. All objectives are essential to how the Fund acquires, manages and develops its assets. These ESG objectives are:

Vancouver Centre II (Vancouver, BC)

1

AIM FOR NET-ZERO SCOPE 1 AND 2 EMISSIONS ACROSS THE PORTFOLIO BY 2050.

The Fund's office and multi-residential assets decreased absolute Scope 1 and 2 GHG emissions by 32% between 2013 and 2022.

2

OPERATE EFFICIENT AND HEALTHY BUILDINGS TO IMPROVE FINANCIAL PERFORMANCE, LOWER OPERATING COSTS, AND ENHANCE TENANT SATISFACTION.

The Fund's office and multi-residential assets decreased energy use intensity by 16% between 2013 and 2022.

3

CERTIFY 100% OF THE ELIGIBLE PORTFOLIO UNDER A GREEN BUILDING CERTIFICATION SYSTEM.

In 2022, 95% of the Fund's eligible portfolio (by floor area) was certified under LEED® and/or BOMA BEST® certifications.

4

MAKE POSITIVE CONTRIBUTIONS IN THE COMMUNITIES WHERE THE FUND INVESTS.

Throughout the development process, the Fund Manager collaborates with communities to ensure their long-term interests are met and value is added.

5

CONDUCT BUSINESS WITH HONESTY AND INTEGRITY.

The Fund Manager ensures all employees attest compliance with its Code of Conduct, and its employees collectively completed 983 hours of compliance training in 2022.

GRESB PERFORMANCE

The Fund made its fifth submission to GRESB (formerly the Global Real Estate Sustainability Benchmark) in 2022, earning its fourth 5-Star (top quintile) rating. The Fund placed in the top 7% globally in the Diversified/Non-Listed/Core category, out of 259 submissions, meaningfully improving on its relative performance from the previous year in the top 12% in the same category. The Fund's manager, GWL Realty Advisors, also earned a 5-Star rating for the sixth consecutive year for its managed portfolio.

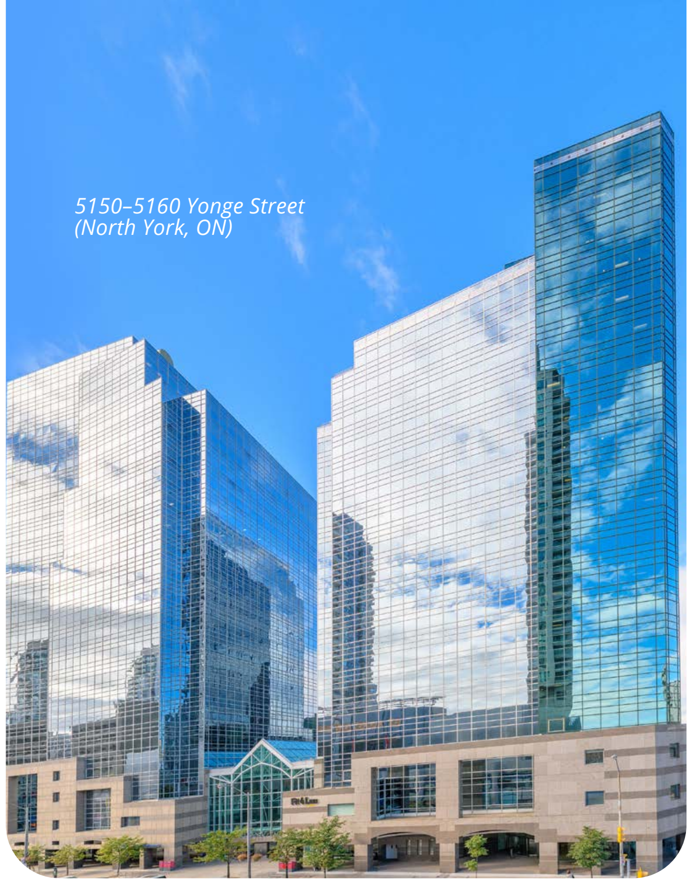
GRESB is the defining global ESG assessment for real asset funds and companies. The 2022 benchmark covered more than 1,820 asset managers, REITs, funds and developers across 74 countries. Combined, the GRESB real estate assessment represents US$6.9 trillion in gross asset value and 150,000 assets.

CLIMATE CHANGE RISK MANAGEMENT

To advance the Fund's net-zero ambitions, the Fund Manager engaged with a specialized consultant to assist in the development of a prioritized list of assets for decarbonization studies and to build out an organizational strategy. This strategy will help ensure the Fund takes advantage of the opportunities that pursuing net-zero presents and manage the transition risks associated with Canada's shift to a low-carbon economy. Further details are set to be released throughout 2023.

In 2022, the Fund conducted six decarbonization assessments and is planning a further seven in 2023, for high-priority, high-opportunity assets across Canada. Work also commenced in 2022 at 840 Howe, an 11-storey office tower in downtown Vancouver, which is the Fund's first decarbonization project. It is expected that the project, over the next five years, will deliver a reduction of 110 tCO_2e/year through the conversion of conventional gas-powered heating systems to low emission electric equipment.

The Fund made progress in 2022 assessing several key assets determined to be at elevated risk from natural and climate-related physical hazards. Building on its portfolio-wide physical risk assessment from 2020, the Fund Manager retained a consultant to conduct vulnerability assessments on four relatively exposed assets in the portfolio, with work expected to be completed in 2023. These assets include office, residential and industrial buildings, and the work will allow for best practices to be readily transferred to a larger portion of assets within the Fund to safeguard long-term value.


5150-5160 Yonge Street (North York, ON)

Our Fund is an example that investment objectives and climate goals can not only coexist but are mutually beneficial. Our clients have made it clear that they expect action around climate change and we aim to deliver by continuing to focus on favourable returns while striving for meaningful decarbonization."

Steven Marino, Executive Vice President, Portfolio Management

ENVIRONMENTAL SUSTAINABILITY PERFORMANCE 2013–2022

Overall, between 2013 and 2022, the Fund's office and multi-residential portfolios reduced:

1

ABSOLUTE SCOPE 1, 2 AND 3 GHG EMISSIONS BY 28%, OR 19,375 TONNES OF CO_2E
equivalent to taking 4,312 cars off the road for one year[1]

2

ENERGY CONSUMPTION BY 12% AND ENERGY INTENSITY BY 16%
equivalent to the annual energy use of 1,307 Canadian homes[2]

3

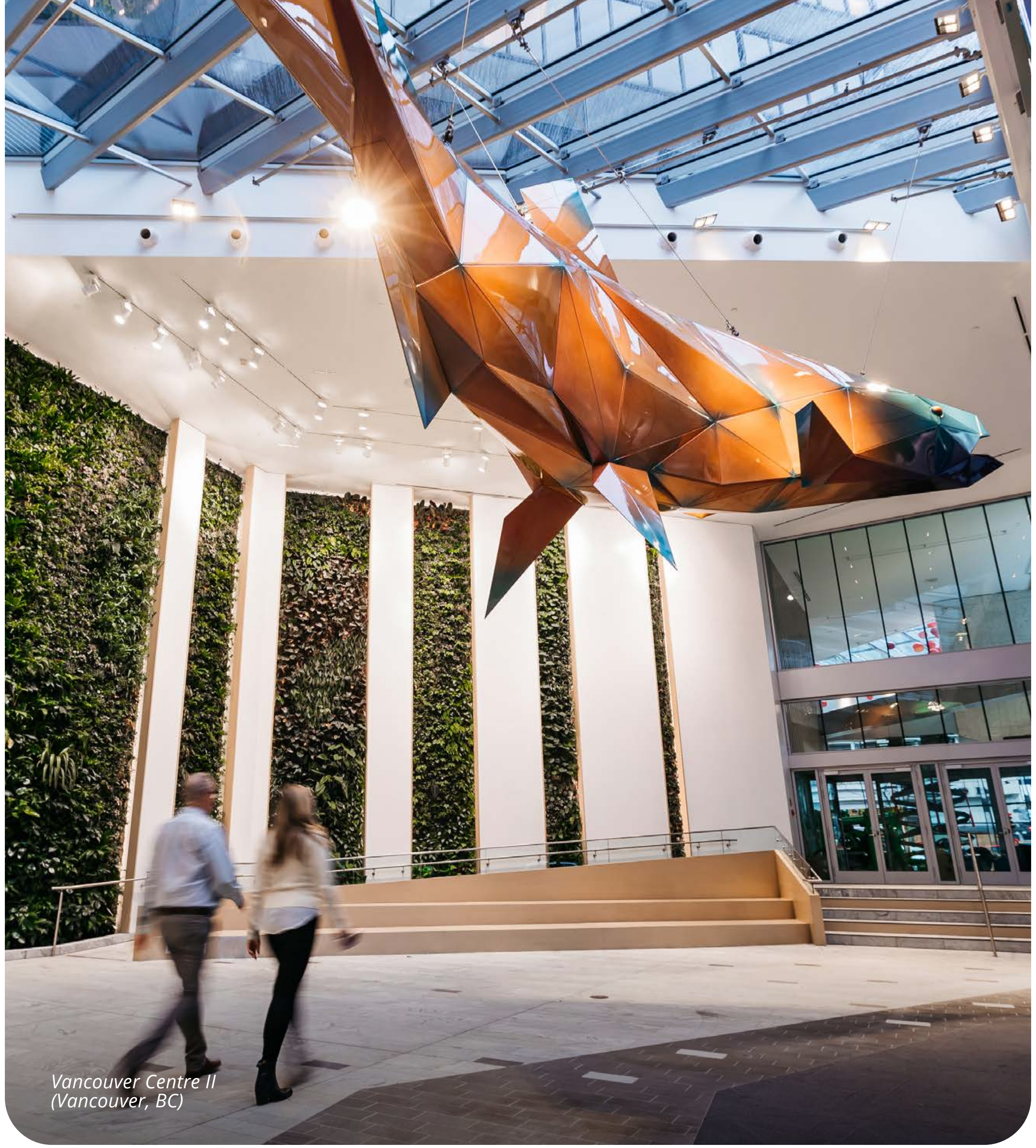
WATER CONSUMPTION BY 23% AND WATER INTENSITY BY 26%
equivalent to 98 Olympic-sized swimming pools[3]

4

WASTE TO LANDFILL BY 16%
equivalent to 580 mid-sized cars[4]

Additionally, the Fund has improved utility data collection across its full portfolio, attaining GHG emissions data on industrial and retail sites. The Fund continues working to improve utility data collection for assets where tenants have exclusive access to utility invoices, so that GHG emissions can also be quantified for the full portfolio. Next year, the Fund will aim to update its base year from 2013 and track emissions reductions across all of its assets under management.

