CANADIAN REAL ESTATE INVESTMENT FUND NO. 1

2018 Annual Report

GWL REALTY ADVISORS

2018 CREIF Annual Report

65 Lillian, Toronto, ON

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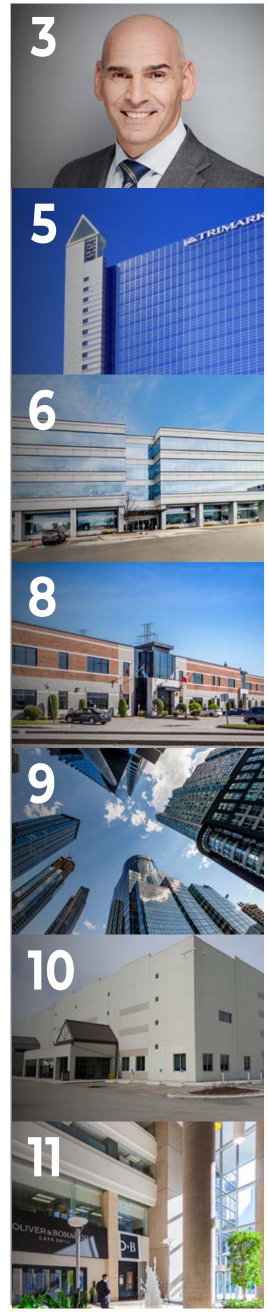

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Portfolio Manager's Report

In the wake of increased market volatility and uncertainty, investors are increasingly drawn to investments that generate stable and predictable return profiles. The equity market's 2018 performance highlighted this concern; investor appetite for institutional quality real estate and its associated return profile strengthened, as witnessed by record levels of investment.

CREIF posted a healthy 7.1% return in 2018. This performance was driven primarily by income which delivered 4.3% while capital generated a 2.7% return. By comparison, the S&P/TSX composite index posted a negative 11% return while the TSX FTSE posted a 3% return. Interestingly, 2018 marked the 10-year anniversary of the Global Financial Crisis, providing an interesting point of reflection. Since January 1, 2009, CREIF generated an 8.3% annualized return, as compared to the S&P/TSX index at 7.9%, over that corresponding time frame. As importantly, CREIF's annual volatility was a fraction of that realized by the equity and fixed income indices. This limited volatility has encouraged unitholders to remain invested over this horizon and allowed them to realize the corresponding performance.

As noted, income continues to be the primary component of portfolio performance. The Fund's income profile is directly impacted by the underlying health of Canada's real estate market fundamentals. These fundamentals remain favourable across the country with the notable exception of both the Calgary and Edmonton office markets, which continue to cope with elevated vacancy. These divergent conditions emphasize the importance of diversification from a portfolio construction perspective. Performance remains particularly strong across Canada's industrial and multi-residential asset classes, benefiting from strong logistics and urbanization trends.

The Fund continues to selectively use development to access best-in-class assets while providing an avenue for value creation through the successful execution of construction and leasing risk. The Fund enters 2019 with three active development projects; Grenadier Square, Vancouver Centre and 3389 Steeles Avenue East, each of which provide tactical allocation increases. As importantly, the Fund continues to progress with a variety of prospective developments, creating a development pipeline that the Fund can activate as market conditions warrant.

As the market moves deeper into this economic cycle, our commitment to a disciplined investment strategy remains paramount. Our strategy prioritizes cash flow growth, diversification, and capital preservation. These elements are embedded in our approach, shaped by our macro-level thinking and research as well as our experience managing and leasing real estate. Together, they culminate in a portfolio-level strategy that is aimed at achieving superior, risk-adjusted returns.

CREIF made its inaugural Global Real Estate Sustainability Benchmark (GRESB) submission in 2018. GRESB is the recognized industry leader in assessing investors' adoption of environmental, social and governance (ESG) factors as part of their management practices. We are proud to advise that CREIF was awarded a Green Star rating with a score of 88 and a recognition as the industry's fifth rated fund in the global diversified category.

Fund management is confident that our commitment to constructing a well-diversified portfolio, together with a focus on quality holdings that are well managed, positions CREIF to continue to generate a strong return profile for clients.

Steven Marino
Senior Vice President,
Portfolio Management

2018 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.

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TOTAL PROPERTIES

Gross Real Estate Value
$5,288M
UP 6.5% YOY

21%
5-YR FUND VALUATION GROWTH

4.3%
2018 INCOME RETURN

2.7%
2018 CAPITAL RETURN

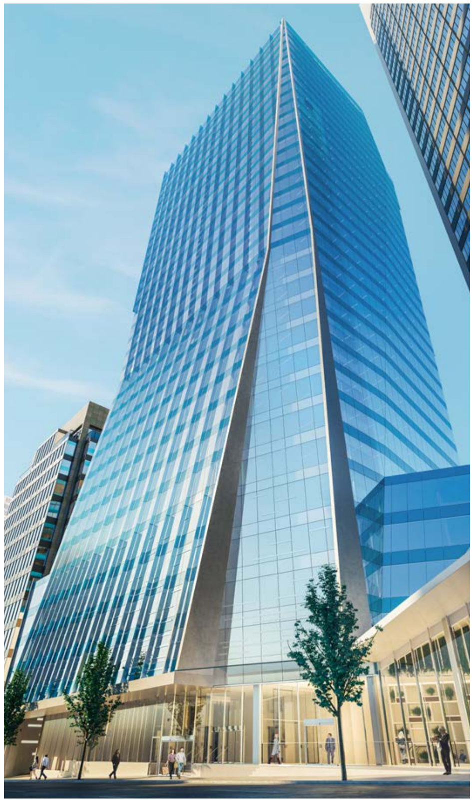
7.1%*
2018 TOTAL RETURN

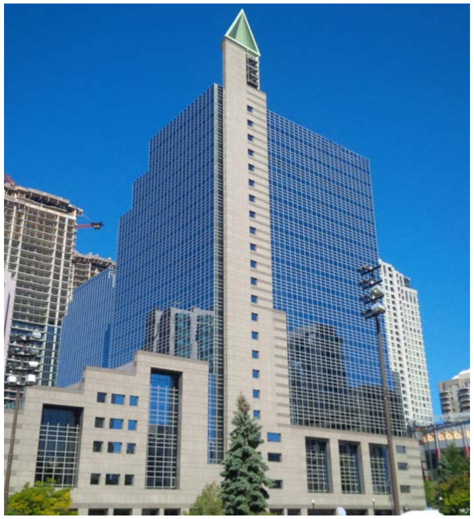
8.3%
10-YR ANNUALIZED RETURN

$109M
ADDITION IN INCOME-PRODUCING PROPERTIES

Portfolio Occupancy
93.7%
UP 130 BPS YOY

* Differences due to rounding



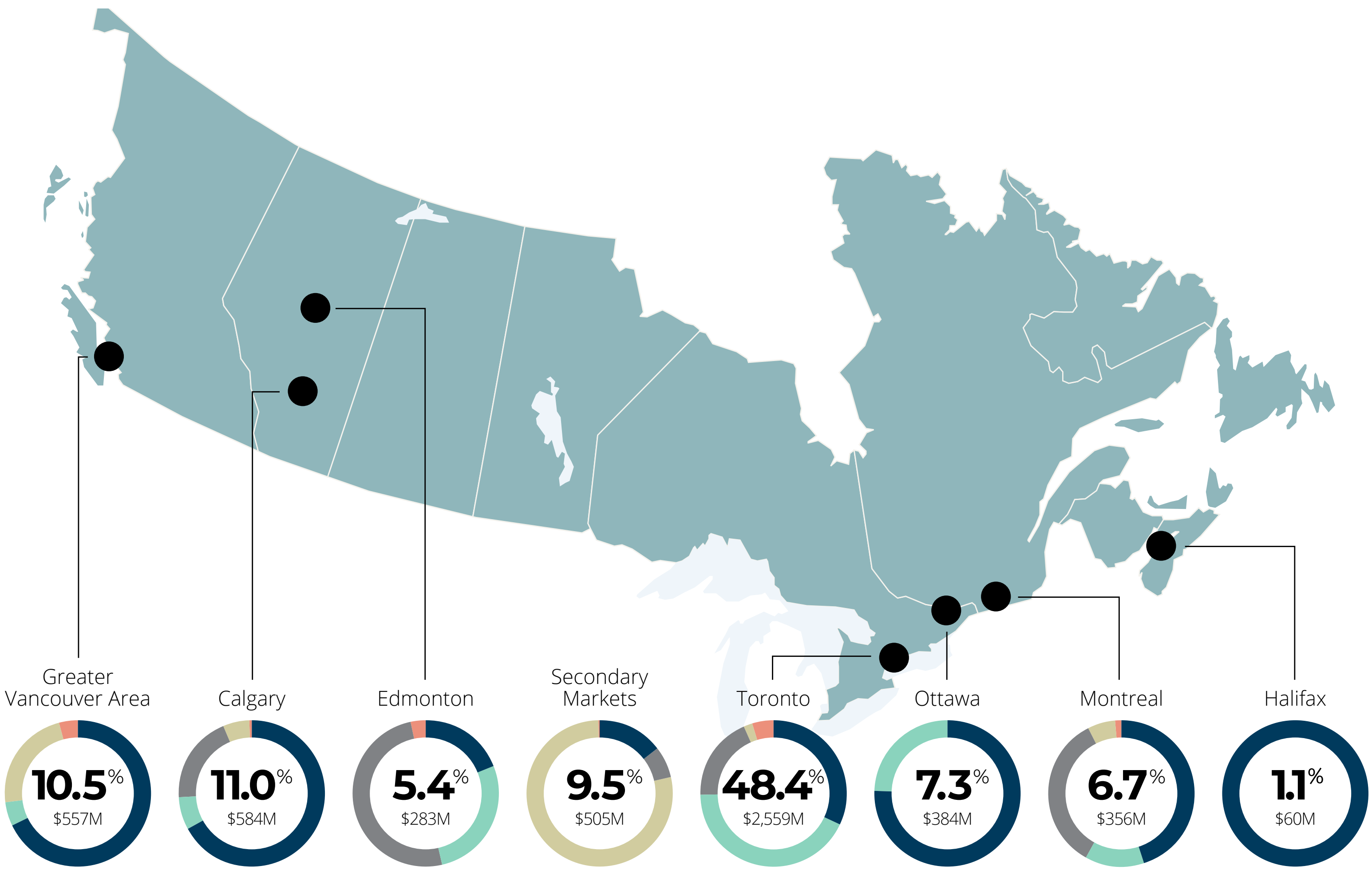


Left: Vancouver Centre II (rendering), Vancouver, BC

Top right: 5140 Yonge Street, Toronto, ON

Bottom right: 2100 Derry Road, Mississauga, ON

Portfolio Diversification



City and Asset Class Exposure

(dollar amounts in millions)

Office Properties

42.2%

$2,231

Residential Properties

26.1%

$1,382

Industrial Properties

16.9%

$895

Retail Properties

11.8%

$624

Other

2.9%

$155

Development

One of the unique features of the Fund is its commitment to augmenting the size and quality of its holdings through the prudent and strategic use of development. In addition to intensification of existing assets, such as 650 West Georgia (Vancouver Centre) in Vancouver and Grenadier Square in Toronto, the Fund executes a forward-thinking strategy in acquisitions with development potential, such as the two beltline properties in the Calgary area and the Laval Industrial Portfolio.

