



Key Facts

Date established

1981

Fund Strategy

CORE

Gross Fund Value

\$6.2B

Net Fund Value

\$4.6B

LTV %

26.1%

of Properties

113

Commercial Sq Ft

15.0M

of Residential Units

5,628

GREAT-WEST LIFE REAL ESTATE FUND

Q2 BULLETIN 2024

Through the first two quarters of 2024, the Canadian Real Estate Fund No.1 has observed the income and capital components of performance generally offset one another, producing a relatively flat overall return profile. Conditions for future capital performance however are trending positively as the Bank of Canada made its first cut to the overnight rate in June with market expectations that further easing will follow. The central bank will continue to monitor economic conditions, and should the path of inflation migrate toward target, a neutral rate of +/- 2.5% may be achieved in 2025. Bond yields for the most common financing terms (5/10 years) have begun to respond accordingly, bringing down the cost of debt. The cost of capital is a material input in the value proposition for real estate investment and as the rate environment improves, we would expect market activity to accelerate. Further, as the spread premium widens for real estate (discount rates over risk-free rates) the return of idle capital should drive competitive bidding processes and pricing expectations. The Fund's robust valuation policy which includes one third of the portfolio being valued by an external appraiser each month, is important in ensuring that Net Asset Values are reflective of current market conditions.

Investment Activity:

Fund composition has and will continue to evolve alongside our top down, research driven allocation targets with the primary goal of maximizing performance. Divesting of older generation, capital-intensive assets and recycling the proceeds into new income producing and development opportunities, which have the potential for outsized risk adjusted returns, is important in "future proofing" the portfolio.

In the second quarter the Fund sold its interest in two suburban Greater Toronto Area West multifamily assets and a portfolio of older, low clear height industrial buildings located in Scarborough, ON. Pre-development work continued on a new purpose-built rental project in North Vancouver and in Balzac, AB on a large-scale industrial project.

Asset Revitalization:

In contrast to the divestment activity and rationale noted above, there are many cases where core, high conviction assets remain part of the long-term strategy but require capital re-investment to produce the best possible outcomes. Demand drivers from tenants are constantly shifting and to remain relevant it is critical to be responsive and

adaptive to change. This has never been more apparent than with the ongoing evolution of the office sector where the fallout from the pandemic has created a paradigm shift in both work habits and space utilization. Important to recall that this is not the first time a significant disruption has occurred, and nor will it be the last. In response the Fund has embarked on several key initiatives to address its competitive positioning. Management recently completed and unveiled its updates to 1 Adelaide St. E. in Toronto, ON (pictured above) which incorporates a new entrance lobby and lounge areas paired with fresh tenant amenities inclusive of an outdoor courtyard and best in class 'end of trip' facilities.

Additional Resources:

GWLRA has recently launched a new video that aims to help answer many of the common questions that we receive as well as the 2023 Annual Report. Both can be accessed by clicking the following link: www.gwlrealtyadvisors.com/invest-with-us/

Left: 1 Adelaide St. E. Toronto, ON (Exterior)
Center: 1 Adelaide St. E. Toronto, ON (Entrance)
Right: 1 Adelaide St. E. Toronto, ON (Lobby)

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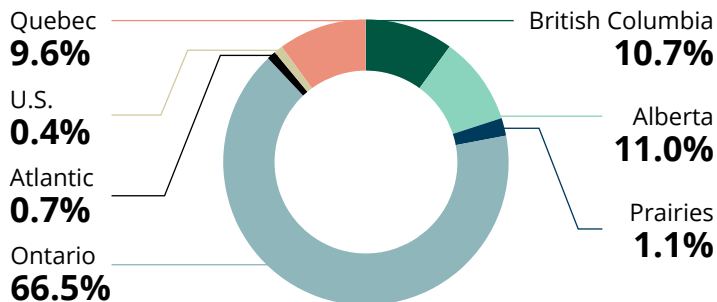
GROSS RETURN	Annualized				YTD
	1 Year	3 Year	5 Year	10 Year	30-Jun
Income	3.5%	3.5%	3.7%	4.1%	1.9%
Capital	(6.0)%	(0.1)%	0.8%	1.4%	(2.0)%
Total	(2.4)%	3.4%	4.5%	5.5%	(0.1)%

Note: Differences due to rounding of decimals.

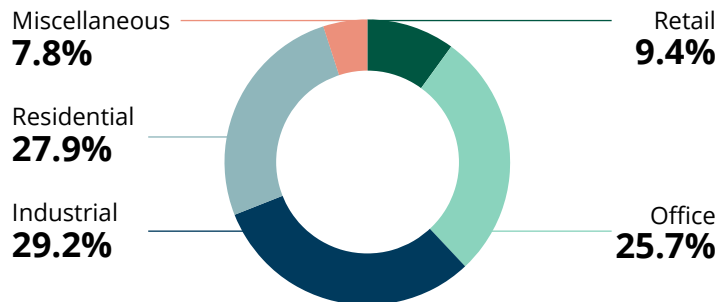
FUND GROWTH (\$ Millions)						YTD
	2019	2020	2021	2022	2023	30-Jun
Real estate	\$ 5,966	\$ 5,639	\$ 6,141	\$ 6,502	\$ 6,312	\$ 6,103
Cash	\$ 443	\$ 831	\$ 449	\$ 415	\$ 320	\$ 267
Short term assets & liabilities	\$ (172)	\$ (150)	\$ (134)	\$ (166)	\$ (195)	\$ (173)
Gross fund value	\$ 6,238	\$ 6,320	\$ 6,456	\$ 6,751	\$ 6,437	\$ 6,197
Net fund value	\$ 5,163	\$ 5,196	\$ 5,316	\$ 5,386	\$ 4,751	\$ 4,578
Debt/gross fund value	17.2%	17.8%	17.7%	20.2%	26.2%	26.1%

Note: Differences due to rounding of decimals.

DIVERSIFICATION BY REGION (Gross)



DIVERSIFICATION BY TYPE (Gross)



VACANCY AS % OF TOTAL - BY REGION

British Columbia	0.5%
Alberta	3.1%
Prairies	0.4%
Ontario	6.0%
Quebec	0.4%
Atlantic	0.5%
U.S.	1.2%
Total by region	12.1%

VACANCY AS % OF TOTAL - BY TYPE

Retail	0.4%
Office	9.3%
Industrial	1.6%
Residential	0.8%
Total by type	12.1%

Any statements in this report concerning future financial performance of the Fund are subject to, among other things, risks, uncertainties and assumptions about the Fund, economic factors and real estate markets generally. They are not guarantees of future performance, and actual events and results may differ materially from those expressed or implied by forward-looking statements included in this report.