The environmental data for our portfolios is externally assured by an independent third party under ISAE 3410: Assurance Engagements on Greenhouse Gas Statements, and is reported in line with the World Resource Institute's (WRI) GHG Protocol Corporate Accounting and Reporting Standard.



Vancouver Centre II (Vancouver, BC)

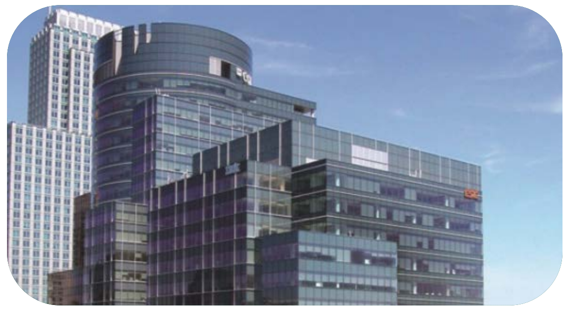
[1] US EPA, GHG Equivalencies Calculator. Scope 3 GHG emissions include emissions associated waste to landfill and water consumption.
[2] Average energy use is 90.5 GJ/household/yr, from Statistics Canada, Households and the Environment Survey 2019
[3] The standard size of an Olympic-sized swimming pool is 2,500 m^3.
[4] The average curb weight of a mid-sized car is taken as ≈3,500 lbs.

CERTIFICATIONS, RECOGNITIONS AND AWARDS

Since 2013, Fund assets have received 40 industry awards, certificates and recognitions, including seven in 2022, related to sustainability, operational excellence, development and/or tenant engagement.

2022 NOTABLE ACCOMPLISHMENTS

33 YONGE STREET, TORONTO, ON
The Outstanding Building of the Year (TOBY) Award (500,000–1M ft²) – BOMA Canada



1350/1360 RENÉ-LÉVESQUE BOULEVARD, MONTREAL, QC
GHG Target Achievement – Gold (15–20% Reduction) – BOMA Quebec

840 HOWE STREET, VANCOUVER, BC
The Outstanding Building of the Year (TOBY) Award (Renovated Building) – BOMA BC

In 2022, 95% of the Fund's eligible portfolio attained either LEED® and/or BOMA BEST® green building certifications, covering over 25.1M square feet. All the Fund's office assets are targeting to achieve a minimum BOMA BEST Gold level certification by 2023. At year-end 2022, 83% of the Fund's office properties have met this target.

PLATINUM	GOLD	SILVER	BRONZE	CERTIFIED
9%	36%	14%	12%	29%

BOMA BEST® CERTIFICATIONS BY LEVEL, AS AT YEAR-END 2022

The Fund's office assets also strategically pursue building-level certifications related to health and wellness, accessibility, and technology and connectivity. Assets are certified or pursuing 10 such certifications, including Fitwell®, WELL®, Rick Hansen Foundation Accessibility Certification® and WiredScore®. Collectively, certifications, recognitions, and awards help the Fund's assets demonstrate sustainability performance through independent third-party evaluations to help attract and retain strong tenants.

Our approach to sustainability reporting: The ESG section of this report is guided by our business, peer reviews, and various sustainability standards and frameworks. Through the Fund Manager, GWL Realty Advisors, the Fund looks broadly across all ESG issues to determine the ESG topics that matter most. This includes reference to GRESB, GRI Standards (2021), and the GRI-G4 Construction and Real Estate Sector Supplement (CRESS). The important topics are defined within the Fund Manager's materiality matrix, which is used, in part, to inform the sustainability content of this report.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Contractholders of Canadian Real Estate Investment Fund No. 1 (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to contractholders and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 16, 2023

2022 AUDITED FINANCIAL STATEMENTS

Fund Manager: GWL Realty Advisors Inc.

STATEMENT OF FINANCIAL POSITION

(in Canadian $ thousands)	December 31, 2022	December 31, 2021
Assets		
Cash and short-term deposits	**$ 263,159**	$ 292,942
Investment income due and accrued	**404**	405
Due from The Canada Life Assurance Company (note 9)	**—**	324
Due from brokers	**—**	—
Due from outside parties	**57,217**	69,449
Investments		
Bonds	**151,783**	156,420
Investment properties	**6,515,160**	6,154,819
Total investments	**6,666,943**	6,311,239
Total assets	**$ 6,987,723**	$ 6,674,359
Liabilities		
Due to The Canada Life Assurance Company (note 9)	**$ 1,589**	$ —
Due to brokers	**15**	15
Due to outside parties	**160,311**	142,542
Lease liabilities (note 3)	**74,830**	75,857
Mortgages on investment properties (note 4)	**1,365,435**	1,140,036
Total liabilities excluding net assets attributable to contractholders	**1,602,180**	1,358,450
Net assets attributable to contractholders	**$ 5,385,543**	$ 5,315,909

STATEMENT OF COMPREHENSIVE INCOME

For the years ended (in Canadian $ thousands)	December 31, 2022	December 31, 2021
Income		
Net gain (loss) on investments	**$ 207,150**	$ 375,642
Investment properties income	**434,412**	420,357
Miscellaneous income (loss)	**281**	367
Total income (loss)	**641,843**	796,366
Expenses		
Management fees (note 9)	**16,137**	16,872
Investment properties expenses	**258,909**	236,269
Transaction costs	**—**	—
Withholding taxes	**—**	—
Other	**1,772**	1,848
Total expenses	**276,818**	254,989
Net increase (decrease) in net assets from operations attributable to contractholders	**$ 365,025**	$ 541,377

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS

For the years ended (in Canadian $ thousands)	December 31, 2022	December 31, 2021
Net assets attributable to contractholders – beginning of year	**$ 5,315,909**	$ 5,196,314
Contractholder deposits	**203,494**	319,709
Contractholder withdrawals	**(498,885)**	(741,491)
Increase (decrease) in net assets from operations attributable to contractholders	**365,025**	541,377
Change in net assets attributable to contractholders	**69,634**	119,595
Net assets attributable to contractholders – end of year	**$ 5,385,543**	$ 5,315,909

STATEMENT OF CASH FLOWS

For the years ended December 31 (in Canadian $ thousands)	2022	2021
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	**$ 365,025**	$ 541,377
Adjustments		
Add back amortization of lease inducements	**19,386**	12,633
Add back interest expense on lease liabilities (note 3)	**1,793**	1,837
Less lease payments and disposals (note 3)	**(2,820)**	(11,541)
Realized (gains) losses		
Bonds	**1,485**	1,175
Investment properties	**1,751**	(15,942)
Unrealized (gains) losses		
Bonds	**2,585**	21,609
Investment properties	**(87,880)**	(344,290)
Gross proceeds of disposition		
Bonds	**100,460**	329,600
Investment properties	**9,839**	56,704
Gross payments for purchases		
Bonds	**(34,438)**	(1,605)
Investment properties	**(303,437)**	(253,234)
Change in investment income due and accrued	**1**	1,044
Change in due from/to The Canada Life Assurance Company	**1,913**	2,274
Change in due from/to outside parties	**30,001**	(8,943)
Change in mortgages on investment properties	**225,399**	16,351
	331,063	349,049

For the years ended December 31 (in Canadian $ thousands)	2022	2021
Financing Activities		
Contractholder deposits	**203,494**	319,709
Contractholder withdrawals	**(498,885)**	(741,491)
	(295,391)	(421,782)
Net increase (decrease) in cash and short-term deposits (less than 90 days)	**35,672**	(72,733)
Cash and short-term deposits (less than 90 days), beginning of year	**168,046**	240,779
Cash and short-term deposits (less than 90 days), end of year	**$ 203,718**	$ 168,046
Cash and short-term deposits comprises		
Cash and short-term deposits (less than 90 days)	**$ 203,718**	$ 168,046
Cash and short-term deposits (90 days to less than a year)	**59,441**	124,896
Cash and short-term deposits, end of year	**$ 263,159**	$ 292,942
Supplementary cash flow information		
Interest income received	**$ 3,150**	$ 6,731
Mortgage interest paid	**39,323**	32,415

SCHEDULE OF INVESTMENT PORTFOLIO

(in Canadian $ thousands, except number of units, shares or par value)

As at December 31, 2022	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 2.35% 06-15-2023	37,000,000	38,455	36,636
Canada Housing Trust No. 1 2.55% 12-15-2023	17,500,000	17,210	17,169
Canada Housing Trust No. 1 2.90% 06-15-2024	17,500,000	17,229	17,158
Government of Canada 1.50% 06-01-2023	40,000,000	40,973	39,509
Government of Canada 2.00% 09-01-2023	42,000,000	44,116	41,311
Total Federal Government		157,983	151,783
Total Canadian Bonds		157,983	151,783
Total Bonds		157,983	151,783

SCHEDULE OF INVESTMENT PORTFOLIO

(in Canadian $ thousands, except net rentable area (N.R.A.))
As at December 31, 2022

INVESTMENT PROPERTIES

Building Name and Address	Percent of Ownership	Property Type	Date of Purchase	Total Cost	Fair Value	Date of Last Appraisal	N.R.A. (S.F.)	Percent Leased	Mortgages on Investment Properties	2022 NOI
British Columbia										
650 West Georgia Street * [1] Vancouver, British Columbia	25.00%	Office	12-Dec-01	37,508	95,308	31-Dec-22	117,116	90.65%	—	3,398
4600 Jacombs Road Richmond, British Columbia	50.00%	Office	18-Sep-02	8,845	11,895	31-Dec-22	37,595	100.00%	—	500
7200 Market Crossing Burnaby, British Columbia	50.00%	Retail	23-Oct-17	87,485	77,300	31-Dec-22	133,461	100.00%	—	3,329
3200 Island Highway Nanaimo, British Columbia	52.45%	Retail	1-Jun-06	56,415	54,406	31-Dec-22	207,267	94.25%	(28,255)	1,969
7488 King George Highway Surrey, British Columbia	70.00%	Retail	16-Apr-08	31,499	37,800	31-Dec-22	101,087	94.13%	—	1,789
753 Seymour Street * Vancouver, British Columbia	25.00%	PUD	12-Dec-01	67,823	90,055	31-Dec-22	94,080	64.02%	—	(411)
840 Howe Street * Vancouver, British Columbia	50.00%	Office	1-Mar-97	26,650	94,300	31-Dec-22	100,062	99.50%	—	3,149
4750 Arbutus Street Vancouver, British Columbia	50.00%	Residential	10-Jan-02	12,575	30,550	31-Dec-22	39,386	100.00%	(15,719)	1,148
14815 – 108th Avenue Surrey, British Columbia	69.93%	Retail	1-Jun-06	23,007	12,354	31-Dec-22	71,283	100.00%	—	518
2401 Millstream Road Victoria, British Columbia	70.00%	Retail	2-Aug-07	74,974	57,120	31-Dec-22	184,477	93.63%	—	2,630
1500 & 1575 Banks Road Kelowna, British Columbia	70.00%	Retail	3-Nov-08	36,646	37,800	31-Dec-22	105,468	100.00%	—	1,712
2130 Louie Drive West Kelowna, British Columbia	100.00%	Retail	15-Mar-17	65,004	47,800	31-Dec-22	256,819	88.21%	—	1,915
140 19th Street West Vancouver, British Columbia	100.00%	Other	18-Jan-22	16,505	15,750	31-Dec-22	n/a	n/a	—	280
1055 Harwood Vancouver, British Columbia	50.00%	Other	11-Mar-22	31,154	29,550	31-Dec-22	n/a	n/a	—	110