Vancouver Centre II

Construction of this 370,000 square foot Class 'AAA' office tower is advancing well, scheduled to be completed in Q3 2021. The amenity-rich, thoughtfully designed and LEED® Platinum–planned office building is poised to become an iconic development at the epicentre of downtown Vancouver's developing tech node. At Vancouver Centre's second tower, occupants will benefit from exceptional underground connectivity to two SkyTrain stations and the amenity/service offerings of the Vancouver Centre and Pacific Centre malls. The property sits at a crossroads of Vancouver's traditional business core, urban residential communities, and primary shopping and entertainment districts, providing a true live/work/play environment. Its location along Seymour Street positions it within downtown's newly established eastern core—home to Amazon, Microsoft, Telus, Avigilon and other tech companies.

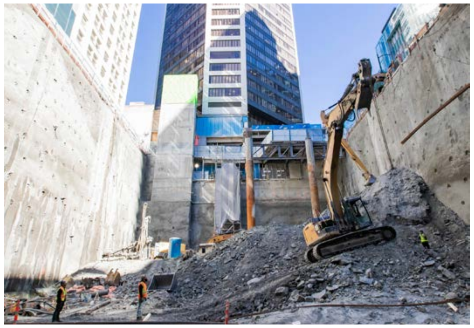
Leasing at VCII has started strong. Kabam has committed to 30% of the building (105,000 square feet). Kabam is an internationally renowned interactive entertainment company, creating, developing and publishing online games through strategic relationships with major global enterprises. Significant interest from other tenant prospects continues to bolster pre-leasing expectations.

For more updates on this project visit: www.vancouvercentre.com

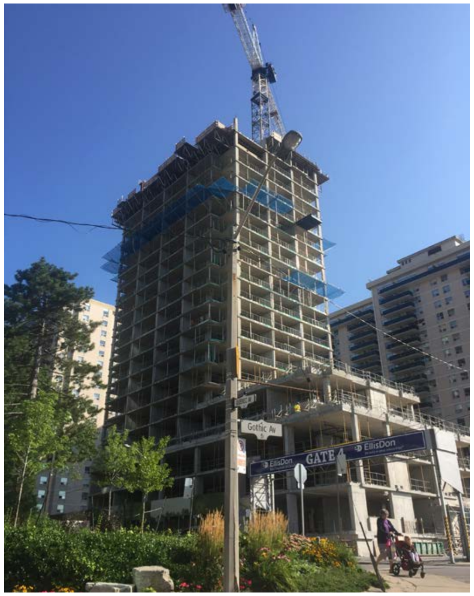
Grenadier Square

The intensification of this well established and highly desirable multi-residential neighbourhood is on schedule for completion in late 2019. The Grenadier Square Redevelopment will consist of two new purpose-built 25-storey luxury rental buildings providing 528 new suites including 16 new townhomes and the building of two new amenity pavilions totalling 22,000 square feet for the use of all tenants in the complex.

For more information visit: www.grenadiersquareredevelopment.com



Above: Vancouver Centre II, Vancouver, BC



Above: Grenadier Square, Toronto, ON

Investment Activity

In the first quarter, the Fund acquired a 100% freehold interest in a 0.45 acre multi-residential development site at the intersection of 13th Avenue SW and 8th Street SW in the rapidly expanding, mixed-use, beltline district of Calgary, AB for $11 million. The initial design concept envisioned a 24-storey concrete high-rise multi-family project over one storey of retail with approximately 4½ levels of underground parking. This development will augment the Fund's multi-residential holdings in Calgary, helping to effect a strategy to pivot the local portfolio into more defensive oriented assets.

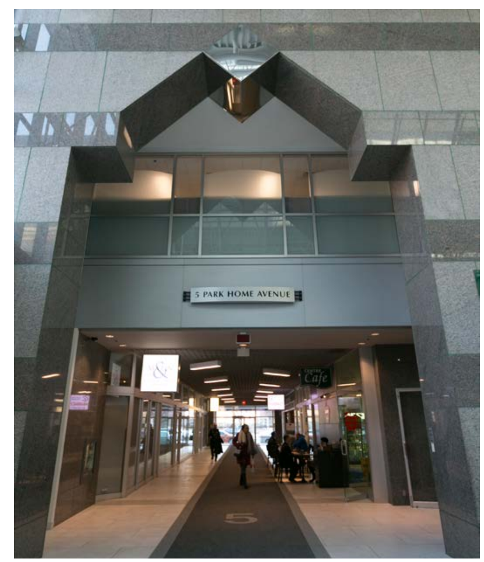
In the third quarter, the Fund expanded its Industrial portfolio with the acquisition of a portfolio of five new generation Class 'A' industrial buildings totalling 391,937 square feet located in Laval, QC. The assets are situated in the heart of Laval's Centre Industrial Park, offering exceptional access to major transit infrastructure, and are 100% occupied. The addition strategically increases the Fund's investment in the province and improves the overall profile of the portfolio.

In July, the Fund acquired a 70% interest in 5 Park Home Avenue, a 91,000 square foot office building. The asset is 98% leased to a strong tenant mix, providing a weighted average lease term of approximately six years. The acquisition consolidates the ownership at North York City Centre, a 1.1 million square foot, best-in-class, transit oriented mixed-use complex located in Toronto, ON. Disposition of 6505 Trans-Canada Hwy and 555 Frederik-Philips, a 185,000 square foot suburban office complex in Montreal, helped to solidify the quality of office assets in the province and rebalance the portfolio.

Cresthaven Crossing, a 50,000 square foot new generation, grocery anchored, retail asset located in the Ottawa area was acquired for $21.0M in August. With a weighted average lease term of over 16 years, the acquisition will deliver stable, long-term cash flow to investors. This 'needs of life' centre is an excellent representation of management's strategy for the asset class.

In October, the Fund acquired its second multi-residential development site in Calgary's Beltline District. The 0.4 acre parcel is directly adjacent to the site acquired earlier in the year and is currently improved with a 35,000 square foot, Class 'C' office building known as Barclay Square. The ultimate redevelopment of the two sites, which are intended to be phased, will provide scale and operating efficiencies while helping reposition the Fund's asset mix within the market.

Total new investment into real estate in 2018 was approximately $108 million across five acquisitions, while two non-core holdings were sold for $26.5 million.



Top right: Laval Industrial portfolio, Laval, QC

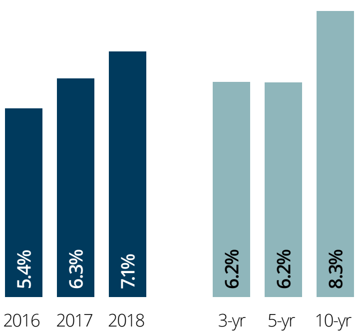
Middle right: Cresthaven Crossing, Ottawa, ON

Bottom right: 5 Park Home Avenue, Toronto, ON

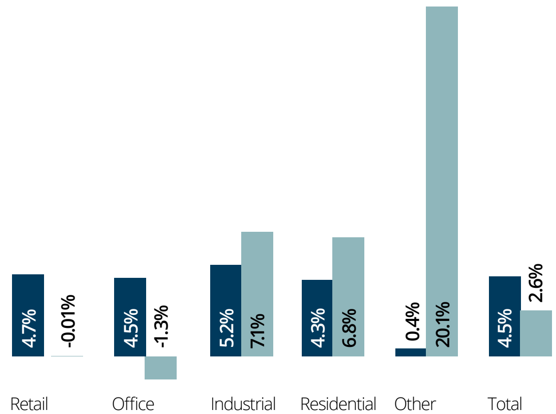
Bottom left: Barclay Square, Calgary, AB

