

1. What happened with the real estate fund?

- On March 20, 2020, Canada Life suspended the real estate fund as a result of the market conditions caused by COVID-19. This was done in the best interest of our investors, since there was material uncertainty in the valuation of the properties held by the fund. During the temporary suspension, no transactions have been allowed in or out of the fund.
- In June, we resumed valuation of the properties of the fund because we saw the gradual lifting of emergency orders and an improved understanding of the cashflow implications for real estate, including rent collection levels, and the application of government rent relief programs.
- Over the course of the three-month period ending August 31, each of the fund's real estate holdings was valued once externally and twice internally.
- While these valuations represented a better estimate of market value as compared to the March 20 property values, the fund manager continues to look for the return of confidence in property valuations before we can lift the suspension.

2. What needs to occur before the fund can open for contributions and redemptions?

We need to regain confidence in the valuation certainty of the properties held in the fund. The valuation of real estate, like many private assets, depends on adequate liquidity and evidence generated from comparable investment transactions because they provide relative information needed to inform property value conclusions.

3. Have Canadian real estate market conditions improved?

Canadian real estate market conditions are slowly improving with the reopening of the economy and the easing of population circulation restrictions. Some asset classes, like industrial, are experiencing a meaningful increase in demand while others, such as retail, are exhibiting weakening demand, as the COVID-19 conditions have accelerated market dynamics. Real estate investment activity has materially declined as conditions negatively impacted the ability and confidence required to complete transactions.

4. Have any properties held in the fund been sold since the suspension was placed?

Yes. The fund successfully closed on the sale of three properties across two separate transactions in May 2020. These properties were strategically identified as dispositions in our 2019 asset review process and the sale process was initiated in the fourth quarter of 2019.

You'll find detailed information in the fund's quarterly bulletin, which is available on the [GWL Realty Advisors website](#).

5. When will the suspension of the real estate fund be fully lifted?

The suspension can be lifted as there is adequate liquidity, the real estate market stabilizes, and we have more certainty for our property valuations and the fund has established a process by which it can manage and satisfy redemption requests.

6. Will you notify affected stakeholders when the suspension of the real estate fund is fully lifted?

Yes. When we have a timeframe for the full lifting of the suspension, we'll provide notice to affected stakeholders.

7. What is the fund manager's outlook for Canadian real estate as part of a diversified portfolio?

The real estate fund remains a sound investment for a diversified investment portfolio over the long term. The fund is backed by the extensive experience and talent within GWL Realty Advisors, which manages its high-quality real estate holdings and tenant base. GWL Realty Advisors and Canada Life remain committed to this fund.

8. How will you complete the daily unit value of the fund if it's temporarily suspended?

The daily value of the fund continues to be calculated during the temporary suspension.

9. What are the vacancy rates of properties held in the fund?

The average occupancy rate of the Real Estate Fund (GWLRA) is:

- LLREF: 93.8% over the last 10 years. The actual occupancy rate for the year ending 2019 was 94.7%.
- CREIF: 92.9% over the last 10 years. The actual occupancy rate for the year ending 2019 was 94.3%.

10. What's the breakdown in property type within the fund? (i.e., retail, commercial, high-density residential)?

The breakdown by asset class of the Real Estate Fund (GWLRA) as of June 30, 2020 was:

- LLREF: office 41%, multi-family residential 20%, industrial 21%, retail 12% and other 6%
- CREIF: office 37%, multi-family residential 29%, industrial 19%, retail 10% and other 5%

11. What were the results of the most recent property valuations?

Updated commentary and information about the fund is available in the **Learn more** section at the bottom of the [GWL Realty Advisors website](#).

12. How are you valuing the properties?

The properties in the fund are being valued with one-third of the portfolio being externally appraised each quarter and the remaining two-thirds valued internally every month. This process will rotate the assets being valued externally on a monthly basis over a three-month cycle. At the end of each three-month cycle, each property will have been valued once externally and twice internally.

13. Why did you do it that way?

We have increased the frequency of external valuations from annually to quarterly to enhance the frequency of independent valuation and adopt industry-leading practices.

14. Is an internal valuation process going on every month?

Yes, two-thirds of the portfolio is valued internally on a monthly basis. This monthly set of assets will rotate to reflect the portion of the portfolio that is not being externally valued in that month.

15. How is the new external and internal valuation process different from the one before the suspension?

Previously, each property in the fund was valued externally on an annual basis. The new process increases that external frequency to quarterly, providing four external valuations, aligning with best in class industry standards. With respect to internal valuations, previously each asset was valued on 11 occasions throughout the year. The new process values each asset eight times a year internally. Collectively, the new process will continue to value each asset monthly (12 times per year), the difference being the frequency of external valuations has increased from annually to quarterly.

16. Why are you valuing the funds now if no one can purchase or redeem?

While valuation certainty has not yet returned, valuation visibility has materially improved relative to March 2020. Clarity is forming on the cashflow implications to real estate, as it relates to rent collections, rent relief requests and available government subsidy programs. There remains a lack of relevant comparable transactions to provide indicative valuation indicators and that is leading the appraisal industry to continue to qualify their valuations as having “significant valuation uncertainty.”

17. Will the return to valuing the properties within the fund have an impact on the asset allocation funds?

The unit value of the real estate fund held within an asset allocation fund will reflect property valuations that began in June and will be reflected in the overall unit value of the asset allocation fund.