Building Name and Address	Percent of Ownership	Property Type	Date of Purchase	Total Cost	Fair Value	Date of Last Appraisal	N.R.A. (S.F.)	Percent Leased	Mortgages on Investment Properties	2022 NOI
Alberta										
4637 Macleod Trail S.W. Calgary, Alberta	100.00%	Residential	1-Nov-96	21,248	39,700	31-Dec-22	172,838	96.43%	(11,286)	1,586
300 – 5th Avenue S.E. * Calgary, Alberta	55.00%	Office	17-Dec-96	35,218	17,160	31-Dec-22	224,914	45.05%	—	(94)
11012 Jasper Avenue Edmonton, Alberta	100.00%	Residential	30-Jun-97	30,372	46,100	31-Dec-22	182,798	89.87%	(25,968)	962
10145 – 121st Street Edmonton, Alberta	100.00%	Residential	18-Apr-98	14,428	25,100	31-Dec-22	101,533	96.84%	—	670
605 – 5th Avenue S.W. * Calgary, Alberta	25.00%	Office	12-Jun-00	30,897	15,225	31-Dec-22	124,830	51.12%	—	(624)
530 – 8th Avenue S.W. Calgary, Alberta	75.00%	Office	10-Jul-00	90,321	51,975	31-Dec-22	306,624	72.54%	—	4,247
1300 – 8th Street S.W. Calgary, Alberta	100.00%	Office	23-Nov-18	6,314	4,300	31-Dec-22	35,188	–%	—	(310)
300 and 350 7th Avenue S.W. * Calgary, Alberta	37.50%	Office	23-Sep-05	85,739	20,325	31-Dec-22	191,667	77.52%	—	4,820
9940 – 106th Street N.W. Edmonton, Alberta	69.93%	Office	21-Jun-06	21,500	20,559	31-Dec-22	118,995	94.23%	—	2,265
9942 – 108th Street N.W. Edmonton, Alberta	69.93%	Office	21-Jun-06	18,353	18,671	31-Dec-22	109,541	100.00%	—	1,550
6703 – 68th Avenue N.W. Edmonton, Alberta	70.00%	Industrial	15-Aug-07	59,580	58,940	31-Dec-22	388,821	89.66%	—	2,441
5103 – 36th Street N.W. and portion of 3604 – 51st Avenue N.W. Edmonton, Alberta	50.00%	Land	28-Feb-03	3,477	5,450	31-Dec-22	n/a	n/a	—	(105)
4035 – 53rd Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	14,005	12,750	31-Dec-22	94,835	72.40%	—	313
3603 – 53rd Avenue N.W. Edmonton, Alberta	50.00%	Land	28-Feb-03	2,402	3,350	31-Dec-22	n/a	n/a	—	(77)
3604 – 51st Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	5,259	6,800	31-Dec-22	39,004	100.00%	—	370
3806 – 51st Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	5,023	6,200	31-Dec-22	35,987	91.62%	—	127

Building Name and Address	Percent of Ownership	Property Type	Date of Purchase	Total Cost	Fair Value	Date of Last Appraisal	N.R.A. (S.F.)	Percent Leased	Mortgages on Investment Properties	2022 NOI
401 – 9th Avenue S.W. * Calgary, Alberta	35.00%	Office	13-Dec-07	154,391	56,980	31-Dec-22	375,978	83.91%	—	7,433
7103 – 68th Avenue N.W. Edmonton, Alberta	70.00%	Industrial	4-May-12	53,939	45,640	31-Dec-22	264,189	87.27%	—	2,440
6301, 6315, 6325 – 106th Avenue S.E. Calgary, Alberta	70.00%	Industrial	17-Dec-14	98,795	126,980	31-Dec-22	745,500	100.00%	(57,172)	6,362
35, 65 & 69 Mackenzie Way S.W. Airdrie, Alberta	100.00%	Retail	1-Mar-17	22,979	19,300	31-Dec-22	71,152	100.00%	—	980
124 – 8th Street S.W. Airdrie, Alberta	100.00%	Land	1-Mar-17	2,411	2,000	31-Dec-22	n/a	n/a	—	(63)
1216 – 8th Street S.W. Calgary, Alberta	100.00%	Retail	23-Feb-18	12,559	9,400	31-Dec-22	8,224	—%	—	(164)
McLellan development land Balzac, Alberta	100.00%	Land	20-Dec-21	24,130	23,780	31-Dec-22	n/a	n/a	—	(4)
Saskatchewan										
225 Betts Avenue Saskatoon, Saskatchewan	70.00%	Retail	24-Jul-12	60,640	46,340	31-Dec-22	177,178	98.23%	—	2,976
Manitoba										
200 Graham Avenue Winnipeg, Manitoba	100.00%	Office	22-Dec-15	55,494	30,000	31-Dec-22	148,824	79.77%	—	1,111
Ontario										
185 Enfield Place Mississauga, Ontario	40.00%	PUD	13-Jul-87	35,455	38,920	31-Dec-22	n/a	n/a	—	17
2160 Lakeshore Road Burlington, Ontario	100.00%	Residential	15-Jan-97	38,805	74,300	31-Dec-22	162,476	99.38%	(42,643)	2,335
50 Prince Arthur Avenue Toronto, Ontario	100.00%	Residential	15-Jul-97	45,858	118,300	31-Dec-22	165,620	98.66%	(63,542)	3,658
255 Albert Street Ottawa, Ontario	100.00%	Office	16-Jan-98	32,177	54,800	31-Dec-22	208,433	97.44%	—	3,082
6 Silver Maple Court Brampton, Ontario	100.00%	Residential	30-Apr-98	46,551	105,100	31-Dec-22	314,085	97.05%	(17,359)	3,558
1551 Lycee Place Ottawa, Ontario	100.00%	Residential	9-Apr-99	33,097	69,600	31-Dec-22	191,130	95.74%	(17,074)	2,273

Building Name and Address	Percent of Ownership	Property Type	Date of Purchase	Total Cost	Fair Value	Date of Last Appraisal	N.R.A. (S.F.)	Percent Leased	Mortgages on Investment Properties	2022 NOI
5140 Yonge Street Toronto, Ontario	100.00%	Office	30-Aug-99	111,602	143,600	31-Dec-22	556,662	63.72%	(91,359)	3,738
400 Walmer Road (1) Toronto, Ontario	65.00%	Residential	27-Dec-00	153,978	138,902	31-Dec-22	358,348	97.99%	(637)	4,822
200 University Avenue Toronto, Ontario	50.00%	Office	30-Nov-00	18,268	32,700	31-Dec-22	73,891	88.67%	—	1,089
5166 – 5170 Lakeshore Road Burlington, Ontario	100.00%	Residential	15-Jan-97	43,884	90,100	31-Dec-22	212,494	98.52%	(29,420)	2,852
2220 Marine Drive Oakville, Ontario	50.00%	Residential	26-Aug-02	15,341	33,450	31-Dec-22	74,163	97.32%	(7,691)	1,041
269 Laurier Avenue West Ottawa, Ontario	50.00%	Office	1-Jan-03	39,569	79,150	31-Dec-22	179,942	98.89%	(32,282)	4,006
88 Redpath Avenue & 65 Lillian Street Toronto, Ontario	100.00%	Residential	5-Aug-98	69,480	147,700	31-Dec-22	207,631	97.25%	(37,910)	4,556
40 High Park Avenue and 77 Quebec Avenue Toronto, Ontario	75.00%	Residential	25-Mar-03	98,197	182,775	31-Dec-22	313,033	98.79%	(30,688)	5,188
640, 642, 644 Sheppard Avenue East Toronto, Ontario	75.00%	Residential	25-Mar-03	59,567	133,200	31-Dec-22	264,722	99.21%	(44,409)	4,090
2260 Argentia Road Mississauga, Ontario	100.00%	Industrial	1-Jun-03	16,229	36,200	31-Dec-22	130,124	100.00%	—	1,474
6665, 6675 – 6685 Millcreek Road Mississauga, Ontario	100.00%	Industrial	1-Jun-03	12,723	40,800	31-Dec-22	119,765	97.08%	—	1,570
6695 & 6705 Millcreek Road Mississauga, Ontario	100.00%	Industrial	1-Jun-03	13,945	35,700	31-Dec-22	109,801	95.99%	—	1,373
6715 & 6725 Millcreek Road Mississauga, Ontario	100.00%	Industrial	1-Jun-03	11,843	29,900	31-Dec-22	94,796	100.00%	—	1,161
33 Yonge Street Toronto, Ontario	50.00%	Office	1-Jul-03	85,838	151,450	31-Dec-22	262,248	92.09%	(93,800)	6,092
2250 Argentia Road Mississauga, Ontario	100.00%	Industrial	1-Jun-03	3,054	8,300	31-Dec-22	31,910	100.00%	—	278
7070 Mississauga Road * Mississauga, Ontario	25.00%	Office	7-Aug-03	11,677	17,525	31-Dec-22	61,032	100.00%	—	911
55 – 425 Superior Boulevard Mississauga, Ontario	35.00%	Industrial	11-Oct-01	22,152	87,920	31-Dec-22	271,924	98.62%	(17,628)	2,472