Performance and Attribution

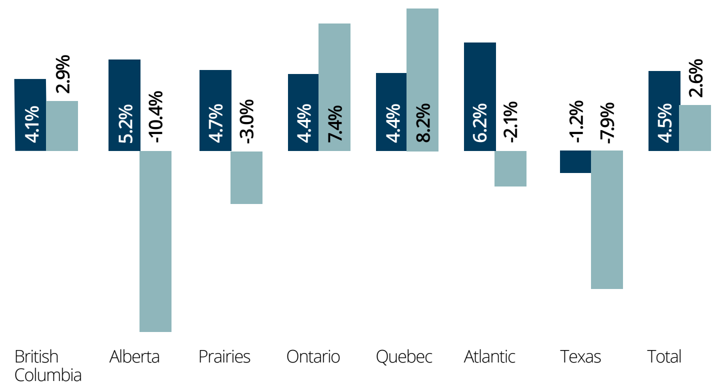
Total Return



Performance by Asset Class

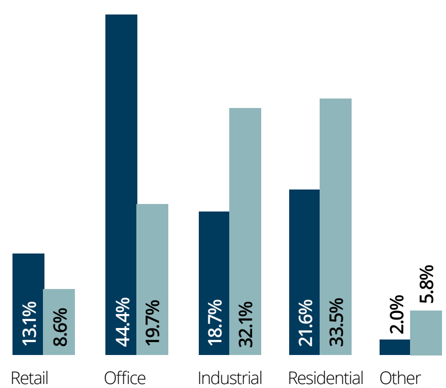


Performance by Region

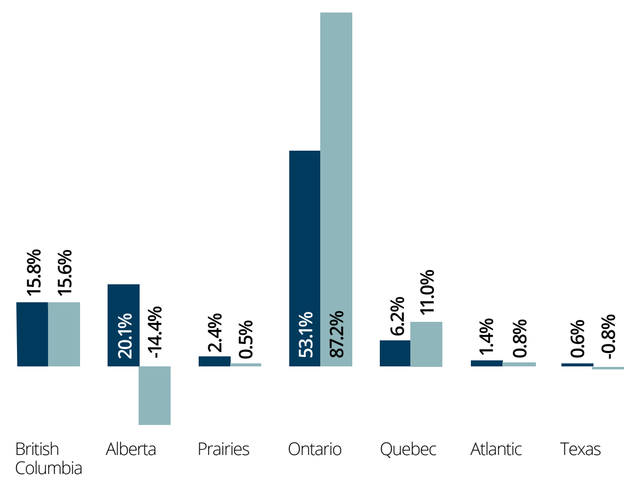


Laval Industrial portfolio, Laval, QC

Fund Weighting & Attribution by Asset Class



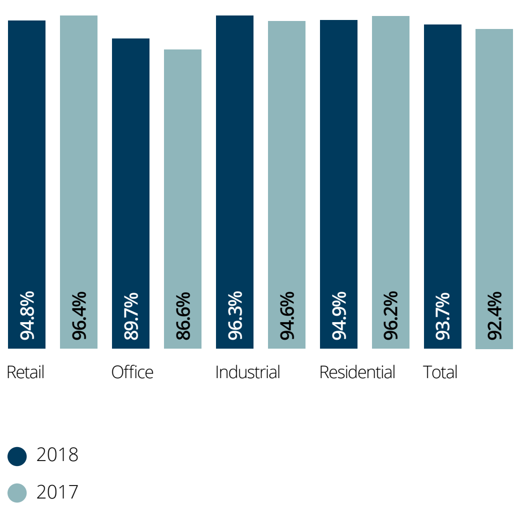
Fund Weighting & Attribution by Region



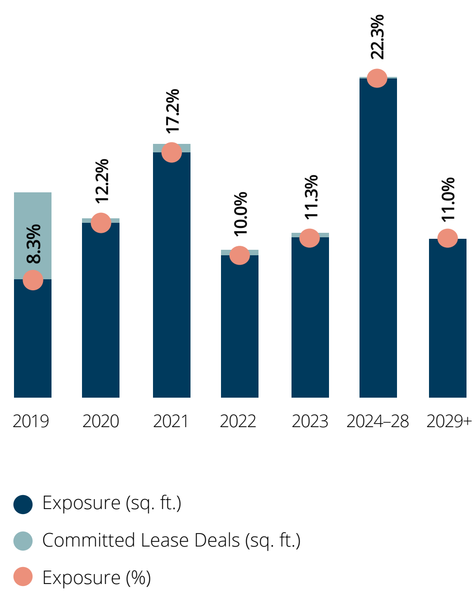
Occupancy

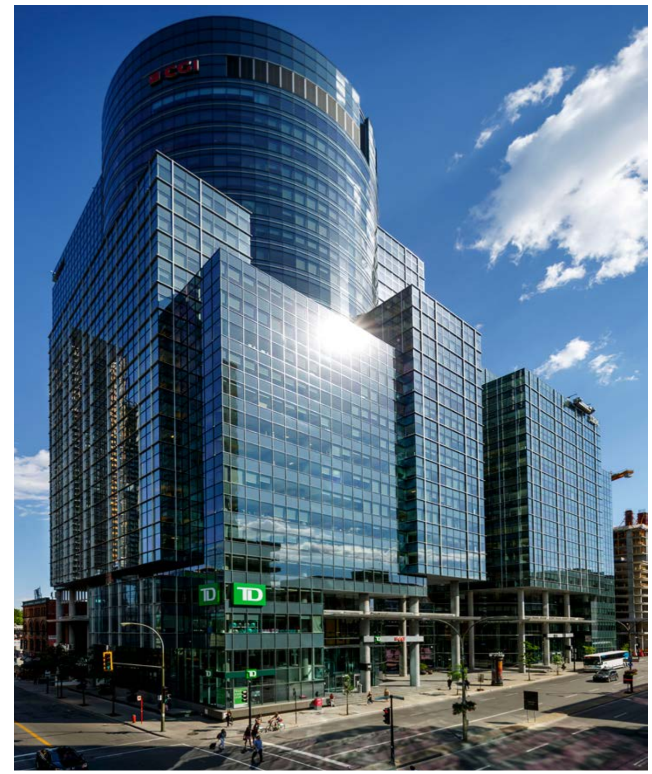
Performance for the year was highlighted by a 130 bps year-over-year increase in overall portfolio occupancy, concluding 2018 at 93.7%, which represents the highest figure since 2008 and the 19th consecutive year of better than 90% occupancy. With limited vacancy, a balanced expiry profile and strong market fundamentals across most of the country, the Fund is very well positioned as we turn the page on 2018 and look ahead to 2019.

Summary by Asset Class



Lease Expiry Profile





1350–1360 René-Lévesque, Montreal, QC

93.7%

OCCUPANCY AT YEAR-END DECEMBER 31, 2018

Tenant Diversification

The Fund's long history of strong and predictable income returns is the result of the high-quality portfolio of assets and the diverse roster of tenants who occupy them. Limiting exposure to any single industry and/or entity is a critical component of portfolio construction and to future proofing performance. The Fund's occupancy profile comprises over 1,000 unique commercial tenancies and 5,000+ residential leases.

Portfolio and Tenant Diversification

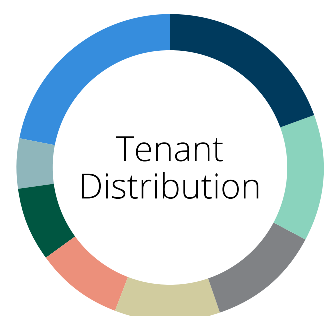
Top 10 Tenants by Base Revenue at December 31, 2018

Rank	Tenant	Type	Annual Base Rent ($)	% of Fund Base Rent	Occupied Area (share) (sq. ft.)	% of NRA	WALT (years)*
1	Her Majesty The Queen	Office	$24,506,959	11.0%	1,303,307	8.4%	4.4
2	ConocoPhillips Canada Res. Corp.	Office	8,891,076	4.0%	286,809	1.9%	5.5
3	Home Depot of Canada Inc.	Industrial/Retail	6,702,588	3.0%	814,714	5.3%	15.8
4	Walmart	Retail	5,010,560	2.3%	498,309	3.2%	9.1
5	The Bank of Nova Scotia	Office	3,697,137	1.7%	166,562	1.1%	3.9
6	Ritchie Bros. Auctioneers	Office/Retail	3,089,055	1.4%	115,206	0.7%	11.4
7	CGI Group Inc.	Office	3,077,668	1.4%	92,008	0.6%	4.2
8	Invesco Canada Ltd.	Office	2,880,744	1.3%	149,649	1.0%	3.5
9	Toronto Transit Commission	Office/Retail	2,392,243	1.1%	163,762	1.1%	9.0
10	Laurentian Bank of Canada	Office/Retail	2,306,848	1.0%	97,742	0.6%	14.0
	Total		**$62,554,878**	**28.2%**	**3,688,067**	**23.9%**	**8.3**

* Weighted average lease term (WALT) is representative of the commercial (non-residential) portion of the portfolio.

Tenant Distribution

City and Asset Class Exposure	
Manufacturing	**19.5%**
Retail Trade	**13.3%**
Transportation & Warehousing	**12.0%**
Finance & Insurance	**11.1%**
Public Administration	**9.2%**
Professional, Scientific & Technical Services	**7.9%**
Mining, Quarrying, Oil & Gas	**5.3%**
Other	**21.7%**

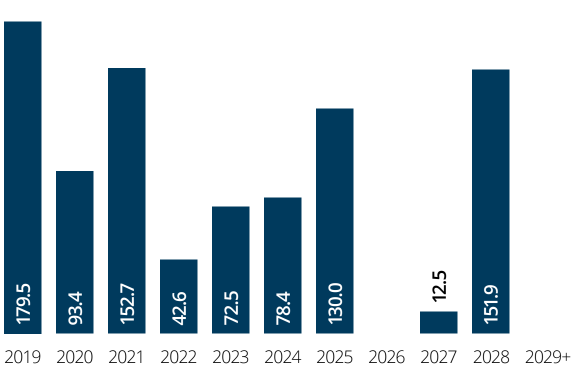


Debt Profile

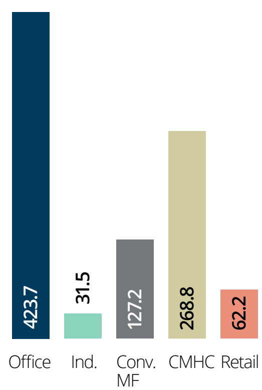
Financing activity over the course of 2018 reduced the overall weighted cost of debt by 15 bps to 3.63%. A strong allocation to the multi-residential sector has given the Fund the opportunity to take advantage of CMHC financing that typically is placed at a 70–90 bps discount to conventional debt. Interest rates remain near historic lows and the Fund will continue to look for opportunities to strategically place debt to improve overall performance.

Portfolio LTV of
15.9%
relative to 35% maximum

Debt Balance Maturity Profile



Summary by Asset Class



$913.4M
of outstanding fixed rate debt

Weighted average maturity:
52 MONTHS

Weighted average coupon:
3.63%

Spread between CMHC and conventional debt:
109 bps

37 MORTGAGES
with average balance of $24.6M

2018 mortgage valuation impact:
5 bps

Research

Below is an example of the proprietary work conducted by GWL Realty Advisors' inhouse research team. The integration of research like this helps define portfolio strategy and puts the Fund at a distinct competitive advantage.

Coworking—the 21st century version of packaged or shared office space leased on flexible terms—is the fastest growing office tenancy in North America and likely globally.

In the second half of 2018, coworking represented 50% of net absorption in the U.S., according to JLL (Jones Lang Lasalle). In Canada, the precise share of coworking is unavailable; however, the demand for office space from these groups appears equally strong.

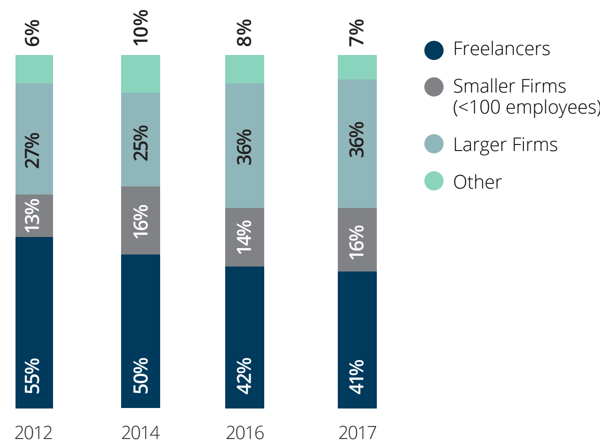
GWL Realty Advisors has been analyzing the rapid growth of coworking, identifying opportunities, challenges and intriguing lessons from this new way of looking at office space. By leasing coworking space rather than doing their own headlease deals, larger office tenants demonstrate they will pay a premium for superior service, flexible lease terms, enhanced space and access to great amenities.

Coworking providers like WeWork and Spaces are increasingly focused on the larger, enterprise-sized firms as well as half- and full-floor tenants. Aggregating freelancers is accretive to total office demand.

There are some challenges in hosting coworking tenants, though, similar to those encountered with other newer technology companies. First, longer working hours and a higher density of people can require increased HVAC demands. Elevator traffic also often increases with coworking users, which can disrupt other tenants and add strain to elevators (having a coworking tenancy in a lower floor with staircase access could mitigate this). Finally, the covenants on start-up companies tend to be weaker and less established than standard tenancies, requiring additional underwriting efforts and sometimes creativity to ensure an adequate security for the lease.

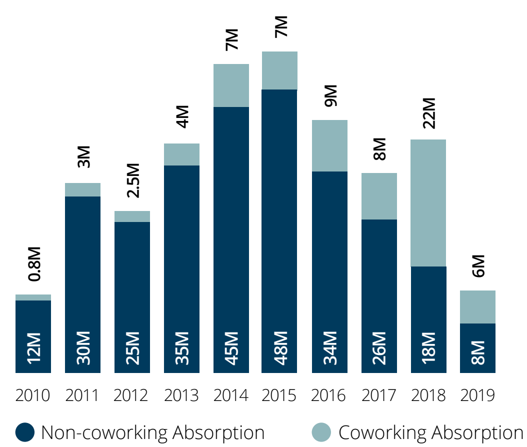
Coworking is here to stay and will likely grow. As a real estate fund manager, GWL Realty Advisors will investigate the potential merits of shared space tenancies in select assets in the near future.

