

Canada Life resumes real estate fund property valuation

Canada Life has resumed the property valuation process for its real estate segregated fund while it remains temporarily suspended since March 2020.

Here's what happened

On March 20, 2020 Canada Life suspended the Canada Life real estate fund as a result of the market volatility caused by COVID-19. This was done in the best interest of our investors, since there was uncertainty in the valuation of the properties held by the fund. During the temporary suspension, no transactions are allowed in or out of the fund.

Funds suspended

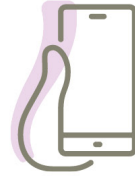
- Real Estate Fund (GWLRA) (LREG)
- Real Estate C Fund (GWLRA) (REGWL) – mostly available through investment only plans

Asset allocation funds such as target risk, target date and risk-adjusted target date funds that invest in one of the real estate funds aren't subject to the suspension of contributions, transfers and redemptions.

Current state

We resumed valuing the properties in June. We're seeing some developments in the marketplace, such as the gradual lifting of emergency orders and increased visibility on the cashflow implications for real estate, including rent collection levels, and government rent relief programs. One-third of the portfolio will be valued externally for the next three months, with the balance of the portfolio (two-thirds) being valued internally each month. This process will increase the frequency of independent valuations from annually to quarterly, aligning with industry best practices. Over the course of the three-month cycle, each property will have an external valuation together with two internal valuations completed.

While valuation visibility has materially improved, valuation certainty has not yet returned. There remains a lack of relevant comparable transactions to provide valuation indicators. This is leading the appraisal industry to continue to qualify their



valuations as having “significant valuation uncertainty.” As a result, we’re not yet able to remove the temporary suspension on contributions, transfers and redemptions.

What this means for you

In the end of June 2020, you can expect to see the updated valuations reflected in the unit value. You might notice a drop in the unit value. Real estate, like most other asset classes, has been negatively impacted by the conditions related to COVID-19. We continue to feel strongly about real estate's ability to participate in the economic recovery and its constructive role in a diversified portfolio.

At this point, the real estate fund **remains suspended** and transactions aren't permitted. The valuation of properties held in the fund is the necessary first step toward lifting the temporary suspension. There are a few steps that need to occur before we can lift the suspension. These include:

- Valuing the properties held in the fund, using internal and external sources. This is currently taking place.
- Returning to a state of appropriate valuation certainty to permit fund transactions to occur. This will occur as market conditions improve and meaningful real estate transactions are concluded.
- Opening the fund for contributions
- We need to be comfortable with the liquidity position and our ability to satisfy redemptions when the suspension ends.
- Accepting and processing requests for redemptions and transfers

What's next

We continue to put customers at the centre of what we do. We're offering a process to facilitate payments to members who have an urgent need and are left without access to any other source of funds during the suspension. The value of the member's account will be reduced by the amount of any payment made.

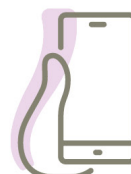
Additional information

You'll find answers to frequently asked questions about the real estate fund and current information about the temporary suspension, including the payment release program, on canadalife.com.

We don't yet have a timeframe for when the suspension may be lifted, but we'll keep you updated with any significant developments.

NewsLine

News and updates for plan members



We're here to help

You can review the information about your plan on grsaccess.com. There are a variety of helpful tools available to you in the Investments menu of grsaccess.com, such as the investment personality questionnaire, fund reviews and fund reports.

If you have any questions, call us toll-free at 1-800-724-3402, weekdays between 8 a.m. and 8 p.m. ET.