Building Name and Address	Percent of Ownership	Property Type	Date of Purchase	Total Cost	Fair Value	Date of Last Appraisal	N.R.A. (S.F.)	Percent Leased	Mortgages on Investment Properties	2022 NOI
50 High Park Avenue and 55 Quebec Avenue Toronto, Ontario	75.00%	Residential	25-Mar-03	167,106	230,850	31-Dec-22	265,002	97.35%	—	5,858
1 – 2, 4 – 5 & 7 Paget, 2, 4, 6, 8 & 14 Kenview, 2 Castleview and 7925 & 7965 Goreway Drive, Brampton, Ontario	35.00%	Industrial	11-Oct-01	34,172	119,630	31-Dec-22	379,946	100.00%	(29,640)	3,648
3485 Steeles Avenue East Brampton, Ontario	35.00%	Industrial	11-Oct-01	5,231	21,315	31-Dec-22	61,345	100.00%	(4,971)	722
3495 Steeles Avenue East Brampton, Ontario	35.00%	Industrial	11-Oct-01	5,900	20,020	31-Dec-22	56,121	100.00%	(5,497)	581
2679 – 2831 Bristol Circle Oakville, Ontario	35.00%	Industrial	11-Oct-01	19,240	77,140	31-Dec-22	230,980	97.89%	(13,908)	1,928
3755, 3800 A & B Laird Road and 3500 & 3600 Ridgeway Drive Mississauga, Ontario	70.00%	Industrial	21-Dec-16	64,691	121,800	31-Dec-22	351,897	100.00%	—	3,855
361 – 375 Mountainview Road South Georgetown, Ontario	100.00%	Retail	20-Dec-19	43,913	41,300	31-Dec-22	111,744	100.00%	—	2,611
1541 Lycee Place Ottawa, Ontario	50.00%	Residential	7-Aug-02	21,264	38,750	31-Dec-22	122,109	93.26%	(21,492)	1,300
1 Van Der Graaf Court Brampton, Ontario	50.00%	Industrial	16-Feb-04	4,443	19,350	31-Dec-22	51,103	100.00%	—	686
1 Woodslea Road Brampton, Ontario	50.00%	Industrial	16-Feb-04	5,459	20,700	31-Dec-22	55,074	100.00%	—	338
5 Intermodal Drive Brampton, Ontario	50.00%	Industrial	28-May-04	3,554	17,150	31-Dec-22	43,939	100.00%	—	461
2844 Bristol Circle Oakville, Ontario	35.00%	Industrial	31-Jan-05	4,502	15,400	31-Dec-22	47,015	100.00%	(2,852)	298
7030 Century Avenue Mississauga, Ontario	100.00%	Industrial	18-Feb-05	8,505	14,000	31-Dec-22	67,953	100.00%	—	464
415 – 419 Milner Avenue Scarborough, Ontario	100.00%	Industrial	7-Dec-84	4,860	26,500	31-Dec-22	95,763	100.00%	—	912
445 Milner Avenue Scarborough, Ontario	100.00%	Industrial	7-Dec-84	3,147	11,900	31-Dec-22	42,165	92.62%	—	396
455 Milner Avenue Scarborough, Ontario	100.00%	Industrial	7-Dec-84	3,216	13,600	31-Dec-22	46,350	100.00%	—	436
465 Milner Avenue Scarborough, Ontario	100.00%	Industrial	7-Dec-84	3,563	16,800	31-Dec-22	57,127	100.00%	—	576

Building Name and Address	Percent of Ownership	Property Type	Date of Purchase	Total Cost	Fair Value	Date of Last Appraisal	N.R.A. (S.F.)	Percent Leased	Mortgages on Investment Properties	2022 NOI
50 – 70 Novopharm Court Scarborough, Ontario	100.00%	Industrial	7-Dec-84	2,578	11,000	31-Dec-22	41,887	100.00%	—	246
20 – 24 York Street [1] Ottawa, Ontario	50.00%	Residential	27-Sep-05	21,419	31,531	31-Dec-22	47,327	94.55%	(11,918)	777
1 Adelaide Street East, 20 Victoria Street & 85 Yonge Street * Toronto, Ontario	35.00%	Office	27-Feb-19	182,291	126,315	31-Dec-22	231,730	53.00%	(75,398)	3,633
35, 41 – 63, 65, and 95 High Park Avenue, 66 & 102 – 116 Pacific Avenue, Toronto, Ontario	50.00%	Residential	1-Mar-99	94,293	214,150	31-Dec-22	349,639	97.27%	(91,619)	5,993
One City Centre Drive Mississauga, Ontario	40.00%	Office	17-Aug-07	42,617	28,920	31-Dec-22	118,184	70.36%	—	1,121
One City Centre Drive Mississauga, Ontario	40.00%	Land	17-Aug-07	3,838	9,560	31-Dec-22	n/a	n/a	—	—
320 McRae Avenue Ottawa, Ontario	100.00%	PUD	9-Jan-19	88,133	90,900	31-Dec-22	n/a	n/a	—	91
8400 – 8450 Lawson Road Burlington, Ontario	70.00%	Industrial	21-Dec-07	19,970	52,430	31-Dec-22	165,190	100.00%	(25,336)	1,742
800 – 900 Main Street East Milton, Ontario	70.00%	Retail	14-Mar-08	28,537	29,960	31-Dec-22	68,025	100.00%	—	2,001
2100 Derry Road Mississauga, Ontario	50.00%	Office	22-Sep-06	16,569	13,050	31-Dec-22	53,469	100.00%	—	816
2050 Derry Road Mississauga, Ontario	50.00%	Office	22-Sep-06	16,910	15,800	31-Dec-22	62,582	100.00%	—	858
7025 Langer Drive Mississauga, Ontario	50.00%	Office	22-Sep-06	9,589	6,900	31-Dec-22	32,306	80.56%	—	167
Abbotside Way Lands Caledon, Ontario	100.00%	PUD	4-Nov-20	28,352	37,000	31-Dec-22	n/a	n/a	—	(56)
415 Thompson Drive Cambridge, Ontario	100.00%	Industrial	8-Feb-08	14,845	29,000	31-Dec-22	140,000	100.00%	(3,853)	1,063
4 King Street West Toronto, Ontario	70.00%	Office	14-Mar-08	75,032	101,640	31-Dec-22	204,561	98.55%	(21,707)	5,028
155 University Avenue Toronto, Ontario	70.00%	Office	14-Mar-08	46,400	60,620	31-Dec-22	131,624	75.42%	—	1,376
5150 – 5160 Yonge Street Toronto, Ontario	70.00%	Office	17-Oct-08	169,196	138,740	31-Dec-22	503,493	61.24%	—	1,538

Building Name and Address	Percent of Ownership	Property Type	Date of Purchase	Total Cost	Fair Value	Date of Last Appraisal	N.R.A. (S.F.)	Percent Leased	Mortgages on Investment Properties	2022 NOI
350 – 360 Cresthaven Drive Ottawa, Ontario	100.00%	Retail	1-Aug-18	20,611	18,800	31-Dec-22	48,387	100.00%	(10,460)	1,059
2310 – 2330 Highway 2 Bowmanville, Ontario	70.00%	Retail	24-Jul-12	47,347	37,450	31-Dec-22	164,023	100.00%	—	2,640
200 Kent Street Ottawa, Ontario	100.00%	Office	8-Aug-12	150,185	137,400	31-Dec-22	387,286	99.70%	(67,979)	7,392
3130, 3470, 3480, 3490, 3500, 3505, 3520, 3530, 3535, 3550, 3580, 3585, 3600 A & B, 3615 and 3620 A & B Laird Road Mississauga, Ontario	70.00%	Industrial	15-Oct-13	99,636	280,910	31-Dec-22	797,367	98.90%	(117,606)	8,751
3200, 3250, 3300, 3330 and 3350 Ridgeway Drive Mississauga, Ontario	70.00%	Industrial	15-Oct-13	41,564	114,170	31-Dec-22	312,449	98.01%	(46,648)	3,627
8350 Lawson Road Burlington, Ontario	100.00%	Industrial	26-May-21	92,899	115,400	31-Dec-22	321,028	100.00%	(51,806)	2,885
185 Enfield Place Phase II Mississauga, Ontario	40.00%	Land	13-Jul-87	855	2,010	31-Dec-22	n/a	n/a	—	—
Quebec										
4600 Poirier Boulevard St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	6,126	26,800	31-Dec-22	104,560	100.00%	—	445
9415 – 9495 Trans-Canada Highway St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	5,092	20,400	31-Dec-22	88,911	100.00%	—	570
9305 – 9405 Trans-Canada Highway St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	6,953	26,600	31-Dec-22	113,256	100.00%	—	641
6520 – 6620 Abrams Street St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	11,408	43,400	31-Dec-22	189,531	100.00%	—	966
2200 Trans-Canada Highway Pointe-Claire, Quebec	100.00%	Industrial	14-Mar-02	20,770	99,100	31-Dec-22	411,264	100.00%	—	2,879
43 – 55 Cite Des Jeunes Boulevard Vaudreuil-Dorion, Quebec	70.00%	Retail	21-Jul-06	20,147	19,390	31-Dec-22	91,852	100.00%	—	1,203
224 Joseph-Casavant Avenue Beauport, Quebec	70.00%	Retail	11-Jun-08	15,363	13,720	31-Dec-22	121,990	100.00%	—	952
819 – 847 Rue Clemenceau Beauport, Quebec	70.00%	Retail	31-Jan-14	34,153	29,050	31-Dec-22	129,240	96.74%	—	1,706