Professional Status of Coworking Members by Year*



* Source: Deskmag 2018 Global Coworking Survey

Coworking Absorption



Note: Based on statistics from Jones Lang Lasalle

IN EUROPE
51%*
of coworking users are freelance

IN NORTH AMERICA
37%
of coworking users are freelance

IN ASIA
19%
of coworking users are freelance

Sustainability

ESG Considerations

Environmental, social and governance (ESG) factors are important considerations in maintaining and growing the value of the Fund's assets and reducing risks across the portfolio. The Fund Manager has adopted ESG objectives, which are being integrated into the management and development of the Fund's assets. These ESG objectives are to:

1. **Operate efficient and healthy buildings, to improve financial performance, lower operating costs and enhance tenant satisfaction.** The Fund's office and residential assets decreased greenhouse gas (GHG) emissions by 16% between 2013 and 2018.

2. **Certify 100% of the eligible portfolio under a green certification system.** In 2018, over 95% of the Fund's portfolio was certified to either BOMA BEST® or LEED®.

3. **Make positive contributions in the communities where the Fund invests.** The Fund Manager collaborates with residents and other community stakeholders during the development of the Fund's new projects and contributes to the local economy throughout development activities.

4. **Conduct business with honesty and integrity.** We ensure all employees attest compliance with our Code of Conduct and reinforce the importance of operating with integrity and trust through multi-faceted training programs.

5th **Diversified**
out of 196

88 / 100 **GRESB Score**
GRESB Average 68

Managing ESG Factors

The Fund is proud to announce that it made its inaugural submission into the Global Real Estate Sustainability Benchmark (GRESB) in 2018. This is the first year the Fund has made a submission exclusively representing its owned assets and the Fund's management approach.

The Fund's first submission earned the highest possible ranking, 'Green 5-Star' and placed fifth overall in the global 'Diversified' category (out of 196 companies). The Fund ranked in the top 9% globally of all GRESB participants.

The Fund's manager, GWL Realty Advisors, also earned a 'Green 5-Star' ranking for the fourth consecutive year and placed in the top 7% of companies worldwide in 2018.

GRESB is the global environmental, social and governance (ESG) benchmark for real assets. Working in collaboration with the industry, GRESB defines the standard for sustainability performance in real assets, providing standardized and validated ESG data to more than 75 institutional investors, representing over USD $18 trillion in institutional capital. In 2018, a record 903 property companies and funds participated in the GRESB Real Estate Assessment.

GRESB ★★★★★ 2018

Carbon Management

The Fund proactively works to reduce its carbon footprint. Between 2013 and 2018, an estimated $2.76 million in utility costs were avoided through conservation activities, along with a reduction of 11,472 tonnes of CO_2e, across the Fund's office and multi-residential portfolios.

Sustainability Performance, 2013–2018

Overall, from 2013 to 2018, the Fund's portfolio of office and residential assets continued to improve their sustainability performance by reducing:

Greenhouse gas emissions by 16.0%, or 11,472 tonnes of CO_2e
- equivalent to taking 2,436 cars off the road for one year[1]

Energy consumption by 6.7%
- equivalent to the annual energy use of 747 Canadian homes[2]

Water consumption by 14.4%
- equivalent to 67 Olympic-sized swimming pools[3]

Waste production by 16.0%
- equivalent to 596 mid-sized cars[4]

The data for our portfolios is externally assured by a third party and follows the World Resource Institute's (WRI) GHG Protocol Corporate Accounting and Reporting Standard, demonstrating our commitment to transparency and industry best practices to our investors.

BOMA BEST® Building Environmental Standards | Norme environnementale de l'immobilier

Platinum	Gold	Silver	Bronze	Certified
10%	39%	12%	12%	27%

BOMA BEST® certifications by level as at year-end 2018

Certifications & Awards

The Fund's ongoing sustainability practices and related initiatives include the attainment of green building certifications and industry recognition through awards and other accolades. Since 2013, Fund assets have received 23 industry awards related to sustainability, operational excellence, development, and tenant engagement.

Highlight: 33 Yonge Street (2018)

Commercial Real Estate Sustainability Trailblazer (CREST) Race2Reduce Award

Energy Management Leadership

In 2018, 95% of the Fund's eligible portfolio attained either BOMA BEST® or LEED® green building certifications, covering over 220 individual buildings. The proportion of buildings with Platinum and Gold BOMA BEST® certifications also increased over 2017, from 45% to 49% of all certifications, demonstrating continuous improvement of the Fund's assets.

33 Yonge Street, Toronto, ON

Our Approach to Sustainability Reporting: The Sustainability section of this report is guided by the Global Reporting Initiative (GRI) Standard, and describes the progress we are making in achieving the Fund's ESG objectives. We are committed to accurate, transparent and focused reporting. Through the Fund Manager, GWL Realty Advisors, we looked broadly at our sustainability context to determine the topics that matter most to the Fund and our stakeholders. This included considering our business, peer reviews and various sustainability sector standards, such as the Global Real Estate Sustainability Benchmark (GRESB) survey, the GRI Standards, and the GRI 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.

1 U.S. Environmental Protection Agency, GHG Equivalencies Calculator: https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

2 Average energy use is 92.5 GJ/household/yr, from Statistics Canada, Households and the Environment Survey 2015: https://www.statcan.gc.ca/daily-quotidien/171201/dq171201f-eng.htm

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 lb.

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: 204-942-0051
Fax: 204-947-9390
www.deloitte.ca

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, 2018, and 2017, 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, 2018, and 2017, 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 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.

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.

Deloitte LLP

Chartered Professional Accountants Winnipeg, Manitoba
March 8, 2019

2018 Financial Statements

Fund Manager: GWL Realty Advisors Inc.

Statement of Financial Position

For the years ended (in Canadian $ thousands)		**December 31, 2018**		December 31, 2017
Assets				
Cash and short-term deposits	**$**	**259,516**	$	283,270
Investment income due and accrued		**521**		647
Due from The Great-West Life Assurance Company (note 8)		**—**		—
Due from brokers		**—**		—
Due from outside parties		**34,924**		26,075
Investments				
Bonds		**235,761**		293,983
Investment properties		**5,264,500**		4,948,614
Total investments		**5,500,261**		5,242,597
Total assets	**$**	**5,795,222**	$	5,552,589

Liabilities				
Overdrafts	**$**	**—**	$	—
Due to The Great-West Life Assurance Company (note 8)		**1,714**		2,023
Due to brokers		**15**		15
Due to outside parties		**127,280**		123,683
Mortgages on investment properties (note 3)		**919,279**		934,955
Total liabilities excluding net assets attributable to contractholders		**1,048,288**		1,060,676
Net assets attributable to contractholders	**$**	**4,746,934**	$	4,491,913

Statement of Comprehensive Income

For the years ended (in Canadian $ thousands)		**December 31, 2018**		December 31, 2017
Income				
Net gain (loss) on investments	**$**	**122,354**	$	79,603
Investment properties income		**430,707**		419,343
Miscellaneous income (loss)		**199**		167
Total income		**553,260**		499,113
Expenses				
Management fees (note 8)		**19,829**		21,223
Investment properties expenses		**239,464**		231,148
Transaction costs		**—**		—
Withholding taxes		**—**		—
Other		**2,147**		2,249
Total expenses		**261,440**		254,620
Net increase (decrease) in net assets from operations attributable to contractholders	**$**	**291,820**	$	244,493

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended (in Canadian $ thousands)		**December 31, 2018**		December 31, 2017
Net assets attributable to contractholders – beginning of year	**$**	**4,491,913**	$	4,217,891
Contractholder deposits		**416,840**		505,648
Contractholder withdrawals		**(453,639)**		(476,119)
Increase (decrease) in net assets from operations attributable to contractholders		**291,820**		244,493
Change in net assets attributable to contractholders		**255,021**		274,022
Net assets attributable to contractholders – end of year	**$**	**4,746,934**	$	4,491,913

Statement of Cash Flows

For the years ended December 31 (in Canadian $ thousands)	2018	2017
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	**$ 291,820**	$ 244,493
Adjustments		
Add back amortization of premium (discount)	**(3,503)**	(2,217)
Add back amortization of lease inducements	**12,848**	11,794
Realized (gains) losses		
Bonds	**6,435**	4,385
Investment properties	**4,653**	1,862
Unrealized (gains) losses		
Bonds	**(13,978)**	2,286
Investment properties	**(108,656)**	(65,407)
Gross proceeds of disposition		
Bonds	**228,277**	245,287
Investment properties	**25,984**	19,787
Gross payments for purchases		
Bonds	**(122,016)**	(201,371)
Investment properties	**(250,715)**	(343,222)
Change in investment income due and accrued	**126**	(102)
Change in due from/to The Great-West Life Assurance Company	**(309)**	(3,091)
Change in due from/to outside parties	**(5,252)**	36,690
Change in mortgages on investment properties	**(15,676)**	103,614
	50,038	54,788

For the years ended December 31 (in Canadian $ thousands)	2018	2017
Financing Activities		
Contractholder deposits	**416,840**	505,648
Contractholder withdrawals	**(453,639)**	(476,119)
	(36,799)	29,529
Net increase (decrease) in cash and short-term deposits	**13,239**	84,317
Cash and short-term deposits, beginning of year	**190,731**	106,414
Cash and short-term deposits (less than 90 days), end of year	**$ 203,970**	$ 190,731
Cash and short-term deposits comprises		
Cash and short-term deposits (less than 90 days)	**$ 203,970**	$ 190,731
Cash and short-term deposits (90 days to less than a year)	**55,546**	92,539
Cash and short-term deposits, end of year	**$ 259,516**	$ 283,270
Supplementary cash flow information		
Interest received (note 9)	**$ 4,771**	$ 6,148
Mortgage interest paid	**32,266**	31,493

Schedule of Investment Portfolio

As at December 31, 2018 (in Canadian $ thousands, except number of units, shares or par value)	No. of Units, Shares or Par Value	Average Cost	Fair Value
Canadian Bonds			
Federal Government			
Canada Housing Trust No. 1 1.25% 06-15-2021	13,200,000	12,904	12,952
Canada Housing Trust No. 1 1.45% 06-15-2020	13,000,000	12,840	12,914
Canada Housing Trust No. 1 2.65% 03-15-2022	5,200,000	5,395	5,282
Government of Canada 0.50% 03-01-2022	32,500,000	30,847	31,136
Government of Canada 0.75% 03-01-2021	33,000,000	31,945	32,226
Government of Canada 0.75% 09-01-2021	20,000,000	19,126	19,424
Government of Canada 2.75% 06-01-2022	26,000,000	26,825	26,750
Government of Canada 3.75% 06-01-2019	10,400,000	11,251	10,486
Government of Canada Generic Coupon Strip 0.00% 12-01-2019	17,500,000	17,099	17,204
Government of Canada Generic Residual Strip 0.00% 06-01-2019	5,000,000	4,906	4,963
Total Federal Government		173,138	173,337
Provincial Governments			
Province of Alberta 1.60% 09-01-2022	2,500,000	2,447	2,433
Province of Alberta 4.00% 12-01-2019	2,600,000	2,786	2,648
Province of Ontario 4.20% 06-02-2020	5,000,000	5,169	5,150
Province of Ontario Generic Coupon Strip 0.00% 12-02-2020	15,000,000	14,024	14,387
Total Provincial Governments		24,426	24,618

As at December 31, 2018 (in Canadian $ thousands, except number of units, shares or par value)	No. of Units, Shares or Par Value	Average Cost	Fair Value
Corporate – Non Convertible			
801611 Ontario Ltd. 10.40% 10-31-2023 *	5,967,917	5,968	10,237
801611 Ontario Ltd. 5.00% 10-31-2023 *	5,354,227	5,354	9,336
801611 Ontario Ltd. 6.82% 10-31-2023 *	7,295,975	7,296	9,945
801611 Ontario Ltd. 9.36% 10-31-2023 *	4,799,948	4,800	8,288
Total Corporate – Non Convertible		23,418	37,806
Total Canadian Bonds		220,982	235,761
Total Bonds		220,982	235,761

* The issuer of this security is a related company to the issuer of the fund.

Schedule of Investment Portfolio

(in Canadian $ thousands, except net rentable area (N.R.A.))
As at December 31, 2018

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	2018 NOI
British Columbia										
840 Howe Street* Vancouver, British Columbia	50.00%	Office	1-Mar-97	26,573	74,000	31-Dec-18	105,326	97.86%	—	2,639
650 West Georgia Street* Vancouver, British Columbia	25.00%	Office	12-Dec-01	32,816	79,250	31-Dec-18	118,490	95.69%	(29,319)	3,149
4750 Arbutus Street Vancouver, British Columbia	50.00%	Residential	10-Jan-02	12,054	29,100	1-Mar-18	39,386	99.00%	(8,109)	1,028
4600 Jacombs Road Richmond, British Columbia	50.00%	Office	18-Sep-02	7,320	9,960	1-Oct-18	37,951	88.86%	—	311
7200 Market Crossing Burnaby, British Columbia	50.00%	Retail	23-Oct-17	87,301	87,100	1-Nov-18	137,392	99.61%	—	3,382
13811 & 13911 Wireless Way Richmond, British Columbia	69.93%	Office	1-Jun-06	25,754	29,720	1-Apr-18	105,118	100.00%	—	1,385
14815 – 108th Avenue Surrey, British Columbia	69.93%	Retail	1-Jun-06	19,921	10,839	1-Oct-18	71,687	95.73%	—	272
3200 Island Highway Nanaimo, British Columbia	52.45%	Retail	1-Jun-06	52,008	56,643	1-Jul-18	202,066	86.72%	(24,586)	2,330
2401 Millstream Road Victoria, British Columbia	70.00%	Retail	2-Aug-07	69,775	63,980	1-Aug-18	184,896	90.30%	(25,803)	2,601
7488 King George Highway Surrey, British Columbia	70.00%	Retail	16-Apr-08	31,315	43,890	1-Apr-18	101,292	87.53%	—	1,564
9500 Glenlyon Parkway Burnaby, British Columbia	70.00%	Office	12-Aug-08	45,873	53,130	1-Apr-18	115,206	100.00%	—	3,206
13700 and 13711 International Place, 13511, 13551, 13571, 13575, 13775, 13777 and 13800 Commerce Parkway Richmond, British Columbia	70.00%	Office	12-Aug-08	160,616	131,880	1-Sep-18	531,278	86.37%	—	4,320
1500 & 1575 Banks Road Kelowna, British Columbia	70.00%	Retail	3-Nov-08	34,876	42,420	1-Aug-18	105,488	96.78%	—	2,010

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	2018 NOI
2130 Louie Drive West Kelowna, British Columbia	100.00%	Retail	15-Mar-17	64,585	60,500	1-Feb-18	256,821	96.50%	—	2,973
753 Seymour Street* Vancouver, British Columbia	25.00%	PUD	12-Dec-01	19,094	21,802	31-Dec-18	n/a	n/a	—	(5)
Alberta										
4637 Macleod Trail S.W. Calgary, Alberta	100.00%	Residential	1-Nov-96	16,982	41,000	1-Sep-18	172,838	94.90%	(14,314)	1,628
300 5th Avenue S.E.* Calgary, Alberta	55.00%	Office	17-Dec-96	29,523	54,230	31-Dec-18	234,307	64.17%	—	2,932
11012 Jasper Avenue Edmonton, Alberta	100.00%	Residential	30-Jun-97	24,153	50,465	1-Sep-18	182,798	89.03%	—	2,009
10145 – 121 Street Edmonton, Alberta	100.00%	Residential	18-Apr-98	13,019	27,700	1-Apr-18	101,533	85.44%	—	1,092
605 – 5th Avenue S.W.* Calgary, Alberta	25.00%	Office	12-Jun-00	26,415	28,770	31-Dec-18	129,762	71.29%	—	1,722
530 – 8th Avenue S.W. Calgary, Alberta	75.00%	Office	10-Jul-00	85,151	108,225	1-Mar-18	307,964	82.46%	(39,807)	4,538
8403 Roper Road Edmonton, Alberta	100.00%	Industrial	28-Dec-97	18,643	19,200	1-Mar-18	135,000	100.00%	(2,914)	1,905
1300 – 8th Street SW Calgary, Alberta	100.00%	Office	23-Nov-18	6,312	6,312	Purchase	35,188	82.53%	—	38
300 and 350 7th Avenue S.W.* Calgary, Alberta	37.50%	Office	23-Sep-05	81,455	64,800	31-Dec-18	191,129	76.38%	—	3,689
9940 – 106th Street N.W. Edmonton, Alberta	69.93%	Office	21-Jun-06	21,804	30,769	1-Aug-18	124,114	96.15%	—	2,343
9942 – 108th Street N.W. Edmonton, Alberta	69.93%	Office	21-Jun-06	18,827	23,496	1-May-18	115,424	100.00%	—	1,541
6703 68th Avenue N.W. Edmonton, Alberta	70.00%	Industrial	15-Aug-07	59,100	53,410	1-Feb-18	394,762	98.43%	—	3,285
5103 36th Street N.W. and portion of 3604 51st Avenue N.W. Edmonton, Alberta	50.00%	Land	28-Feb-03	3,476	5,438	1-Nov-18	n/a	n/a	—	(121)

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	2018 NOI
4035 – 53rd Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	13,910	13,100	1-Nov-18	94,835	100.00%	—	691
3603 – 53 Avenue N.W. Edmonton, Alberta	50.00%	Land	28-Feb-03	2,225	3,176	1-Nov-18	n/a	n/a	—	(75)
3604 – 51 Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	5,605	6,550	1-Nov-18	39,004	100.00%	—	364
3806 – 51 Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	4,998	5,100	1-Nov-18	36,087	56.41%	—	(65)
401 – 9th Avenue S.W.* Calgary, Alberta	35.00%	Office	13-Dec-07	155,250	130,270	1-Dec-18	376,139	99.33%	(42,557)	10,228
7103 68th Avenue N.W. Edmonton, Alberta	70.00%	Industrial	4-May-12	52,926	44,870	1-Feb-18	264,233	91.66%	—	3,076
6301, 6315, 6325 106 Avenue S.E. Calgary, Alberta	70.00%	Industrial	17-Dec-14	98,795	114,800	1-Apr-18	745,500	100.00%	—	6,262
35, 65 & 69 Mackenzie Way S.W. Airdrie, Alberta	100.00%	Retail	1-Mar-17	22,661	22,300	1-Feb-18	71,152	100.00%	—	1,148
124 8th Street S.W. Airdrie, Alberta	100.00%	Land	1-Mar-17	2,098	2,200	1-Feb-18	n/a	n/a		(58)
1216 – 8th Street S.W. Calgary, Alberta	100.00%	Retail	23-Feb-18	11,380	11,381	Purchase	8,224	28.10%	—	28
Saskatchewan										
225 Betts Avenue Saskatoon, Saskatchewan	70.00%	Retail	24-Jul-12	60,518	54,110	1-Sep-18	177,178	100.00%	—	3,096
Manitoba										
200 Graham Avenue Winnipeg, Manitoba	100.00%	Office	22-Dec-15	48,734	47,600	1-Sep-18	147,847	87.31%	—	1,746
Ontario										
185 Enfield Place Mississauga, Ontario	40.00%	Land	13-Jul-87	1,584	4,500	1-Dec-18	n/a	n/a	—	27
2160 Lakeshore Road Burlington, Ontario	100.00%	Residential	15-Jan-97	29,998	52,079	1-Jun-18	162,476	81.87%	(15,519)	1,867
50 Prince Arthur Avenue Toronto, Ontario	100.00%	Residential	15-Jul-97	43,871	94,160	1-Aug-18	165,620	97.99%	(21,430)	3,169

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	2018 NOI
255 Albert Street Ottawa, Ontario	100.00%	Office	16-Jan-98	31,738	58,100	1-Jan-18	210,305	95.42%	—	2,888
6 Silver Maple Court Brampton, Ontario	100.00%	Residential	30-Apr-98	43,649	77,800	1-Oct-18	314,085	98.23%	(20,878)	3,233
1551 Riverside Drive Ottawa, Ontario	100.00%	Residential	9-Apr-99	29,344	43,900	1-Apr-18	191,130	98.45%	(21,398)	2,221
5140 Yonge Street Toronto, Ontario	100.00%	Office	30-Aug-99	98,382	192,400	1-May-18	555,292	94.06%	(102,193)	7,259
400 Walmer Road Toronto, Ontario	65.00%	Residential	27-Dec-00	72,269	77,805	1-Nov-18	358,348	97.26%	(669)	3,513
200 University Avenue Toronto, Ontario	50.00%	Office	30-Nov-00	16,956	32,750	1-May-18	73,908	96.46%	—	435
5166–5170 Lakeshore Road Burlington, Ontario	100.00%	Residential	15-Jan-97	40,251	66,600	1-Jun-18	212,494	93.10%	(17,971)	2,406
2220 Marine Drive Oakville, Ontario	50.00%	Residential	26-Aug-02	13,210	25,095	1-Aug-18	74,163	97.32%	(9,608)	973
269 Laurier Avenue West Ottawa, Ontario	50.00%	Office	1-Jan-03	38,564	69,260	1-Mar-18	180,074	100.00%	(27,744)	3,586
88 Redpath Avenue & 65 Lillian Street Toronto, Ontario	100.00%	Residential	5-Aug-98	65,587	131,700	1-Jul-18	207,631	96.03%	(46,288)	4,638
40 High Park Avenue and 77 Quebec Avenue Toronto, Ontario	75.00%	Residential	25-Mar-03	76,316	149,576	1-Oct-18	313,033	94.23%	(37,264)	5,177
640, 642, 644 Sheppard Avenue East Toronto, Ontario	75.00%	Residential	25-Mar-03	54,253	87,825	1-May-18	264,722	93.98%	(52,488)	3,547
2260 Argentia Road Mississauga, Ontario	98.75%	Industrial	1-Jun-03	6,549	10,200	1-Jun-18	128,497	100.00%	—	947
6665, 6675–6685 Millcreek Road Mississauga, Ontario	98.75%	Industrial	1-Jun-03	6,319	9,575	1-Jun-18	118,268	100.00%	—	859
6695 & 6705 Millcreek Road Mississauga, Ontario	98.75%	Industrial	1-Jun-03	6,007	10,500	1-Jun-18	108,428	100.00%	—	841
6715 & 6725 Millcreek Road Mississauga, Ontario	98.75%	Industrial	1-Jun-03	5,517	8,500	1-Jun-18	93,611	100.00%	—	762