Building Name and Address	Percent of Ownership	Property Type	Date of Purchase	Total Cost	Fair Value	Date of Last Appraisal	N.R.A. (S.F.)	Percent Leased	Mortgages on Investment Properties	2022 NOI
1350 Rene Levesque Boulevard * Montreal, Quebec	35.00%	Office	14-Dec-16	92,914	91,245	31-Dec-22	186,714	98.56%	(46,178)	4,150
1360 Rene Levesque Boulevard * Montreal, Quebec	35.00%	Office	14-Dec-16	54,990	66,045	31-Dec-22	138,851	86.77%	(28,303)	2,290
1025 Lucien L'Allier * Montreal, Quebec	35.00%	Other	14-Dec-16	1,924	3,430	31-Dec-22	n/a	n/a	—	(28)
5999 Monkland Avenue Montreal, Quebec	100.00%	Residential	26-May-17	51,726	57,100	31-Dec-22	137,664	96.36%	(23,422)	1,345
4075 Industriel Boulevard Laval, Quebec	100.00%	Industrial	2-Aug-18	6,584	14,000	31-Dec-22	50,712	100.00%	—	311
5555 rue William-Price Laval, Quebec	100.00%	Industrial	2-Aug-18	9,675	18,900	31-Dec-22	75,000	100.00%	—	432
4101 – 4117 Industriel Boulevard Laval, Quebec	100.00%	Industrial	2-Aug-18	7,024	14,600	31-Dec-22	54,236	100.00%	—	376
4133 – 4137 Industriel Boulevard Laval, Quebec	100.00%	Industrial	2-Aug-18	8,402	18,800	31-Dec-22	61,483	100.00%	—	376
4177 – 4201 Industriel Boulevard Laval, Quebec	100.00%	Industrial	2-Aug-18	19,450	40,600	31-Dec-22	150,818	100.00%	—	954
100, 125, 210 – 250 Jean Coutu Street and 1565 – 1567, 1575 – 1585, 1595 – 1603 Lionel-Boulet Boulevard Varennes, Quebec	100.00%	Industrial	29-Jun-22	59,523	60,300	31-Dec-22	271,941	83.77%	—	1,359
8701 Samuel-Hatt Street Chambly, Quebec	100.00%	Industrial	29-Jun-22	3,383	3,300	31-Dec-22	15,530	100.00%	—	71
Atlantic										
1959 Upper Water Street * Halifax, Nova Scotia	33.33%	Office	14-Jun-83	24,704	23,764	31-Dec-22	109,008	42.72%	—	124
1969 Upper Water Street * Halifax, Nova Scotia	33.33%	Office	31-Dec-93	21,021	27,831	31-Dec-22	122,626	74.03%	—	846

Building Name and Address	Percent of Ownership	Property Type	Date of Purchase	Total Cost	Fair Value	Date of Last Appraisal	N.R.A. (S.F.)	Percent Leased	Mortgages on Investment Properties	2022 NOI
United States										
396 West Greens Road Houston, Texas	70.00%	Office	21-Jun-06	31,150	5,236	31-Dec-22	132,896	9.20%	—	(1,300)
8101 Sam Houston Parkway Houston, Texas	70.00%	Office	21-Jun-06	20,652	6,283	31-Dec-22	94,782	75.82%	—	1,657
Current and prior year(s) sold property										13
Investment Properties – subtotal				4,774,420	6,515,160		18,850,006		(1,365,435)	223,040
Less: lease liabilities				(78,798)	(74,830)					
Less: mortgages on investment properties				(1,462,620)	(1,365,435)					
Capitalization of loss on assumed mortgages				(4,949)	—					
Total Investment Properties – net				3,228,053	5,074,895					
Total Bonds				157,982	151,783					
Total Investments – net				3,386,035	5,226,678					

* Represents interest in a joint operation

(1) The investment properties presented below are subject to land leases where the Fund is the lessee and has recognized a right-of-use asset within investment properties and a lease liability. For further information refer to note 2 in the notes to the financial statements.

Building Name and Address	Percent of Ownership	Property Type	Date of Purchase	Lease Liabilities
650 West Georgia Street Vancouver, British Columbia	25.00%	Office	12-Dec-01	(583)
400 Walmer Road Toronto, Ontario	65.00%	Residential	27-Dec-00	(71,367)
20 – 24 York Street Ottawa, Ontario	50.00%	Residential	27-Sep-05	(2,880)
Total				(74,830)

NOTES TO THE SCHEDULE OF INVESTMENT PORTFOLIO

(in Canadian $ thousands)

INTRODUCTION

The objective of the Canadian Real Estate Investment Fund No. 1 (the Fund) in managing risk is the creation and protection of contractholder value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund can be exposed to liquidity risk, market risk (which includes currency risk, interest rate risk and other price risk) and credit risk arising from the financial instruments it holds.

A. RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2022, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

To assist with managing risk, The Canada Life Assurance Company (Canada Life or the Company) maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and other regulations.

B. LIQUIDITY RISK

As investments in real property are not actively traded, the Fund is exposed to liquidity risk due to the redemption of redeemable units by contractholders. To a lesser extent, mortgage liabilities also expose the Fund to liquidity risk. To manage liquidity, the Fund has the ability to incur additional mortgage indebtedness as long as the total borrowings do not exceed 35% of the total asset value of the Fund and provided the value of each mortgage assumed is not greater than 75% of the related property's value.

Some securities are illiquid due to legal restrictions on their resale, the nature of the investment, or simply a lack of interested buyers for a particular security or security type. Certain securities may become less liquid due to changes in market conditions, such as interest rate changes or market volatility, which could impair the ability of a Fund to sell such securities quickly.

There is no formal market for trading in real property and very few records are available to the public which give terms and conditions of real property transactions. It may take time to sell investment properties at a reasonable price. This could limit the Fund's ability to respond quickly to changes in economic or investment conditions. It could also affect the Fund's ability to pay contractholders who want to redeem their units. The Fund will maintain a sufficient balance of cash to satisfy regulatory requirements and be able to facilitate normal redemption requests in a timely manner.

In accordance with the Fund's policy, the Company monitors the Fund's liquidity position on a regular basis.

As at December 31, 2022, the approximate principal payments due on mortgages for the next five years ended and thereafter are as follows:

Year ended	Principal payments due
December 31, 2023	$ 128,124
December 31, 2024	93,220
December 31, 2025	114,768
December 31, 2026	216,251
December 31, 2027	58,604
Thereafter	851,654
	1,462,621
Fair value adjustment	(97,186)
Total	**$ 1,365,435**

C. CURRENCY RISK

Currency risk is the risk that financial instruments that are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The classifications used on the Schedule of Investment Portfolio for the financial instruments are based on the country of issue.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Fund's net assets attributable to contractholders, all other variables held constant, as a result of a 1% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be significant.

				2022
Currency	**Investments**	**Cash, Short-term Deposits and Overdrafts**	**Total [1]**	**Impact on Net Assets Attributable to Contractholders**
United States Dollar	$ 11,519	$ 89	$ 11,608	$ 116
Total	**$ 11,519**	**$ 89**	**$ 11,608**	**$ 116**
As Percent of Net Assets Attributable to Contractholders			**0.2%**	

(1) Includes both monetary and non-monetary instruments

				2021
Currency	**Investments**	**Cash, Short-term Deposits and Overdrafts**	**Total [2]**	**Impact on Net Assets Attributable to Contractholders**
United States Dollar	$ 15,322	$ 82	$ 15,404	$ 154
Total	$ 15,322	$ 82	$ 15,404	$ 154
As Percent of Net Assets Attributable to Contractholders			0.3%	

(2) Includes both monetary and non-monetary instruments

D. INTEREST RATE RISK

Interest rate risk arises on interest-bearing financial instruments such as bonds and mortgages on investment properties. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Due to the nature of short-term fixed income securities with a remaining term-to-maturity of less than one year, these investments are not generally exposed to a significant risk that their value will fluctuate in response to changes in the prevailing levels of market interest rates. The risk is professionally managed at the security and fund level by the Company.

The table below summarizes the Fund's exposure to interest rate risk by remaining term-to-maturity.

					2022
	1 year or less	**Over 1 year to 5 years**	**Over 5 years to 10 years**	**Over 10 years**	**Total**
Bonds	**$ 134,625**	**$ 17,158**	**$ —**	**$ —**	**$ 151,783**

					2021
	1 year or less	**Over 1 year to 5 years**	**Over 5 years to 10 years**	**Over 10 years**	**Total**
Bonds	$ 35,555	$ 120,865	$ —	$ —	$ 156,420

As at December 31, 2022, for bonds, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately $983 ($2,113 at December 31, 2021) or approximately 0.02% (0.04% at December 31, 2021). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be significant.

As at December 31, 2022, for mortgages on investment properties, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately $48,689 ($50,312 at December 31, 2021) and approximately 0.89% (0.95% at December 31, 2021) of net asset value. In practice, the actual results may differ and the difference could be significant.

E. CREDIT RISK

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments represents the maximum credit risk exposure as at December 31, 2022. The amount of credit risk to any one issuer may be determined from the information reported in the Schedule of Investment Portfolio. The Fund may invest in short-term fixed income securities issued or guaranteed primarily by the Government of Canada or any Canadian provincial government, obligations of Canadian chartered banks or trust companies, and commercial paper with approved credit ratings. The risk of default on these short-term fixed income securities is considered low. The Company monitors credit risk and credit ratings on a regular basis. All new counterparties to financial instruments are subject to an approval process.

The Fund is also exposed to credit risk from outside parties, lease receivables and tenants. The fair value of investment properties considers the creditworthiness of these items, which had a negligible effect on fair value during 2022 and 2021 respectively. Credit risk arises from the possibility that tenants may be unable to fulfill their commitments defined in their lease agreements. The majority of the Fund's leases in place are referred to as net leases, which means that tenants pay the landlord base rent as well as reimburse the landlord for their share of operating costs and realty taxes. Most of the property operating costs and realty tax expenses are of a fixed nature, although there is a variable element as it relates to certain costs. Management mitigates credit risk by ensuring that the Fund's tenant mix is diversified and by limiting the Fund's exposure to any one tenant. The Fund also maintains a portfolio that is diversified by property type so that exposure to business sectors is reduced.

The change in fair values of financial liabilities as a result of the impact of changes in credit risks was not significant during 2022 or 2021.

All transactions in listed securities are settled and paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit ratings disclosed below are obtained from independent rating agencies including DBRS, Standard & Poor's, Moody's Investors Service and Fitch Ratings. The lowest rating provided by the agencies is used.

Debt securities by credit rating are as follows:

	2022		2021	
	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	**46.8**	**1.3**	46.9	1.4
AA	**53.2**	**1.5**	53.1	1.6
Total	**100.0**	**2.8**	100.0	3.0

F. FAIR VALUE CLASSIFICATION

The following table presents information about the Fund's financial assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Fund to determine such fair value:

	2022 Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	$ —	$ 151,783	$ —	$ 151,783
Investment properties	—	—	6,515,160	6,515,160
Total assets measured at fair value	$ —	$ 151,783	$ 6,515,160	$ 6,666,943
Liabilities measured at fair value				
Mortgages on investment properties	$ —	$ 1,365,435	$ —	$ 1,365,435
Net assets attributable to contractholders measured at fair value	$ —	$ (1,213,652)	$ 6,515,160	$ 5,301,508

	2021 Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	$ —	$ 156,420	$ —	$ 156,420
Investment properties	—	—	6,154,819	6,154,819
Total assets measured at fair value	$ —	$ 156,420	$ 6,154,819	$ 6,311,239
Liabilities measured at fair value				
Mortgages on investment properties	$ —	$ 1,140,036	$ —	$ 1,140,036
Net assets attributable to contractholders measured at fair value	$ —	$ (983,616)	$ 6,154,819	$ 5,171,203

There were no significant transfers between Level 1 and Level 2 during 2022 or 2021.