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	2018 NOI
33 Yonge Street Toronto, Ontario	50.00%	Office	1-Jul-03	78,140	158,250	1-Jun-18	259,301	99.69%	—	5,372
2250 Argentia Road Mississauga, Ontario	100.00%	Industrial	1-Jun-03	3,020	5,200	1-Jul-18	31,910	100.00%	—	263
7070 Mississauga Road* Mississauga, Ontario	25.00%	Office	7-Aug-03	12,485	20,950	31-Dec-18	61,032	100.00%	—	918
55 – 425 Superior Boulevard Mississauga, Ontario	35.00%	Industrial	11-Oct-01	20,844	33,600	1-Aug-18	271,901	100.00%	(13,121)	1,601
50 High Park Avenue and 55 Quebec Avenue Toronto, Ontario	75.00%	PUD	25-Mar-03	82,714	100,256	31-Dec-18	n/a	n/a	—	115
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	27,574	39,855	1-Mar-18	354,366	100.00%	—	1,803
3485 Steeles Avenue Brampton, Ontario	35.00%	Industrial	11-Oct-01	5,072	7,840	1-Mar-18	61,345	100.00%	—	345
3495 Steeles Avenue Brampton, Ontario	35.00%	Industrial	11-Oct-01	5,671	7,546	1-Mar-18	56,121	100.00%	—	340
3389 Steeles Avenue East Brampton, Ontario	35.00%	PUD	11-Oct-01	661	658	1-Mar-18	n/a	n/a	—	6
2679 – 2831 Bristol Circle Oakville, Ontario	35.00%	Industrial	11-Oct-01	18,267	27,545	1-Aug-18	230,980	100.00%	(10,680)	1,392
3755, 3800 A & B Laird Road and 3500 & 3600 Ridgeway Drive Mississauga, Ontario	70.00%	Industrial	21-Dec-16	63,019	58,380	1-Apr-18	351,839	100.00%	—	3,112
1541 Riverside Drive Ottawa, Ontario	50.00%	Residential	7-Aug-02	18,739	25,500	1-Apr-18	122,109	98.57%	(9,455)	1,301
1 Van Der Graaf Court Brampton, Ontario	50.00%	Industrial	16-Feb-04	4,162	5,125	1-Jun-18	51,103	100.00%	—	169
1 Woodslea Road Brampton, Ontario	50.00%	Industrial	16-Feb-04	5,073	5,885	1-Jun-18	55,074	100.00%	—	242
5 Intermodal Drive Brampton, Ontario	50.00%	Industrial	28-May-04	3,376	4,855	1-Jun-18	43,554	100.00%	—	236
2844 Bristol Circle Oakville, Ontario	35.00%	Industrial	31-Jan-05	3,649	5,635	1-Aug-18	47,015	100.00%	—	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	2018 NOI
7030 Century Avenue Mississauga, Ontario	100.00%	Miscellaneous	18-Feb-05	8,290	6,150	1-Feb-18	n/a	n/a	—	319
415 – 419 Milner Avenue Scarborough, Ontario	100.00%	Industrial	7-Dec-84	4,944	8,750	1-Feb-18	95,763	100.00%	—	465
445 Milner Avenue Scarborough, Ontario	100.00%	Industrial	7-Dec-84	2,483	4,175	1-Feb-18	42,165	100.00%	—	207
455 Milner Avenue Scarborough, Ontario	100.00%	Industrial	7-Dec-84	2,656	4,900	1-Feb-18	46,344	100.00%	—	204
465 Milner Avenue Scarborough, Ontario	100.00%	Industrial	7-Dec-84	3,441	5,950	1-Feb-18	57,127	100.00%	—	200
50 – 70 Novopharm Court Scarborough, Ontario	100.00%	Industrial	7-Dec-84	2,478	4,000	1-Feb-18	41,887	100.00%	—	191
20–24 York Street Ottawa, Ontario	50.00%	Residential	27-Sep-05	16,788	23,600	1-Jan-18	47,327	96.67%	—	1,182
35, 41–63, 65, and 95 High Park Avenue, 66 & 102–116 Pacific Avenue Toronto, Ontario	100.00%	Residential	1-Mar-99	168,155	330,980	1-Mar-18	699,278	97.47%	(95,741)	12,479
One City Centre Drive Mississauga, Ontario	40.00%	Office	17-Aug-07	38,372	35,400	1-Mar-18	116,333	88.96%	—	1,507
One City Centre Drive Mississauga, Ontario	40.00%	Land	17-Aug-07	3,838	6,640	1-Mar-18	n/a	n/a	—	—
99 Savannah Oaks Drive Brantford, Ontario	70.00%	Industrial	21-Dec-07	20,641	18,410	1-Nov-18	369,541	81.44%	—	548
8400 – 8450 Lawson Road Burlington, Ontario	70.00%	Industrial	21-Dec-07	19,768	20,650	1-Nov-18	165,075	100.00%	—	754
800 – 900 Main Street East Milton, Ontario	70.00%	Retail	14-Mar-08	28,303	35,350	1-Apr-18	68,025	97.62%	—	1,752
2100 Derry Road Mississauga, Ontario	50.00%	Office	22-Sep-06	17,182	15,600	1-Aug-18	53,393	97.61%	—	846
2050 Derry Road Mississauga, Ontario	50.00%	Office	22-Sep-06	17,570	19,650	1-Aug-18	62,582	100.00%	—	855
7025 Langer Drive Mississauga, Ontario	50.00%	Office	22-Sep-06	9,521	8,500	1-Aug-18	32,375	95.40%	—	242

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	2018 NOI
415 Thompson Drive Cambridge, Ontario	100.00%	Industrial	8-Feb-08	14,918	15,950	1-Jan-18	140,000	100.00%	(5,239)	1,065
4 King Street West Toronto, Ontario	70.00%	Office	14-Mar-08	69,818	101,500	1-Feb-18	205,215	99.28%	(24,211)	3,626
155 University Avenue Toronto, Ontario	70.00%	Office	14-Mar-08	42,484	65,100	1-Oct-18	131,623	98.53%	—	2,816
145 – 167 Bell Boulevard Belleville, Ontario	70.00%	Retail	4-Jan-07	9,593	10,150	1-Jan-18	46,891	100.00%	—	668
5150 – 5160 Yonge Street Toronto, Ontario	70.00%	Office	17-Oct-08	158,005	170,170	1-Nov-18	500,932	93.31%	—	6,685
350 – 360 Cresthaven Drive Ottawa, Ontario	100.00%	Retail	1-Aug-18	20,590	20,445	Purchase	48,387	100.00%	(12,585)	431
2310 – 2330 Highway 2 Bowmanville, Ontario	70.00%	Retail	24-Jul-12	46,780	47,768	1-Nov-18	164,023	100.00%	—	2,454
200 Kent Street Ottawa, Ontario	100.00%	Office	8-Aug-12	150,165	163,800	1-Jul-18	387,273	99.73%	(81,490)	7,939
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	96,674	109,900	1-Jan-18	797,526	94.29%	—	5,290
3200, 3250, 3300, 3330 and 3350 Ridgeway Drive Mississauga, Ontario	70.00%	Industrial	15-Oct-13	39,887	45,290	1-Apr-18	312,600	98.92%	—	2,104
Quebec										
4600 Poirer Boulevard St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	6,277	9,300	1-Oct-18	104,560	100.00%	—	439
9415-9495 Trans-Canada Highway St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	5,065	7,200	1-Oct-18	88,951	85.85%	—	333
9305-9405 Trans-Canada Highway St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	6,952	9,100	1-Oct-18	113,256	83.63%	—	321
6520-6620 Abrams Street St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	11,480	14,700	1-Oct-18	189,889	64.00%	—	344
2200 Trans-Canada Highway Pointe–Claire, Quebec	100.00%	Industrial	14-Mar-02	22,245	31,300	1-Nov-18	411,265	100.00%	—	1,411

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	2018 NOI
43 – 55 Cite Des Jeunes Boulevard Vaudreuil–Dorion, Quebec	70.00%	Retail	21-Jul-06	20,098	22,400	1-Jan-18	91,852	95.05%	—	1,247
224 Joseph-Casavant Avenue Beauport, Quebec	70.00%	Retail	11-Jun-08	15,046	17,675	1-Aug-18	121,990	100.00%	—	937
819 – 847 Rue Clemenceau Beauport, Quebec	70.00%	Retail	31-Jan-14	33,362	31,500	1-May-18	128,191	85.65%	—	1,482
1350 Rene Levesque Boulevard* Montreal, Quebec	35.00%	Office	14-Dec-16	92,629	95,795	14-Dec-18	186,714	86.10%	(47,850)	5,393
1360 Rene Levesque Boulevard* Montreal, Quebec	35.00%	Office	14-Dec-16	54,738	64,190	14-Dec-18	138,797	90.63%	(29,328)	1,168
1025 Lucien L'Allier* Montreal, Quebec	35.00%	Miscellaneous	14-Dec-16	1,927	3,955	14-Dec-18	n/a	n/a	—	(70)
5999 Monkland Avenue Montreal, Quebec	100.00%	Residential	26-May-17	48,711	47,300	1-May-18	137,664	88.49%	(28,720)	1,189
4075 Industriel Boulevard Laval, Quebec	100.00%	Industrial	2-Aug-18	6,499	6,499	Purchase	50,400	100.00%	—	125
5555 rue William-Price Laval, Quebec	100.00%	Industrial	2-Aug-18	9,674	9,695	Purchase	75,000	100.00%	—	179
4101–4117 Industriel Boulevard Laval, Quebec	100.00%	Industrial	2-Aug-18	6,993	6,995	Purchase	54,236	100.00%	—	131
4133–4137 Industriel Boulevard Laval, Quebec	100.00%	Industrial	2-Aug-18	8,391	8,400	Purchase	61,483	100.00%	—	158
4177–4201 Industriel Boulevard Laval, Quebec	100.00%	Industrial	2-Aug-18	19,001	19,025	Purchase	150,818	100.00%	—	361
Atlantic										
1959 Upper Water Street* Halifax, Nova Scotia	33.33%	Office	14-Jun-83	22,733	28,530	31-Dec-18	109,009	92.88%	—	1,952
1969 Upper Water Street* Halifax, Nova Scotia	33.33%	Office	31-Dec-93	18,816	31,763	31-Dec-18	122,627	85.72%	—	1,773
Purdy's Wharf–The Wharf* Upper Water Street Halifax, Nova Scotia	33.33%	Miscellaneous	30-Jun-90	183	—	31-Dec-18	n/a	n/a	—	—

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	2018 NOI
United States										
396 West Greens Road Houston, Texas	70.00%	Office	21-Jun-06	30,264	8,030	1-Nov-18	132,913	9.21%	—	(1,493)
396 West Greens Road Houston, Texas	70.00%	Land	21-Jun-06	438	680	1-Nov-18	n/a	n/a	—	—
8101 Sam Houston Parkway Houston, Texas	70.00%	Office	21-Jun-06	21,052	18,799	1-Nov-18	95,760	73.50%	—	1,168
Current and prior year(s) sold property										134
Investment Properties – subtotal				4,082,589	5,264,500		19,124,207		(919,279)	223,554
less: mortgages on investment properties				(913,468)	(919,279)					
Capitalization of loss on assumed mortgages				(4,949)	—					
Total Investment Properties – net				3,164,172	4,345,221					
Total Bonds				220,981	235,761					
Total Investments – net				3,385,153	4,580,982					

* Represents interest in a joint operation

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, 2018, 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 Great-West Life Assurance Company (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, 2018, 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, 2019	$ 198,966
December 31, 2020	106,555
December 31, 2021	152,788
December 31, 2022	49,089
December 31, 2023	70,197
Thereafter	335,873
	913,468
Fair value adjustment	5,811
Total	$ 919,279

C. Currency Risk

Currency risk is the risk that financial instruments which 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 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.

								2018
Currency		**Investments**		**Cash, Short-term Deposits and Overdrafts**		**Total***		**Impact on Net Assets Attributable to Contractholders**
United States Dollar	**$**	**27,509**	**$**	**14,225**	**$**	**41,734**	**$**	**417**
Total	**$**	**27,509**	**$**	**14,225**	**$**	**41,734**	**$**	**417**
As Percent of Net Assets Attributable to Contractholders						**0.9%**		

* Includes both monetary and non-monetary instruments

								2017
Currency		Investments		Cash, Short-term Deposits and Overdrafts		Total*		Impact on Net Assets Attributable to Contractholders
United States Dollar	$	26,187	$	20,605	$	46,792	$	468
Total	$	26,187	$	20,605	$	46,792	$	468
As Percent of Net Assets Attributable to Contractholders						1.0%		

* 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.

										2018
		Less than 1 year*		**1–5 years**		**5–10 years**		**> 10 years**		**Total**
Bonds	**$**	**35,301**	**$**	**200,460**	**$**	**—**	**$**	**—**	**$**	**235,761**

										2017
		Less than 1 year*		1–5 years		5–10 years		> 10 years		Total
Bonds	$	96,906	$	166,974	$	30,103	$	—	$	293,983

* The Fund invests in bonds of a related company which are issued annually with a maturity of one year or less. As the bonds mature, they are renewed for a term of one year.

As at December 31, 2018, for bonds, had prevailing interest rates raised or lowered 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 $6,168 ($7,299 at December 31, 2017) or approximately 0.13% (0.16% at December 31, 2017). 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, 2018, for mortgages on investment properties, had prevailing interest rates raised or lowered 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 $31,416 ($29,800 at December 31, 2017) and approximately 0.70% (0.66% at December 31, 2017) 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, 2018. 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 2018 and 2017 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 2018 or 2017.

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:

	2018		2017	
	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	**73.6**	**3.7**	69.3	4.5
AA	**6.1**	**0.3**	8.1	0.5
A	**4.3**	**0.2**	12.4	0.8
NR*	**16.0**	**0.8**	10.2	0.7
Total	**100.0**	**5.0**	100.0	6.5

* Bonds rated NR are mortgage backed securities or privately placed bonds or bonds that have not been rated by a rating agency.

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:

2018				
	Assets and Liabilities Measured at Fair Value			
	Level 1	**Level 2**	**Level 3**	**Total**
ASSETS MEASURED AT FAIR VALUE				
Bonds	$ —	$ 197,955	$ 37,806	$ 235,761
Investment properties	—	—	5,264,500	5,264,500
Total assets measured at fair value	**$ —**	**$ 197,955**	**$ 5,302,306**	**$ 5,500,261**
LIABILITIES MEASURED AT FAIR VALUE				
Mortgages on investment properties	$ —	$ 919,279	$ —	$ 919,279
Net assets attributable to contractholders measured at fair value	**$ —**	**$ (721,324)**	**$ 5,302,306**	**$ 4,580,982**

2017				
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
ASSETS MEASURED AT FAIR VALUE				
Bonds	$ —	$ 263,880	$ 30,103	$ 293,983
Investment properties	—	—	4,948,614	4,948,614
Total assets measured at fair value	$ —	$ 263,880	$ 4,978,717	$ 5,242,597
LIABILITIES MEASURED AT FAIR VALUE				
Mortgages on investment properties	$ —	$ 934,955	$ —	$ 934,955
Net assets attributable to contractholders measured at fair value	$ —	$ (671,075)	$ 4,978,717	$ 4,307,642

There have not been any significant transfers in or out of Levels 1 or 2 during the year.

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:

	2018		2017	
	Bonds	**Investment properties**	Bonds	Investment properties
Balance, beginning of year	**$ 30,103**	**$ 4,948,614**	$ 29,263	$ 4,573,428
Total gain (loss) included in net assets from operations attributable to contractholders	**7,703**	**108,659**	840	65,407
Purchases	**—**	**237,864**	—	331,428
Sales	**—**	**(30,637)**	—	(21,649)
Settlements	**—**	**—**	—	—
Transfers in to Level 3	**—**	**—**	—	—
Transfers out of Level 3	**—**	**—**	—	—
Balance, end of year	**$ 37,806**	**$ 5,264,500**	$ 30,103	$ 4,948,614
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	**$ 7,703**	**$ 109,687**	$ 840	$ 70,800

G. Carrying Value of Investment Properties

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

	2018	2017
Balance, beginning of year	**$ 4,948,614**	$ 4,573,428
Additions	**237,864**	331,428
Change in fair value through profit or loss	**104,776**	68,938
Disposals	**(30,637)**	(21,649)
Foreign exchange rate changes	**3,883**	(3,531)
Balance, end of year	**$ 5,264,500**	$ 4,948,614

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 (such as future leasing assumptions, rental rates, capital and operating expenditures) and discounts, 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	5.0%	10.0%	6.1%	4.5%	8.8%	5.4%	10.2%
Industrial	5.3%	7.3%	6.2%	5.0%	6.8%	5.7%	3.7%
Retail	5.3%	7.0%	6.2%	4.3%	6.3%	5.4%	5.2%
Commercial	5.0%	10.0%	6.1%	4.3%	8.8%	5.5%	6.6%
Residential[4]	3.5%	5.0%	4.0%	n/a	n/a	n/a	5.1%
Total	**3.5%**	**10.0%**	**5.5%**	**4.3%**	**8.8%**	**5.5%**	**6.3%**

[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 the residential assets as their 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 for the residential assets represents the overall capitalization rate applied to the stabilized income of the asset.

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 of December 31, 2018, the Fund has pledged $2,745,763 ($2,668,251 at December 31, 2017).

J. Commitments

As at December 31, 2018, the Fund has contractual obligations of $797,201 ($186,400 at December 31, 2017) to purchase, construct or develop investment properties for repairs, maintenance and enhancements.

The Fund has entered into operating leases for land used to earn investment property income. Lease payments are charged to operations over the period of use. The future minimum lease payments in aggregate and by year are as follows:

	2019	2020	2021	2022	2023	2024 and thereafter	Total
Future lease payments	$ 3,222	$ 3,222	$ 3,222	$ 3,222	$ 3,222	$ 129,046	$ 145,156

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 are allocated to each category as described in note 4 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)				
	2018	2017	2016	2015	2014	**2018**	2017	2016	2015	2014
Investment Only	**1,124,579**	1,151,246	1,121,788	1,092,380	1,030,469	**2,580,844**	2,468,782	2,263,733	2,091,992	1,886,264
Investment Only (AI)	**460,302**	406,034	318,374	299,472	257,088	**286,255**	246,267	190,034	177,482	152,393
Investment Only (AC/AL)	**2,639,342**	2,466,452	2,451,122	2,116,639	2,198,123	**814,577**	711,074	664,769	544,613	540,429
Individual No-Load (IA)	**785,466**	914,595	1,088,081	1,289,912	1,501,434	**259,397**	290,449	335,472	389,386	446,960
Individual Back-End Load (IB)	**502,889**	579,320	691,367	834,123	982,308	**174,158**	193,060	223,210	263,109	304,910
Managed Money (IC)	**54,954**	60,565	69,289	79,645	99,256	**38,397**	40,188	44,026	48,869	59,232
75/75 guarantee policy	**5,931,054**	5,058,972	4,562,642	5,084,865	4,561,298	**97,508**	80,044	69,949	76,169	67,245
75/100 guarantee policy	**3,336,827**	3,025,245	3,258,000	3,781,799	3,383,196	**54,225**	47,360	49,462	56,152	49,487
100/100 guarantee policy	**231,193**	224,952	248,736	337,684	311,035	**3,589**	3,379	3,639	4,853	4,423
PS1 75/75 guarantee policy	**5,274,752**	4,904,039	4,414,411	2,652,308	1,341,786	**74,061**	65,968	57,278	33,481	16,600
PS1 75/100 guarantee policy	**2,633,732**	2,245,141	1,911,211	606,451	257,382	**36,583**	29,926	24,613	7,611	3,171
PS1 100/100 guarantee policy	**172,293**	173,472	200,762	37,471	12,291	**2,336**	2,266	2,543	464	150
PS2 75/75 guarantee policy	**5,054,929**	4,904,635	4,266,462	3,458,517	2,752,420	**83,896**	76,040	62,225	47,854	36,391
PS2 75/100 guarantee policy	**1,525,943**	1,409,338	1,349,980	1,139,841	843,322	**25,326**	21,850	19,689	15,772	11,150
PS2 100/100 guarantee policy	**24,387**	31,128	38,717	39,560	10,219	**405**	483	565	547	135
PS 75/75 guarantee policy	**543,251**	—	—	—	—	**5,574**	—	—	—	—
PS 75/100 guarantee policy	**87,501**	—	—	—	—	**896**	—	—	—	—
PPS 75/75 guarantee policy	**984,067**	—	—	—	—	**10,111**	—	—	—	—

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 are allocated to each category as described in note 4 and are not included on this page.

Net Assets Attributable to Contractholders Per Unit (note 7)

For the years ended December 31

	Net asset value per unit ($)					Increase (decrease) per unit ($)	
	2018	2017	2016	2015	2014	**2018**	2017
Investment Only	**2,294.94**	2,144.44	2,017.97	1,915.08	1,830.49	**150.50**	126.47
Investment Only (AI)	**621.88**	606.52	596.89	592.65	592.77	**15.36**	9.63
Investment Only (AC/AL)	**308.63**	288.30	271.21	257.30	245.86	**20.33**	17.09
Individual No-Load (IA)	**330.25**	317.57	308.32	301.87	297.69	**12.68**	9.25
Individual Back-End Load (IB)	**346.32**	333.25	322.85	315.43	310.40	**13.07**	10.40
Managed Money (IC)	**698.72**	663.56	635.39	613.59	596.76	**35.16**	28.17
75/75 guarantee policy	**16.44**	15.82	15.33	14.98	14.74	**0.62**	0.49
75/100 guarantee policy	**16.25**	15.65	15.18	14.85	14.63	**0.60**	0.47
100/100 guarantee policy	**15.52**	15.02	14.63	14.37	14.22	**0.50**	0.39
PS1 75/75 guarantee policy	**14.04**	13.45	12.98	12.62	12.37	**0.59**	0.47
PS1 75/100 guarantee policy	**13.89**	13.33	12.88	12.55	12.32	**0.56**	0.45
PS1 100/100 guarantee policy	**13.56**	13.06	12.67	12.39	12.21	**0.50**	0.39
PS2 75/75 guarantee policy	**16.60**	15.50	14.58	13.84	13.22	**1.10**	0.92
PS2 75/100 guarantee policy	**16.60**	15.50	14.58	13.84	13.22	**1.10**	0.92
PS2 100/100 guarantee policy	**16.60**	15.50	14.58	13.84	13.22	**1.10**	0.92
PS 75/75 guarantee policy	**10.26**	—	—	—	—	**0.26**	—
PS 75/100 guarantee policy	**10.25**	—	—	—	—	**0.25**	—
PPS 75/75 guarantee policy	**10.27**	—	—	—	—	**0.27**	—

Notes to the Financial Statements

(in Canadian $ thousands)

1. The Fund

The Fund is offered by The Great-West 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 Financial Corporation (Power Financial) group of companies and its direct parent is Power Financial.