The following table presents additional information about the Fund's assets measured at fair value on a recurring basis and for which the Fund has utilized Level 3 inputs to determine fair value:

	2022		2021	
	Bonds	Investment properties	Bonds	Investment properties
Balance, beginning of year	$ —	$ 6,154,819	$ 41,535	$ 5,610,690
Total gain (loss) included in net assets from operations attributable to contractholders	—	86,129	(15,799)	360,232
Purchases	—	284,051	—	240,601
Sales	—	(9,839)	(25,736)	(56,704)
Settlements	—	—	—	—
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Balance, end of year	$ —	$ 6,515,160	$ —	$ 6,154,819
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	$ —	$ 87,880	$ —	$ 345,689

G. CARRYING VALUE OF INVESTMENT PROPERTIES

The carrying value of investment properties and changes in the carrying value of investment properties are as follows:

	2022	2021
Balance, beginning of year	$ 6,154,819	$ 5,610,690
Additions	284,051	240,601
Change in fair value through profit or loss	82,594	359,818
Disposals	(9,839)	(56,704)
Foreign exchange rate changes	3,535	414
Balance, end of year	$ 6,515,160	$ 6,154,819

H. SIGNIFICANT UNOBSERVABLE INPUTS

Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (including future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.

The following sets out information about significant unobservable inputs used at year end in measuring assets categorized as Level 3 in the fair value hierarchy:

	Inter-relationship between key unobservable inputs and fair value measurements						
	Discount Rate (1)			Reversionary Rate (2)			Vacancy Rate (3)
Property Type	Min	Max	Weighted Average	Min	Max	Weighted Average	Weighted Average
Office	5.5%	10.8%	6.6%	4.5%	8.8%	5.8%	23.5%
Industrial	5.8%	6.8%	5.8%	4.8%	5.8%	5.2%	2.0%
Retail	5.8%	7.8%	6.9%	5.0%	7.3%	6.1%	3.6%
Commercial	5.5%	10.8%	6.3%	4.5%	8.8%	5.5%	10.5%
Residential (4)	3.3%	4.5%	3.6%	n/a	n/a	n/a	2.8%
Total	**3.3%**	**10.8%**	**5.5%**	**4.5%**	**8.8%**	**5.5%**	**9.0%**

(1) A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.

(2) The reversionary rate is the rate used to estimate the resale value of a property at the end of the holding period. A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value.

Reversionary rates are not applicable to assets where the valuation methodology is based on capitalization of the stabilized year one income.

(3) A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.

(4) The discount rates disclosed may represent the overall capitalization rate applied to the stabilized income of specific assets.

I. PLEDGED ASSETS

The Fund has investment properties which have been pledged as collateral to cover mortgages on investment properties. In circumstances where the Fund defaults, the counterparty is permitted to take the collateral and apply it against these liabilities. When the liabilities have been settled by the Fund, the pledged assets will be returned to the Fund. As at December 31, 2022, the Fund has pledged $3,581,674 ($2,970,343 at December 31, 2021).

J. COMMITMENTS

As at December 31, 2022, the Fund has contractual obligations of $137,900 ($232,850 at December 31, 2021) to purchase, construct, repair, maintain or enhance investment properties.

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units, as described in note 5 and company held investment units, as described in note 9 e), are allocated to each category and are not included on this page.

Net Assets Attributable to Contractholders by Category
For the years ended December 31

	Number of units outstanding					Net asset value (in $ thousands)				
	2022	**2021**	**2020**	**2019**	**2018**	**2022**	**2021**	**2020**	**2019**	**2018**
Investment Only	**929,412**	988,655	1,062,936	1,056,204	1,124,579	**2,852,470**	2,830,214	2,728,094	2,644,441	2,580,844
Investment Only (AI)	**833,180**	787,844	650,108	632,672	460,302	**596,268**	543,699	417,547	411,740	286,255
Investment Only (AC/AL)	**2,850,268**	2,880,030	2,776,761	2,805,374	2,639,342	**1,177,902**	1,109,804	959,022	944,883	814,577
Individual No-Load (IA)	**444,092**	501,881	677,507	728,643	785,466	**174,459**	189,347	235,981	254,946	259,397
Individual Back-End Load (IB)	**232,824**	273,772	398,616	427,484	502,889	**95,922**	108,321	145,603	156,859	174,158
Managed Money (IC)	**38,720**	39,396	48,463	49,425	54,954	**33,875**	32,681	36,643	37,061	38,397
75/75 guarantee policy	**4,582,512**	4,956,258	6,778,091	7,150,974	5,931,054	**89,604**	93,072	117,514	124,544	97,508
75/100 guarantee policy	**1,850,933**	2,045,891	3,384,919	3,616,139	3,336,827	**35,643**	37,873	57,900	62,196	54,225
100/100 guarantee policy	**122,336**	187,895	316,057	303,351	231,193	**2,212**	3,280	5,120	4,962	3,589
PS1 75/75 guarantee policy	**4,793,180**	4,441,677	6,154,902	6,406,423	5,274,752	**81,481**	72,194	91,954	95,719	74,061
PS1 75/100 guarantee policy	**1,889,434**	1,979,222	2,904,070	2,982,152	2,633,732	**31,578**	31,677	42,787	44,011	36,583
PS1 100/100 guarantee policy	**162,049**	129,092	207,325	197,076	172,293	**2,605**	1,995	2,960	2,829	2,336
PS2 75/75 guarantee policy	**3,074,893**	3,185,654	4,552,734	5,029,714	5,054,929	**68,335**	66,014	84,558	91,101	83,896
PS2 75/100 guarantee policy	**991,995**	1,105,784	1,582,463	1,633,460	1,525,943	**22,046**	22,914	29,391	29,586	25,326
PS2 100/100 guarantee policy	**13,534**	20,710	43,020	49,312	24,387	**301**	429	799	893	405
PS 75/75 guarantee policy	**663,964**	845,925	1,652,581	1,674,244	543,251	**8,457**	10,238	18,266	18,391	5,574
PS 75/100 guarantee policy	**117,728**	202,311	283,850	284,880	87,501	**1,492**	2,438	3,127	3,122	896
PPS 75/75 guarantee policy	**1,555,321**	1,526,475	2,884,905	2,854,981	984,067	**20,198**	18,752	32,221	31,550	10,111
PPS 75/100 guarantee policy	**35,775**	40,999	48,233	49,583	—	**461**	501	536	546	—

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance. Portfolio units, as described in note 5 and company held investment units, as described in note 9 e), are allocated to each category and are not included on this page.

Net Assets Attributable to Contractholders Per Unit (note 8)
For the years ended December 31

	Net asset value per unit ($)					Increase (decrease) per unit ($)	
	2022	**2021**	**2020**	**2019**	**2018**	**2022**	**2021**
Investment Only	**3,069.11**	2,862.69	2,566.57	2,503.72	2,294.94	**206.42**	296.12
Investment Only (AI)	**715.65**	690.11	642.27	650.80	621.88	**25.54**	47.84
Investment Only (AC/AL)	**413.26**	385.34	345.37	336.81	308.63	**27.92**	39.97
Individual No-Load (IA)	**392.85**	377.27	348.31	349.89	330.25	**15.58**	28.96
Individual Back-End Load (IB)	**411.99**	395.66	365.27	366.93	346.32	**16.33**	30.39
Managed Money (IC)	**874.87**	829.55	756.10	749.85	698.72	**45.32**	73.45
75/75 guarantee policy	**19.55**	18.78	17.34	17.42	16.44	**0.77**	1.44
75/100 guarantee policy	**19.26**	18.51	17.11	17.20	16.25	**0.75**	1.40
100/100 guarantee policy	**18.09**	17.46	16.20	16.36	15.52	**0.63**	1.26
PS1 75/75 guarantee policy	**17.00**	16.25	14.94	14.94	14.04	**0.75**	1.31
PS1 75/100 guarantee policy	**16.71**	16.00	14.73	14.76	13.89	**0.71**	1.27
PS1 100/100 guarantee policy	**16.07**	15.45	14.28	14.35	13.56	**0.62**	1.17
PS2 75/75 guarantee policy	**22.22**	20.72	18.57	18.11	16.60	**1.50**	2.15
PS2 75/100 guarantee policy	**22.22**	20.72	18.57	18.11	16.60	**1.50**	2.15
PS2 100/100 guarantee policy	**22.22**	20.72	18.57	18.11	16.60	**1.50**	2.15
PS 75/75 guarantee policy	**12.74**	12.10	11.05	10.98	10.26	**0.64**	1.05
PS 75/100 guarantee policy	**12.67**	12.05	11.02	10.96	10.25	**0.62**	1.03
PPS 75/75 guarantee policy	**12.99**	12.28	11.17	11.05	10.27	**0.71**	1.11
PPS 75/100 guarantee policy	**12.89**	12.21	11.12	11.02	—	**0.68**	1.09

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

The Company is the sole issuer of the insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Company and are segregated from the other assets of the Company. The Fund is not a separate legal entity. The Fund invests in a portfolio of assets to generate returns in the form of investment income and capital appreciation for the contractholders, who are the ultimate beneficiaries of the Fund. The Fund's investment activities are overseen by the Company.

The Company is a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), a publicly listed company incorporated and domiciled in Canada. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

The Fund's registered office is at 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3.

The financial statements of the Fund as at and for the year ended December 31, 2022 were approved for issue by the Company on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Uniform accounting policies were applied in the preparation of the Fund's financial statements. These accounting policies are based on the IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective at December 31, 2022. The financial statements of the Fund have also been prepared in accordance with the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

A) USE OF ESTIMATES, SIGNIFICANT ACCOUNTING JUDGMENTS AND ASSUMPTIONS

The preparation of the Fund's financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities at the reporting date and the reported amount of revenues and expenses during the reporting period. The valuation of investments and investment properties is the most significant component of the financial statements subject to estimates. Although some variability is inherent in these judgments and assumptions, the Fund believes that the amounts recorded are reasonable.

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, the fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this information is not available, estimation is required in establishing fair values. The estimates include consideration of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the Statement of Financial Position and the level where the financial instruments are disclosed in the fair value hierarchy. Actual results could differ from these estimates.