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, 2018 were approved for issue by the Company on March 8, 2019.

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, 2018. 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) Changes in Accounting Policies

The Fund has adopted the following standards on their effective date of January 1, 2018:

IFRS 9, *Financial Instruments*

IFRS 9, *Financial Instruments* (IFRS 9), replaced IAS 39, *Financial Instruments: Recognition and Measurement*. The standard provides changes to financial instruments accounting for the following:

- Classification and measurement of financial instruments based on a business model approach for managing financial assets and the contractual cash flow characteristics of the financial asset;
- Impairment based on an expected loss model; and
- Hedge accounting that incorporates the risk management practices of an entity.

Under IFRS 9, upon initial recognition all financial instruments are classified as fair value through profit or loss (FVTPL). All financial assets and liabilities are recognized in the Statement of Financial Position where 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.

All financial instruments have been classified as FVTPL on the January 1, 2018 adoption date of this standard. The adoption of this standard did not have a material impact on the measurement or presentation of the Fund's financial instruments.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15, *Revenue from Contracts with Customers* (IFRS 15), replaced IAS 11, *Construction Contracts* and IAS 18, *Revenue*. This standard provides a single revenue recognition standard to align the financial reporting of revenue from contracts with customers and related costs. The revenue arising from leases and financial instruments are out of scope of IFRS 15, therefore the adoption of this standard had no impact on the financial statements of the Fund.

b) 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. 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 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 give both parties the right to the assets, revenues and assumed 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 which 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.

c) 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's Administrator. The Fund's Administrator 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 Company 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.

d) 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).

e) 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.

f) Investment Properties

Investment properties comprise of completed real estate property and property under development held to earn rental income (which is recorded in the Statement of Comprehensive Income as investment properties income) or for capital appreciation or both. The cost of investment properties is acquisition cost plus the cost of capital improvements. Acquisition costs include land transfer taxes and professional fees for legal services. 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. Properties under development include interest on both specific and general debt, property taxes and general and administrative expenses incurred directly in connection with the acquisition and development of properties.

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 that 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. Investment properties of the Fund are appraised annually by qualified external investment properties appraisers. Fund management may adjust individual property values periodically due to changing market conditions.

Subsequent to initial recognition, investment properties are measured at fair value. 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.

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 2018 or 2017. 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.

r) Future Accounting Policies

IFRS 16, *Leases*

In January 2016, the IASB issued IFRS 16, *Leases*, with an effective date of January 1, 2019, which introduced new guidance for identifying leases as well as the accounting, measurement and presentation of leases by the lessee. The lessee now recognizes a liability for the future lease payments to be made for each lease. A right-of-use asset is also recognized and amortized over the useful life. As a result, the previous distinction between operating and finance leases no longer applies.

In contrast to the significant changes for lessees, the new standard will retain many key aspects of the current lessor accounting model.

With respect to first time application of IFRS 16, the Fund can choose to apply the standard using the full retrospective approach or modified retrospective approach. The Fund has determined that it will be using the modified retrospective approach.

The Fund will be adopting the standard on its effective date of January 1, 2019. Right-of-use assets and lease liabilities will be presented as separate lines on the Statement of Financial Position with no impact to opening net assets attributable to contractholders. The Fund anticipates the adoption of the standard to result in an approximate increase to assets and liabilities of $88,000 on the Statement of Financial Position. The Fund does not anticipate that there will be a material impact in the Statement of Comprehensive Income.

3. Mortgages on Investment Properties

As of December 31, 2018, mortgages on investment properties are comprised of term mortgages which bear contractual interest rates ranging from 2.02% to 6.07% (2.02% to 6.07% at December 31, 2017), and a weighted average contractual interest rate of 3.63% (3.78% at December 31, 2017). 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 2019 to 2028.

4. 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 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.

5. 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.

6. 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 segregated fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the contractholders and not of the trust. 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.

7. 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.

8. Related Party Transactions

Lifeco is the parent of the Company as well as a member of the Power Financial 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 IG Wealth Management and Mackenzie Inc.

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

Related party	Relationship	Incorporated in
GLC Asset Management Group Ltd.	Wholly owned subsidiary	Canada
London Life Insurance Company	Indirect wholly owned subsidiary	Canada
The Canada Life Assurance Company	Indirect wholly owned subsidiary	Canada
Setanta Asset Management Limited	Indirect wholly owned subsidiary	Ireland
Putnam Investments, LLC	Wholly owned subsidiary of Lifeco	United States
GWL Realty Advisors Inc.	Wholly owned subsidiary	Canada
Canada Life Investments	Indirect wholly owned subsidiary	United Kingdom
IGM Financial Inc.	Subsidiary of Power Financial	Canada
801611 Ontario Ltd.	Wholly owned subsidiary	Canada

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, 2018, $24,596 ($20,499 at December 31, 2017) 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 which 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, in the Statement of Comprehensive Income, are paid to the Company.

d) The amounts shown as "Due from (to) The Great-West Life Assurance Company" represent outstanding management fees, un-cleared deposits/withdrawals and investment activity from the December 31, 2018 valuation date of the Fund.

e) The Fund holds bonds issued by 801611 Ontario Ltd., with a fair value as at December 31, 2018 of $37,806 ($30,103 at December 31, 2017).

As at December 31, 2018, the Company held investments in the Fund with a value of $136,723 ($127,757 at December 31, 2017). The Canada Life Assurance Company and The Canada Life Insurance Company of Canada, which is a wholly owned subsidiary of The Canada Life Assurance Company, held investments in the Fund with a value of $206,243 and $26,008 respectively ($192,718 and $24,302 respectively at December 31, 2017).

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

9. Comparative Figures

The presentation of comparative information for interest received in the supplementary cash flow information has been adjusted to disclose interest received from bond investments only. The adjustment impacted the supplementary cash flow information only with no impact on the presentation of amounts in the financial statements and no impact on the net assets attributable to contractholders of the Fund.

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	2018	2017	2016	2015	2014
Individual No-Load (IA)	**3.08**	3.29	3.27	3.27	3.28
Individual Back-End Load (IB)	**3.07**	3.06	3.05	3.05	3.06
Managed Money (IC)	**1.74**	1.85	1.84	1.84	1.84
75/75 guarantee policy	**3.07**	3.06	3.05	3.05	3.05
75/100 guarantee policy	**3.17**	3.16	3.15	3.15	3.15
100/100 guarantee policy	**3.62**	3.62	3.61	3.60	3.61
PS1 75/75 guarantee policy	**2.61**	2.59	2.58	2.58	2.59
PS1 75/100 guarantee policy	**2.77**	2.76	2.75	2.75	2.76
PS1 100/100 guarantee policy	**3.16**	3.15	3.14	3.13	3.15
PS 75/75 guarantee policy	**1.95**	—	—	—	—
PS 75/100 guarantee policy	**2.05**	—	—	—	—
PPS 75/75 guarantee policy	**1.49**	—	—	—	—

Portfolio Turnover Rate (%)[2]

For the years ended December 31	2018	2017	2016	2015	2014
Bonds	**3.65**	5.17	9.38	5.51	—
Investment properties	**0.62**	0.48	—	3.36	1.33

[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' exposure the ratios have been annualized. Management expense ratios are calculated for Individual Retirement and Investment Services clients only. No management expense ratio is calculated for the Preferred Series 2 guarantee policy option as such fees are charged directly to the contractholder.

[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

GWL Realty Advisors Inc. is a leading North American real estate advisor focused on growth and on delivering strong, long-term returns for our clients. We provide asset management, property management, development and customized real estate advisory services to pension funds and institutional clients. GWL Realty Advisors Inc. oversees a diverse portfolio of office, industrial, retail, residential and mixed-use assets as well as a dynamic pipeline of new development projects. In the United States, we provide real estate advisory services through our wholly owned subsidiary, EverWest Real Estate Investors, headquartered in Denver, Colorado.

Senior Management

Paul Finkbeiner
Executive Vice President
Global Real Estate
Great-West Life

Ralf Dost
President

Don Harrison
Executive Vice President
Business Development & Client Services

Tanyss Price
Senior Vice President and
Chief Financial Officer

Jeff Fleming
Executive Vice President
Investments & Development

Glenn Way
Senior Vice President
Asset Management, Canada

Tom Sullivan
Senior Vice President
Asset Management, Western Canada

Steven Marino
Senior Vice President
Portfolio Management

Anne Morash
Senior Vice President
Multi-Residential

Office Locations

Vancouver
1600 – 650 West Georgia Street
Vancouver, BC V6B 4N7
Main Line: (604) 713-6450
Main Fax: (604) 683-3264

Calgary
Western Canadian Place
2700 – 700 9th Avenue SW
Calgary, AB T2P 3V4
Main Line: (403) 777–0410
Main Fax: (403) 269–3266

Edmonton
208 Commerce Place
10155 – 102nd Street
Edmonton, AB T5J 4G8
Main Line: (780) 944–1222
Main Fax: (780) 428–4047

Winnipeg
433 Main Street
Suites 700 & 800
Winnipeg, MB R3B 1B3
Main Line: (204) 926-5394
Main Fax: (204) 946-8849

Mississauga
One City Centre Drive
Suite 300
Mississauga, ON L5B 1M2
Main Line: (905) 275-6600
Main Fax: (905) 615-8128

Toronto
33 Yonge Street
Suite 1000
Toronto, ON M5E 1G4
Main Line: (416) 359-2929
Main Fax: (416) 359-3031

Ottawa
255 Albert Street
Suite 502
Ottawa, ON K1P 6A9
Main Line: (613) 238-2333
Main Fax: (613) 238-2006

Montreal
2001 Robert-Bourassa Boulevard
Suite 1820
Montreal, QC H3A 2A6
Main Line: (514) 350-7940
Main Fax: (514) 350-7954

Halifax
1949 Upper Water Street
Suite 220
Halifax, NS B3J 3N3
Main Line: (902) 421-1122
Main Fax: (902) 423-1894

Corporate Head Office

GWL Realty Advisors Inc.
33 Yonge Street, Suite 1000
Toronto, ON M5E 1G4

GWL Realty Advisors
@gwlra
@gwlra

gwlra.com

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