In the process of applying the Fund's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

The Company is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9, *Financial Instruments*. The Company has assessed the Fund's business model, the manner in which all financial instruments are managed and the requirements of other accounting standards, and has concluded that fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

The Fund participates in joint operations that allow the Fund to hold investment properties jointly with another party with the objective to generate rental income recorded in investment properties income and/or capital appreciation on the investment properties recorded in gain (loss) on investments. Joint control has been determined in accordance with the terms in the joint agreement, whereby decisions about the relevant activities, that significantly affect the returns of the arrangement, require the unanimous consent of the parties sharing control. The joint arrangements were classified as joint operations as the arrangements assign both parties the right to the assets and revenues, as well as the obligation for the liabilities and expenses. Most investment properties are owned jointly by related parties or related party segregated funds.

In the normal course of business the Fund regularly buys and sells investment properties. The Fund has concluded that the purchase and sale of these investment properties does not meet the conditions required to classify these transactions as business acquisitions; therefore all properties the Fund acquires to date are asset acquisitions.

The Fund has entered into commercial and residential property leases on its investment properties. The Fund has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and therefore accounts for the contracts as operating leases.

Entities that meet the definition of an investment entity within IFRS 10, *Consolidated Financial Statements* are required to measure their subsidiaries at FVTPL rather than consolidate them. The criteria that define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;

- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and

- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

In the judgment of management, the Fund meets the definition of an investment entity. This conclusion will be reassessed on a periodic basis, if any changes in criteria or circumstances exist.

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions
The COVID-19 pandemic created uncertainty in global financial markets and the economic environment in which the Fund operates, affecting all Real Estate asset classes.

On March 20, 2020, the Company temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of the Fund. On January 11, 2021, the Company lifted the temporary suspension on contributions to and transfers into the Fund, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted as valuation certainty improved.

The results of the Fund reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities, investment properties and foreign exchange. Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

B) FAIR VALUE MEASUREMENT AND CLASSIFICATION
The fair value of the Fund's assets and liabilities have been categorized based upon the following fair value hierarchy:

Level 1 – determined by reference to quoted prices in active markets for identical assets and liabilities;

Level 2 – determined using inputs other than the quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – determined using inputs that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair values for assets and liabilities are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. Additional disclosures relating to transfers between levels and a reconciliation of beginning and ending balances in Level 3 are included in the notes to the Schedule of Investment Portfolio, where applicable.

Level 3 assets and liabilities are reviewed on a periodic basis by the Fund Manager. The Fund Manager considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry. The Fund Manager estimates the fair value of bonds not traded in active markets by referring to actively traded securities with similar attributes, dealer quotations, matrix pricing methodology, discounted cash flow analyses and/or internal valuation models. This methodology considers such factors as the issuer's industry, the security's rating, term, coupon rate and position in the capital structure of the issuer, as well as, yield curves, credit curves, prepayment rates and other relevant factors. For bonds that are not traded in active markets, valuations are adjusted to reflect illiquidity, and such adjustments generally are based on available market evidence. In the absence of such evidence, management's best estimate is used.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

The Fund's fair value hierarchy classification of its assets and liabilities is included in fair value measurements in the notes to the Schedule of Investment Portfolio.

Upon initial recognition, the Fund classifies and measures all financial assets and financial liabilities in the Statement of Financial Position at FVTPL. The financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. The Fund's policy is not to apply hedge accounting.

C) BONDS

Bonds are recorded at fair value determined with reference to closing quoted market prices, where the last traded price falls within the day's bid-ask spread, primarily provided by third party independent pricing sources. Fair values are determined on the basis of the closing price for a security on the recognized exchange on which it is principally traded at each reporting date. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point when the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of unlisted securities is established using quotations determined by a major dealer in a particular security. Should the quoted value for a security, in the opinion of the Fund Manager, be inaccurate, unreliable, or not readily available, the value of the security is estimated using valuation techniques. Valuation techniques include the market approach (using recent arm's-length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

D) CASH, SHORT-TERM DEPOSITS AND OVERDRAFTS

Cash, short-term deposits and overdrafts are comprised of cash on deposit, short-term deposits and overdrafts with terms to maturity of less than one year at acquisition. A reconciliation is included in the Statement of Cash Flows for the Fund for cash and short-term deposits maturing in less than 90 days and those maturing in more than 90 days but less than a year. Due to the nature of these assets being highly liquid and having short terms to maturity, these items are reported at fair value, which approximates their cost.

E) INVESTMENT PROPERTIES

Investment properties comprise of completed real estate property and property under development (PUD) held to earn rental income (which is recorded in the Statement of Comprehensive Income as investment properties income) or for capital appreciation or both. Included within investment properties are right-of-use assets recognized for land leases. The cost of investment properties is the acquisition cost plus the cost of capital improvements. Acquisition costs include land transfer taxes and professional fees for legal services. Property under development includes costs incurred for the redevelopment and expansion of new and existing real estate property. The cost of development projects includes direct costs, realty taxes and borrowing costs directly attributable to properties under development. Borrowing costs are capitalized from the commencement of the development until the date of substantial completion. Substantial completion is considered to have occurred when all the activities necessary to prepare the qualifying asset for its intended use by management are complete. Initial direct and incremental costs incurred in negotiating an operating lease on investment properties are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

Investment properties of the Fund are appraised annually, at a minimum, by qualified external investment properties appraisers. When the Fund determines that the fair value of investment properties under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, it measures the investment properties under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier); thereafter, they are recorded at their most recent external or internal appraised value. Fund management may adjust individual property values periodically due to changing market conditions.

Right-of-use assets are initially measured based on the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and restoration costs, less any lease incentive received. The Fund applies a practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Subsequent to initial recognition, investment properties are measured at fair value. Fair values for investment properties are determined using independent qualified appraisal services and include management adjustments for material changes in property cash flows, capital expenditures or general market conditions in the interim period between appraisals. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of Comprehensive Income in the period in which they arise.

Investment properties are derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the Statement of Comprehensive Income in the year of retirement or disposal. Gains or losses on the disposal of investment properties are determined as the difference between net disposal proceeds and the carrying value of the asset.

Additional details on investment properties are included in the notes to the Schedule of Investment Portfolio.

Where the Fund is involved in joint operations, it recognizes its rights to the assets and revenue and obligations for the liabilities and expenses of the joint operation in accordance with the Fund's accounting policies.

For investment properties, the capitalization rate (cap rate) is a measure of a property's value to its income and is a key metric in the valuations prepared by investment properties appraisers. Cap rates are influenced by factors in the overall investment properties market in Canada, which is in turn influenced by supply and demand factors as well as the domestic economy.

Investment properties are subject to a degree of risk. They are affected by various factors including changes in both general and local market conditions, credit markets, competition in the environment, stability and creditworthiness of tenants, and various other factors.

Amortization of lease inducements represents initial direct costs incurred in negotiating and arranging operating leases and are amortized over the lease term on the same basis as the lease income. Initial direct leasing costs are amortized and charged to property operating expenses on a straight-line basis over the term of the related lease period. Payments to tenants that are enhancements to the property are referred to as tenant improvements. All other payments to tenants are referred to as tenant inducements. Both tenant improvements and tenant inducements are amortized on a straight-line basis over the term of the related lease period as a reduction of property rental income.

F) LEASE LIABILITIES

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Fund shall use its incremental borrowing rate. Generally, the Fund uses its incremental borrowing rate as its discount rate. Lease liabilities are measured at amortized cost using the effective interest method. Interest expense on lease liabilities is included within investment properties expenses.

The Fund applies a practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

G) MORTGAGES ON INVESTMENT PROPERTIES

Mortgages on investment properties are recorded at fair value. Fair value of mortgages have been determined using discounted future payments of principal and interest of the actual outstanding mortgages, discounted at the current market interest rates available to the Fund.

H) CLASSIFICATION OF UNITS ISSUED BY THE FUND

The units of the Fund are classified as financial liabilities under IFRS as the Fund is contractually obligated to repurchase or redeem them for cash or another financial asset when the units are disposed. The net assets attributable to contractholders are classified as FVTPL.

I) RECOGNITION OF INVESTMENTS AND INCOME

Financial investment purchases and sales are recorded when the Fund becomes a party to the contractual provisions of the instrument on a trade date basis.

Financial assets and financial liabilities at FVTPL are recorded in the Statement of Financial Position at fair value.

The accrual basis of accounting is used to record all types of investment income earned and expenses incurred by the Fund.

The following are included in net gain (loss) on investments on the Statement of Comprehensive Income:

Net gains (losses) from change in fair value on investment properties – include fair value adjustments arising from external appraisals, valuation adjustment by management and gains (losses) on sale of investment properties.

Realized gains (losses) on investments – recorded upon the sale or maturity of an asset and determined using the average cost basis.

Unrealized gains (losses) on investments – calculated as the in-year change in fair value of the investment and determined using the average cost basis.

Interest income on debt securities – included in the change in fair value of such investments and recorded on the accrual basis.

After initial measurement, the Fund classifies and measures financial instruments as FVTPL at the reporting date. Changes in the fair value are recorded in net gain (loss) on investments in the Statement of Comprehensive Income.

Investment properties income

The Fund is the lessor of operating leases on investment properties. The Fund has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease. Investment properties income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term in the Statement of Comprehensive Income, except for contingent rental income which is recognized as rental income in the period in which it is earned. Initial direct costs incurred in negotiating and arranging operating leases are recognized as an expense over the lease term on the same basis as the lease income.

Foreign currency

The financial statements have been presented in Canadian dollars, which is the currency of the primary economic environment in which the Fund is domiciled and is the Fund's functional currency.

Foreign currency translations are calculated using the exchange rate in effect when the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gains or losses generated by foreign exchange are recorded in the Statement of Comprehensive Income within net gain (loss) on investments.

Miscellaneous income (loss)

Miscellaneous income (loss) generally includes the changes in foreign exchange rates between trade and settlement dates, foreign exchange rates on bank balances, securities lending income, derivative income, and management fee rebates.

J) OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

K) AMOUNTS DUE TO/FROM BROKER

Amounts due to brokers are payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

Amounts due from brokers include margin accounts and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to/from brokers are held at fair value which approximates their cost.

Amounts due to/from brokers are settled within a few business days of the reporting date. All securities are purchased and sold in regular way transactions.

L) AMOUNTS DUE TO/FROM OUTSIDE PARTIES

Due to/from outside parties mainly consists of net operating and commodity tax balances due to outside parties related to the ongoing operations of the Fund's real estate investments.

Amounts due to/from outside parties are held at fair value which approximates their cost.

M) OTHER EXPENSES

Other expenses consist primarily of securities handling charges. All these expenses are paid to third parties. The accrual basis of accounting is used to record all types of expenses incurred by the Fund.

N) INCOME ALLOCATION

Net gain (loss) on investments, which includes interest income, realized gains and losses and unrealized gains and losses, accrues to each contractholder through the increase (decrease) of the net asset value (NAV) per unit with the exception of Category A units of specific clients. The net investment income of this category is allocated to the contractholders in the form of additional units.

O) ISSUE AND REDEMPTION OF UNITS

Units attributable to contractholders are redeemable at the contractholders' option at prices based on the Fund's NAV per unit at the time of redemption and are therefore classified as financial liabilities.

Units are issued and redeemed at their NAV per unit established as noted in the information folder of the Fund.

The Fund's obligation for net assets attributable to contractholders is presented at the redemption amount at the reporting date. The deposits and withdrawals of contractholders are adjusted for inter-fund transfers.

P) TRANSACTION COSTS

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are charged to expenses in the year.

Transaction costs, such as brokerage commissions, legal fees and land transfer tax incurred in the purchase and sale of investment properties by the Fund are added to the cost of the asset in the year.

Q) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. The Fund has not capitalized any borrowing costs in 2022 or 2021. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. LEASE LIABILITIES

The carrying value of lease liabilities and changes in the carrying value of lease liabilities are as follows:

		2022		2021
Carrying value, beginning of year	**$**	**75,857**	$	85,561
Disposals		**—**		(8,701)
Lease payments		**(2,820)**		(2,840)
Interest expense		**1,793**		1,837
Carrying value, end of year	**$**	**74,830**	$	75,857

As at December 31, 2022, the approximate payments due on lease liabilities for the next five years ended and thereafter are as follows:

Year ended		Lease payments due
December 31, 2023	$	2,820
December 31, 2024		2,823
December 31, 2025		2,831
December 31, 2026		2,831
December 31, 2027		2,831
Thereafter		105,194
Total undiscounted lease obligations as at December 31, 2022	$	119,330

4. MORTGAGES ON INVESTMENT PROPERTIES

As at December 31, 2022, mortgages on investment properties are comprised of term mortgages which bear contractual interest rates ranging from 1.91% to 5.83% (0.77% to 5.83% at December 31, 2021), and a weighted average contractual interest rate of 3.38% (2.97% at December 31, 2021). Mortgages are secured by the real property investment and an assignment of leases and amounts due from property rentals. The terms of the mortgages are subject to renegotiations from 2023 to 2032.

5. DESCRIPTION OF UNITS

The capital of the Fund is divided into categories of units as follows:

Investment Only units are available to:

- Canadian Group Registered, and
- Non-Registered Plans.

Individual units are available to individuals for investment in:

- Registered Retirement Savings Plans,
- Registered Savings Plans,
- Tax Free Savings Accounts, and
- Non-Registered Savings Plans through the purchase of the Flexible Accumulation Annuity and the Flexible Income Fund.

Category I units are available under these different options:

- Option A (Category A) is a no load Investment Fund option,
- Option B is a back end load investment option, and
- Option C is for high net worth investors.

In addition to the Individual units, units are available for:

- Option S1R 75/75 guarantee policy,
- Option S1HB Preferred Series 1 (PS1) 75/75 guarantee policy,
- Option S1HU Preferred Series 2 (PS2) 75/75 guarantee policy,
- Option S1RF Partner Series (PS) 75/75 guarantee policy,
- Option S1HF Preferred Partner Series (PPS) 75/75 guarantee policy,
- Option S2R 75/100 guarantee policy,
- Option S2HB PS1 75/100 guarantee policy,
- Option S2HU PS2 75/100 guarantee policy,
- Option S2RF PS 75/100 guarantee policy,
- Option S2HF PPS 75/100 guarantee policy,
- Option S3R 100/100 guarantee policy,
- Option S3HB PS1 100/100 guarantee policy,
- Option S3HU PS2 100/100 guarantee policy,
- Option S3RF PS 100/100 guarantee policy, and
- Option S3HF PPS 100/100 guarantee policy.

Portfolio units are those units owned by the Portfolio Funds. Each Portfolio fund is represented by a separate category.

The categories of units, and the various levels within each, are accounted for separately and any increases or decreases in net assets attributable to contractholders during the year are allocated proportionately to each category.

6. CAPITAL MANAGEMENT

The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Fund's offering document. Units are redeemed at the NAV per unit of a Fund on the redemption date. The capital received by a Fund is utilized within the respective investment mandate of the Fund.

7. INCOME TAXES

The Fund is deemed to be a trust under the provisions of the *Income Tax Act* (Canada). Income of a segregated fund is deemed to be payable to the contractholders and therefore the Fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the Fund. Realized gains or losses may be reduced by the amount of gains or losses realized by contractholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

Foreign investment income is subject to withholding tax deducted at the source of the income in some jurisdictions. Withholding tax is a generic term used for the amount of withholding tax deducted at the source of the income. The Fund presents the withholding tax separately from the net gain (loss) on investments in the Statement of Comprehensive Income.

8. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

The presentation of unit values is broken down by contractholder category.

Net increase (decrease) in net assets from operations attributable to contractholders per unit per category is calculated by dividing the net increase (decrease) in net assets attributable to contractholders from operations as disclosed in the Statement of Comprehensive Income, by the weighted average number of units of each category outstanding during the year.

9. RELATED PARTY TRANSACTIONS

Lifeco is the parent of the Company as well as a member of the Power Corporation group of companies. Through this relationship, the Company is related to IGM Financial Inc., a company in the financial services sector along with its subsidiaries I.G. Investment Management, Ltd. and Mackenzie Financial Corporation.

The financial statements of the Fund may include transactions with the following related parties to the Company:

Related party	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
GWL Realty Advisors Inc.	Wholly-owned subsidiary of the Company	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
801611 Ontario Ltd.	Wholly-owned subsidiary of the Company	Canada
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

a) GWL Realty Advisors Inc. provides property and asset management services to the Fund in the normal course of business at market terms and conditions.

As at December 31, 2022, $25,426 ($20,816 at December 31, 2021) in fees were paid to GWL Realty Advisors Inc.

b) The Company provides management, advisory and administrative services to the Fund which includes the services of key management personnel. In respect of these services, the Fund is charged management and other fees that are at market terms and conditions. Management and other fees for Preferred Series 2 categories are charged directly to the contractholder by redeeming units from their policy. For the Managed Money category, advisory and management service fees are charged directly to the contractholder by redeeming units from their policy. Management and other fees are calculated at set rates applied against the net assets at each valuation date. Management fees and other fees charged to other categories are calculated at set rates applied against the net assets of the specific category at each valuation date.

c) A separate investment management fee is charged directly to the transaction account of each Category A contractholder by the Company in the normal course of business at market terms and conditions. Accordingly, such fees are not included as an expense in these financial statements for Category A units. All management fees, presented in the Statement of Comprehensive Income, are paid to the Company.

d) The amounts shown as "Due from (to) The Canada Life Assurance Company" represent outstanding management fees, uncleared deposits/withdrawals and investment activity as at the December 31 valuation dates of the Fund.

e) As at December 31, 2022, the Company held investments in the Fund with a value of $273,193 ($254,819 at December 31, 2021). The Canada Life Insurance Company of Canada, which is a wholly-owned subsidiary of the Company held investments in the Fund with a value of $34,781 ($32,442 at December 31, 2021).

f) The Fund invests in assets or underlying funds managed by the Company. All investment transactions with the corresponding underlying funds are at quoted market prices.

SUPPLEMENTAL INFORMATION

(unaudited)

The following tables show selected key financial information about the Fund and are intended to help users of the financial statements understand the Fund's financial performance.

Management Expense Ratio (%) [(1)]

For the years ended December 31	2022	2021	2020	2019	2018
Individual No-Load (IA)	**3.05**	3.07	3.06	3.06	3.08
Individual Back-End Load (IB)	**3.05**	3.07	3.06	3.07	3.07
Managed Money (IC)	**1.72**	1.74	1.73	1.74	1.74
75/75 guarantee policy	**3.04**	3.07	3.06	3.06	3.07
75/100 guarantee policy	**3.14**	3.17	3.16	3.16	3.17
100/100 guarantee policy	**3.60**	3.62	3.60	3.61	3.62
PS1 75/75 guarantee policy	**2.58**	2.61	2.60	2.60	2.61
PS1 75/100 guarantee policy	**2.75**	2.77	2.76	2.77	2.77
PS1 100/100 guarantee policy	**3.15**	3.16	3.15	3.15	3.16
PS 75/75 guarantee policy	**1.95**	1.96	1.95	1.95	1.95
PS 75/100 guarantee policy	**2.05**	2.06	2.05	2.05	2.05
PPS 75/75 guarantee policy	**1.48**	1.50	1.49	1.49	1.49
PPS 75/100 guarantee policy	**1.65**	1.66	1.66	1.66	—

(1) The management expense ratio has been calculated as the aggregate of all fees, taxes, charges and other expenses incurred during the year divided by the average daily net asset value of the segregated fund attributable to the particular fee option. All ratios shown are on an annual basis. In circumstances where the particular fund or fee option did not have twelve months of exposure, the ratios have been annualized. Management expense ratios are calculated for Individual Customer, Wealth Solutions clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy as such fees are charged directly to the contractholder.

Portfolio Turnover Rate (%) [(2)]

For the years ended December 31	2022	2021	2020	2019	2018
Bonds	**—**	0.03	1.31	5.90	3.65
Investment properties	**0.19**	1.16	2.54	0.08	0.62

(2) The portfolio turnover rates presented in the financial statements reflects the Canadian Life and Health Insurance Association Inc. (CLHIA) Guideline G2, Individual Variable Insurance Contracts Relating to Segregated Funds 12.3(a)(iii). The portfolio turnover rates indicate how actively the portfolio investments have been bought or sold throughout the year. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year.

CORPORATE INFORMATION

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Chairman

GLENN WAY
President

TANYSS PRICE
Executive Vice President &
Chief Financial Officer

STEVEN MARINO
Executive Vice President
Portfolio Management

JEFF FLEMING
Executive Vice President
Investments & Development

ROB KAVANAGH
Senior Vice President
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CAM DINNING
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